



KENTUCKY, TENNESSEE

# Growing Farm Profits: Furthering Education on Farm Financial Management

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## Project Introduction

### Expended Amount: \$44,991

This project educated 118 small- and mid-scale producers of horticultural crops (from the Lexington, Kentucky, and Chattanooga, Tennessee areas) on how to price their products for appropriate markets, track expenses and calculate profitability for their enterprises. The intent was to help farmers reduce risks and improve their farms' profitability.

Through an intensive training workshop, participants were given a framework for understanding farm finances and for establishing their own farmer-friendly record keeping and cost analysis systems. After trainings, eight new video tutorials demonstrating use of the complex Veggie Compass Whole Farm Profit Management tool discussed in classroom trainings were created and posted online. All other training materials were posted online and advertised through the Southern SAWG network. A total of 118 participated in the project; 99 (84%) responded to our 5-month, post-training follow-up survey, and all but one said the training and take-home materials have impacted the way they think about their farming operation. Also, 82% of respondents (81 individuals) said they have already begun setting up their own record keeping and/or cost analysis system.

## Project Participants

Project participants were mostly small-scale vegetable producers selling at farmers' markets in Tennessee, Kentucky, Georgia and Alabama. However, some had very diverse farming operations, raising livestock and row crops in addition to vegetables. Farming operation sizes varied greatly, with many under 10 acres, but some had several hundred

acres in operation. Some had been farming for decades, but most had been farming for less than 10 years. Many participants came from farming families, a few of these with generations of farming history, but some had come into farming with no history or experience. Most told us they were struggling to learn what they could do to make their farms more profitable, and thus, more sustainable.

## Project Area

The trainings were held in Lexington, Kentucky, and Chattanooga, Tennessee. Training participants were from across Kentucky, Tennessee, Alabama and Georgia. The video tutorials and other online course materials are available to anyone on demand.

## Project Outcomes

Of those responding to our follow-up survey, 82% were not only inspired to take risk management action, but they made use of skills they developed at the trainings to actually take action within 5 months after the training.

In summary, participants learned how to manage risk and, within 5 months of receiving training, took actions in these areas:

- Began record keeping, when they had kept no records before.
- Expanded the type records they keep to give them the more complete picture needed to measure profitability.
- Assessed their operations with new information and made management decisions to improve profitability, such as eliminating or adding crops.

Equally important, the training participants are actively sharing the risk management lessons learned

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and tools provided during this Growing Farm Profits training with others. To date, the respondents report they have shared the information with at least 400 others, indicating a terrific multiplier effect.

## Quotes

These quotes were provided anonymously by training participants in our follow-up survey:

“I knew record keeping was important, but it has finally clicked just how important it is. I feel like I am able to make better projections on my enterprises and of course I am recording EVERYTHING into a spreadsheet now.”

“I am an employee on the farm so I do not have control over the record keeping, but it has greatly changed the way I think about production, looking at efficiencies, yields, cutting out waste, etc.”

“I am going to use Veggie Compass to help make decisions after collecting the correct data this season. I have set up my record keeping spreadsheets based upon the templates given in the workshop. I have read through all of the studies and articles on the take-home CD and utilized some of the information when making decisions.”

“This is my first season farming on my own, so I needed to set up my accounting system. I used the Veggie Compass spreadsheets, along with IRS tax categories, to set up my expense accounts. I also used the info Jim gave us on cost analyses to determine the costs and benefits of purchasing a refrigerated trailer for my vegetables. The training was extremely helpful for networking, and I have kept in touch with other Kentucky farmers that I met at the training.”

## Project Success Story

The project began in the fall and trainings were held in the winter, just before the spring growing season. Due to the short duration of the project (1 year), we did not expect participants to be able to put much of what they had learned into action before the project end date. However, in our follow-up survey 3 months after the Lexington training participants and 5 months after the Chattanooga training, we learned project participants had already taken both little steps and big steps to improve profitability as a result of what they learned through this project.

Farmers are notorious for not including their labor as part of the cost of their farming operation. Farmers are also notorious for fearing loss of customers if they raise their prices. But just 3 months after the Lexington training, you can see this anonymous Kentucky producer received not only the information needed to make important risk management decisions, but also the motivation to make these strategic adjustments:

“I have begun tracking MY labor and have increased the sales price of some of my products to compensate for that labor (with no complaints/loss of customers). I was hesitant to leap into starting a CSA without a better understanding of my farm financials, but I feel confident after taking the Growing Farm Profits course that I have the right tools at my disposal to make smart decisions that will allow me to make it profitable.”

As our food producers learn the true costs of operating and make decisions like this that reduce the risk of their farming operation failing, citizens benefit from having a more reliable local food source. With the aging farming population, it benefits our society for younger generations to see that farming can be a profitable and gratifying occupation.

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\***Sandra Martini, H. L. Goodwin** and **Ronald L. Rainey**, Grant Coordinator and Co-Directors, respectively, of the Southern Risk Management Education Center, serve as editors of this report series. To learn more about risk management education programs and resources, visit the Southern Center website (<http://srmecc.uark.edu>) or the Extension Risk Management Education Program link ([www.extensionrme.org](http://www.extensionrme.org)).

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