


CULTIVATING HEALTHY COMMUNITIES

Building a Benchmark

National Farm Viability Conference
Albany, NY May 22nd -24th

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Ag Business Programs

blog.uvm.edu/farmvia/



- Management Education
- Forest Business
- Business Planning
- Transfer Planning
- Applied Research

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Why Benchmarks ?

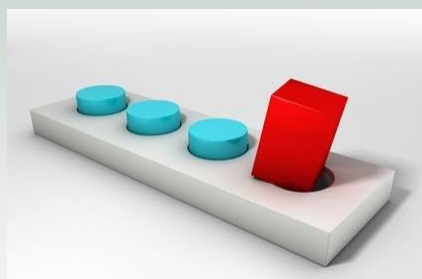


- Identify the right measures
- Compare business to sector "average"
- Compare year to year progress within the business
- Feasibility Planning for new business or expansion



Why Benchmarks? Program Side

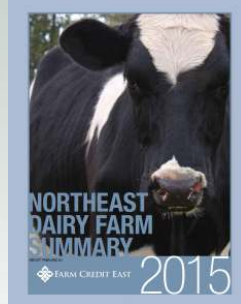
- Complete business diagnostics before technical assistance (or instead.)
- Evaluate risk
 - Grants, Loans, Policy



Existing Programs

Full Financials

- Northeast Dairy Farm Summary, Farm Credit East
- Cornell DFBS
- Finger Lakes Winery
- Finbin, University of Minnesota, CFFM (Finpack)



Stand Alone Metrics

- Many “rules of thumb” for agricultural business
- Check the methods before you jump into comparisons.
- A good metric brings together 2 measurable items and maybe more.

20,000 lbs per cow

1 FTE per 7,000 Taps

45% of Gross Sales

\$20k Gross per Acre

Profit?



Who ?

- Trained Financial Analysts
- “Barn-side” Manner Skills
- Sector Brainpower
- Database Skills



Vermont Maple Benchmark

Goals:

- Education on COP
- Produce Research
- Promote Wise Industry Expansion



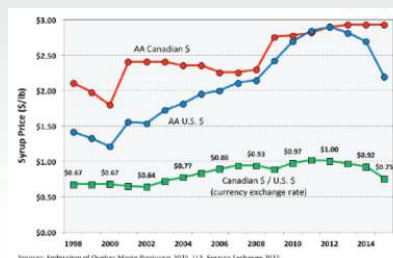
Set-Up

- Statewide Staff and Consultants
- 3,000 tap criteria
- Excel sheets

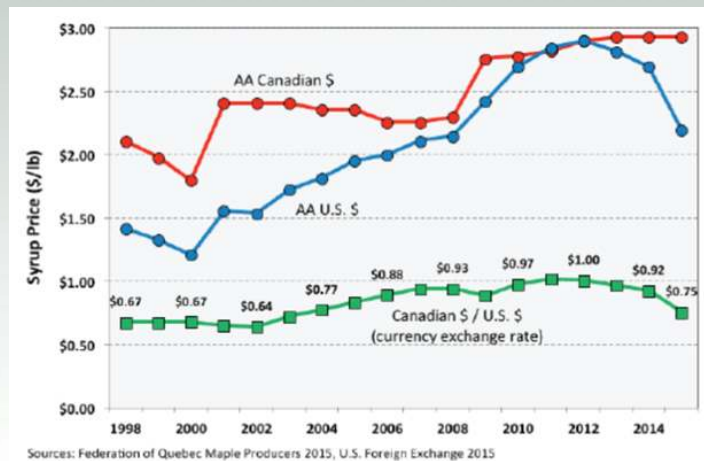


Early Success

- COP Data as Market Tumbles
- Private Reports and Public Resources
- Investment Data
- Streamlined Programs



Sources: Federation of Quebec Maple Producers 2013; U.S. Foreign Exchange 2013



Issues

- “Sample Size”
- Recruitment
- Time lag on reports
- Full balance sheet dilemma



Issues

- Appraisals
 - FMV vs. Historical Cost



Establishing Benchmarks for Diversified Direct Market Farms in N.E.

Original Goals:

- Collect research data on:
 - Production
 - Efficiency
 - Labor
 - Marketing
 - Farm Financial Health
- Improve farmers' accounting



Establishing Benchmarks for Diversified Direct Market Farms in N.E.

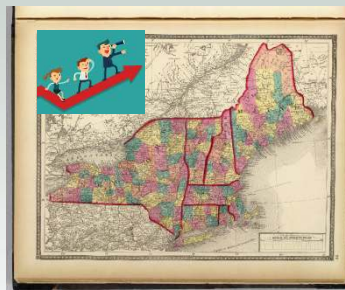
New Evolving Goals:

- Improve farmers' ability to:
 - Keep good records on practical data
 - Assess their farm's financial health
 - Assess their cost of production
 - Compare against their peers
 - Understand their metrics over time



Set-Up

- One state contact in: CT, MA, ME, NH, NY, and VT
- Project coordinator who serves as “subject matter expert” and coach
- 1 to 2 farmers per state



Criteria for Participation

- *Minimum gross farm sales of \$150,000*
- *Support at least one family member*
- *At least 60% of gross income must be from fruits and vegetables*
- *Limited or no livestock sales*
- *Maximum 30% wholesale sales*
- *Minimum of 5 years in business*
- *No restrictions based on acreage or business entity*



Early Success

- Improved record keeping
 - Tracking receipts, expenses, capital purchases, liabilities, and asset values.
- Increased awareness of financial wellness.
- Building skills in Extension/farm educators who are working with farmers.
- Learning what makes sense for benchmark data to collect.



Early Success

- Learning what benchmarks farmers feel are useful.
- Learning what benchmarks are achievable, given the data farmers have.



Issues

- Data, data, data.
- Limited ability of state staff in farm finances, software, or both.
- Limited time of state staff.



Suggestions on where to start

- Get clear on the desired outcomes with your team.
- Solidify these through input from target audience.



Suggestions on where to start

- Identify skills needed by participants and educators alike.
- Create a delivery model that builds the knowledge and skills the program needs.



Suggestions on where to start

- Map out program steps and timeline, and build in accountability.



Suggestions on where to start

- Build capacity of your team and provide them resources to succeed (coaching model.)



Suggestions on where to start

- Test it with small group of trusted target audience.



Suggestions on where to start

- Measure and change – adapt program based on evaluation data.



Suggestions on where to start

- Change program based on target audience needs and requests – bottom up, not top down.

“The measure of intelligence is the ability to change.”

Albert Einstein



Suggestions on where to start

- Program likely will be different from that which you first conceived.
- Be okay with change.



Suggestions on where to start

- Be okay with change.
- Flow with it.



Discussion Time

