



Growing Farm Profits: Improving the Business and Marketing Decisions of Horticultural Producers

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Project Introduction

Expended Amount: \$39,075

This project educated 115 small and mid-scale producers of horticultural crops (from the Asheville, North Carolina, and Little Rock, Arkansas areas) on how to price their products for appropriate markets, how to track expenses and how to calculate profitability for their farm enterprises. The intent was to help farmers reduce their risks and improve their farm's profitability and sustainability. A total of 71 of the 115 participants (62%) responded to our 5-month post-training follow-up survey. Eighty-three percent of those responding (59 individuals) said they have already begun setting up their own recordkeeping and/or cost analysis system.

Project Participants

Project participants were mostly small-scale vegetable producers selling at farmers' markets across the South. However, some had very diverse farming operations, raising livestock and row crops in addition to vegetables. Farming operation sizes varied greatly, with many under 10 acres, but some had several hundred acres in operation. Some had been farming for decades, but most had been farming for less than 10 years. Many of the participants came from farming families, a few of these with generations of farming history. But some had come into farming with no history or experience. Most told

us they were struggling to learn what they could do to make their farms more profitable, and thus more sustainable.

Project Area

The trainings were held in Asheville, North Carolina, and Little Rock, Arkansas. Training participants were from across North Carolina, Virginia, Tennessee, Georgia, Texas, Louisiana, Oklahoma, Kentucky, South Carolina, Alabama, Missouri, Illinois and Arkansas.

Project Outcomes

Of those responding to our follow-up survey, 83% were not only *inspired* to take risk management action, but they made use of skills they developed at the trainings to actually *take action within 5 months* after the training. In summary, participants learned how to manage risk and, within 5 months of receiving training, took actions in these areas:

- Began recordkeeping, when they had kept no records before.
- Expanded the type records they keep to give them the more complete picture needed to measure profitability.
- Assessed their operations with new information and made management decisions to improve profitability, such as eliminating or adding crops.

Quotes

Below is a sampling of the responses we received from Growing Farm Profits participants in our follow-up survey:

“The workshop has had a great impact on how I think about my farming operation. We are [now] tracking costs in each enterprise and thinking more about profit margins. [We are] Trying to use this information to make better decisions about what to grow and what to sell. [We] Started a new enterprise this year based on our estimates that it could be more profitable than other things we have been raising.”

“I look at my labor hours in a completely different way now. I have never factored in time by crop before now.”

“We have started to track harvest quantities, individual crop sales, and more closely track farm activity as a result of attending the training. We have set up spreadsheets inspired by the info from the training.”

“When we got home we tried to go back and fill in [records] for the 2012 season. By doing this we were able to identify where our record-keeping gaps really are. Labor tracking and allocating time and costs across enterprises is where we have fallen short in the past, so that is where we’ll focus our energy on better recordkeeping.”

“I already have a recordkeeping system that works pretty well for me . . . The Veggie Compass goes into a LOT more detail than my system, though, and points out the gaps in mine . . . So it got me thinking about some of the stuff that we’re not tracking, and how useful/necessary it is to have that additional information. For instance, the Unit Break Even Price. I haven’t tracked all of the information needed to be able to do that kind of analysis, and I can see now that we need to in order to become profitable. I’m now tracking exact sales of each crop.”

“I have changed my method of keeping records. I started looking at the things I needed to record from a different perspective – not just cost of seed, but literally from start to finish of each of our products. To include labor, time, water, etc., in order to see if we are breaking even or making a profit and how much of one. Also looking at marketing cost from a different point of view. Your course made me look at things from a different point of view. I felt smarter and more informed of what I need to improve my farm.”

“Now that I understand my income and my expenses in such depth I can plan for putting additional land under cultivation, hiring employees, know which seed to buy and how much. [Veggie Compass] is an incredibly useful planning tool.”

“Thanks so much for a GREAT workshop that really turned around my thinking about the importance of making a profit and making decisions based on the knowledge gained by keeping records.”

Project Success Story

“I’m not a farmer, but an educator. Part of my work consists of providing outreach, training and technical assistance to small farmers and ranchers in Texas. The CD and the ideas behind Veggie Compass and Growing Farm Profits are very powerful. Probably the stronger element of Veggie Compass is the profit analysis by marketing channels . . . I have been talking to farmers about Veggie Compass and other similar spreadsheets to highlight all of the elements they should consider to keep records on. It is an eye opener for them.”

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***Sandra Martini, H. L. Goodwin** and **Ronald L. Rainey**, Grant Coordinator and Co-Directors, respectively, of the Southern Risk Management Education Center, serve as editors of this report series. To learn more about risk management education programs and resources, visit the Southern Center web site (<http://srmec.uark.edu>) or the Extension Risk Management Education Program link (www.extensionrme.org).

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