UF/IFAS Extension
The Journey to Sustainability Begins with Education
URBAN AGRICULTURE

A Participatory, Primer Course

Part 2a: Business Plans

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Outline

- Short Review of Course Syllabus
- World Café Exercise
- Introduction to Business Planning
  - Two online manual resources
- Introduction to Market Planning
  - Niche marketing
Urban Agriculture Certificate Course
Class Topics Sequence

• #1: Introduction and Production Systems
• #2: Business and Marketing Plans
• #3: Regulations and Direct Markets
• #4: Equipment and Tools; Post Harvest Handling
• #5: Financial Resources & Management

Today’s Topic
Urban Agriculture Certificate Course Workshop Topics Sequence

• #1: Container and Hydroponic Growing
• #2: Frost Protection and IPM
• #3: Farmscaping w/ Cut Flowers
• #4: Farm Food Safety Plan
• #5 Composting and Renewable Energy Technologies
Introductory Activity (10 min.)

- World Café Format
  - Collaborative
  - Respectful

- Answer the following:
  - What is your model of profitable urban agriculture?
  - How does it reflect your vision for a successful urban farm?

- Form groups of 4 persons. Appoint 1 spokesperson to take notes and report out to the class on your group’s responses, using bulleted descriptors.
Urban Agriculture Questions

- Is it really a money making enterprise?
- Is there a role in a modern urban food system?
Profitable Urban Agriculture

Maybe You Have Seen These Book Titles . . .

• “Earn $36,000 in a single year from less than one full acre”

• $16,5000: Potential Income in a Hoophouse (24,00 sq ft)
  - You Can Farm: The Entrepreneur’s Guide to Start and Succeed in a Farming Enterprise
Profitable Urban Agriculture

Maybe You Have Seen Trending For-Profit Urban Farm Programs . . .

Watch these short videos:
- “Grow Food, Make Money” – see http://www.spinfarming.com/buy/
- “Urban Farming, SPIN Farming - Small Plot INtensive Urban Farming Production System to Create Income” - see https://www.youtube.com/watch?v=BsJeDZr9MI4&t=472s
Profitable Urban Agriculture
Or Successful Non-Profit Urban Farms . . .

Fairview Gardens Organic Farm Center for Urban Agriculture (http://www.fairviewgardens.org/)

Watch the short video “Beyond Organic - The Vision of Fairview Gardens (Bullfrog Films clip)” – see https://www.youtube.com/watch?v=oHixPUGysWI
Profitable Urban Agriculture

Or Trending For-Profit Urban Micro-Farms . . .

- Watch these short videos by the Urban Farmer Curtis Stone:
  - “THIS IS HOW MY FARM WORKS! - $100K on a quarter acre” – see https://www.youtube.com/channel/UC-BIDCX_nCLs_ZF9meYQbw
  - “Ask The Urban Farmer -- $300K on an acre. To scale or not to scale?” – see https://www.youtube.com/watch?v=axMbB-HmeSY
OK, That’s All Fine and Dandy. Now How Do I Get Started in Urban Agriculture?
Urban Agriculture Initial Steps

❖ Assess Your Situation
  • available resources and challenges
  • urban environment factors

❖ Develop a business plan for the start-up and operation of the business regardless of whether it is intended to be a for-profit business or a non-profit business.

❖ Learn the urban market factors in order to develop a marketing plan for success

https://www.lexiconoffood.com/link/urban-farm-business-plan-handbook
Assessing Your Situation

- **S.W.O.T. Analysis**

  - **Strengths (S)** = What the organization does well
  - **Weaknesses (W)** = What is done poorly
  - **Opportunities (O)** = External events, that if taken advantage of, could improve the organization
  - **Threats (T)** = External events, that if not addressed, could harm the organization

- **S.W.O.T. needs to be an inclusive process!**

S.W.O.T. Analysis Description

- Once all of the strengths, weaknesses, opportunities, and threats to the farming operation have been listed, the information should be combined to give an overall look at the current position of the farm and develop future strategies and to manage the operations.

- Developing strategies that focus or capitalize on the strengths of the operation.

- Develop strategies that will strengthen the weak areas & threats by taking advantage of strengths and opportunities to counter or reduce them.

Assessing Your Situation

SWOT Analysis Framework

Environmental Scan

Internal Analysis
- Strengths
- Weaknesses

External
- Opportunities
- Threats

SWOT Matrix
Your SWOT Analysis Sheet

For your own possible enterprises, brainstorm about ideas related to the four areas below. Use this sheet to determine whether you should explore an enterprise idea further.

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
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<tbody>
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<th>THREATS</th>
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</thead>
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</tbody>
</table>
S.W.O.T. Urban Farm Startup Example

- **Strengths**
  - Familiar w/ the local foods movement
  - Experience w/ sustainable vegetable gardening
  - People skills
  - Family support

- **Weaknesses**
  - Experience in rural crop growing up north but not FL
  - No direct marketing experience
  - Limited access to land and equipment
  - Limited finances
  - Unsure of urban consumer food preferences
S.W.O.T. Urban Farm Startup Example

- **Opportunities**
  - Demand for local, fresh, nutritious foods is increasing
  - Local educational resources
  - Increasing number of direct markets, e.g., farmers markets, restaurants, etc.
  - Farmers Markets & FL Organic Growers associations

- **Threats**
  - Competition – from FL agribusiness and retailers
  - Challenges of FL growing conditions & urban environment
  - Slow economic growth
  - Regulations and certification
S.W.O.T. Urban Farm Example

Example

Strategies

- Start at micro-farm/backyard scale
- Build upon successes to scale up to farm size
- Identify and address education needs of farm team
- Develop business and market plans
- Visit local urban farms and meet local farmers
- Don’t give up your day job
What is Business Planning?

• On-going problem-solving process
• Identification of challenges and opportunities
• Application to the 4 key management areas
  – Marketing
  – Operations
  – Human resources
  – Finances
• Development of strategic objectives to achieve your vision
Why Develop a Business Plan?

• Make regular marketing, operational, human resource, & finance decisions

• To identify new market opportunities

• Pursue long-term personal, economic, environmental & community goals

• To communicate ideas to lenders, business partners and business stakeholders
Who Needs a Business Plan?

**Everyone at Any Business Cycle Stage!**

- A beginning producer
  - Evaluating startup enterprises and scale

- An experienced producer
  - Transitioning from conventional to organics
  - Expanding your operation
  - Planning to incorporate family members/partners
  - Consolidating enterprises

- A retiring producer
  - Transfer or sell the business
Before beginning the development of your business plan, think about the primary reasons for starting an urban farm.

Documenting your reasons for starting the farm will help you focus the business plan and identify the issues, the resources and the expertise that will be needed to develop the business plan.

Finally, think about the values that you bring to the business and the values that are important to the success of the business.
Urban Ag Business Plan
- Components -

1. Identifying stakeholder values, vision, mission and goals
2. Assess your current situation
3. Organization and Management.
5. Operating Strategy.
7. Strategic value & evaluation
8. Implementation & monitoring
9. Executive summary
The Urban Farm Business Plan Handbook developed by the Partnership for Sustainable Communities provides guidelines for the process of developing a business plan for the startup and operation of an urban farm.

The handbook includes both food and non-food related agriculture and is useful for both non-profit and for profit farms.

Provides instructions and worksheets
Overview

- An urban farm is a part of a local food system where food is cultivated and produced within an urban area and marketed to consumers within that urban area.

- Urban farms can take a variety of forms including non-profit gardens and for-profit businesses. They can provide jobs, job training, and health education, and they can contribute to better nutrition and health for the community by providing locally grown, fresh produce and other products.

- In addition, urban farms can also contribute to the revitalization of abandoned or underutilized urban land, social and economic benefits to urban communities, and beneficial impacts on the urban landscape.
Urban farms, present unique challenges that are different from conventional agricultural development.

Developed land often has a history of uses that may require substantial site preparation, special growing techniques, and/or policy support.

The success of an urban farm may depend on a diversity of products and volunteer labor to support the start-up and initial operations.
Overview

- Urban farm development and operating practices will have to account for the proximity of residential and/or commercial neighbors and the compatibility of the farm operations with these neighbors.

- Urban farms can challenge traditional images residents might have for how land is used in city neighborhoods. Urban farming projects are most likely to survive and thrive if they make the effort to have local support.
Building a Sustainable Business
A Guide to Developing a Business Plan for Farms and Rural Businesses

Developed by the Minnesota Institute for Sustainable Agriculture (MISA)
Published by Sustainable Agriculture Research and Education (SARE)

http://www.sare.org/publications/business.htm
Overview

- Has a rural focus but still highly relevant for urban Ag because it focuses on agricultural entrepreneurs who do not use “conventional” farming models.

- Objective is a business plan helps producers demonstrate that they have fully researched their proposed alternative; they know how to produce their product, how to sell what they produce, and how to manage financial risk.

- This guide is as much about the planning process as it is about the creation of a final business plan.

- Provides instructions and worksheets
Overview

- Unlike conventional approach

- Uses Holistic Management Concepts
  - Starts with and integrates personal, economic, environmental, & community values
  - Based on a ‘whole-farm’ approach
  - Adapts conventional business planning & marketing principles
  - Integrate values w/ business management
“Building A Sustainable Business”

Overview

- Holistic Management Definition
  - A simple decision making process for farmers to achieve:
    - Improved quality of life
    - Real wealth
    - Agriculture design according to principles of sustainability
      - Economics
      - Environment
      - Social
  - A learnable skill

https://holisticmanagement.org/
‘Paradigm Shift’ Exercise

Directions: use four straight lines to connect all the dots below without lifting your pen or retracing over a line.
‘Paradigm Shift’ Exercise

Directions: use four straight lines to connect all the dots below without lifting your pen or retracing over a line.
Holistic Management Exercise
“Mindmap Method”

• What is the Mindmap Method?
  – Technique for working with holistic processes
  – Promotes seeing connections beyond making a list of the parts

• Procedure
  • Start with an idea
  • Associate ideas in any direction
  • Add more association as you branch out
A sample mindmap of a whole.

- Extended family
- Friends
- Spiritual community
- Animals
- Home
- Hobbies
- School
- Work
- Income
- Cars
- Public facilities (park/library)
- Bank
- Savings

Family members
“Holistic Management”
Financial Planning Approach

Table 1. Distinctions between holistic financial planning and cash flow planning.

<table>
<thead>
<tr>
<th>Holistic</th>
<th>Cash-flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>profit is the goal</td>
<td>production is the goal</td>
</tr>
<tr>
<td>profit is planned first</td>
<td>profit is what’s left over</td>
</tr>
<tr>
<td>expenses put into W I M categories</td>
<td>expenses put in overhead and variable costs</td>
</tr>
<tr>
<td>monthly monitoring to stay on track</td>
<td>annual monitoring?</td>
</tr>
</tbody>
</table>

“Building A Sustainable Business”

Overview

- Develop A “Holistic Goal”
  - Centerpiece that drives all decision making
  - Values based
    - What are my motivations?
    - What do I want to achieve?
    - What do I want to leave for my family and/or community?
  - Ensures objectives, goals and actions move you to what you want for quality of life.
“Building A Sustainable Business”

Overview

- How is the holistic goal achieved?
  - Appropriate use of tools
    - Production planning
    - Land planning
    - Biological planning
    - Financial planning
  - Monitoring of decisions
How is the holistic goal achieved?

- the forms of production are identified.
- these describe *what* must be produced to achieve this quality of life and *not how it will be produced*.
- how you do things are actions, and all actions are tested using the monitoring guidelines.
- describe the future resource base of what the farm land and community must be like in the future to sustain the farm. The future resource base also describes how the farm and farmers must be perceived like by clients to sustain their business into the future.
A Holistic Goal Example

**Quality of life:** We desire a happy family, prosperous rural farm life, community harmony, freedom of religion, security, time for family and friends, good health, clean food & water.

**Forms of production:** profit, tolerant environment, full and meaningful employment, leisure time, unpolluted environment…

**Future resource base:** Landscape Effective water and mineral cycling, high biodiversity and energy flow in crop fields. A sustainable agroecosystem with abundant wildlife. **Clients/suppliers** We must be friendly, professional, have a good attitude, be prompt & reliable, honest, open-minded, responsive…
Urban Ag Business Plan

- To begin developing a business plan, define the following components as a sequential process:
  - Values
  - Vision
  - Mission Statement
  - Goals
Urban Ag Business Plan
- Definitions-

• Values
  – Standards, beliefs or qualities that you consider worth upholding or pursuing
  – Should be comprehensive
    • personal
    • economic
    • environmental
    • community
  – Identification is critical by all stakeholders
Values Examples

– Importance of food choices, healthy diets and lifestyles, and nutrition education.

– Foster a sense of community by reconnecting people with locally grown foods.

– Benefit public health and the environmental by cleaning up brownfields properties.

– Develop sustainable reuses support community economic, social, and environmental goals by utilizing operation and production techniques that minimize pollution and conserve resources and providing opportunities for job training and education.

– Provide affordable fresh fruits and vegetables.
Urban Ag Business Plan
- Definitions-

• Vision is the “dream and inspiration”
  – Brainstorm & imagine the future
  – Include all stakeholders
  – Use different media representation in order to capture general concepts, as well as specific examples
Urban Ag Business Plan

**Vision Examples**

– Economically viable source of fresh locally grown fruits and vegetables and related products to our community.

– Productive reuse of abandoned properties, local jobs, and job training.

– Benefit public health and the environment by cleaning up and utilizing operation and production techniques that minimize pollution and conserve resources.

– Providing nutrition education and job training.
Urban Ag Business Plan
- Definitions -

• Mission statement is the “reason why”
  – Statement of purpose
  – Provide an overview of the business direction to realize your vision
  – General and short in length
  – Consider that others will see it as a reflection of you
Urban Ag Business Plan

Mission Statement Examples

– To promote the social and economic benefits of urban farming and the viability and sustainability of such efforts.

– To create an abundance of food for people in need by supporting and encouraging the establishment of gardens on unused land and space while increasing diversity, raising awareness for health and wellness, and inspiring and educating youth, adults and seniors to create an economically sustainable system to uplift communities.
Urban Ag Business Plan
- Definitions -

• Goals are the “who’ and ‘what’
  – Basis of business strategies
  – Types
    • Personal
    • Family
    • Business
    • Community
    • Environmental
Urban Ag Business Plan

Goals Examples (short-term, 1-5 years)

– Engage the community in the growing center operations and production.

– Construct the initial hoop house and install the vertical gardens with initial crops in summer 2018.

– Construct the farm stand and training center.

– Bring the facility to its full anticipated production capacity consisting of four hoop houses, vertical gardens, a farm stand, a training center, and support buildings.

– Sales will be to both local residents, transient residents at the farm stand, and to local food service business.
Urban Ag Business Plan

- **Goals Examples (long-term, >5 years)**
  - Expand the market to larger food service businesses such as nursing homes, school lunch programs and expand the facility to meet the needs of these additional markets. This would require the acquisition of additional property in the area of the growing center.
  - Incorporate aquaponics into the production operations.
  - Add composting operations.
  - Additional products such as jams, salsas, and packaged salad mixes.
  - The growing center will be able to off-set operating expenses with annual income and generate an annual profit.
“A Sustainable Business Plan”
Strategic Planning & Evaluation

Strategy: A careful plan or method for achieving an end.

This is a very important step in the process:
– Develop a business strategy
– Evaluate strategic alternatives
– Decide on the whole business strategic course
– Develop contingency plans
“A Sustainable Business Plan”
Strategic Planning & Evaluation

The steps for developing a business strategy includes:

– Develop a marketing strategy
– Develop an operations strategy
– Develop a human resources strategy
– Develop a financial strategy
“A Sustainable Business Plan”
-Whole Farm Approach-

- The System-wide Connections of the Strategies of the 4 Management Areas
  - Marketing
  - Operations
  - Human resources
  - Finances

- It Considers How Each Strategy Affects Each Other
“A Sustainable Business Plan”

• Decision makers need to decide?
  – Stay with current business plan
  – Adopt an alternative strategy
  – Reconsider new alternatives

• Consider Strategy “Best Fit” Tests
  – Vision consistency
  – Goodness of fit
  – Building for the future
  – Feasibility and resource
  – Performance (especially for the ‘transition’ period)
  – Importance
  – Confidence

• Develop a contingency plan & exit strategy
“A Sustainable Business Plan”

- Parts of a Monitoring Program
  - Make a “To-Do List”
    - Assigned stakeholders
    - Deadlines
  - Maintain Records
  - Establish “Checkpoints”
    - Short time frame
    - Evaluate “objectives”
  - Renew Full Circle of Planning Process
“A Sustainable Business Plan”

The Full Circle of Planning Process

- Identify values
- Review current situation
- Draft vision, mission, goals
- Research, develop, and evaluate business strategy
- Implement and monitor business plan
Whew!
Let’s take a break!
15 minutes