

Middle
Way
Farm



2015 Farm Business Plan

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Real Life Business Plan Vetting

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PFI Annual Conference





Farmer Background

- Graduated from Grinnell College in 2009
- Worked for Grinnell Heritage Farm for 3 ½ years, fall 2009-fall 2012
 - Started market garden at GHF in 2012, started and maintained several community gardens around town 2019-2012
- Joined PFI & SIP in 2011, completed SIP and business plan in 2013
- Live off-farm in town (round trip 5 miles)
- Work flexible, part-time job with local community college
- Co-own Grinnell Local Food Source, LLC – online farmers market – for which Middle Way Farm is also a vendor

Farm & Business Background

- Middle Way Farm = Single owner LLC
- Started in November 2012 on ½ acre of leased land
- 320 acre family farm just north of Grinnell
 - 275 acres conventional non-GMO row crops, 35 acres transitioning to organic alfalfa/grass hay,
- 2 acres of vegetable production in 2015 (3rd season)
- Grow and sell wide variety of annual vegetables, fresh herbs, fruits, flowers, and plant starts, with some perennials planted
- Transitioning to certified organic in 2016
- Direct marketing to Grinnell and surrounding area – CSA, farmers market, buying clubs, wholesale to restaurants & events
- Partnered with Grin City Collective artist residency



Mission

The mission of Middle Way Farm is to serve Grinnell and the surrounding area directly with organically produced food, educate customers about growing and eating organic, seasonal food, and help build a vibrant community-based food system.

Farm Infrastructure

- 26' x 36' minimally heated & ventilated greenhouse
- Indoor packing area with garage door, commercial wash sink, 10' x 14' walk-in cooler, 5' x 9' insulated room
 - Access to shared bathroom & kitchen
- Large shared barn for equipment & tool storage
- Access to well water and rural water for irrigation, washing

Farm Equipment

- 2014 30 HP Kubota tractor
 - Mower, cultivator, disc, cultipacker, pallet forks & bucket
 - Access to rotovator, plastic mulch layer, water wheel transplanter
- 2008 BCS 853 walk-behind tractor
 - Rototiller, rotary plow, sickle bar mower, hilling attachment
- Full size pick-up truck
 - Access to mini-van

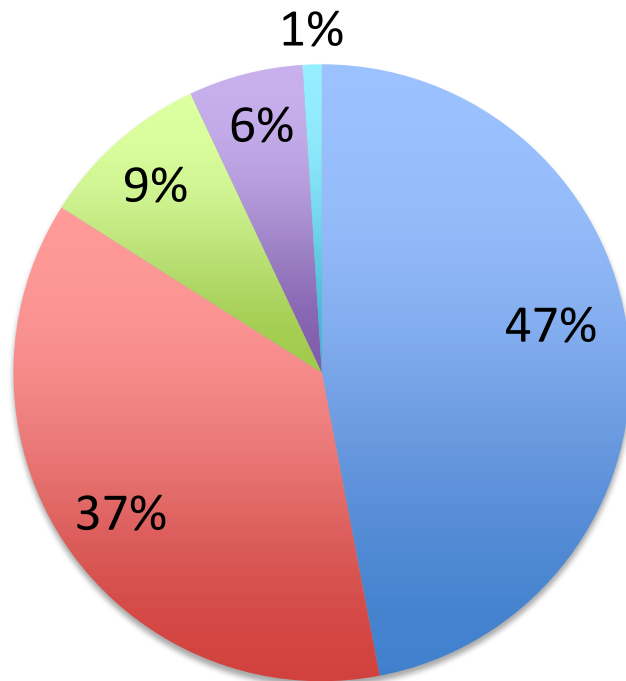
CSA Structure

- **Standard share** = traditional CSA
- **Custom share** = A la carte ordering, pay-as-you go with initial deposit
- 22 weeks (June – October) with one-time fall share before Thanksgiving
 - Optional add-ons of egg and fruit shares from other farms
- On-farm pick-up or home delivery (small delivery fee) within Grinnell
- Shares are pre-packed in a reusable wax box that is returned each week



Current Sales - 2014

- CSA
- Farmers Market
- Wholesale
- Local Food Source
- Other Direct Sales



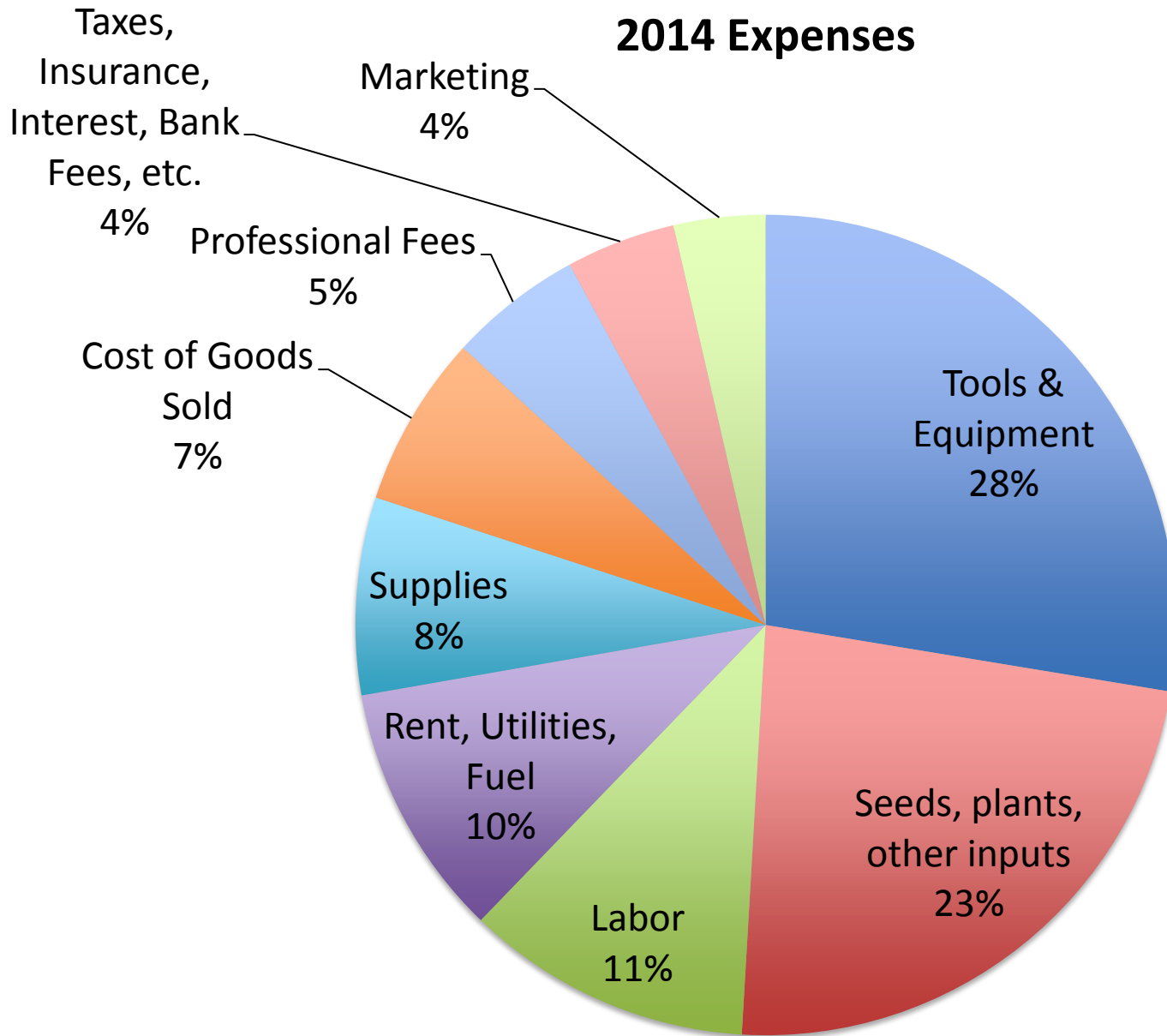
Gross Income
\$28,503.25

Net Income
\$5,433.19 *

19% gross margin

* Does not include owner distributions of \$4,468.29 (reduces to 3.33% gross margin)

2014 Expenses



Plan For Expansion

Past

- 2013 – ½ acre, gross \$12,500, 15 CSA members (15% net)
- 2014 – 1 acre, gross \$28,500, 30 CSA members (20% net)

Projected

- Year 1 - 2015 – 2 acres, gross \$50,000, 60 CSA members (25% net)
- Year 2 - 2016 – 3 acres, gross \$75,000, 90 CSA members (25% net)
- Year 3 – 2017- 4 acres, gross \$100,000, 120 CSA members (30% net)
- Year 5 – 2019 - 5 acres, gross \$125,000, 150 CSA members (30% net)

Avg. CSA revenue of \$450 per member (including all share types)

Goals for Expansion

- Add 1 acre of production, 30 CSA members, \$25,000 gross income, 1 part-time employee per year for next 3 years
- Stabilize farm by year 5 (2019) at 5 acres in scale, 150 CSA members, \$125,000 gross income
- Increase profit margin to 25% in 2015 and 2016, 30% by 2017-2019
- Leave off-farm year-round employment; achieve sustainable livelihood

Steps to Achieving CSA Growth

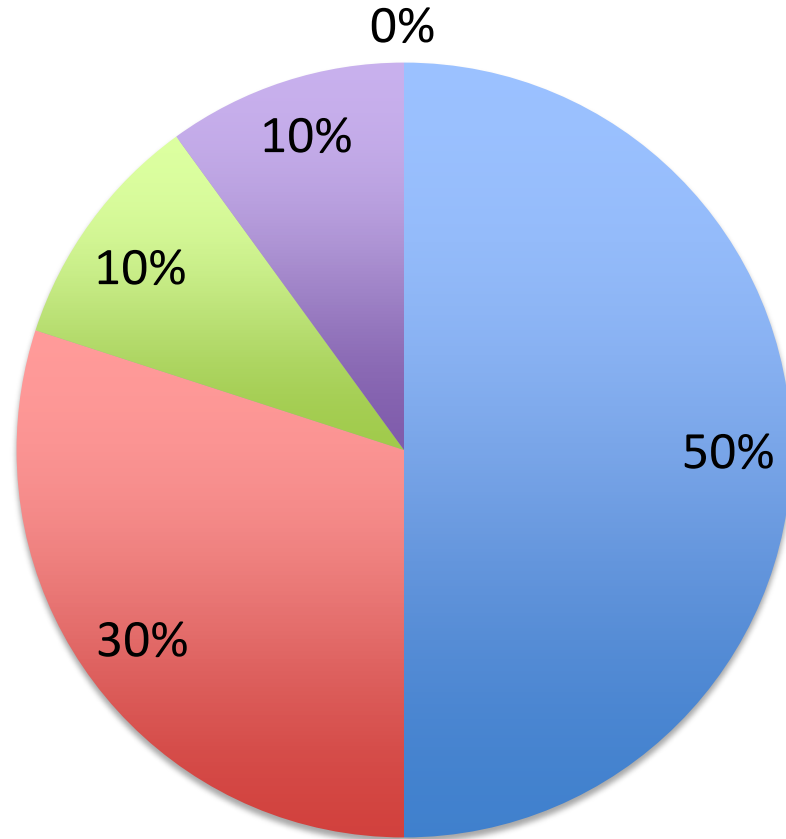
- **Retain current members and grow primarily through waitlist**
 - Continue popular custom share option; modify as needed to maintain feasibility
- **Maintain & expand add-on shares** (fruit, eggs, bread, etc.) to increase member loyalty and revenue per member
- **Expand CSA delivery drop-sites** to communities outside Grinnell through local contacts and multi-purpose delivery routes
- **Add spring and fall shares** to extend sales and increase revenue per member
- **Purchase delivery vehicle** for out of town deliveries

Steps to Achieving Overall Sales Goals

- **Modest increases** in Grinnell Farmers Market, Local Food Source, and Grinnell wholesale sales
- **Add wholesale accounts** along multi-purpose delivery routes
- **Add additional buying clubs/coops:** Farm to Folk in Ames, Iowa Valley Food Coop in Iowa City/Cedar Rapids & Iowa Food Coop in Des Moines
- Begin attending **Downtown Cedar Rapids farmers market**
- **Increase production of storage crops** for late fall and winter extended sales
- **Add limited number of perennials** such as rhubarb, asparagus, strawberries, perennial onions, small fruits, etc.

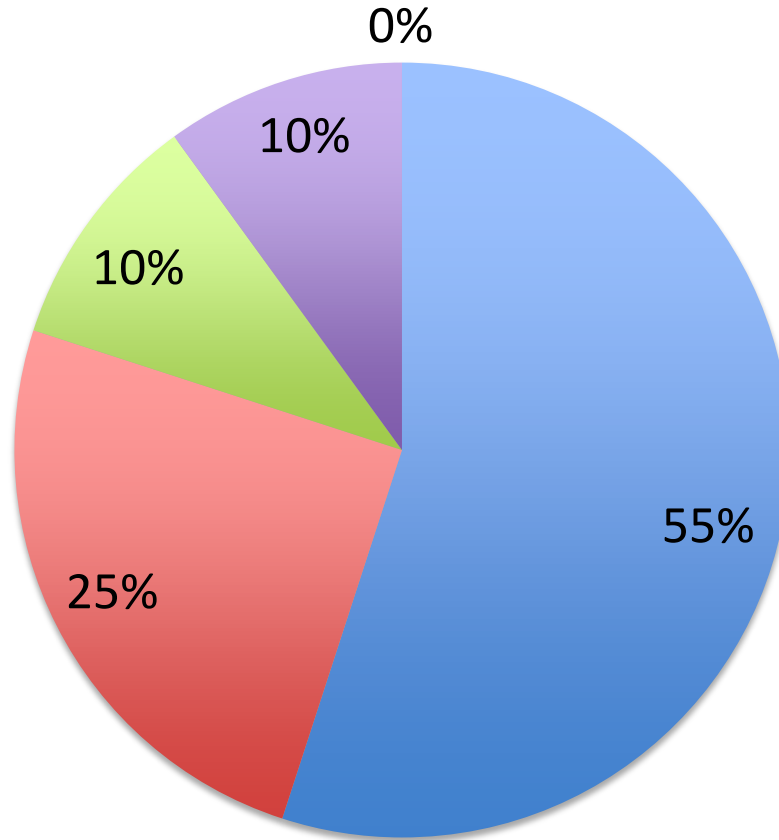
Projected Sales Mix 2015

■ CSA ■ Farmers Market ■ Wholesale ■ Buying Clubs



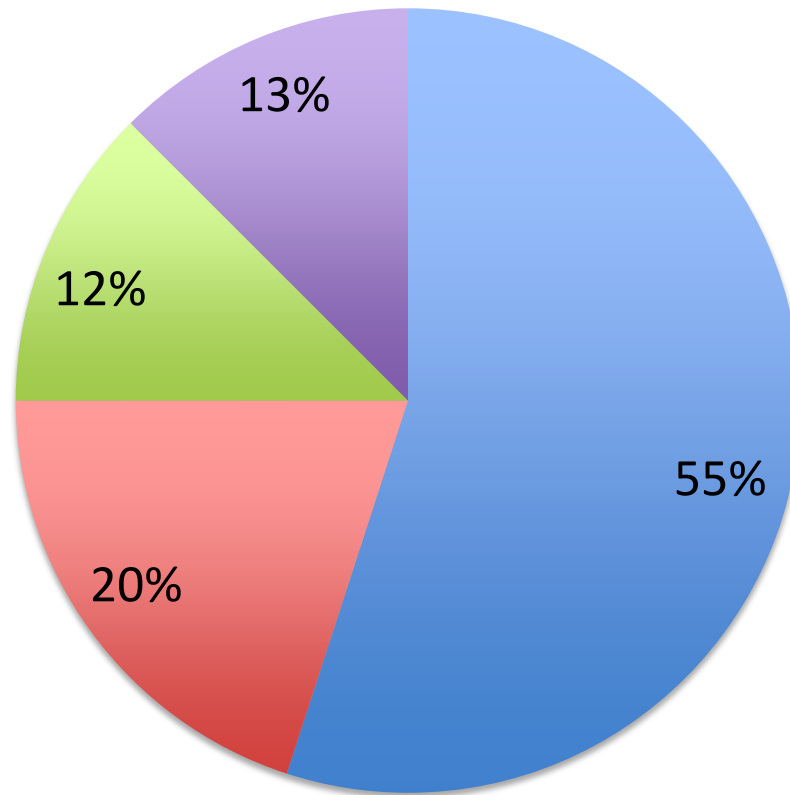
Projected Sales Mix 2016

■ CSA ■ Farmers Market ■ Wholesale ■ Buying Clubs



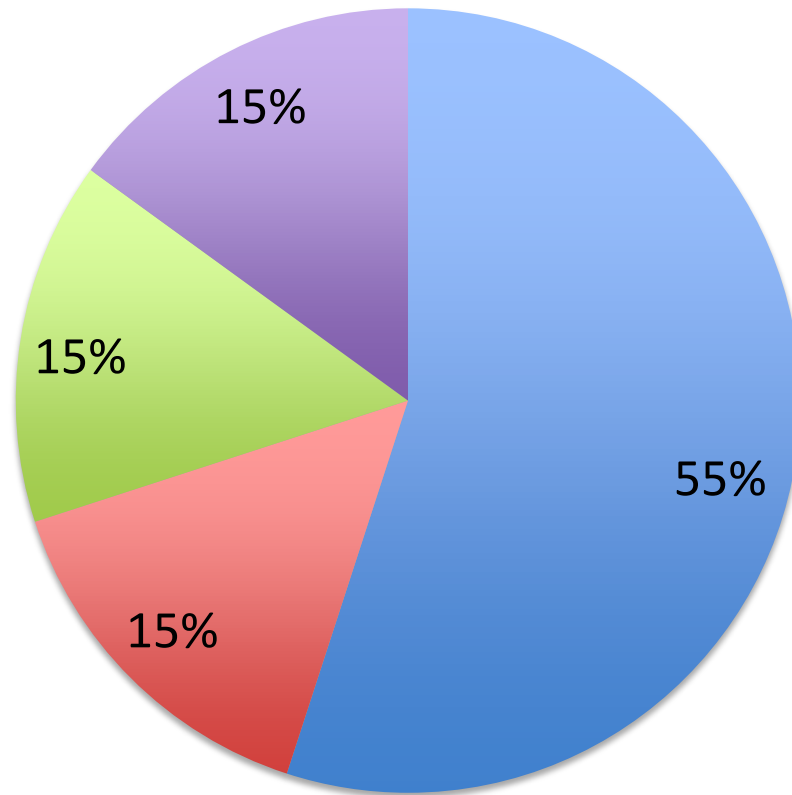
Projected Sales Mix 2017

■ CSA ■ Farmers Market ■ Wholesale ■ Buying Clubs



Projected Sales Mix 2018-2019

■ CSA ■ Farmers Market ■ Wholesale ■ Buying Clubs



Steps to Achieving Production Goals

- **Increase mechanization strategically**
 - Set-up existing cultivator for weeding, purchase rotovator to replace borrowed one
 - Purchase middle buster and undercutter for potato hilling & digging and root harvest
- **Add drip irrigation system** for rural water supplemented with rainwater catchment
- **Add 2nd high tunnel** for dedicated in-ground growing (EQIP funding), maintain 1st greenhouse for transplant production only
- **Increase use of simple season extension techniques** such as row cover and low tunnels
- **Hire additional, part-time full season employees** each year

Steps to Achieving Profit Goals

- **Expand through cash flow rather than debt**
 - Limit use of debt to smaller specific purchases, prefer direct low interest loans from shareholders or landlord, use of CSA bartering
- **Prioritize spending on highest impact items** - what do I need rather than what do I want?
- **Efficient use of paid labor, work shares, other creative labor arrangements & barter**
 - Harvest, wash, & pack at least \$40 worth of produce per hour per person – Paul & Sandy Arnold
- **Focus on profitable, easier to grow crops; minimize least profitable, harder to grow crops or eliminate and source off farm**
- **Seek out grant funding** (SARE, NRCS, corporate/foundation) as appropriate – don't chase grants just to have money

Anchor Crops

Kale
Carrots
Beets
Garlic
Onion
Potato

Salad greens
Broccoli
Cabbage
Green beans
Radish

Criteria:

- 1) **Reliability** - Can I grow it well year to year?
- 2) **Desirability** - Is there demand in my markets and which ones (CSA, wholesale, farmers market, buying club)
- 3) **Profitability** - Can I harvest, wash, pack, and price for profitability?

Mitigating Risk

- CSA commitments & community support
- Maintain diversity of crops and markets with CSA as anchor
- Extending the season on both ends with protection and storage crops; planting more perennials
- Use of off-farm add-on shares for increased revenue; option to supplement vegetable share through wholesale purchases

