



FREE 4-PART WEEKLY MASTERCLASS SERIES: PART 1

# THE 4 CRITICAL STEPS to Successfully Starting and Growing your Farm Business in 2021



PRESENTED BY

**MICHAEL KILPATRICK**

of GROWING FARMERS

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**FARM  
BRIDGE**

and

**HARRIS**  
EST SEEDS 1879



# Meet Michael.

Farmer & Educator

Farm coach, podcaster & highly sought after speaker

Owner & founder of Kilpatrick Family Farm (KFF)- a multiple six figure, year-round organic vegetable farm in upstate NY.

Expert on profitable, sustainable agriculture and four-season farming



Kilpatrick Family Farm  
Your Source for Local, Seasonal, Clean Produce  
www.kilpatrickfamilyfarm.com





Farming is  
incredibly  
rewarding



# The Problem:

Only **5%** make it 5 years  
or more

## Thriving Farmer

- has a clear vision of what the farm will look like
- has a proper business setup and separate finances
- makes decisions via information, not, "it looks good"
- is focused on what the customer wants, not what's fun to grow
- understands the value of labor, and the key roles needed on the farm

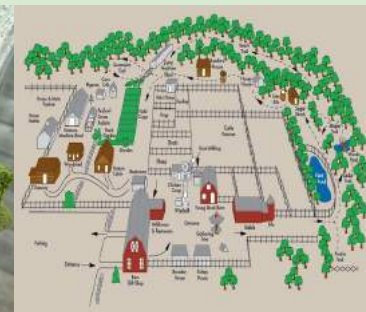
## Hobby Farmer

- tries something new every year to see if he likes it
- complains constantly about lack of customers
- uses the money from the farm as cash to have fun with
- hires a few folks under the table for minimum wage
- grows what he likes and what's easy



# 4 Steps To Starting Strong

1. Build the Right Farm Model
2. Develop Your Farm Plan
3. Figure your Farm finances
4. Fund Your Farm



# Do YOU need a business plan?

1. Some sort is very helpful for organizing thoughts and thinking through finances
2. What happens when a huge opportunity comes? Or a national crisis?
3. A full business plan may be required for conventional lending (only reason to do it)
4. A business canvas (one page business plan) always recommended
5. You should always have detailed financials



**What Type  
of Farm do  
You Want**



# Who Are You Selling to?



or



# Sales Channels Reviewed

Which ones are right for you?



- On Farm
- Farmers Markets
- Home Delivery
- CSA



- Grocery/Retail store
- Restaurants/Wholesale/Farm Hub



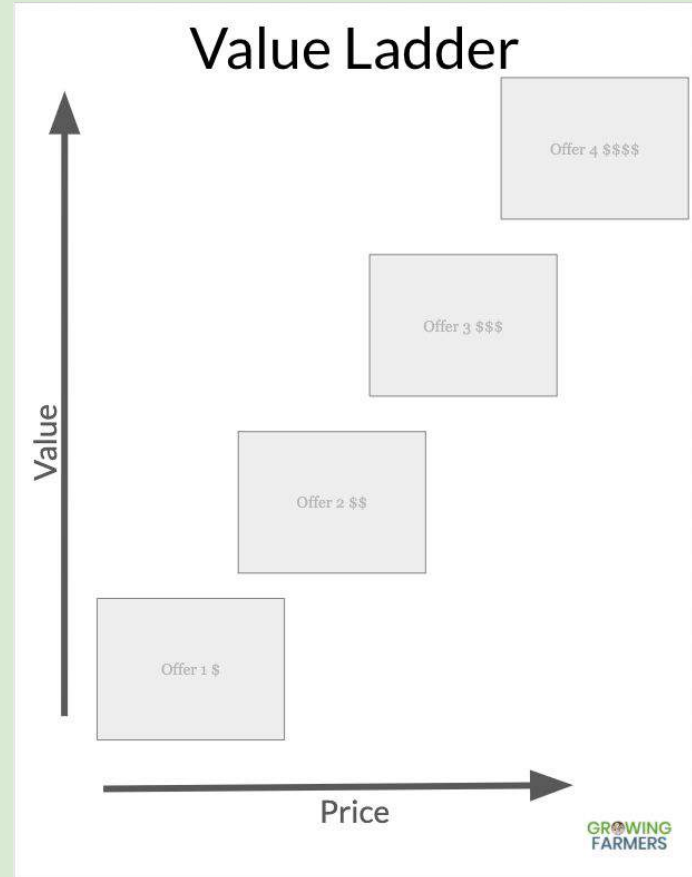
- Institutions
- Commodity



# Your Value Ladder

Always have an upset

- You should always have a next step for your customers to take
- A percentage will ALWAYS pay more, have something to offer them
- The higher in the value ladder the more exclusive, more profitable your offering should be
- Try to work continuity in to your offer (recurring, subscription, etc)



# YOUR BUSINESS CANVAS

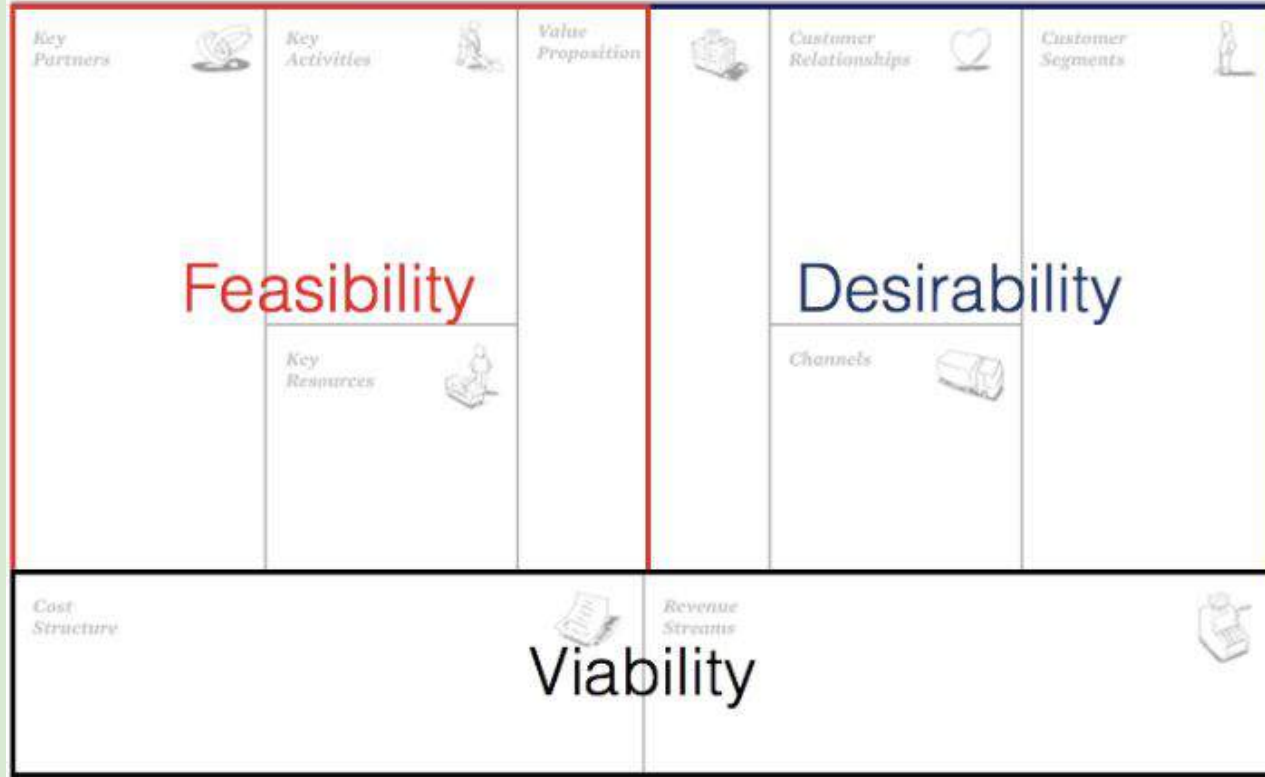
● Key Partners	● Key Activities	● Value Propositions	● Customer Relationships	● Customer Segments
	● Key Resources		● Channels	
● Cost Structure			● Revenue Streams	

# WHAT IS A BUSINESS CANVAS?

1. Everything on one sheet/ organizing thoughts
2. Simplifies a long, arduous process
3. Should be done for any new enterprise
4. Go over high level on one page with investors/key partners
5. [bit.ly/businesscanvasarticle](http://bit.ly/businesscanvasarticle)



## The Business Model Canvas



# Value Proposition

## Why should they buy from you?

Each customer segment can have a different proposition

1. young mother worried about **safe food**
2. dinner party host wants status of high **quality**
3. neighbor loves the **convenience**



A photograph of an elderly farmer wearing a dark baseball cap and a plaid shirt with suspenders. He is standing in a field of golden-brown crops, looking towards the right. He is holding a tablet computer with both hands, appearing to be using it. The background is a soft-focus field under warm, golden light.

# Financials

# 4 Key Financial Documents

1. Profit and Loss Statement
2. Balance Sheet
3. Cashflow Projections
4. Enterprise Budgets



A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X
Crop/Channel	Price	Total Units	Total Sales	January		February		March		April		May		June		July		August		September		October	
				Units	Income	Units	Income	Units	Income	Units	Income	Units	Income	Units	Income	Units	Income	Units	Income	Units	Income	Units	Income
<b>Greens</b>																							
On Farm	\$4.00	980	\$3,920.00	\$0.00	\$0.00	\$0.00	\$0.00	80	\$320.00	120	\$480.00	160	\$640.00	160	\$640.00	160	\$640.00	160	\$640.00	160	\$640.00	80	\$320.00
Grocery Store	\$7.00	232	\$1,624.00	\$0.00	\$0.00	\$0.00	\$0.00	12	\$84.00	20	\$140.00	30	\$210.00	30	\$210.00	30	\$210.00	30	\$210.00	30	\$210.00	50	\$350.00
Home Delivery	\$36.00	44	\$1,584.00	\$0.00	\$0.00	\$0.00	\$0.00	8	\$288.00	8	\$288.00	8	\$288.00	8	\$288.00	6	\$216.00	6	\$216.00				\$0.00
<b>Product</b>																							
Channel 1		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Channel 2		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Channel 3		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
<b>Greens</b>																							
Channel 1		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Channel 2		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Channel 3		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
<b>Garlic Braids</b>																							
Farm Store	\$16.00	73	\$1,168.00	10	\$160.00	\$0.00	\$0.00		\$0.00		\$0.00	20	\$320.00	5	\$80.00	5	\$80.00	5	\$80.00	5	\$80.00	7	\$112.00
Farmers Market	\$16.00	30	\$480.00		\$0.00	\$0.00	\$0.00		\$0.00		\$0.00	30	\$480.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Etsy	\$12.00	77	\$924.00		\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	20	\$240.00	25	\$300.00
<b>Airbnb cabin</b>																							
Airbnb	\$70.00	56	\$3,920.00	\$0.00	\$0.00	\$0.00	\$0.00	5	\$350.00	8	\$560.00	7	\$490.00	5	\$350.00	10	\$700.00	10	\$700.00	6	\$420.00		\$0.00
Website	\$90.00	45	\$4,050.00	\$0.00	\$0.00	\$0.00	\$0.00	8	\$720.00	5	\$450.00	7	\$630.00	8	\$720.00	4	\$360.00	5	\$450.00	5	\$450.00		\$450.00
Channel 3		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
<b>Fall Dinner</b>																							
Roberts Farm	\$60.00	50	\$3,000.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	20	\$1,200.00	30	\$1,800.00		\$0.00		\$0.00
Our Sales	\$97.00	80	\$7,760.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00	30	\$2,910.00	50	\$4,850.00		\$0.00		\$0.00
Channel 3		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
<b>Strawberries</b>																							
Farm Store	\$3.50	800	\$2,800.00	\$0.00	\$0.00	\$0.00	\$0.00	700	\$2,450.00	100	\$350.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Farmers Market	\$4.00	460	\$1,840.00	\$0.00	\$0.00	\$0.00	\$0.00	400	\$1,600.00	60	\$240.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Wholesale	\$36.00	25	\$900.00	\$0.00	\$0.00	\$0.00	\$0.00	25	\$900.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
<b>Whole Chickens</b>																							
Farmers Market	\$25.00	45	\$1,125.00	\$0.00	\$0.00	\$0.00	\$0.00	45	\$1,125.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Olivia's	\$20.00	5	\$100.00	\$0.00	\$0.00	\$0.00	\$0.00	5	\$100.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Channel 3		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
<b>Cut up chickewn</b>																							
Farmers Market	\$5.99	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Channel 2		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Channel 3		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
<b>Beets</b>																							
Channel 1	\$3.00	90	\$270.00	\$0.00	\$0.00	\$0.00	\$0.00	20	\$60.00	30	\$90.00	40	\$120.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Channel 2		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
Channel 3		0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00
<b>INCOME/MONTH</b>				\$160.00	\$0.00	\$0.00	\$0.00		\$1,822.00		\$8,183.00		\$3,768.00		\$2,288.00		\$6,316.00		\$9,186.00		\$1,952.00		

	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL	%												
	Jan - Dec																									
<b>Ordinary Income/Expense</b>																										
<b>Income</b>																										
<b>Product Sales</b>	160.00	0.00	0.00	1,822.00	8,183.00	3,768.00	2,288.00	6,316.00	9,186.00	1,952.00	1,430.00	360.00	35,465.00													
<b>Custom Work</b>				800.00	1,200.00	800.00																				
<b>Other Income</b>																										
<b>Total Income</b>	160.00	0.00	0.00	2,622.00	8,183.00	4,568.00	2,288.00	6,316.00	9,186.00	1,952.00	1,430.00	360.00	35,465.00													
<b>Gross Profit</b>	160.00	0.00	0.00	2,622.00	8,183.00	4,568.00	2,288.00	6,316.00	9,186.00	1,952.00	1,430.00	360.00	37,065.00													
<b>Expense</b>																										
<b>Bank Service Charges</b>	0.00	0.00	0.00	0.00	50.60	25.00	0.00	25.00	0.00	0.00	38.31	0.00	138.91	0.00												
<b>Car and Truck Expenses</b>	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	3,600.00	0.05												
<b>Fertilizers and Lime</b>	0.00	0.00	193.00	1,391.00	0.00	0.00	309.56	0.00	0.00	116.01	0.00	0.00	2,009.57	0.03												
<b>Gasoline, Fuel and Oil</b>	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	360.00	0.00												
<b>Insurance Expense</b>	950.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	950.00	0.01												
<b>Interest</b>	95.23	95.23	95.23	95.23	95.23	95.23	95.23	95.23	95.23	95.23	95.23	95.23	1,142.76	0.01												
<b>Office Supplies</b>	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	480.00	0.01												
<b>Other Farm Expenses</b>														0.00												
<b>Business Use of Home</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,892.78	2,892.78	0.04												
<b>Dues and Membership Fees</b>	0.00	412.50	37.00	37.00	37.00	37.00	72.00	37.00	37.00	37.00	37.00	37.00	817.50	0.01												
<b>Licenses and Permits</b>	0.00	10.00	0.00	0.00	0.00	0.00	30.00	0.00	85.00	0.00	0.00	0.00	125.00	0.00												
<b>Meals and Entertainment</b>	0.00	0.00	0.00	0.00	0.00	0.00	98.50	0.00	0.00	0.00	0.00	0.00	98.50	0.00												
<b>Total Other Farm Expenses</b>	0.00	422.50	37.00	37.00	37.00	37.00	200.50	37.00	122.00	37.00	37.00	2,929.78	3,933.78	0.05												
<b>Payroll Expenses</b>	2,500.00	2,500.00	2,500.00	2,500.00	4,000.00	4,000.00	6,000.00	5,000.00	5,000.00	5,000.00	4,000.00	4,000.00	47,000.00	0.59												
<b>Professional Fees</b>	405.46	4.31	229.31	150.00	316.64	8.62	4.31	6.46	51.69	8.62	17.24	8.62	1,211.28	0.02												
<b>Repairs and Maintenance</b>	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	1,800.00	0.02												
<b>Seeds and Plants Purchased</b>	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	4,800.00	0.06												
<b>Small Tools and Equipment</b>	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	3,600.00	0.05												
<b>Supplies Purchased</b>	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	7,200.00	0.09												
<b>Telephone Expense</b>	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	900.00	0.01												
<b>Total Expense</b>	5,845.69	4,917.04	4,949.54	6,068.23	6,394.47	6,060.85	8,504.60	7,058.69	7,163.92	7,151.86	6,082.78	8,928.63	79,126.30													
<b>Net Ordinary Income</b>	-5,685.69	-4,917.04	-4,949.54	-3,446.23	1,788.53	-1,492.85	-6,216.60	-742.69	2,022.08	-5,199.86	-4,652.78	-8,568.63	-42,061.30													
<b>Other Income/Expense</b>																										
<b>Other Income</b>																										
<b>Interest Income</b>	0.03	0.02	0.03	0.02	0.03	0.03	0.02	0.03	0.03	0.02	0.00	0.00	0.26													
<b>Total Other Income</b>	0.03	0.02	0.03	0.02	0.03	0.03	0.02	0.03	0.03	0.02	0.00	0.00	0.26													
<b>Net Other Income</b>	0.03	0.02	0.03	0.02	0.03	0.03	0.02	0.03	0.03	0.02	0.00	0.00	0.26													
<b>Other Expense</b>																										
<b>Debt Principle</b>																										
<b>Net Income</b>	-5,685.66	-4,917.02	-4,949.51	-3,446.21	1,788.56	-1,492.82	-6,216.58	-742.66	2,022.11	-5,199.84	-4,652.78	-8,568.63	-42,061.04													

# ENTERPRISE BUDGET

(A DEEP DIVE INTO ALL THE NUMBERS AROUND A CERTAIN ENTERPRISE)

- NOT COGS
- Many different ways to look at this
- We will walk through three different versions
- Essential to see how a particular product line is contributing to the bottom line

HOW TO USE		<a href="https://www.loom.com/share/f6a50a0e647f41df858d03381a718e60">https://www.loom.com/share/f6a50a0e647f41df858d03381a718e60</a>			
CROP EXPENSE	DETAILS	EITHER	ALWAYS	OR	
		PRICE	QUANTITY OF PRODUCT OR LABOR	LABOR RATE	
Compost cost	purchased compost is 20-50 a yard	40	3		\$120
transplant cost	heat, seed, watering, pots, soil	2	67		134
field prep	spreading, plowing, rototilling, plastic laying		1.6	60	96
Transplanting labor	getting the plants into the ground and properly set		1	18	18
Crop Care	staking, trellising, irrigation		3	18	54
Spraying	price of sprayer per hour plus man hours and spray cost		2	60	120
Harvesting	hours and equipment time to harvest crop		8	18	144
Packing	man hours to sort and pack crop		4	18	72
Boxes	if reusable the depreciated cost-	0.25	25		6.25
trans tractor					0
ADD EXPENSE					0
ADD EXPENSE					0
ADD EXPENSE					0
ADD EXPENSE					0
ADD EXPENSE					0
<b>CROP SPECIFIC EXPENSE</b>					<b>\$764</b>
<b>ACREAGE DEVOTED TO CROP</b>					<b>0.229</b>
<b>TOTAL EXPENSE FOR CROP</b>					<b>\$3,195</b>
<b>OVERHEAD CALCULATION 40%</b>					<b>\$1,278</b>
<b>INCOME FROM CROP</b>					<b>9000</b>
<b>PROFIT FROM CROP</b>					<b>\$4,527</b>
<b>PROFIT PER SQ FT</b>					<b>.454</b>
FOR MAN + MACHINE	60				
FOR GENERAL LABOR	12				
<b>NOTE: TAKE HOURLY AND X 1.5 TO ADD IN TAXES AND OTHER EXPENSES</b>					
SQARE FT DEVOTED TO CROP TO ACRE CONVERTER	10,000.00				
PERCENTAGE ACRAGE	0.23				

# Let's think through your expenses!

- Debt Servicing- Paying the principal and interest of capital
- Variable Expenses
- Fixed Expenses
- COGS
- Taxes (when you make profit)





# Cost Structures

## Ongoing Costs

### Fixed costs

1. Insurance
2. Business licenses
3. Utilities

### Variable costs

1. Payroll
2. Taxes
3. COG's

A close-up photograph of a hand holding a small green seedling with two leaves. The seedling is growing out of a stack of silver coins. The background is a soft, out-of-focus green and yellow. A green horizontal bar is overlaid across the middle of the image, containing the word "Funding" in a bold, blue, sans-serif font.

# Funding

There is no such thing  
as “free money”

You are starting a  
business- act like it!



# Types of Funding

- Land (mortgage)
- Equipment (for assets)
  - Tractors, delivery vehicle (talk to the salesmen)
  - Greenhouses
- Operations (working capital-most typically line of credit)
  - labor, seeds, consumables
- Research (grants) (and do proper accounting)



# Lets Recap

1. Build the Right Farm Model
2. Develop Your Farm Plan
3. Figure your Farm finances
4. Fund Your Farm

# Business Model Canvas



## Business model canvas

Go to file - Make a copy to save your own version

<b>Key Partner</b> Who are your most important partners? Which key resources do you acquire from partners? Which key activities do your partners perform?	<b>Key activities</b> What are the activities you perform every day to create & deliver your value proposition?	<b>Value Propositions</b> What is the value you deliver to your customer? Which of your customer's problems are you helping solve? What is the customer need that your value proposition addresses? What is your promise to your customers? What are the products and services you create for your customer?	<b>Customer relationships</b> What relationship does each customer segment expect you to establish and maintain?	<b>Customer Segments</b> For whom are you creating value? What are the customer segments that either pay, receive or decide on your value proposition?
	<b>Key Resources</b> <small>Infrastructure type</small> What are the resources you need to create & deliver your value proposition?		<b>Channels</b> How does your value proposition reach your customer? Where can your customer buy or use your products or services?	
<b>Cost Structure</b> What costs arise from creating and delivering value to your customer, from your key activities and your key resources?			<b>Revenue Streams</b> How do customers reward you for the value you provide to them? What are the different revenue models?	

# Summary



- Self funding will always be the best route for new and beginning farmers- but it constrains you to grow at the speed of cash
- If you know your numbers, have a good business plan, and demonstrate a good track record there is no problem with getting funded
- Develop a good relationship with your banker and local agricultural office even if you never end up using them

# Take our Assessment!

The image shows a browser window displaying the 'growingfarmers.com/assessment' website. The page is titled 'Thrivin Farmer Assessment' and features a 'START ASSESSMENT' button. Below the button, there is a security notice: '100% Secure. We Never Share Your Email.' The right side of the screenshot shows a section titled 'Right now, you...' with a list of six options, each with an unchecked checkbox:

- Are not sure what production spaces your farm will require
- Are looking for farmland
- Are renting or own property you are going to farm
- Have started setting up your farm and building infrastructure
- Have invested in land specifically to grow your farm operation
- Have the farm infrastructure set up to function efficiently

At the bottom of this section, it says '1 / 7' and '100% Secure. We Never Share Your Email.'

[www.growingfarmers.com/assessment](http://www.growingfarmers.com/assessment)