

BUSINESS VIABILITY TRAINING PROGRAM

The Business Viability Training Program supports farmers with implementing business management practices that accelerate business viability. This program is being offered as a collaboration between Oregon Tilth and Viva Farms. At least one year of farm business management experience is recommended.



HOW IT WORKS

Select a business management practice that you want to work on implementing from a menu of options including:

- Develop and implement a bookkeeping system to manage general farm financial recordkeeping.
- Create and use an annual cash flow projection.
- Develop a sales and distribution plan and use it as the basis of your crop plan.
- Determine costs of production and use cost information for decision making.
- Evaluate your market channels and make decisions about selling activities and your market channel mix.
- Analyze an investment and have a go-to process in place for making future investment decisions.

Participate in a series of 1:1 virtual sessions where we take a step-by-step approach to implementing the practice you have selected:

- Use our appointment scheduler to arrange a series of meetings in the winter and early spring of 2023. If the business management practice you choose to work on involves record keeping during the production season, followed by post-season analysis we'll schedule some additional meetings in late 2023.
- Use these meetings as “working sessions” where we set up the structure and systems you'll need to implement these business management practices. Occasionally you'll have some action items to work on between our meetings.
- Work through the steps (described in the pages that follow) to implement business practices that will help you run a more profitable and economically sustainable farm business.



**BUILDING A BRIGHTER
FOOD FUTURE**



VIVA FARMS

A woman wearing a wide-brimmed hat, a white t-shirt with a logo that says "ALABAMA VALLEY Tastefully Grown Produce", and reddish-brown pants is smiling while using a hand trowel to plant seedlings in a field. The field has rows of young plants, some green and some reddish-brown, in the background. The foreground shows the trowel digging into the soil.

**WE NEED
FARMS THAT ARE
BIOLOGICALLY
SOUND, SOCIALLY
EQUITABLE AND
ECONOMICALLY,**



GUIDING PRINCIPLES AND VALUES

- **Adaptable Process:** We have a defined process for implementing each business management practice but we're also able to adapt the process so that it meets your individual needs.
- **Purposeful Meetings:** Your time is valuable. We are committed to having each of our meetings have a clear purpose. We will discuss our goals at the beginning of each meeting and check in at the end of the meeting to make sure we've accomplished these goals.
- **Feedback:** We want this program to benefit you. We will create space for you to provide feedback but are also open to your feedback at any time, especially if the program doesn't feel productive and we need to change course.



EXPECTATIONS

- To get the most out of this program, we ask that you commit to completing action items come to each meeting ready to engage.
- We also ask that you provide 24-hours' notice if you need to reschedule a meeting. We will do the same.
- We will ask you to respond to some simple surveys that will help us measure the impact of this program.



CREATE AND USE AN ANNUAL CASH FLOW PROJECTION...

Purpose: Creating a cash flow projection helps you anticipate points in the season when you'll be short on cash and plan for addressing these shortages.



STEPS:

1. Use records from past years, together with your experience, to identify the cash coming in and going out on a month-to-month basis for the year ahead.
2. Enter monthly cash inflows and outflows into a cash flow projection worksheet to identify your cash balance at the end of each month.
3. If you have months with cash shortfalls, identify a plan to either change cash flows or find a source of additional cash to cover the amount you are short.

On-going use of this business management practice...

Update your cash flow projections with your actual cash flows on a monthly basis to keep your projections as current and accurate as possible.



DEVELOP A SALES AND DISTRIBUTION PLAN AND USE IT AS THE BASIS OF YOUR CROP PLAN...

Purpose: Aligning your crop plan with your sales and distribution plan is a key way to eliminate waste and increase your profits.

This isn't just about wasting food that ends up getting composted because it doesn't sell. It's more about making sure that the land, labor, and other inputs that are used to produce the crops you grow are being used for crops that actually sell.

When you grow something that you don't end up selling or distributing, you are using your resources and getting zero return. By dialing in the amount of each crop that you plant so that you're growing what you can sell, you'll be making better use of your time and other resources and increase your profits.



STEPS:

1. Develop systems to track the amount of each product you sell/distribute through each market channel. Keep notes on sell out times and customer requests to track unmet demand. Also keep records on unsold marketable product - including donated, composted or otherwise disposed of product that was marketable, but didn't sell.
2. Record the amount of space you plant of each crop. Keep notes on any unusual crop failures and subtract these from the total space planted per crop.
3. Use record on sales and distribution amounts and unsold marketable product, together with records on space planted, to calculate yields.
4. Use records on sales and distribution amounts and unsold marketable product, together with records on space planted, to calculate yield information for crop planning.
5. Use your sales and distribution plan as the basis for your crop plan.

*For crops that are planted in successions, you'll also need to track days to maturity to get the timing of planting lined up with when you want to harvest.

On-going use of this business management practice...

Update your actual sales as the season goes – ideally on a monthly basis. Compare your actual sales to your projections. If they don't line up, ask why? Try to uncover and address the reason you aren't selling as much as you planned to. Ask for feedback from your customers (easiest with Restaurants and Retail). Is there a quality control issue that you can address? If there's been a shift in demand, in some cases you will be able to make adjustments to your crop plan during the season.

If you can't change your crop plan and you discover that demand isn't what you thought it would be, you'll have to find other outlets for the products that aren't selling. Otherwise, you'll need to make other adjustments to either bring in other revenue, reduce costs, or adjust your expected profit.



DETERMINE THE COST OF PRODUCTION FOR ONE CROP...

Purpose: Knowing what it costs you to produce a crop is important information for determining whether it makes sense to continue producing a crop or not (assuming the price is set).

If you're able to set the price for a crop, knowing the cost to produce it will help you determine the minimum amount you need to charge to cover your costs.

Understanding the individual components of what a crop costs is also helpful for identifying changes that can be made to increase the amount a crop contributes to farm profits.



STEPS:

1. Identify the production steps required to produce the crop.
2. Use a time study sampling technique to identify how long each production step takes.
3. Use the information from your time studies to calculate labor costs.
4. Account for the costs of any inputs other than labor that are used to produce the crop.
5. Use cost information to explore options for increasing the amount the crop contributes to profit and ultimately to decide whether or not to continue producing the crop.

On-going use of this business management practice...

Once you've calculated the cost to produce one crop, you'll likely find that some of your time study records will be applicable to other crops. Use this information to determine the costs for other crops you produce.

Once you have cost information for multiple crops, you can use this information, together with sales records (information about market demand), to make decisions about which crops to grow more of, and which crops to cut back on. You can also use the information about how long different production activities take for planning your workday and for training a crew and providing guidelines for how long it should take to accomplish different tasks.



EVALUATE YOUR MARKET CHANNELS...

Purpose: Identifying the benefits and costs of selling through different market channels is helpful for deciding the best mix of market channels for your farm.

Much like knowing your crop-specific cost of production, knowing your marketing costs can help you to determine if a market channel is bringing in enough in sales to cover the cost of making those sales.

Without knowing all your product costs you'll only have a partial picture of profitability, but this analysis provides a starting point for determining if a market channel is losing money and highlights opportunities for increasing market channel profitability.



STEPS:

1. Identify the activities that go into getting your products from the farm to your customers.
2. Estimate the time that each activity takes. You'll know how many marketing activities take without doing any record keeping. In some case you might need to use a time study sampling technique.
3. Use your time estimates and the information from your time studies to calculate labor costs.
4. Account for costs other than labor that go into marketing crops.
5. Compare the cost of selling in each market channel to the revenues the channel brings in.
6. Use available assessment tools to evaluate other attributes of market channels (risk, lifestyle fit, complimentary benefits) for a more holistic market channel evaluation.
7. Decide whether to continue selling through your current market channels or whether it makes sense to drop a market channel or possibly add a new one.

On-going use of this business management practice...

Once you've conducted an initial market channel assessment, you can use this information to continue to evaluate your market channel mix. You might use the results of your market channel assessment to set minimum orders for restaurant and retail accounts; set sales targets for farmers markets or to determine whether or not to add a new CSA pick up site.

Likewise, understanding your selling and distribution costs can give you insights into changes you might make to make your selling and distribution activity more efficient and increase profitability.



ANALYZE AN INVESTMENT

Purpose: Before you make a larger investment in an asset, such as equipment and machinery, it's a good idea to analyze if and when the investment will pay off.

This can include looking at whether the investment will generate a net profit using more basic methods like partial budgeting or using a net present value approach that factors in the time value of money.

If the investment makes economic sense, you will also need to determine if you have (or can come up with) the cash to make the investment.



STEPS:

1. Identify the additional revenues, cost savings, additional costs and revenues that you might be giving up by making the investment to project the net income of the investment.
2. Calculate the payback period for the investment.
3. Identify the cash outflows and cash inflows and when they will occur and determine a cost of capital to calculate the net present value of the investment.
4. Determine whether you have the cash to make the investment or will need to take out a loan.
5. Identify non-financial impacts of the investment.

On-going use of this business management practice...

The steps above for analyzing an investment can be applied to any purchase that involves a significant cash outlay now with returns over many years. As part of your business planning process, it's a good idea to create a timeline to plan for all of the investments you anticipate making - including new equipment that you may want to purchase and machinery, infrastructure and vehicles that you'll need to replace as they wear out.



DEVELOP AND IMPLEMENT A BOOKKEEPING SYSTEM TO MANAGE GENERAL FARM FINANCIAL RECORDKEEPING

Purpose: Having a solid bookkeeping system gives a foundation for overall financial management of your farm business.

It helps you determine how you want to organize your business records so that you have the financial information you need to make solid business management decisions. Once you have the organizational system in place, then every financial transaction will have a home.

As you begin organizing your financial records according to your plan, you will amass financial data that will tell a story of your business' overall health, as well as help you anticipate potential challenges, identify opportunities to increase profit, and decide when to make significant investments, such as hiring employees or buying new equipment.

The more data you gather and organize, the better prepared you will be to make key management decisions and improvements to your business year over year.



STEPS:

1. First, you will decide what method you want to use to track your business transactions. Main options include online software (QuickBooks, Wave, etc.), spreadsheets, or paper recordkeeping.
2. Decide on income and expense categories by which you want to organize your financial records. You will do this by creating a chart of accounts.
3. On a an on-going basis, record all transactions in the recordkeeping method of your choice, and organize them according to your chart of accounts. Note: if you use an online software, a lot of this happens automatically, once the system is set up. If you do it manually (spreadsheets or paper), it is a bit more work. These records are called your “books.”
4. Periodically, ideally but not necessarily every month, reconcile your books against your business bank account and generate the two main financial statements, income statement/profit & loss, and balance sheet. Use these statements and your records to check in with your business health to make adjustments throughout the season as needed.
5. Once per year, review all records from the season and do a final year-end reconciliation and generation of financial statements, in preparation for filing taxes and making adjustments for the new year.

On-going use of this business management practice...

Financial recordkeeping is an ongoing practice by its nature. Just like ongoing weed management, the more frequently you can build financial management into your weekly and monthly flow, the clearer sense you will have of how your business is doing. While it can feel impossible to fit this in during the season, if you can build a habit around it, it will save you time in the long run.



BUILDING A BRIGHTER FOOD FUTURE



COMMITTED TO POSITIVE CHANGE

WE BELIEVE FOOD AND AGRICULTURE SHOULD BE BIOLOGICALLY SOUND AND SOCIALLY EQUITABLE. THIS BELIEF HAS GUIDED OREGON TILTH FOR NEARLY FIVE DECADES.



In 1974, farmer-poet Wendell Berry spoke at the “Agriculture for a Small Planet” symposium in Spokane, Washington. In an auditorium surrounded by farmers and environmentalists, Berry said, “If we allow another generation to pass without doing what is necessary to enhance and embolden the possibility of strong agricultural communities, we will lose it altogether.” Four months later, the Tilth movement was born.

Oregon Tilth envisioned a resilient environment, economy and community sustained by transparent agriculture. Tilth formed diverse alliances across the Pacific Northwest and organized for substantive change with public education and outreach.

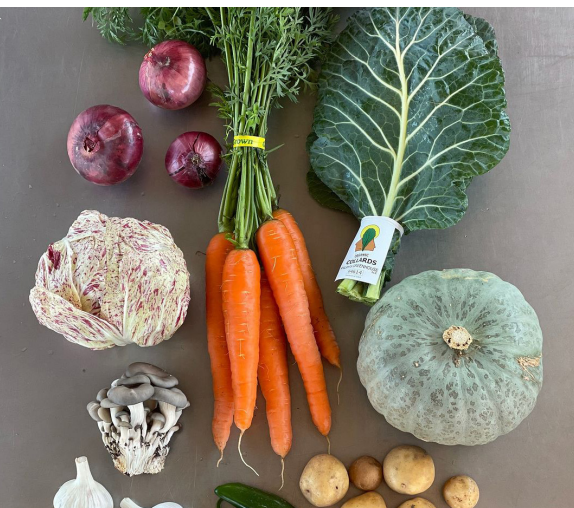
Oregon Tilth organic certification services became one of the first national organic certifiers in 1982. Our leadership and hard-earned credibility propelled us to help create the USDA National Organic Program in place today.



WE ARE UNWAVERING IN OUR COMMITMENT TO OUR FOUNDATIONAL MISSION.



VIVA FARMS



GROWING FARMERS, COMMUNITY & FOOD

WE EMPOWER ASPIRING AND LIMITED-RESOURCE FARMERS BY PROVIDING BILINGUAL TRAINING IN HOLISTIC ORGANIC FARMING PRACTICES, AS WELL AS ACCESS TO LAND, INFRASTRUCTURE, EQUIPMENT, MARKETING AND CAPITAL.

Viva Farms is a non-profit (501c-3 and charitable organization), Farm Business Incubator and Training Program established in 2009. We operate 119 acres, two locations in Skagit County, and one in King County, Washington. We lower the barriers for beginning farmers, and create the opportunity for success. Viva Farms has educated over 1,000 farmers (150+ Spanish speakers) in sustainable organic farming. We are currently incubating 29 farm businesses (9 Latino-owned, 44% female-owned) and anticipate having 40 students in our Practicum in Sustainable Agriculture in 2021.

We believe that sustainable organic farming can be an economically viable business, and it is our hope that with the knowledge, experience, and passion for producing healthy food in a sustainable way, today's aspiring farmers will become part of the solution that nourishes our planet and ourselves for generations to come.

**TOGETHER, WE PRESERVE
SUSTAINABLE FARMING BY
CREATING A STRONG AND
JUST LOCAL FOOD SYSTEM.**



BUILDING A BRIGHTER FOOD FUTURE

**We work to make our food and agriculture
biologically sound and socially equitable.**

