Farm Business Management

PRESENTED BY: ERIK HEIMARK
Presentation Outline

- A. What is FBM
- B. Specialty Crops Management
- C. Benefits to Students
- D. Future Goals
Farm Business Management
What is FBM?

A program that helps farmers achieve their personal and business goals.
FBM is designed to:

- Work with farmers one-on-one
- Provide individualized instruction
- Assist in drafting financial documents and record keeping
- Provide resources and a sounding board for management decisions
Where is FBM Offered?

- Alexandria Technical & Community College
- Northland Community & Technical College
- Minnesota West Community & Technical College
- Riverland Community College
- St. Cloud Technical & Community College
- South Central College
- Central Lakes College
How it works:

- Students find an instructor in their area
- Instructor signs them up as a College Student
- Matches curriculum that meets farmers goals
- Instructional visits take place throughout the year
How it works:

- Students can be in the program as long as they want.
- Student can earn certificates, degrees, or diplomas or not.
- Although one student is enrolled, Instructors tend to work with families.
FBM Program at CLC:

Essentials of Farm Business Management Certificate
Current Issues in Farm Business Management Certificate
Applications in Farm Business Management Certificate
Agricultural Commodities Marketing Certificate
Advanced Farm Business Management Certificate
Topics:

- Quality Record Keeping
- Balance Sheets
- Cash Flow Statements
- Enterprise Budgets
- Enterprise Analysis
- Tax estimations
- Employment documents
- Business Entity set up
Purpose of FBM

Give the student better tools to make more informed decisions to reach their business and personal goals.
Specialty Crops Management Program
Specialty Crops

Fruits and vegetables, tree nuts, dried fruits, horticulture and nursery crops, floriculture, and processed products that have 50% or more specialty crop (USDA)
**Non-commodity Products**

Products are typically high quality and low quantity such as heirloom vegetables, spring strawberries and fall apples, and fresh cut flowers.

**Diverse Enterprises**

Farms often have crops and livestock; agrotourism and value added products.

**Direct Sales**

Retail and wholesale sales are typically conducted by the farmer. Farmers Markets, CSA, Farm Stands, and U-Picks.
Production
- IPM Planning
- Production Records
- Food Safety Planning
- Fertility Management Planning
- High Tunnel Construction
- Harvest Projections
- Weed Control

Financial
- Balance Sheets
- Cash Flow Statements
- Enterprise Budgets
- Whole Farm Analysis
- Marketing Plans
- Income Statements
- Financial Records
SCMP Program at CLC:
Specialty Crops Management Diploma
44 credits

33 Required Credits 11 Elective Credits
Full-Time Students

- 10 credits a year
- 6-8 visits a year
- 4 financial statements
  - beginning and ending Balance Sheets
  - Whole-Farm and Enterprise Budgets
  - Cash Flow Statement
  - Year-end Financial Analysis
- 1 Large Project
- $2,000 Tuition
Example Scenario
Meet the Jones

- Always had a big garden
- Daughters started the Asparagus and Rhubarb patch and Apple Orchard and Pumpkins in FFA
- Sells at a farmers market, a farm stand and to a local restaurant
- Seems to spend a lot of money on the farm but also notices he's bringing in more money each year
1st Visit

- Gets Registered for Classes
- Discuss Goals
  - Am I profitable?
  - What crops make the most money?
  - Wants to retire in a few years but needs the farm to replace that income
  - Wants to learn more about soil health and how to prune apple trees
2nd Visit

- Conducts a soils test
- Completes a Balance Sheet
  - discovers he has more equity in the farm than he thought
  - owns a lot of equipment he doesn't really use anymore
3rd Visit

- Discover a Boron deficiency in soil and low organic matter
- Create fertility plan
- Create a plan to sell off the old unused equipment
- Conduct a Cash Flow Statement
Discuss Cash Flow Statement
- Discover, April and July are tight months on the farm
- Cash rich in May and Sept.

Discuss forming a business entity to help keep track of farm income and expenses
5th Visit

- Conduct a Year-End Financial Analysis
- Decide to form an LLC
- Prepare for tax season
- Discuss how to prune the apple orchard
Discuss Financial Analysis
Create Enterprise Budgets for each enterprise
Set up spreadsheet to keep track of income during the season
Create beginning Balance Sheet

6th Visit
7th Visit

- Scout for pests
- Create an IPM plan
- Update records
Next Year

- Crops growing well
- Keep collecting data
- Hone in on tracking income
- Realize restaurant sales are break even
- Farmers Markets only profitable in Spring and Fall
- Start looking for more labor
3rd Year

- Experience increased profits
- Stop growing green beans
- Increase early carrots, radishes, and lettuce
- Hire help
- Project retirement in 3 years
Benefits to Students
Students Benefits

- Analytics on how financial statements can be used to improve the farm
- Access to some Cohort Classes
- Farm Transition Resources
- Access to FSA and other lending resources
- Annual Organic and Regional Farm Averages and other data
- A Specialty Crop Producers Newsletter
- Access to Rural Mental Help Specialists
What Students Say
What do you like best about the program?
(MN FBM)

Accounting and recordkeeping
Benchmarking against others
Benchmarking against self
Cash flow planning
Estate planning
Financial statements
Instructor/analyst as a 3rd party reviewer
Interpreting financial results
Other
Tax planning
## Estimated Gains per Year

<table>
<thead>
<tr>
<th>Group</th>
<th>Value</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginners</td>
<td>$10,903</td>
<td>$9,007</td>
</tr>
<tr>
<td>Organic</td>
<td>$20,727</td>
<td>$11,889</td>
</tr>
<tr>
<td>Specialty crop</td>
<td>$18,638</td>
<td>$13,367</td>
</tr>
<tr>
<td>None apply</td>
<td>$20,552</td>
<td>$13,011</td>
</tr>
<tr>
<td><strong>All</strong></td>
<td><strong>$17,632</strong></td>
<td><strong>$12,169</strong></td>
</tr>
</tbody>
</table>
Did FBM Improve your Competitive Edge?
Years of Farming?

- 10+ yrs
- 5-10 yrs
- 2-5 yrs
- 0-2 yrs
FBM by the Numbers

- 90% Better Financial Position
- 70% Benchmarking helps communication with financial institutions
- 60% evaluate volatility and financial challenges
- 50% Benchmarking helps communication with family members
- 46% Extremely positive impact on community
Goals for the Future
More Cohort Classes
- Specialized Topics
- One day seminars
- LMS: D2L & Canvas

Increase Data on Specialty Crop Farms
- Production/yield data
- Financial data
- Sales data

Improve Benchmarking
- Specific Crop Enterprise data
- State average income and expenses per crop
More Collaboration
- Extension
- College and University Faculty
- FBM in other States

More Specialty Crops Research
- CLC Staple's Farm
- FBM Student's Farms
- Other College's and University's Farms

Grow voice for Specialty Crop Farmers
- Representation in Farm Bill
Thank you for listening!

Don't hesitate to ask any questions!