Sustainable Business Planning
An Organic and Permaculture Approach
Objectives

- Student will gain understanding of basic principles of a “sustainable” business
- Student will learn how to measure farm work productivity and measure profitability
Definitions

- **sustainable**: a practice that does not deplete natural resources
- **gross sales**: overall total income before expenses
- **expense**: cost or charge
- **net profit**: gross sales minus expenses
A sustainable farm...

- Provides a living for the farmers AND improves the quality of the land

- Wendell Berry: In addition to asking, “How can this land provide our living?” also asks, “What does the land need?”
Permaculture looks at the whole cycle of a farm when designing the farm system.
A sustainable and permaculture business...

A sustainable organic and permaculture-based farm takes into account more than money.

There are 3 parts:

1. Social
2. Environmental
3. Economic
1. Social

- How are people impacted? What are the impacts of your farm methods on your local community? On your family? On you? On people thousands of miles away?
2. Environmental

- How is the air affected by your farm? The soil? The water?
3. Economic

Does your farm produce enough to pay the bills?
Three Elements of Sustainability

Social Factors:
- Human resources
- Waste management and recycling
- Community involvement
- Maintaining lands in farming

Energy:
- Knowledge of energy and fuel uses
- Efficiency improvement
- Alternative energy sources
- Bio-energy investment

Economics:
- Cost of production/net returns
- Working with financial or business advisors
- Insurance and disaster plans
- Farm succession/long-term sustainability

Value of Product:
- Marketability of product
- Food safety
- Product differentiation
- Preservation of traceability/identity

Ecosystems:
- Knowledge of general principles
- Invasive species management
- Utilizing ecological science in planning
- Developing ecological restoration sites

Soil and Water:
- Developing conservation plans
- Fertility management and using best management practices (BMPs)
- Water management/adopting advanced, new techniques

General Pest Management:
- Scouting for pests/keeping written records
- Accurate pest identification
- Use of biologically-based integrated pest management strategies
- Resistance management

General Production:
- Record keeping
- Plant health
- Pesticide safety/use of reduced risk materials
- Increased efficiency in productivity
Consider these 10 successful practices in designing your sustainable farm business

1. Make a plan
2. Develop a soil fertility plan
3. Plan a sustainable production system
4. Develop sustainable markets
5. Track your income
6. Track and trim your expenses
7. Plan your expenses
8. Create a smooth work flow
9. Level the load
10. Remember to give back

Let’s look at each step…
1. Make a plan

The first step is to make a plan—
--project your sales
--lay out your farm on paper
PERMABLITZ
PERMACULTURE DESIGN
MALVERN EAST
5 APRIL 2009
1:100

Design by Steve Harris with assistance from the permablitz team
http://www.permablitz.net

Support trees to provide shade, wind break, falls, chicken shelters & roosting; species include together a selected accent
selected support trees to be removed as needed becomes established

Instructing & seating planted as native ground cover in orchard, spacing of 5 vigorous deep-rooted, hardy native trees makes an excellent hedge as well as being great shade for produce.

Water catchment from house is fed to tanks via underground pipes, overflow is returned to storm water drain.
2. Develop a soil fertility plan

Get a soil test and make short and long-term plans to amend soil
3. Plan a sustainable production system

Plan what to plant, when to plant, and who to market to. Try to be realistic in the first year.
Successful businesses are partnerships. Meet with restaurant owners, customers, chefs. Scout out your markets and develop relationships.
5. Track your income

- Develop a system to track your sales.
- Ideally, track sales of each type of item you sell (tomatoes, peppers, etc.) AND who the item is sold to (chef, farmers market, etc.)
- Use technology to help (QuickBooks)
Income...Find metrics to measure success...

Pick one simple metric to use across all of your products. For example:

- Dollar value per harvest container
- Value per row foot (important for smaller farms)
- Value you can harvest in one hour

- SPIN farming website: spinfarming.com
6. Track your expenses

Ideally, keep track of expenses for each item you grow.

Start at the beginning and keep track all the way to the end. Examples:

- seed costs
- costs to plant, weed, harvest (labor)
- costs to transport to market
- costs to rent booth space
Work as hard to trim expenses as you do to increase sales

- You can increase profits in only two ways: expanding sales or cutting expenses.
- Examine a printout of your expense ledger and ask, “How can we trim another 5% off this year?”
With expense-cutting growth, savings are perennial. For example:

- If you can save $500/year on a cheaper compost from another supplier, over 10 years you’ll have saved $5000.

- If you can find a way to shave an average of just 20 minutes per day off your processing time, over ten years you will free up 52,000 minutes--or 36 days!
then...spend time deciding what NOT to do

- After you have information on how different crops are performing, starting eliminating those that track low and scaling up those that perform well.

- Be ruthless. (Consider growing low-performers in a kitchen garden.)

- Set a bar. For example, eliminate crops that do not yield a set dollar value per hour spent harvesting and processing
7. Plan to get organized!

- An organized farm will be more profitable.
Get organized... Sort it

- Get rid of anything that is not absolutely necessary for your production and keep only what you need. When in doubt, get rid of it.
- Did you use it in the past 12 months? If not, the chances are good you won’t use it in the next 12 months.
Get organized... Set it in Order

- Every tool should have a place. At any given time, it should be in its place or in the hand of a worker.

- Think of work stations instead of storage rooms.

- Don’t stack, keep tools at eye level.

- Keep tools close to where they are used.
Get organized...Shine it

- Keep your workspaces clean - always.
- High gloss paint on floors and walls cleans well.
- Use plenty of light.
- Use a system for collecting recycling and waste. (Green totes and gray totes, for example)
Get organized...sustain your system!

- Make sure you and your crew USE your systems.
- In some factories, a worker is assigned at the end of each week to rate cleanliness!
- Set aside time each week for cleaning.
- Twice a year, “take it to zero”– remove everything from a space, clean thoroughly, and clean items as they are brought back in.
8. Create a smooth work flow

- Create a spaghetti diagram: Imaging watching your farm from overhead. Trace a line on paper whenever people move around. By the end of a typical harvest day, many farms would look like a plate of spaghetti.

- Smooth the noodles (eliminate unnecessary work):
  - keep tools close to where they will be used
  - harvest as market-ready as possible (eliminate moves)
    - example: harvest directly into totes going to market
9. “Level the Load”—spread out your work

- Spread out the weekly and yearly workload to avoid peaks
- Prepare Spring beds in Fall
- Harvest throughout the week
- Keep a winter project list
- Stretch out the season with greenhouses/season extension
10. And remember to give back!

- With your profits you can give back to your community by donating food and money to local food banks

- Give back to your land too: let it rest at least once/year by planting cover crops
Self-Check Review Questions

- What three areas of impact must a “sustainable” business take into account?
- What are different ways to measure profitability?
- How can farm work be spread out throughout the year?
Resources

- Specialty Crop Research Initiative: UW Madison
  - [http://ipcmRes.wisc.edu/scri/](http://ipcmRes.wisc.edu/scri/)
- spinfarming.com
- milkwood.com