

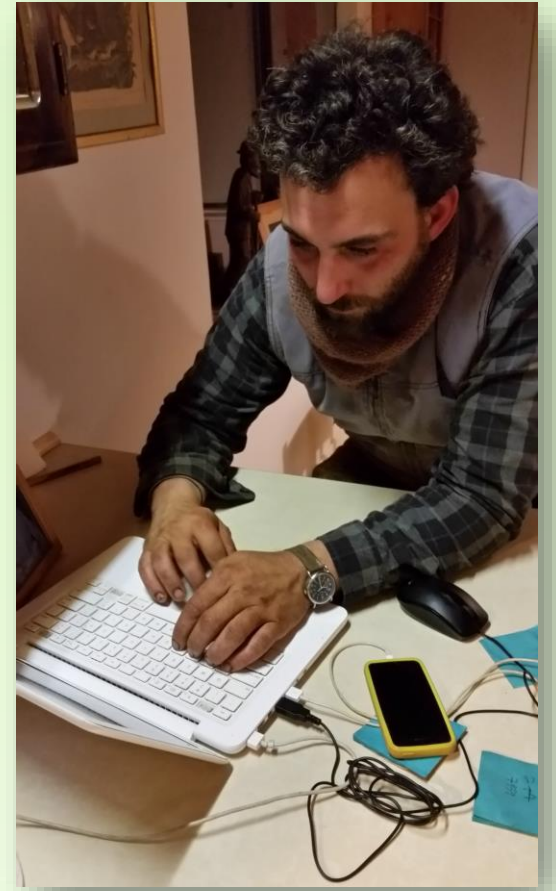
# Training Farmers and Ranchers in Business Planning



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Placer & Nevada Counties

# UCCE Placer/Nevada Business Training

- Provide 180+ hours of training/year
- Training team: 2 Farm Advisors, 2-3 local producers
- Beginning Farming Academy (BFA) began 2004, evolved to annual/semi-annual 20-hour seminar
- Intro to Farm Business, 2016, 2017, 8-hour seminar
- Farm Business Planning (FBP) started 2008, 6-week 24-hour course including intensive economic analysis
- Right Scale, 6 sessions over 3 months, 2012
- Advanced Farm Business, 5 weeks, 24 hours, 2015
- Scaling up 2017: 5 weeks, 24 hours, 2017



# Key Lessons Learned...from 14 years of business training

1. People need to be ready to work on their business
2. Be sure that they are clear that this is a business enterprise
3. That means
  - a. Appropriate business structure
  - b. Agritourism as a self-sustaining enterprise within business
  - c. Carrying necessary insurance: farm, liability, event, etc.
  - d. Being aware of regulations and following them
  - e. Separating all personal and business expenses
  - f. Assessing risks and costs associated with agritourism
  - g. Careful analysis of **all** costs of agritourism enterprise
  - h. Being willing to change it or drop it –
  - i. if it is not profitable and paying them adequately



# Key Training Elements

- Collaborative training team with experienced producers
- Reality-based, with producers providing real world experience
- Small training classes that allow for peer-to-peer feedback – 12-15 maximum
- Participatory: everyone has insights and expertise to share
- Work to build community not competition.



# Key Training Elements

- Hands-on: producers do the work both in class and at home
- Trainers provide a brief overview of a topic, then participants get down to it. Workbooks, spreadsheets, flipcharts, calendars, etc.
- One-on-one tutoring for complex tasks
- We do:
  - overall economic analysis
  - market, labor, & capital purchase analysis
  - cash flow
  - risk assessment
  - operations, emergency, and action plans
- Homework between sessions



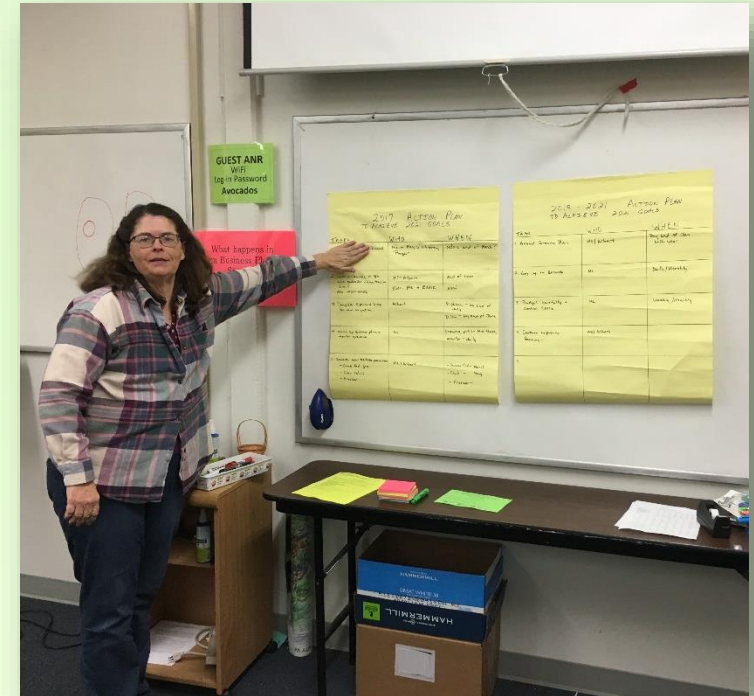
# Key Training Elements

- Confidentiality: have to build trust: “What happens in Farm Business Planning stays in Farm Business Planning”
- Peer-to-peer learning: participants present their cash flow, economic analysis, etc. to their peers and trainers, who offer feedback.
- Big picture: is it working? What do you need to fix? Can it be fixed? How? If not, can you drop it?



# Key Training Elements

- Consider challenges beyond the beginning
- Consider 6-month, 2-year and 5-year action planning
- Find or develop tools that are specific to agritourism operations. (e.g. crop & orchard profitability calculators.



# Resources from our Business Planning

University of California, Division of Agriculture and Natural Resources

## Foothill Farming



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### Farm Business Planning

**Introduction**

**1. Mission and Vision**

**2. Farm Economics**

**3. Capital Purchases**

**Understanding that your agricultural operation is a business** will help you to run with long-term sustainability in mind. To really do this well, you need to create a farm business plan. This document is vital for developing and shaping your operation. It also plays a key role in helping you sustain your operation over the long term, obtain funding and other resources, and manage risk.

Creating this plan won't happen overnight. It requires a lot of thought, conversation, realism, and research. It also is a "living document": it evolves and changes as your goals, circumstances, and needs change.

A business plan is made up of a series of parts. To complete your business plan click on each numbered module and create the parts of your business plan discussed in that module.

**We offer a 6-week Farm Business Planning Class every winter! Please check the [Event Calendar](#) for dates.**

[http://ucanr.edu/sites/placernevadasmallfarms/Farm\\_Business\\_Planning/](http://ucanr.edu/sites/placernevadasmallfarms/Farm_Business_Planning/)



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## Foothill Farming



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### Farm Business Planning: Farm Economics

[Introduction](#)

- [1- Mission and Vision](#)
- [2- Farm Economics](#)
- [3- Capital Purchases](#)
- [4- Operations Planning](#)
- [5- Marketing](#)
- [6- Risk Management](#)
- [7- Transition and Succession](#)
- [8- Action Planning](#)

[Resources](#)



Profit is to business as breathing is to life! That is to say, profit is not the purpose of your farm business, but it is essential for the long term sustainability of your operation. We like to think of profit as the salary that you *pay your business!* Business planning begins with a thorough economic analysis of your farming or ranching enterprises.

#### UCCE Placer / Nevada Farm Business Planning Resources

- **UCCE Placer / Nevada Profitability Calculators**
- Download and complete these crop calculators to take a closer look at up to 10 crops. The end result will help you to find weak links in your production and identify profitable crops.
  - [UCCE Placer / Nevada Crop Profitability Calculator](#)
    - Understand your costs of production and see which crops are most profitable. Identify weak links, highlight your best performing crops, and set accurate sales prices. Use the Scenarios Tool to try different pricing and production models. Download and complete to analyze up to 10 row crops.
  - [UCCE Placer/Nevada Orchard Profitability Calculator](#)
    - Understand your costs of production for orchard and vine crops and see which crops are most profitable. Identify weak links, highlight your best performing crops, and set

## Tools:

- Comprehensive profitability calculators
- Farm & ranch recordkeeping forms
- Enterprise analysis
- Value-added analysis
- Capital purchase analysis
- Etc.

[http://ucanr.edu/sites/placernevadasmallfarms/Farm\\_Business\\_Planning/FBP\\_Farm\\_Economics/](http://ucanr.edu/sites/placernevadasmallfarms/Farm_Business_Planning/FBP_Farm_Economics/)

# Key Points

- Hands-on training, not just talking
- Build teams with producers
- Everyone participates
- Individual help when needed
- Find or develop tools you need
- Very labor intensive, but very worth it:
- 2012 Ag Census: 24.8% of Placer/Nevada farms are profitable
- 2016 Scale Survey
  - 81% had taken a UCCE business class
  - 90.6% profitable => paid themselves a salary AND had a profit.



# Thanks to our partners:

- The Placer/Nevada producers who share their time and expertise to help us deliver high quality training.
- Support from Western Extension Risk Management Education, USDA Farm Service Agency, and USDA Risk Management Agency.



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And thank you!