Veggie Compass: A Whole Farm Profit Management Tool

Growing Farm Profits
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Comparison of Approaches

- **Individual Crop**
  - **Pros**
    - Less data, less analysis
    - Good for analyzing few key crops
  - **Cons**
    - Does not reflect full cost of the farm
    - Lacks rigor around overhead costs
    - No market channel detail

- **Whole Farm**
  - **Pros:**
    - Reflects ALL farm costs
    - Sales channel detail
    - Crop profitability detail
    - More accurate financial picture
    - Safer data from which to make business decisions
  - **Cons:**
    - More data
    - More work
Whole-farm Cost Analysis for Managing a Market Vegetable Farm

There are many “whole-farm” systems...

• Schedule F
Whole-farm Cost Analysis for Managing a Market Vegetable Farm

There are many “whole-farm” systems:

- Packaged accounting systems
  - Tax & reporting focus
  - Cash management focus
Whole-farm Cost Analysis for Managing a Market Vegetable Farm

- Packaged accounting systems?
- Schedule F?
- Something else?

What is your goal?
Veggie Compass:
• Whole farm tool
• Compares external enterprises
• Includes cost of production plus cost of distribution and overhead
• Has rigor of assigning **all** costs including direct and indirect
• Looks at individual crops in the overall enterprise
• Looks at actual, past results but can be used as forecasting tool
A key to comprehensive, whole farm cost approach is the assignment of every expense somewhere!

- The “somewhere” depends on what you need to manage the business
- One approach is to look at “activities” in logical groups that can be managed
- This becomes even more meaningful if you can do it by Crop!
Processes (Activities/work) Common to All Channels

1. Management
2. Greenhouse
3. Growing in Field
4. Harvesting, cleaning, Packing
5. Distributing
Costs to Produce (Grow)

- Greenhouse
- Growing in Field
- Harvesting, cleaning Packing

“Cost to Grow”

“Cost to harvest, clean and pack”

“Total Production Cost”
Distribution Costs vary by Channel

- **Production**
  - **Farmers Market**
    - Staff
    - Drive time
    - Delivered
  - **CSA**
    - Staff
    - Delivered
  - **Roadside Stand**
    - Staff
  - **Wholesale**
    - Staff
    - Packaging
    - Delivery
Are you Ready?
YOU input data on 3 separate pages
- Page 1 = All expenses
- Page 2 = All Sales
- Page 3 = Labor hours by crop, and production costs

IT generates a farm financial picture on the next 3 pages
- Cost of production by crop
- Sales Output Page = Per Crop Profit and breakeven prices
- Profit and Loss Whole Farm and by Market Channel
### Inputs
- Farm Expenses
- Farm Sales
- Growing area of each crop
- Crop specific expenses
- # of plants in GH
- Hours by crop - growing, harvest
- Non Crop Specific hours

### Outputs
- The cost of a crop up to harvest
- Total cost of crop through harvest and pack
- Cost $/lb by crop
- Break even prices
- Total labor costs by crop
- Gross margin by market channel
Data collection methods are similar to Individual Crop Cost system but cover all crops. *The Whole-farm system is a lot of work!*

Ways to mitigate the work load:

- Do whole farm system only periodically.
- Group crops with similar labor inputs.
- Focus data detail on a few target crops only.

*Workload is high but information is rich.........*
Now let’s look at the tool itself.
Rules of the Road

- 7 tabs at the bottom of the sheet
- Panes are frozen so headers stay in view if one scrolls far right or way down. Always remember to scroll up and left to make sure you are seeing all
- Color coded to help you follow market channels all the way through
- Formulas are locked. Can enter data where it’s okay for you to do so, but can’t mess up formulas that make the whole thing function brilliantly.
- Sample and template on CD

- Don’t be afraid of Excel, you don’t really need to know how the formulas work, just input your data! Excel tutorial if you really want to nerd out.