THE BUSINESS OF SAP

Thanks for joining us today.
The presentation will begin shortly.

Everyone will be muted for the first portion of the presentation and you will be able to unmute yourself for the question/answer period.

You can type comments or questions into the CHAT feature at any time.

Live-captioning is available, use the link in the Chat window to connect to live-captions.

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Funding Provided by:

USDA Agricultural Marketing Service: Acer Development Grant

UPCOMING WEBINARS

Date	Time	Session Topic
Wed. November 11th	7 pm EST	Sap-Only Enterprises
Wed. December 9th	7 pm EST	Appraisal and Valuation of a Sugarbush

Visit the Upcoming Events page
at Maplemanager.org to register.

Maple education Resources

www.maplemanager.org

Business Plan

Ask the Team

Legal Resources and Templates

Forestry

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THE BUSINESS OF SAP

11/11/2020

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*1 .0 Category 1 Continuing Forestry Education Credit (CFE) available

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The Business of Sap

I. Quick Review
    I. What is a sap business?
    II. Sap to syrup
II. Research Notes
    I. Opportunity in sap enterprise?
III. Planning a maple sap business
    I. Planning tools & resources
    II. Business models

Growing More Sap Businesses

- What is a sap business?
- Sap businesses sell syrup!
  - Develop retail markets
- Product innovation
  - Sap Beverages
- 90%+ maples not in production
- Lower investment into Maple

Establishments primarily engaged in gathering maple sap.

~10,000 Maple Farms in the US

Quick Review: Sap >>>>>>>>>> Syrup

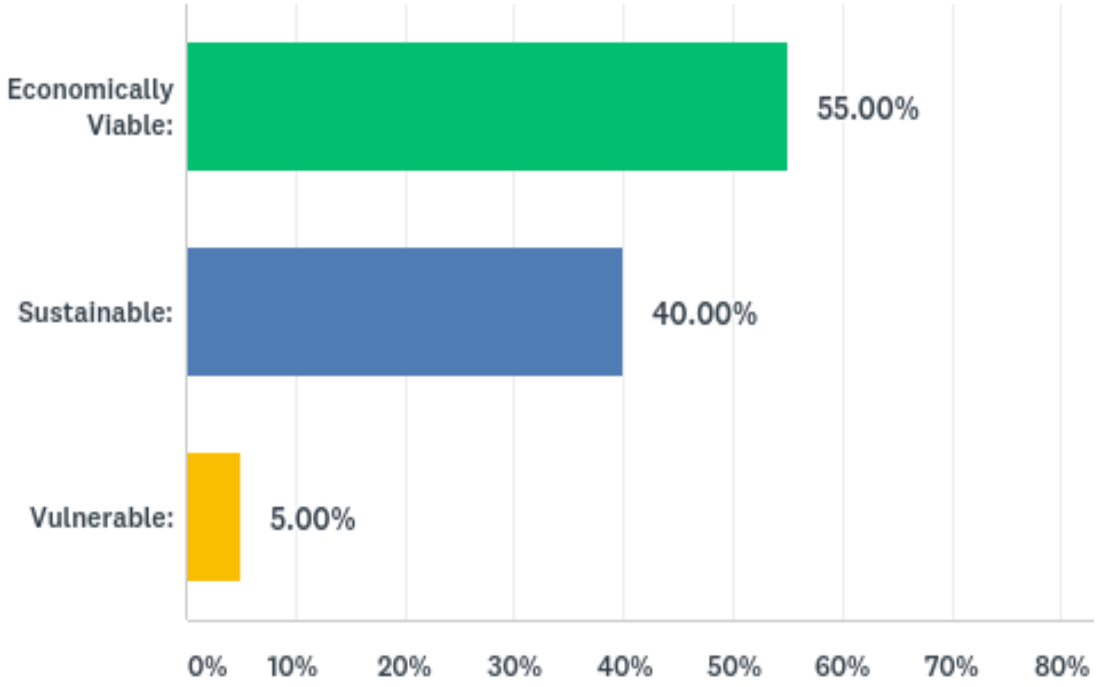
- Price of sap is directly connected to the price of syrup.
- Bulk prices are used to determine base syrup price
- Sap varies in quality effecting grade—light, amber, dark
- Sap sweetness varies effecting processing time- (sugar content %, Brix) and value per gallon of sap

Northeast Producer Survey – Demand Opportunity?

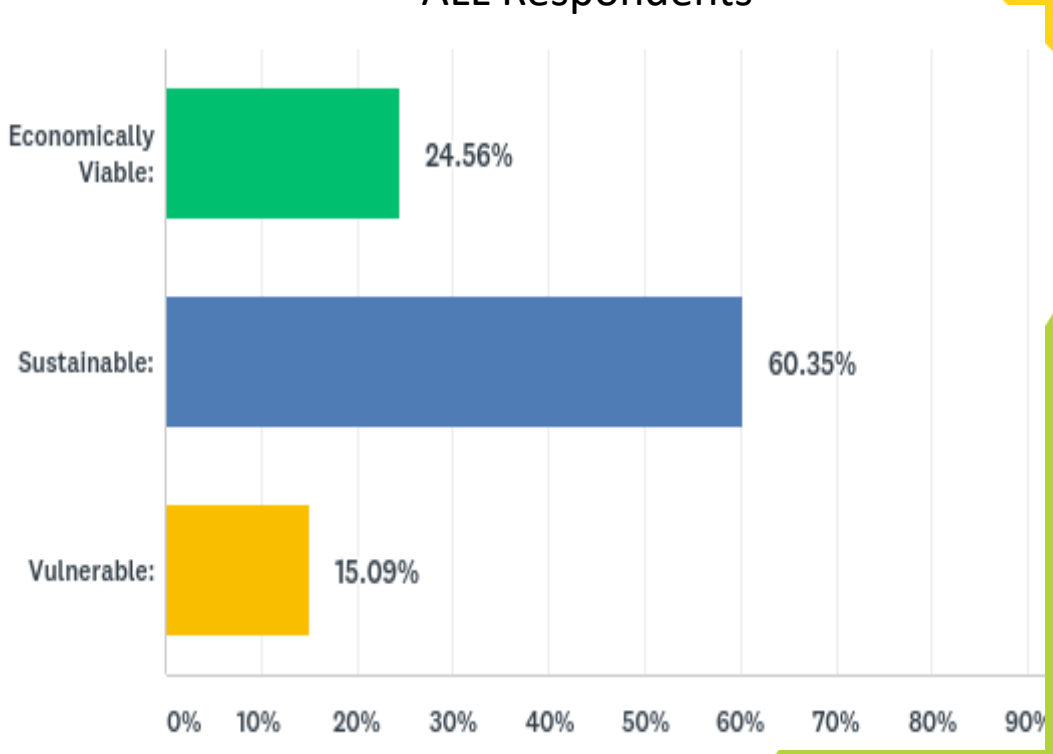
- 67% of producers use RO
- As processors look to utilize production capacity, demand for sap and taps increases.

Northeast Producer Survey – Profitability?

SAP Only Respondents



ALL Respondents



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Planning a Maple Sap Business- Considerations

I. 2 Things
    I. Sap
    II. Buyer(s)
II. Business planning
    I. 1-page plan
III. EST. 2020
    I. Recordkeeping--Systems

TOOLS & RESOURCES- ASSESSMENT

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Assessment Checklist For Maple Sap Business

Developed by: Christopher Lindgren,
The University of Vermont Extension, 2020

Rating scale 1-3. Fractional ratings are OK

	Resource assessment	Detail Description	Estimated Associated costs	SCORE	1	2	3
1	**Tapping Density taps per acre**				1-19	20-40	40+
2	**Acres available**				<5	5-40	>40
3	**Soil Types**	https://anr.vermont.gov/maps/nr-atlas			wet soil / poor drainage	too dry / somewhat poorly drained	Well drained / moderate drainage
4	**Health & Quality of trees**				Crown die back, thin crowns, numerous indicators of poor health	tree health mixed, canopy closed, few indicators of poor health	rapid tap hole closure, canopy not closed, healthy looking trees
5	**Access**	To sugarbush			access from lengthy dirt road or through undeveloped ROW (could be a 0.5)	access from dirt road,	access off or very near to, non muddy or paved road,
		Within sugarbush			no existing trails difficult to cut and navigate	existing or mostly easy trails to cut and navigate	existing/ easy to cut trails for infrastructure maintenance
6	**Availabilities of Utilities**	Electric			electric requires multiple poles, hard to access and maintain generator site,	Electric within 500', generator access requires maintenance,	easy access minimal installation cost-no new poles or easy access to generator site, good solar site
		Cell Coverage			coverage near by or at remote locations on property	limited coverage on property	good coverage throughout woods
		Internet			none	internet available but no hi speed	hi speed available
7	**Grade of site**				>15%	0-3% or 8-15%	3-8% (B slopes)
8	**Land Management History**	Management needed now			Significant thinning and understory management needed	Light to medium thinning in canopy and understory	Little or no thinning or understory management needed
		Forest Composition			<50% tappable maple, mature trees, low regeneration, high % Red maple	>50% sugar maple, mixed age stand, moderate regeneration, some Red Maple	70-80% sugar maple, mixed age stand, strong regeneration,
9	**Distance to customer**	collection site to customer			>20 miles	10-20 miles	<10 miles
		Road condition			Bad roads, Hills to climb	good roads min. grade	Easy drive, paved flatish
10	**Expansion potential**				Lone sugarbush <10limited or no nearby expansion possible	Large parcel available to expand into >50 acres, some nearby expansion potential	Large parcel >100acres and/or significant abutter expansion possible

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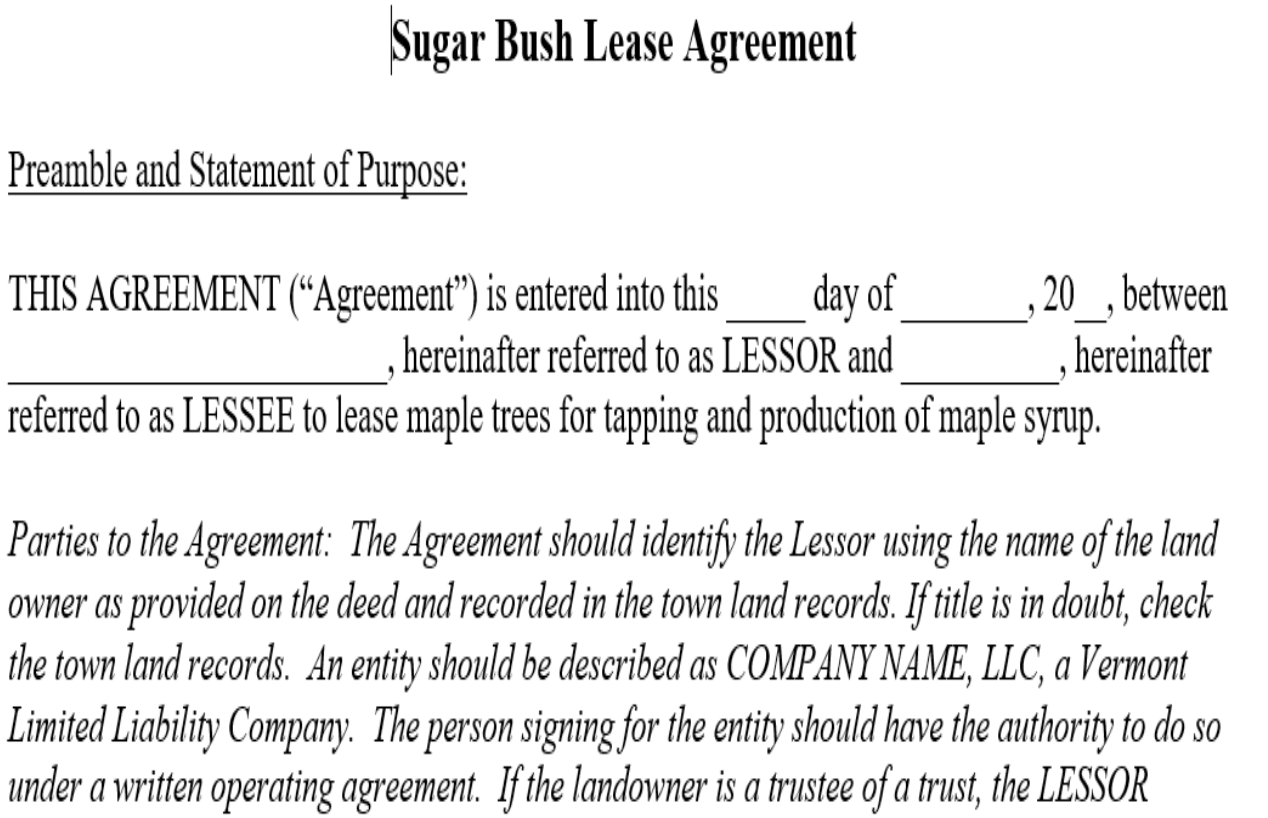
Planning a Maple Sap Business-planning resources

Contracts & Lease Templates

- ❑ Land/tap rental
- ❑ Sap Purchase/Sale
- ❑ Landowner partnerships and relationships



Sugar Bush Lease Agreement

Preamble and Statement of Purpose:

THIS AGREEMENT ("Agreement") is entered into this ____ day of _____, 20__, between _____, hereinafter referred to as LESSOR and _____, hereinafter referred to as LESSEE to lease maple trees for tapping and production of maple syrup.

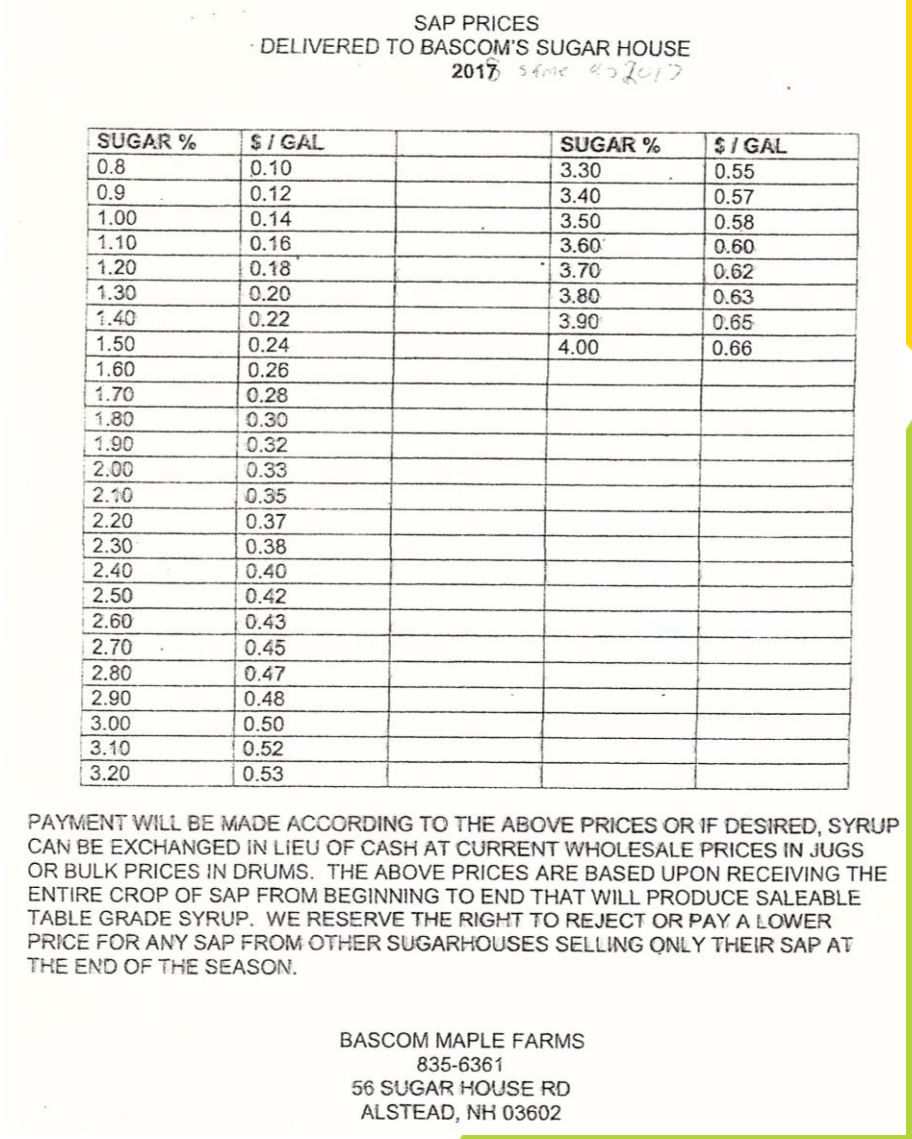
Parties to the Agreement: The Agreement should identify the Lessor using the name of the land owner as provided on the deed and recorded in the town land records. If title is in doubt, check the town land records. An entity should be described as COMPANY NAME, LLC, a Vermont Limited Liability Company. The person signing for the entity should have the authority to do so under a written operating agreement. If the landowner is a trustee of a trust, the LESSOR

Marketing Sap-Finding Buyers

- Business to Business B2B
- Market Access
- Trucking-cost of trucking
  - Distance
- Sap Quality factors
- Pricing-
  - Sap pricing calc
  - Barter trade

Marketing Sap-Pricing

- Many pricing guides
  - UVM Sap Pricing Calculator Mapleresearch.org
  - Cornell Sap Buying spreadsheet
  - https://www.ohiomaple.org/sap-app.html
- Agreements & Contracts
  - Quality, Quantity
  - Timing of delivery/pick up and payments
  - Weights & Measures-Record keeping



SAP PRICES
DELIVERED TO BASCOM'S SUGAR HOUSE
2017

SUGAR %	$ / GAL		SUGAR %	$ / GAL
0.8	0.10		3.30	0.55
0.9	0.12		3.40	0.57
1.00	0.14		3.50	0.58
1.10	0.16		3.60	0.60
1.20	0.18		3.70	0.62
1.30	0.20		3.80	0.63
1.40	0.22		3.90	0.65
1.50	0.24		4.00	0.66
1.60	0.26			
1.70	0.28			
1.80	0.30			
1.90	0.32			
2.00	0.33			
2.10	0.35			
2.20	0.37			
2.30	0.38			
2.40	0.40			
2.50	0.42			
2.60	0.43			
2.70	0.45			
2.80	0.47			
2.90	0.48			
3.00	0.50			
3.10	0.52			
3.20	0.53			

PAYMENT WILL BE MADE ACCORDING TO THE ABOVE PRICES OR IF DESIRED, SYRUP CAN BE EXCHANGED IN LIEU OF CASH AT CURRENT WHOLESALE PRICES IN JUGS OR BULK PRICES IN DRUMS. THE ABOVE PRICES ARE BASED UPON RECEIVING THE ENTIRE CROP OF SAP FROM BEGINNING TO END THAT WILL PRODUCE SALEABLE TABLE GRADE SYRUP. WE RESERVE THE RIGHT TO REJECT OR PAY A LOWER PRICE FOR ANY SAP FROM OTHER SUGARHOUSES SELLING ONLY THEIR SAP AT THE END OF THE SEASON.

BASCOM MAPLE FARMS
835-6361
56 SUGAR HOUSE RD
ALSTEAD, NH 03602

TOOLS & RESOURCES- CALCULATORS

CALCULATE PROFIT/LOSS OF SAP HAULING

STEP *1* OF *4* REVENUE FROM HAUL

Name of Your Operation

Price Received per Gallon of Sap *

$ 0.00

Gallons Hauled *

0

NEXT PAGE

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Sap Business Models

1. Gather and sell Maple sap
    1. From your own trees
    2. Rent trees
2. Trade sap for syrup
    1. Increase income with retail sales
3. Key expenses:
    1. Woods lease or own
    2. Labor (Do you want to make $)
    3. Investment equipment

Benchmark Economics And Business Models

Sales potential from the land:

TAP #	SAP Produced	Gross Sales 0.25 gal/tap	Gross Sales 0.50 gal/tap
1,000	~10,000-20,000	$2,900	$5,700
5,000	~50,000-100,000	$14,000	$28,000

Benchmark Economics And Business Models

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Labor in the woods ~0.10hr. per tap

TAP #	Annual labor	Labor expense $20 hr.	
1,000	~100 hours	$2,000	
5,000	~500 hours	$10,000	

Benchmark Economics And Business Models

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Labor in the woods ~0.10hr. per tap

TAP #	Annual Production labor	Labor expense $20 hr.	Remainder for operations and investment
1,000	~100 hours	$2,000	$900-$3,700
5,000	~500 hours	$10,000	$4,000-$18,000

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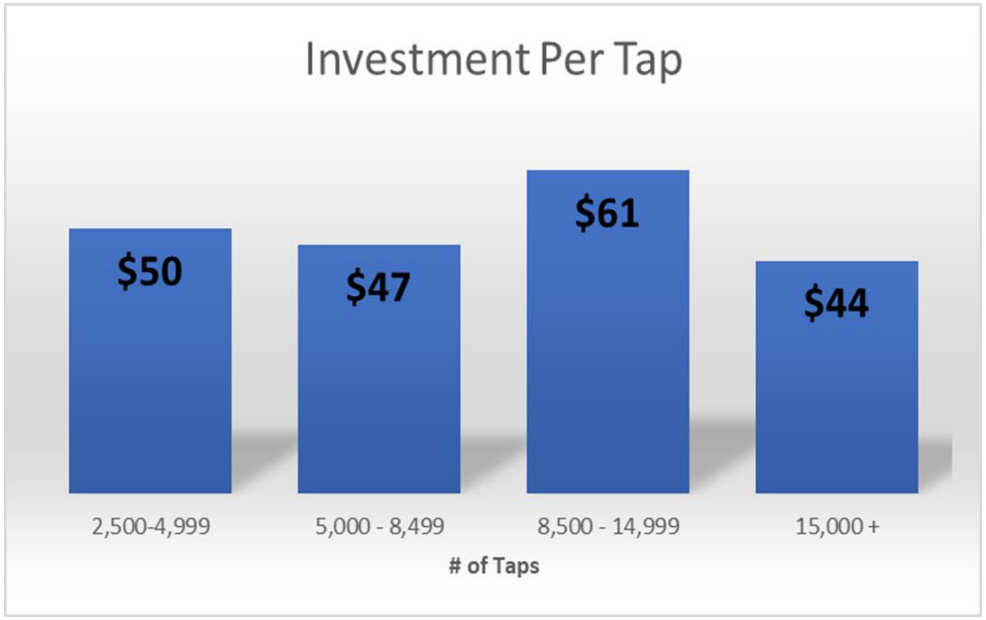
Investment (not including forest land)

UVM Maple Benchmark Group



Sap Only

- Collection system
- Vacuum Pumps
- Electricity-generator
- Monitor system
- Transportation
- Equipment
- Reverse Osmosis
- Sap Shacks

Average = $30 per tap/$3.00 per tap per yr.

Access to Forest Land

Forest Land Investment

@ 60 taps per acre 1,000 taps requires 16 acres

1 Acre = $750 16 Acres = $12,000

1 Acre = $1,500 16 Acres = $24,000

Loan Repayment

$12,000 @ 5 %, 10 years = **$1,527 per year**

= $127 per month expense

What's the production potential?

Is the land worth the cost?

Do you Already have land?

can you lease land or taps?

The University of Vermont

TOOLS & RESOURCES- ASSESSMENT

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QUESTIONS ?