Farm Viability Programs:
Providing One-on-One Business Coaching & Building a Sustainable Business Assistance Network in the Northeast

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VERMONT'S AGRICULTURAL ECONOMY

The Green Mountain State
Population: 625,000 Flat, no growth
Median Household Income: $58,000
Per Capita Income: $30,000

Major Cities:
- Capital City: Montpelier (pop. 7,500)
- Burlington (pop. 45,000) plus metro-surrounding areas (pop. 215,000)

VERMONT'S AGRICULTURAL ECONOMY

- Approximately 2,400 commercial farms statewide
- 735 are dairy farms Account for 70% of Vermont's agricultural sales
- More than 1/4 are certified organic
- Maple syrup is expanding
- Remaining farms highly diverse: grains, apples, beef, vegetables
- Beer, hard cider and spirits
- Per capita, highest direct Ag product sales and farmers markets

Randy Callan
KEY POINTS

- Vermont has invested deeply in one-on-one business management advising
- This is about rural economic and community development
- Unique model focused on partnerships and funding
- Parallel effort in the Northeast to NFRBMEA on networking and professional development:
  - National Farm Viability Conference
  - Business assistance network in New England & NY
- Seeking for ways to partner and learn from each other

VERMONT HOUSING & CONSERVATION BOARD

- Funded by state property transfer tax
- Investing in affordable housing & land conservation
- Supporting networks of nonprofits

VERMONT FARM & FOREST VIABILITY PROGRAM

- Working to enhance the viability of Vermont farm, food and forestry enterprises.

Program Provides:
- Business planning
- Succession planning
- Targeted business assistance
- Growth-stage management coaching
PROGRAM IMPACTS

- Identifying and meeting business goals
- Increasing business management skills, from decision-making and financial record-keeping and analysis to marketing & sales
- Implementing business expansions, generational or ownership transfers, and other transitions
- Increasing profits
- Accessing financing and other capital
- Improving quality of life

INCREASE IN PARTICIPANTS’ MANAGEMENT ABILITIES

<table>
<thead>
<tr>
<th>Ability to manage their business</th>
<th>Ability to generate income</th>
<th>Production management</th>
<th>Ability to understand the direction they would like the business to take</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>35%</td>
<td>45%</td>
<td>8%</td>
</tr>
<tr>
<td>60%</td>
<td>65%</td>
<td>55%</td>
<td>12%</td>
</tr>
<tr>
<td>10%</td>
<td>15%</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Before</td>
<td>After</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
INCREASE IN PARTICIPANTS' MANAGEMENT SKILLS

<table>
<thead>
<tr>
<th>Skill</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic planning</td>
<td>16%</td>
<td>50%</td>
</tr>
<tr>
<td>Accounting systems</td>
<td>16%</td>
<td>50%</td>
</tr>
<tr>
<td>Financial analysis</td>
<td>14%</td>
<td>50%</td>
</tr>
<tr>
<td>Farm investments</td>
<td>10%</td>
<td>50%</td>
</tr>
<tr>
<td>Sales &amp; marketing</td>
<td>16%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Highly skilled in... before and after participation.

ECONOMIC GROWTH

- **3 FTE increase per farm, 3X average job growth for Vermont farms**
- **23% increase in average gross income, from $240,100 to $295,600**
  - Over **300% increase in average net income, from $4,875 to $21,861**

ACCESS TO CAPITAL

- **50%** of participants use their business plan to source financing
- **95%** secure financing

“I am always impressed with the quality of business plans and overall preparedness of business owners that have been through the Viability Program. They have a greater understanding of their financial statements, the risks they may encounter, and opportunities available to their business.”

- Sarah Isham, VT Ag Credit Corporation
KIMBALL BROOK FARM
NORTH FERRISBURG

JD and Cheryl began to acquire family farm in 1997
Transitioned 220 head dairy to organic in 2004
Examined feasibility of milk bottling plant from 2008-2011

$1.2M Raised for bottling
- $450,000 from investors (~20 accredited and non-accredited investors)
- $225,000 loan, guaranteed by USDA RD
- $225,000 bank loan against
- $300,000 USDA VAPG grant

BREAD & BUTTER FARM
SHELBRUNE

Adam Wilson & Corie Pierce
BREAD & BUTTER FARM
SHELBURNE

Core Pierce & Adam Wilson purchased farm in 2009

$165K Raised:
- $15K Carrot Project loan
- $15K NOFA-VT loan
- $15K Family loan
- $45K Private loan (community member)
- $45K FSA loan
- $45K in memberships – advanced CSA share offering

SCREAMIN’ RIDGE FARM
& JOE’S SOUPS
EAST MONTPELIER

Screamin’ Ridge Farm & Joe’s Soups

LABREE LOGGING
DANVILLE

Karen & Eric Labree
WINTERWOOD TIMBERFRAMES
EAST MONTPELIER

Andy Harper

FUNDING:
STATE FUNDS MATCHED WITH FEDERAL FUNDS

• USDA Rural Development
  › Rural Business Development Grant (RBDG)
• USDA Agricultural Marketing Service (AMS)
  › Beginning Farmer & Rancher Development Program
  › Local Food Promotion Program
• USDA Risk Management Agency (RMA) &
  Risk Management Education
• Small Business Administration (SBA)
• Economic Development Authority (EDA)
• Other federal, state & philanthropic sources

PROFESSIONAL DEVELOPMENT

• Quarterly network meetings of ag business advisors
• Trainings
  › Capital providers & business advisors
  › Regional trainings on business planning, marketing and accessing capital

Misty Knoll Farm
Gathering and professional development for ag business advisors, educators and consultants
- 2008 in Vermont – 120 attendees from 14 states
- 2013 held again in Vermont – 200 attendees from 20 states
- 2017 in Albany, NY – 300+ attendees from 28 states
- 2019 TBD

BUILDING A BUSINESS ASSISTANCE NETWORK
NEW ENGLAND & NEW YORK’S HUDSON VALLEY

Goals:
- Sustainable funding - federal, state, and philanthropic
- Professional development for business advisors
- Network of business assistance programs and business advisors
- Organisational structure to accomplish and maintain these goals and work across state lines
BUILDING A BUSINESS ASSISTANCE NETWORK:

PARTICIPANTS:


EXTENSION’S ROLE IN FARM VIABILITY:

- Vermont Extension is an academic unit at UVM
- Regional and “program area” basis
- Low Capacity: 1 Base Funded Faculty and “entrepreneurship”
- Partnerships and grant revenue drive programs
- 5 Year Plan (2010 – 2015)
  - Expand a program portfolio that complements “Farm Viability” project
INDIVIDUALIZED BUSINESS PLANNING

Full Plans and Transfer Plans
- 8 meetings per year, 6-18 month projects
- On-farm meetings... But we are moving to online/phone hybrid

Enterprise Analysis – Cash Flow Projection
- 2-4 meetings, 2-4 month projects

Annual Roster
15 Business Plans, 5
EA/Cash Flow, 20 Year
Two 5, 5 “olds” and 5
“recruits”

A ROBUST NETWORK FARM VIABILITY ESSENTIALS

Skilled Staff
- Business Management Education Toolbox
- Project Management
- Facilitation

Our Business Management Toolbox
- Financial statement preparation and analysis
- Business plan preparation
- Behavioral Psychology: ie. Myers-Briggs
- Family Business Theory: ie. Bowen Family Systems

A ROBUST NETWORK FARM VIABILITY ESSENTIALS

Skilled Professional Services
- Accounting Records
- Taxes
- Legal
- Marketing

Partner Organizations
- Networks and training
- Sector Expertise and farmer profiles
- Regional coverage
**INDIVIDUALIZED BUSINESS PLANNING**

Transfer Planning is Shifting
- Using 2 planners per project when needed

Acquisition Planning – Feasibility Planning

Exit Planning

VHCB Transfer Planning Guidelines

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1 Staff = ~12-15 plans per year
- BUT... No one is 100% on this project

**PROGRAM MANAGEMENT**

Costs to Operate:
- Business Plans and Transfer Plans: $4,000 - $6,000 each
- Enterprise Analysis: $2,500 each
- Year Two Implementation: $2,000 each
- Consultants and a Consulting Budget

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**PROGRAM MANAGEMENT**

Balancing the Recipe
- Deliverables based contracts
- Service Based Delivery
- Educational Organization Metrics

Economic Development Metrics

Professional Development/Training

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Service – Education
- Individualized Business Planning – Statewide Farm Viability, Water Quality Business Analysis
- New: Forest Business Coaching
- Management Teams – serving as facilitators and project managers

General Management Education
- Clinics by registration
- Classes, seminars, workshops
- Weak links: attendance, online curriculum, cost recovery

Applied Research – Service Hybrid
- Cost Analysis and Benchmarking – Organic Dairy, Maple, Direct Market Vegetables
- Feasibility Studies

Break out session Wed. 3-4pm
- Dive in to discuss delivery of services and program models.
- Examine opportunities for regional and national network & professional development

Contact Us
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