MANAGEMENT AND MARKETING

Farm Management/Operations

Laura has heard CSA farming referred to as "graduate level farming." Their transition into producing crops for a CSA was gradual, because they bought certain crops from other farmers (described further under Finances) while renting land from Gardens of Eagan. It was not until 2009 that they grew all the crops they sold.

As alluded to earlier, the organizational skills needed for CSA farming can be one of its greatest challenges. After five years, Adam and Laura are just starting to feel like they have the planning aspects under control. They use a combination of spreadsheets, calendars, maps, and other tools to organize when and where crops will be planted and harvested and to track production and sales (Figure 47).

Laura and Adam consulted with other CSA farmers on organizational strategies but chose not to purchase customized software templates that are available for market farmers. They use Microsoft Excel to organize plans and schedules.

Figure 47: Adam and Laura use a variety of tools to manage their operations, from detailed spreadsheets to hand-written records.

Farmer's Perspective: On the Bookshelf

The Organic Farmer's Business Handbook: A Complete Guide to Managing Finances, Crops, and Staff—and Making a Profit

By Richard Wiswall

This book covers step-by-step procedures for making crop production more efficient; advice on managing employees, farm operations, and office systems; marketing strategies; and a discussion of the use of profits for business spending, investing, and retirement planning. A companion CD includes spreadsheets for projecting cash flow, a payroll calculator, comprehensive crop budgets for forty different crops, and tax planners.

One of the reasons Laura and Adam like this new resource is because it covers production efficiencies (such as raised beds and standardized spacing) that they utilize. They also appreciate its advice on how to set up and keep straightforward crop enterprise budgets. It has inspired them to begin tracking the costs of production for individual crops.

One of their keys to success is duplicating data just enough so that information is linked between different files and spreadsheets without doubling up on data entry effort or sacrificing the accuracy of numbers. Crops and varieties are grouped into categories, for example, as shown in Table 3. The crop categories and specific varieties then get placed into a seed inventory, where seed information (sources, organic vs. non-organic) and seed quantities (numbers used, in stock, and needed) are tracked. Seed varieties and starting quantities are then transferred to a greenhouse production data sheet, where propagation data (such as seeding dates and methods) get recorded. Key data from the greenhouse production records then get transferred to field planting data sheets (where planting dates; the number, location, and spacing of rows; and other information is recorded), and so on, until an entire production log is assembled for each crop.

Additional data sheets in the production log track the plants themselves (pest pressure, harvest dates, etc.), while others track the practices being used in the fields where each crop is grown (e.g., seeding and mowing of cover crops, application of fertilizer or soil amendments, irrigation, weed cultivation). Table 4 represents excerpts from the production log for beets in 2009. These records are essential for the organic certification process, though as described in one of their New Farm articles, Laura and Adam feel this "audit trail" would make them better farmers regardless of their commitment to certification.

In addition to spreadsheets and printed data forms, Adam and Laura use a calendar to schedule planting dates and intervals for succession planting. They also use hand-drawn maps (Figure 48) to plan for and document actual plant spacing. In deciding when and how much to plant, they think in terms of each week's CSA box and farmers market – what do they want to have in each box and at each market throughout the season? Then they count backwards to determine when to start the production process for each crop. In the beginning, they relied on seed supplier instructions plus trial and error, but now experience informs their decisions about how much crop to grow. Yields are highly variable, of course, depending on soil fertility, weather, and so many other factors; in order to mitigate these variations, Adam and Laura overplant some crops by 20% if space allows.

Educator's Perspective: Resource Tip

Organic Documentation

The effort required for recordkeeping in organic certification can be daunting at first, so it helps to start out with templates.

Organic Field Crop Documentation Forms is a set of forms from ATTRA that can be photocopied.

Appendix A of Organic Certification of Vegetable Crops from the University of Minnesota Southwest Research and Outreach Center has step-wise instructions, recordkeeping tips, and example formats for data sheets.

Laura and Adam have learned that there are pros and cons to every recordkeeping system and that systems evolve. There is some give-and-take, for example, when it comes to deciding whether a pre-made data sheet or a blank notebook will be the best way for documenting the information needed at different stages of production and planning. They acknowledge that, as far as they've come, their system is still a work in progress.

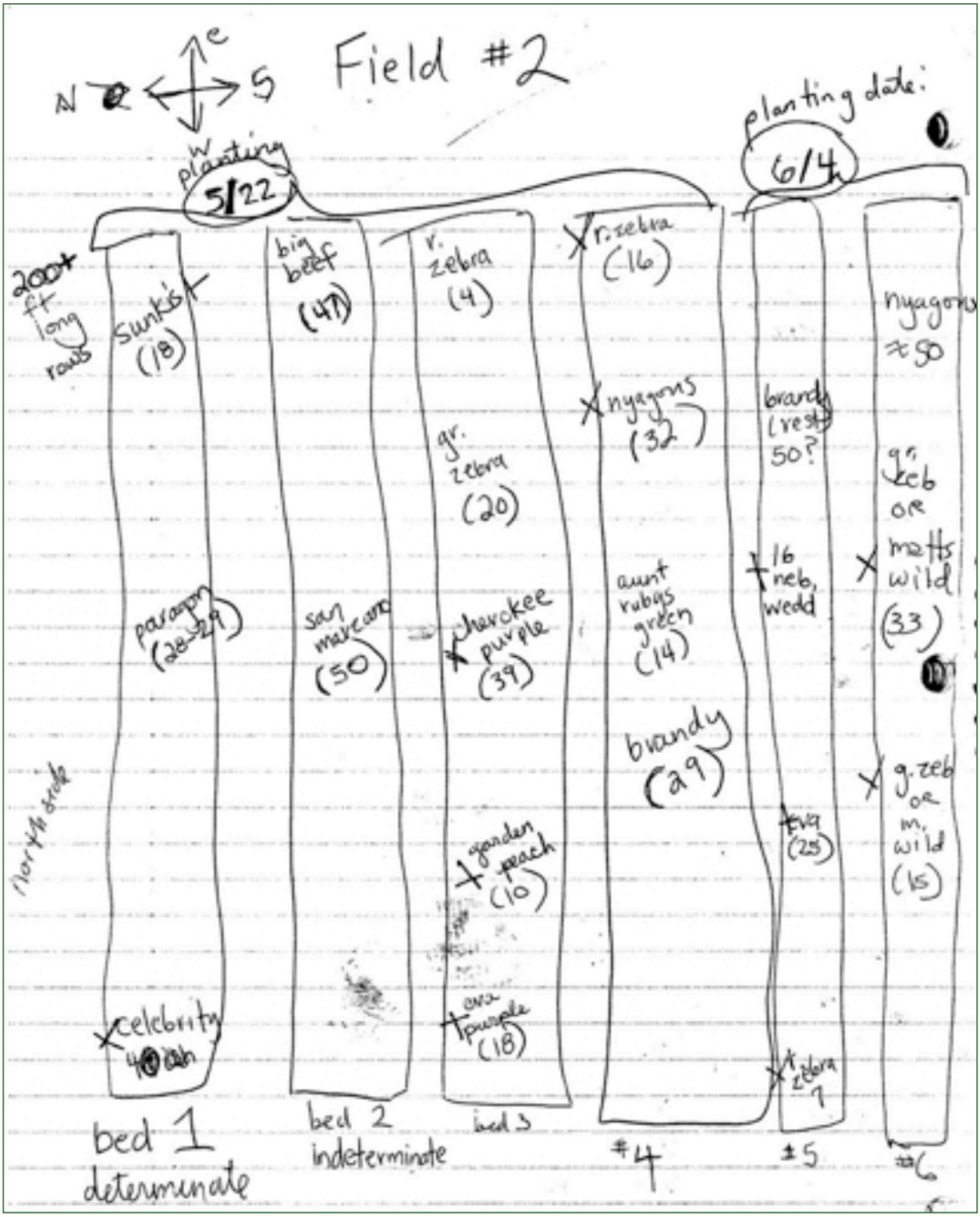

Figure 48: Laura and Adam use hand-drawn maps such as this one, for their 2009 tomato crop, to track field production in combination with spreadsheets and calendars.

Marketing Models

Adam and Laura started out focusing on wholesale sales in 2005 because it was a low-risk model for their first year and they knew they didn't have enough farming experience to commit to the pre-paid nature of a CSA. They wanted some initial experience farming on their own before transitioning to a direct-marketing model.

Laura and Adam quickly changed strategies, however. Wholesale was appealing because it felt like a more efficient way to grow and sell their product, but they found it was not profitable at their small scale. When they switched to a direct-marketing emphasis in 2006, their operating profit margin jumped from 7% to 26% (see Finances).

Educator's Perspective: Resource Tip

Marketing Local Foods

This handbook is designed to help Minnesota farmers explore the various options for marketing local food. It introduces the basics of different marketing systems, suggests resources, and includes profiles of farmers who are selling farm products directly to consumers via farmers markets, roadside stands, CSAs, and on-farm stores. It also contains information and profiles about selling indirectly via retail food establishments or food services.

Adam and Laura have maintained wholesale as a small percentage (5-10%) of overall sales since 2006 so they are not completely reliant on direct marketing for their income (Figure 49). It also provides them with an avenue for selling excess product.

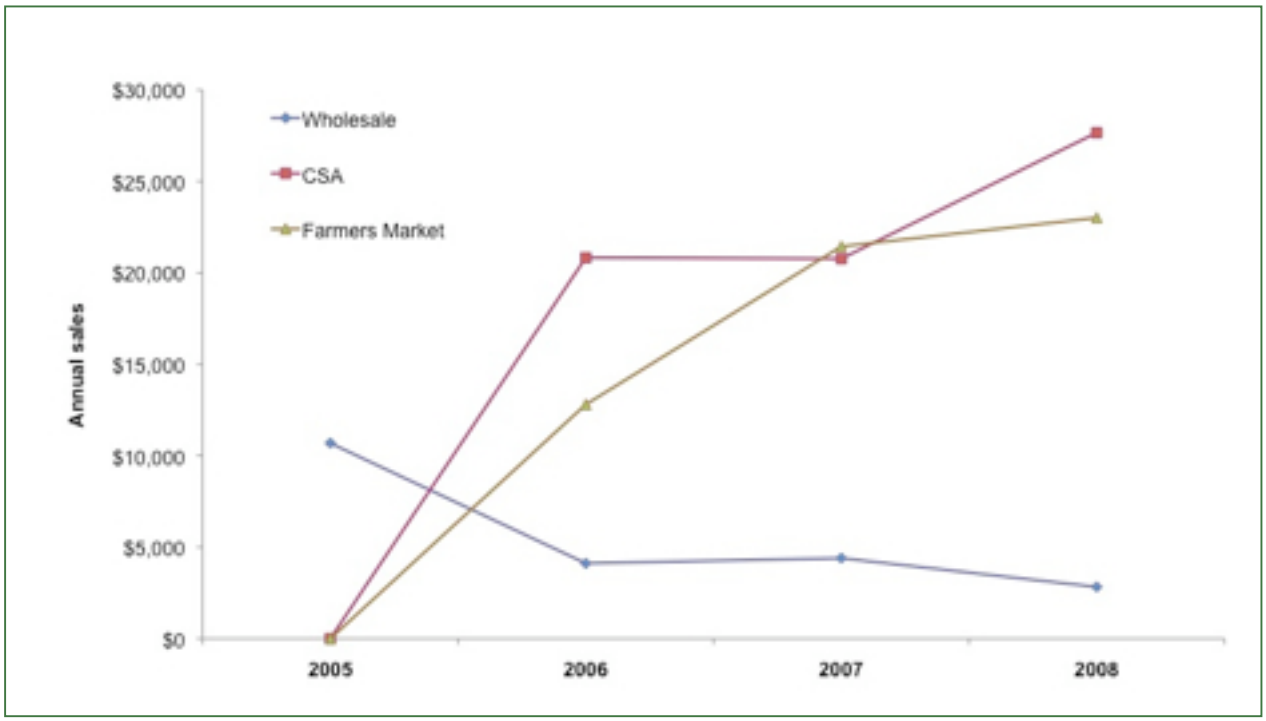

Figure 49: Loon Organics transitioned from wholesale-only in their first year to an emphasis on direct sales. They like their current combination of three enterprises.

Laura and Adam's preferred methods of direct marketing are CSA and the farmers market. They have no plans to set up a roadside stand at their new farm; they don't want to deal with the constant labor involved, and they like partitioning their marketing time into periods of concentrated sales. They also ruled out a "pick-your-own" operation because they didn't want the liability or efficiency issues of having customers in the fields and around machinery. They don't anticipate adding other direct-marketing methods, such as consumer buying clubs, to the mix because they're happy with their current combination and don't feel they could handle the administrative burden of additional channels.

CSA

Since 2006, the Loon Organics CSA has provided half or more of Laura and Adam's direct-market sales. This enterprise has been their most profitable. They have found a high demand for CSA, both when in proximity to the Minneapolis-St. Paul metropolitan area and now on the outskirts of Hutchinson, a town of about 13,000.

The number of shares they offer has grown each year (Table 5). They anticipate offering a maximum of 175-200 shares in the future. Their subscription covers an 18-week period from mid-June through mid-October. Starting in 2009, they offered a separate Thanksgiving CSA box in November. They also offered "preserving shares," or extra boxes of product sold to existing members during the fall at wholesale prices. The boxes contained surplus greens, tomatoes, or themed combinations called "salsa shares" or "pesto shares," an idea gleaned from the previous farm owners (Figure 50).

Table 5. CSA sales, 2006-2009

CSA Year	2006	2007	2008	2009
% of Direct Sales	61.9	49.2	54.6	73.0
# Shares Offered	35	40	60	125

Farmer's Perspective: On the Bookshelf

Sharing the Harvest: A Citizen's Guide to Community Supported Agriculture

by Elizabeth Henderson and Robyn Van En

This resource is the closest thing Laura and Adam have found to a "bible" of CSA farming. Why Laura likes it: "It has tons of great information for new and old CSA growers alike. It is also written geared towards citizens that would like to form a CSA themselves and hire a farmer to grow food for them. Elizabeth and Robyn were at the forefront of founding some of the first CSA farms in the U.S. The book was recently revised and expanded, and at the end of the book there is a list of comprehensive CSA Resources."

Figure 50: Adam and Laura offered extra shares to their CSA customers due to a good harvest in the fall of 2009.

Laura and Adam have built their CSA member base by using their Web site, posting at Local Harvest and other sources, and relying on word of mouth. Although the CSA requires a substantial investment of time because of the customer service, administrative duties, and communication skills involved, they like that most of the marketing effort can be done in the off-season rather than taking hours from the growing season. Duties during the season include preparing a weekly newsletter; handling phone and e-mail correspondence; arranging and conducting farm visits, tours, and farm gatherings; processing payments; and conducting surveys.

Farmers Market

The farmers market has generally made up a smaller percentage of Adam and Laura's direct-market sales (33.3-50.8%). Their current breakdown of direct sales is two-thirds CSA to one-third farmers market. They have been participating in the Mill City market in Minneapolis each weekend from May through October since 2006 (Figure 51). The farmers market is time-intensive in the sense that they must spend a whole day off the farm, but the market provides them with two benefits – profitable sales and an advertising opportunity (see Figure 31).

Figure 51: Adam and Laura at their booth in the Mill City Farmers Market in Minneapolis.

Although it is a relatively small part of their operating budget, Laura and Adam do incur some advertising costs. There are fees associated with Local Harvest and the Land Stewardship's Project CSA directory, for example, and in 2009 they paid some blog and Web site fees. When asked why they think Loon Organics is so locally well-known for such a relatively small and new operation, they attribute it to several factors. They benefited from some press received through Twin Cities newspapers, and their profile was raised through their affiliation with the prominent Gardens of Eagan and their participation in a high-traffic, Minneapolis farmers market. The appeal of their "back to the land" story has also provided them with some notoriety, especially as the local food movement has gained more attention in the media.