**Business Constraints/Regulations:**

What constraints or regulations exist that might limit your farm business production or goals? What do these constraints mean for your farm business, and how will you deal with them?

You may want to consider some or all of the following:

* Legal structure of your business, both now and in the future.
* Employer responsibilities and employee rights
* Government requirements: e.g. employment insurance, farm business registration (FBR) number, premises identification number
* Tax situation: e.g. to reduce farm property tax, aiming for $7,000 to obtain farm registration
* Insurance requirements
* Organic (or other) certification
* Health and safety regulations

**Examples:**

**Broadfork Farm - Constraints**

* We are setting up the business as a partnership between Shannon and Bryan. See Appendix 10.3 for our partnership agreement.
* In the future, we are interested in exploring worker co-operative models if we find the right people/situation for it to work.
* Ideally, we want our farm to be a two person operation and for those two people to be us (Bryan and Shannon). We don't intend to have any employees for the first couple of years at least. If need be, we will look to hire casual contractual labour. We are open to volunteer help in exchange for vegetables or education but we aren't making plans to be reliant on that kind of labour.
* We have a written lease agreement with the land owners for one year. See in Appendix 10.5.
* We won't pay into EI this first season but would like to start paying into it as quickly as possible (hopefully in the 2nd season).
* We will apply for our farm registration number at the end of the 2011 year.
* We will have an accountant who understands farm business to help us with our taxes.
* We are getting liability insurance which is required for attending the farmer's markets.
* We don't want to become certified organic at this point since we aren't sure if it will be worth the time and expense for a direct marketing approach in Lunenburg County. Once this first season is over, we will have a better idea whether it is important for our customers. We are interested in other certification options especially Certified Naturally Grown because we like the grassroots, small-scale nature of this certification and that farmers are the inspectors.

**Firmly Rooted Farm - Regulations/Constraints**

Legal Structure

* Partnership

Business Registration

* We have registered a business number; we will register for our FBRN once we are eligible
* We have registered our business name

Finances and Taxes

* We will be securing a business banking account and business credit card to simplify our financial record keeping; we will also designate a “mother” checkbook to facilitate ease of reconciliation
* We have registered a HST number and will claim HST Insurance
* We will secure liability insurance within the next few weeks; our insurer is researching requirements for commercial vehicle insurance as we will be using personal vehicles to transport produce

Organic Certification

* We will not be applying for organic certification this year as it is a pilot year and we are unsure how our customers will respond.
* We will set up our record keeping systems so that they are suitable for organic inspections should we decide to certify.
* We will follow organic guidelines for our production systems and cleaning schedules. Employment

Insurance and Medical Benefits

* We will not pay into EI or Medical Benefits this year but will research costs and budget to do so in year two or three.

Health and Safety

* We will complete safe food handling training.
* We will communicate with our local Health Unit.
* We do not intend to have employees but will follow all pertinent health and safety and workplace safety regulations should that change.

Farmer’s Market

* We will sell only our own produce and products.
* We will apply for approval to sell products other than produce (value added, crafts, etc.).

Produce

* We will use potable water for washing and will have regular water testing done.
* We are using non‐potable water for irrigation therefore we will only use drip irrigation (not overhead sprinklers).
* We will insure that produce washing areas, storage bins and coolers are kept clean and sanitary.

Honey

* When we begin to keep bees we will register our hives and report any occurrence of American Foulbrood and Small Hive Beetle.
* Honey will be sold by grade and color and will be packaged in appropriate sized labelled containers.
* Dead colonies will be disposed of so that they cannot be accessed by healthy foraging honey bees.

Livestock

* If we chose to keep livestock we will do so within quota restrictions (99 laying hens, 300 meat birds, etc.).
* We will keep required records and meat animals for sale will be slaughtered at an inspected/ approved facility.
* Eggs will be sold on farm only.

Value Add

* Low risk value added products not produced in an inspected facility will be produced using best practices and will be sold at farmer’s markets with more than 50% producer farmers.
* We will declare these products to the Huron Health Unit.

# **Small Holdings Farm - Constraints**

This is a brief summary of some of the constraints on my business that might limit my ability to reach my goals. (I fondly refer to this section as “What I’m Worried About.”)

**Labour**

I am starting Smallholdings as a sole proprietorship (or, as I like to call it, my solo adventure.) This means that all decisions rest with me; all labour will be done by me; everything is up to me. This is both exciting and daunting. I am not worried about my work ethic – I am prepared to work hard and long hours. However, I can only do so much. Labour will be a constraint on my business this year. I can only do so much and need to make sure that I am able to accomplish all that I am planning.

I am hoping to have volunteer help when I need it this season – and I will not be too proud to ask it if it is not readily offered. In the future, I am open to looking into hiring some help, taking on a business partner, or other arrangements. Ideally, I would like to keep my business at a scale that can be run by a handful of people at the most. This is something to keep in mind as I move forward and reassess my plans each season.

### **Policies and Regulations**

There are a lot of policies and regulations to know, understand, and keep up with in this industry. I am trying to stay up on the policies and regulations that immediately and directly affect me right now, and hope to gain a broader understanding of these and the governing bodies/organizations behind them. This is a constraint only to the extent that I am unsure of the details surrounding every policy and regulation. I will be able to overcome this issue by asking questions of the right people, keeping as up-to-date on my research and understanding as possible, and prioritizing well. I have taken care of the necessary liability insurance for my farm, so that is a step.

### **Infrastructure and Moveability**

My arrangement with Mapleton’s has an expiration date – we have talked about my being there for about three seasons. This is something that is always in the back of my mind, especially as I think about what to build and how much infrastructure to establish at this location. My hesitation to build permanent structures will affect how much my business can grow, so I need to balance this hesitation with my growing business needs.

One way to combat this is to keep conversation with Mapleton’s open to what they see happening with my land after Smallholdings moves on: whether or not they will continue to have new farmers. Ideally, I will be able to sell my infrastructure (i.e. hoophouse, greenhouse, walk-in cooler) to another new farmer starting a farm on this land. I also need to remember that the infrastructure I am establishing this year and in the next couple of years might not continue to be an appropriate scale for my business as it grows. The ability to move these structures might be unnecessary.

### **Production (in)Experience**

I have only been farming for a couple of seasons, and never as the decision-maker or planner. This is all brand new to me, and my limited production experience might prevent me from being able to sell as many vegetables as I have planned. Additionally, while I have grown baby vegetables in the past at the New Farm, it was not always an intentional part of our production plan to produce only small-sized produce. This is all brand new for me and will involve some trial and error this season. By planning as best I can, asking questions, and being forgiving of myself when things don’t go quite as I had hoped, I am confident I will be able to reach my goals regardless of my experience.

### **Pricing**

Vegetables from Smallholdings are going to reflect the true cost of food, and baby-sized food at that. I fully understand that not everyone will be willing to buy these vegetables at my prices. It is critical that I am able to find the balance between being able to sell vegetables and not under-cutting myself. I do not want these vegetables to be just for specialty, high-end restaurants, but to be accessible to a diversity of markets. In addition to staying connected with other producers in the market selling similar vegetables, a bit of trial and error will be necessary in order to figure out what that balance is.

### **Selling**

My vegetables are not pre-sold; they will be sold as they are ordered or sold through retail outlets and the farmers market. I worry that my produce will not sell. There has been a lot of enthusiasm for my enterprise from potential customers, so as long as I nurture these relationships and deliver beautiful product, this should not be a problem. Until I get a season or two under my belt with successful sales, I will be unsure as to whether my vegetables will sell.

### **Finances**

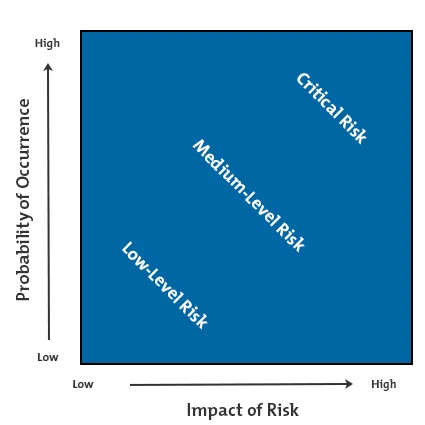
It is possible that this business is more expensive than I have predicted and planned for. I have planned a financial cushion; understanding as I do that there will be unforeseen expenses. However, this pot is only so deep, and if there are too many unforeseen expenses than my business could be in trouble. By asking for advice, having people review and provide advice on my proposed budget, I hope to avoid as many of these unplanned expenses as possible.

### **New kid on the block**

I am starting a brand new farm business, in a new community, with new customers, new practices, and new ideas. Being new on the scene is both beneficial and risky. Right now, I have the ability to be somewhat flexible and adaptive, having few methods and plans set in stone. I can take feedback and implement changes as necessary, without too much disruption. There is no one farming quite like I will be farming in the market right now, so I have the opportunity to establish myself as the leader in good quality, tiny vegetables.

Being new also creates some challenges. I need to work hard at getting my name into the community and to potential customers. I will need to spend a lot of time and resources to promote myself – sending samples, having conversations, and making a name for myself. It will be important to earn a reputation as having produce that is not only great quality, but good value as well. If I am enthusiastic and passionate about what I am doing, then I know people will also be excited about it.

**Risk Management**

What risks have you identified that might affect your farm business? What will you do to manage them? Even though you are managing risks, what will you do when problems arise? Will you have back up plans for risks you haven’t planned for?

There are 2 things to consider when assessing risk:

1. The likelihood of it happening to your farm (low or high likelihood)
2. The impact it would have if it did happen to your farm (low or high impact)

For example, a tornado may have a high impact on your farm, but a low likelihood of happening. The risks to pay the most attention to would be those that would have a high impact on your farm business, and a high likelihood of happening.

**Examples:**

**Broadfork Farm - Risk assessment and performance management strategy**

Identified Risks and Actions to Minimize Risks:

* High Risk (Impact + Likelihood) highlighted in Red
* Medium Risk (Impact + Likelihood) highlighted in Yellow
* Low Risk (Impact + Likelihood) highlighted in Green

Production - Identified Production Risks

* bad/unpredictable weather (flooding, drought, storms, hail, overly wet season)
* pest and disease
* bad seeds
* lack of equipment leading to over-burden on farmers time and bodies
* soil health and fertility problems
* crop rotation challenges
* challenges with application of amendments and pest control
* yield variability
* less production experience with some crops we are growing
* untested production methods
* fire or other damage to infrastructure and stored crops
* inability to source or purchase desired inputs (unavailability, price/shipping costs become too high)

Actions to Minimize our Production Risks:

* Talk to experts, ask for advice from neighbours and other farmers
* Don't only focus on one enterprise (market garden plus honey, seedlings, saved
* seed)
* Diversify within each enterprise (market garden:grow a variety of crops, and
* different varieties within each crop)
* grow disease resistant crops (tomatoes, cucumbers, etc)
* crop rotation
* irrigate (with well water and a back up pump for drawing water from the lake)
* proper storage for crops (root vegetables, onions, winter squash, garlic, etc)
* hoop houses, row cover, and black plastic mulch (protection and season extension)
* equipment maintenance schedule (van, pump, air conditioner)
* take care of tools (store indoors, keep sharpened, etc)
* look into insurance and see whether it makes sense for us
* plan to reduce reliance on inputs/fossil fuels

Legal - Identified Legal Risks

* problems with landowners
* insufficient insurance contract
* mortgage payments (if we get a mortgage) requires us to change our business plan
* not getting the permits we need
* getting sued for injury on farm or at market
* not paying taxes, lease or mortgage
* not following food safety laws

Actions to Minimize our Legal Risks:

* have solid business structure and partnership agreement
* purchase farm and product liability insurance
* know food regulations for inspection, quality, and handling, keep up to date, know
* when regulations change or are added
* pay taxes and other expenses on time
* have lease agreement and formal contracts
* estate planning (ex. wills)

Marketing - Identified Marketing Risks

* we're new to the area, all of our markets are new to us (unknown customers, what they want)
* Unsure of price we are able to get at market
* we've limited our marketing channels to 2 nearby farmers markets and on-farm
* direct and indirect competition
* consumer health and safety concerns
* a product or service doesn't sell well
* a competitor sells the same products better than we do
* the farmers market's popularity decreases
* farmers market shuts down
* farmers market location changes and traffic decreases
* farmers market management and advertising is poor and market suffers
* the caterers don't buy from us because they can get cheaper produce
* less on-farm events/retreats than expected

Actions to Minimize Marketing Risks

* have marketing plan
* do market research to find out what our customers want to buy
* know our costs so we set a price that makes us money
* sell a product that other growers are not producing
* Advertise and tell customers about products and benefits of products (in person and
* through online and other media)
* sell through a variety of outlets/channels
* watch competition
* value add
* store products properly for selling at a later date (cooler, root cellar, warm storage)
* diversity in crops offered for sale
* greenhouse production for wider range and season extension

Human Resources - Identified Human Resources Risks

* sick or injured farm managers/laborers
* unclear job descriptions or responsibilities
* lack of appropriate labor resources
* competing goals among farm partners
* death or divorce of farm partners
* reduced labour time due to pregnancy and family time
* burn-out of one or both partners
* relationship stress between partners

Actions to Minimize Human Resources Risks

* practice communication skills
* leave open option of hiring casual labour for tasks not worth us doing ourselves
* (valuing our time)
* have clearly laid out roles and responsibilities (specialties), discuss how we feel
* about these roles and switch if needed
* practice trusting the other person
* integrate with farm community and wider community
* discuss our goals frequently and whether we are on track, whether one or both of
* our goals have changed
* take time off (weekly-Sundays) and pursue other interests
* make sure we express ourselves clearly and trust that our opinions are heard and
* valued
* accept that we will need help (ex. funding, business planning)
* devote time and energy for professional development (non-violent communication,
* holistic management)
* devote time for meetings (plan week's schedule, marketing, admin, vision meetings,
* discuss/plan special infrastructure projects, weakest link in chain, delve into
* agronomic aspects, conflict resolutions)
* have a series of meetings at end of season devoted to season review (general
* overview of season, current year's budget, upcoming year's budget, roles and
* logistics, marketing plan review, crop planning debriefing, infrastructure
* review/planning
* stick to our schedule of hours worked as closely as possible

Financial - Identified Financial Risks

* going into debt
* changing interest rates
* increased taxing
* debts not paid
* no extra money for purchases or emergencies
* unknown revenue and expenses
* lack of financial management experience
* lack of capital to invest
* higher production costs than anticipated
* not charging enough for products to make it worthwhile
* lack of seasonal operating cash (low cash flow during shoulder season)
* insufficient revenue to cover operating expenses
* insufficient revenue to pay adequate wage to owners
* expenses are far greater than we anticipated

Actions to Minimize Financial Risks

* keep records of farm purchases, sales, loan payments, insurance costs, taxes,
* utilities, vehicle maintenance costs, and family expenses
* take a class to learn about finances
* evaluate assets for liquidity
* have access to line of credit
* pay bills on time, avoid debt, keep good credit rating
* participate in government programs for funding
* make bulk purchases with other farmers to get a better price
* 4 season growing and selling to maintain cash flow

Public Policy - Identified Public Policy Risks

* changes in regulations on the governmental level affecting production or marketing
* GAP (Good Agricultural Practices) Standards becoming mandatory and requiring us
* to change infrastructure

Actions to Minimize Public Policy Risks

* join and get involved in appropriate groups/NGO's to stay up to date on changes
* find advocates for making sure our voice is heard
* predicting changes that may come into effect and making business decisions based
* on predictions (ex. designing wash station to adhere to GAP standards)

**Firmly Rooted Farm - Risk Management Strategy**

See risk management table [here](https://efao.ca/wp-content/uploads/Firmly-Rooted-Risk-Assessment.pdf)

# **Smallholdings Farm - Risk Assessment and Management**

\* = low risk, low impact

\*\* = medium risk, medium impact

\*\*\* = high risk, high impact

### Human Resources - Identified risks:

* I am sick or injured\*\*\*
* I am over-exhausted/burned-out\*\*\*
* Unsure of decisions I’m making\*
* Never been my own boss before\*

Actions to minimize risks:

* Stretch, get enough sleep, eat well
* Take breaks/days-off when necessary
* Make a realistic schedule each week
* Seek advice from other entrepreneurs/farmers about work-life balance
* Reassess and redesign production plan as needed (i.e. if it is clearly too much)
* Seek labour help if/when necessary (volunteers, casual paid labour, friends and family)
* Pursue other passions and interests
* Spend time with friends and family
* Be honest and realistic with myself

Note: For me, these are probably the most-likely and highest-impact risks of all. I will be working hard to ensure that these are managed well.

### Sales and Marketing - Identified risks

* Competition\*\*
* Produce doesn’t sell\*\* (Note: Two-star rating because not a huge risk of this happening, but would have a big impact on my farm if it did.)
* Pricing – how I will find the right balance of price\*\*

Actions to minimize risks

* Spend time and resources on promoting Smallholdings
* Constantly work on improving my pitch (keep improving how I talk about my farm)
* Communicate my own passion and dedication
* Watch for competition, but don’t fear it
* Work on gaining customer loyalty and a reputation in markets
* Produce beautiful vegetables that speak for themselves
* Keep up-to-date on market research and pricing, adjust as necessary

### Production - Identified risks

* Unpredictable weather\*\*\*
* Unforeseen pests/diseases\*\*
* Inconsistency in yields (timing, quality, amounts)\*\*
* Unfamiliarity with growing patterns/seasons in this area\*\*
* Soil fertility issues\*\*
* Less experience growing baby-sized vegetables/with these specific production methods\*

Actions to minimize risks

* Consult experts and books as necessary
* Ask other farmers in area about their experience (communicate with Martin de Groot and Caitlin Hall, specifically)
* Plan for all weather scenarios
* Plan for all likely pest/disease scenarios – act quickly and efficiently if something comes up that I have not predicted
* Have back-up plans
* Trial and error – be forgiving of bad crops
* Over-estimate what needs to be planted to ensure a consistent supply, but not worry about not harvesting everything that I plant
* Soil test and amend as necessary (for next year’s garden especially)
* Rotate crops appropriately each season

### Financial - Identified risks

* Unforeseen expenses\*\*\*
* Cash flow problems (especially at the start of the season)\*\*
* Little to no profit in first season\*\*
* Going further into debt than planned\*
* Very little financial management experience\*
* Not enough income to cover operating expenses this year\*
* Not able to charge enough for vegetables to make business viable\*

Actions to minimize risks

* Leave lots of cushion in budget for expenses beyond what I have predicted
* Work on ways to increase early season cash flow (especially for future seasons)
* Plant early crops with thermal net
* Seek financial advice (accountant, advisor, etc.)
* Keep good records of sales, expenses, cash flow (especially in order to be able to plan for the future)
* Stay on top of bills and line of credit payments

### Legal - Identified risks

* Getting sued for injury at farm/market or illness from vegetable consumption\*
* Not following regulations and laws (i..e those concerning food safety)\*
* Do not have an extensive knowledge and understanding of all policies and regulations\*
* Legal issues with land-owners/Mapleton’s

Actions to minimize risks

* Get educated and stay up-to-date on policies, regulations, laws, consult experts as needed
* Liability insurance for the farm
* Signed lease agreement and open lines of communication with Mapleton’s
* Stay one step ahead (try to predict issues before they arise, have a back-up plan)