



# FARMING FOR OUR FUTURE: CANADA'S 150<sup>TH</sup>

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@FMC\_GAC #AgExConf17



# Building the business case for growing a new crop



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Who here has tried to grow something  
entirely new to their farm?

**Garlic**  
New generation of garlic growers looks to expand

The blue oval Haskap berries are a popular fruit at Jeremy Schnell's stand at the Byward Market. Schnell has been selling at the Ottawa market for the past 17 years. The family started growing haskap berries a couple years ago, and now have twelve 90-foot rows them on their farm near Edward, Ontario. (PHOTO BY SHARON GROSE)



# Who's trying out new crops?

## St. Marys-area farmer trying new crop well-known to health food advocates

2016 will be the second year that John Poel harvests a field of quinoa



“This is the second year he has grown quinoa, and his aim is to have it replace some of the corn that he grows in his rotation. There’s an emerging market for the crop in Ontario, due in large part to very positive media and scientific attention related to its health benefits.”

# Who's trying out new crops?

## Ontario farmers experiment with “world crops”

As the immigrant market grows, an increasing number of Canadian commercial farms experiment with locally grown ethnocultural crops.



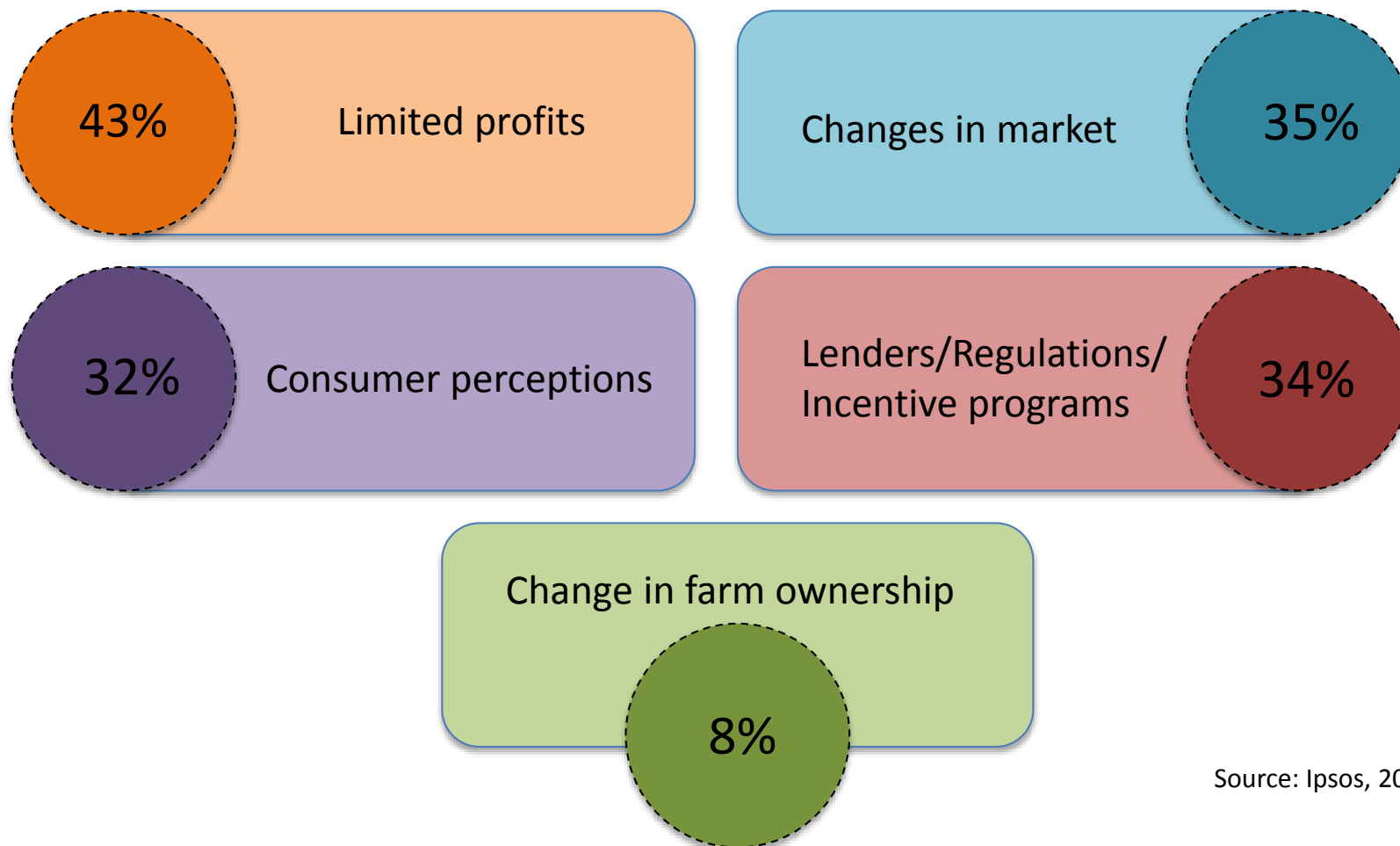
Farmer Jason Persall and chef Tracy Winkworth

## Consider if growing a new crop is part of your future strategy...

- New generation joining the operation
- Differentiate yourself to your market
- Expand into value-add for added profit potential
- Diversification to spread out your risk
- Replace less profitable ventures

**6% of Ontario farmers have  
a diversification plan!**

## Drivers for developing a diversification plan



Source: Ipsos, 2016





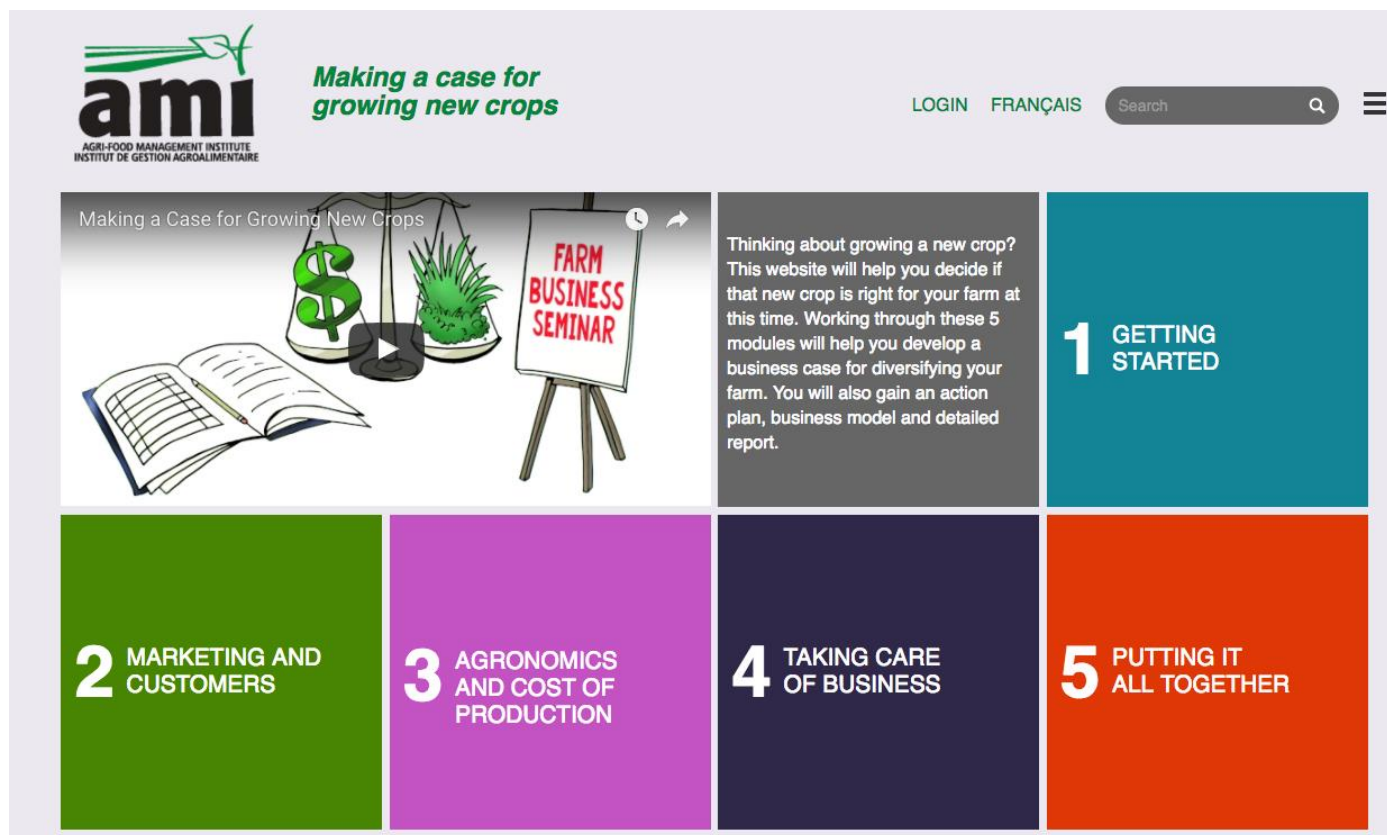
What's your plan?





## Making a case for growing new crops:

- Online
- Free to use
- Creates a report to help you start off with a plan

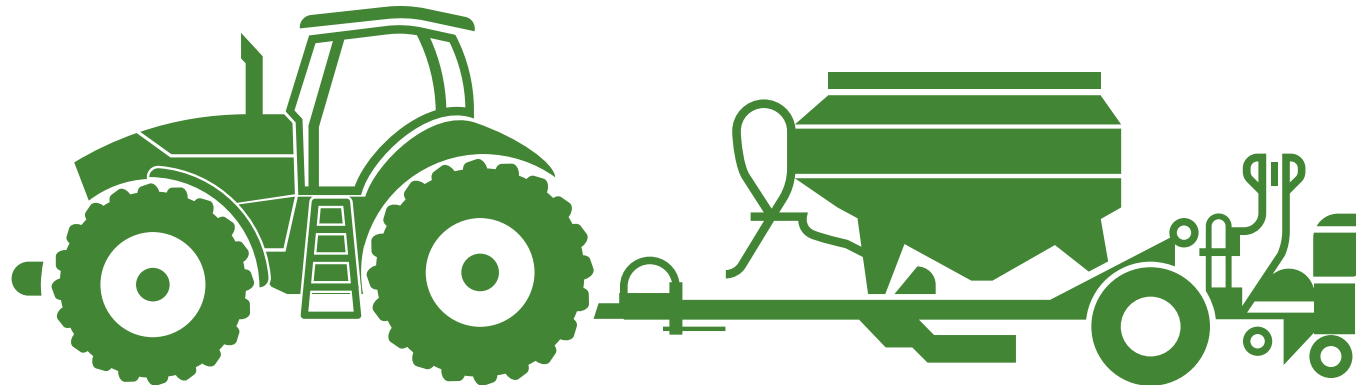


The screenshot shows the website interface for 'Making a case for growing new crops'. At the top left is the 'ami' logo with the text 'AGRI-FOOD MANAGEMENT INSTITUTE' and 'INSTITUT DE GESTION AGROALIMENTAIRE'. To the right of the logo is the title 'Making a case for growing new crops'. Further right are links for 'LOGIN' and 'FRANÇAIS', a search bar with a magnifying glass icon, and a hamburger menu icon. Below the header is a main content area. On the left, there is an illustration titled 'Making a Case for Growing New Crops' showing a balance scale with a dollar sign on one side and a plant on the other, an open notebook, and a sign that says 'FARM BUSINESS SEMINAR'. To the right of the illustration is a text box that reads: 'Thinking about growing a new crop? This website will help you decide if that new crop is right for your farm at this time. Working through these 5 modules will help you develop a business case for diversifying your farm. You will also gain an action plan, business model and detailed report.' Below this text box is a large teal box with the number '1' and the text 'GETTING STARTED'. Below the teal box are four colored boxes arranged in a row: a green box with '2 MARKETING AND CUSTOMERS', a purple box with '3 AGRONOMICS AND COST OF PRODUCTION', a dark blue box with '4 TAKING CARE OF BUSINESS', and an orange box with '5 PUTTING IT ALL TOGETHER'.

## What will I learn when I use this tool?

This tool ensures there is a business case for growing a new crop on your farm:

- Understand your position, plan for the future using a solid business plan
  - ✓ Organize your ideas
  - ✓ Plan next steps
  - ✓ Target your market
  - ✓ Communicate effectively with lenders
- Understand how the new crop will impact your farm operation
- Create a personalized business model canvas for your operation
  - ✓ How to derive value from your idea
  - ✓ What steps you take to get there

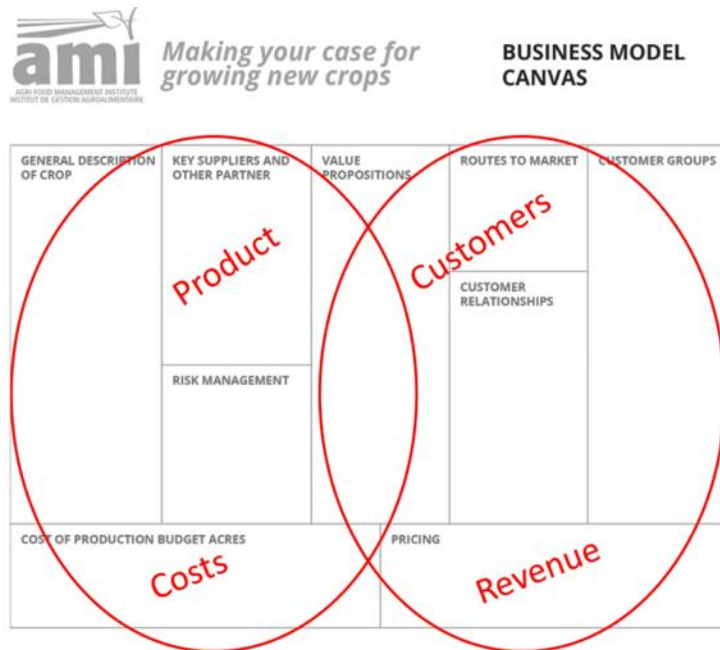


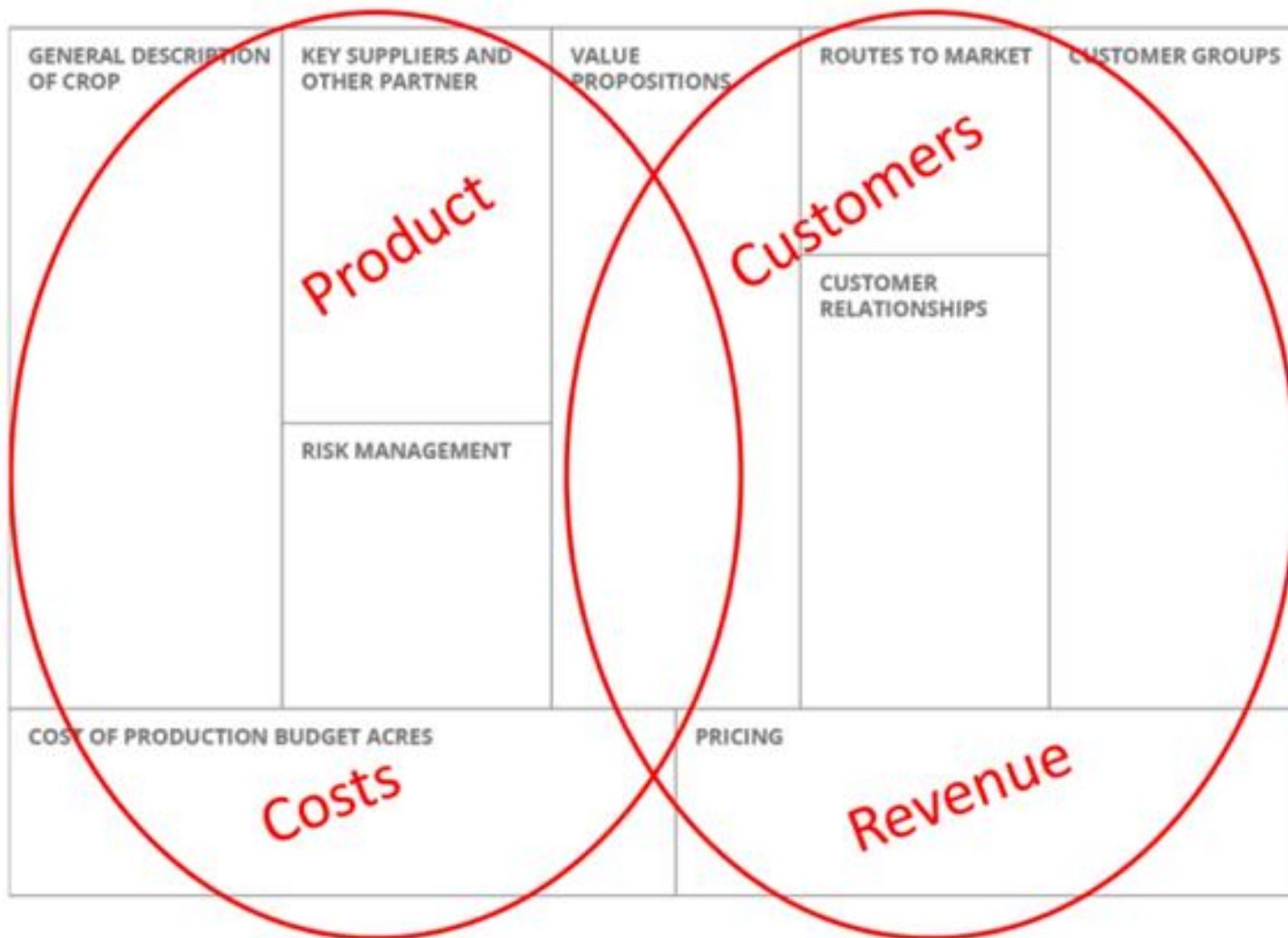


# 1 Getting Started

## How to get started...

- Choosing the crop that's right for you and your farm
  - ✓ Agronomic information from "New Croportunities"
  - ✓ What is a business model canvas?
- Connecting with local experts





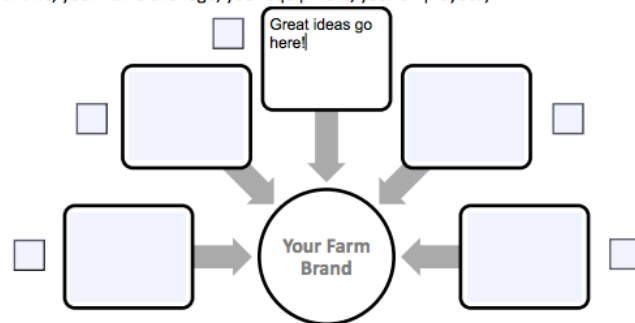
## 2 Marketing & Customers

### Use the worksheets and build your action plan...

- Focus on finding the market and targeting a customer so you don't grow something that doesn't sell.
  - ✓ Think about routes to market
- Branding
  - ✓ Identify why you are the best person to sell the product and create your value proposition

Impact on your farm. (ex. customers, transportation, lenders, suppliers, other farmers)

4. Determine your brand touch points: List all the ways that people can come in contact with your farm or product. (ex. on your website, driving past your farm gate, at the point of purchase, at industry shows, your name and logo, your equipment, your employees)



### Insights from the Ontario value chain panel:



# 3 Agronomics & Cost of Production

## Getting into the details...

- How much can you grow, what will it cost, and how much can you make over the next 2-5 years?
- Leveraging networks, learning from peers
- Sound management starts with recordkeeping!

Generic\_COP

Home Insert Page Layout Formulas Data Review View

Paste

Wrap Text

Merge & Center

Conditional Formatting

A5

This is a cost of production budgeting tool that has 1 worksheet. There are fields that can be completed by the user. It is up to 8 columns wide and 150 rows

1 Ontario CROP ENTERPRISE BUDGET Date revised: Jan 2017

2 Crop Name Return Per Acre: \$4.00

3

4

5 Number of Acres = 1

6 Numbers/text in blue can be edited/changed by individual producers

7

8 Production unit: eg. bu, tonnes, cwt, dozen dozen

9

10 Optimistic Expected Pessimistic

11 Yield - dozen 3.00 2.00 1.00

12 Price - \$/dozen 3.00 2.00 1.00

13 Production- dozen 3 2 1

14

15 Production insurance

16 Premium/ac: 0.00

17 Level of Coverage 0%

18 Guaranteed Yield/ac. 0.00

19 Probability of a payout 2.28%

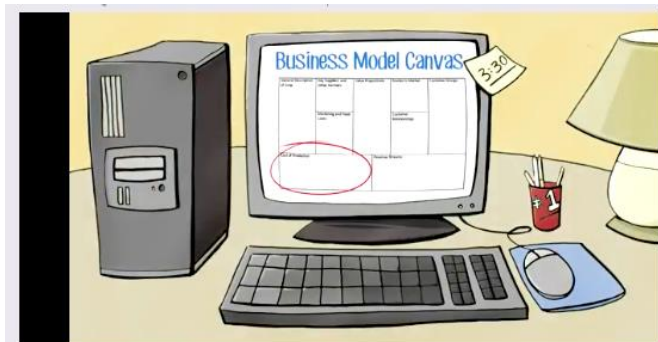


**4** Taking care  
of business

**5** Putting it all  
together

### Taking care of business

- Business structure
- HR management I (compliance) and II (attract/retain employees)
- Assessing and managing risk
- Looking at your plan and taking the next steps



**CONGRATULATIONS!  
YOU HAVE COMPLETED YOUR  
NEW CROP BUSINESS CASE**



*Making your case for  
growing new crops*

## Business Model Canvas

GENERAL DESCRIPTION OF CROP	KEY SUPPLIERS AND OTHER PARTNERS	VALUE PROPOSITIONS	ROUTES TO MARKET	CUSTOMER GROUPS  Name: Description:
	RISK MANAGEMENT		CUSTOMER RELATIONSHIPS	
Type of crop: Special agronomic requirements:				

### COST OF PRODUCTION BUDGET

acres of .

You must complete all questions in Module 3 to view report in full.

Enter your **Expected yield per acre** in Module 3 - Question 2 (What are your expected yields for this crop (raw product)?)

	Year 1	Year 2
Expected Yield	0	0

### EXPECTED REVENUE

	Year 1	Year 2
Expected Yield	0	0
Finished Yield	0	0
Total Acres		
Average Price	0	0
Total Revenue	0	0

Gut check...I am really up for this?



5 Questions to find out!



## Directions

As we walk through these five questions, keep track of your answers (A's, B's or C's).



### **1. What are you willing to invest in your new crop idea?**

- a) Some time researching and a bit of money for basic input supplies and a bit of space to try it out. Hopefully this experiment doesn't require too much "babysitting".
- b) Calling around to see who's grown that crop and how, some new basic equipment and a large garden sized space to try the idea out. I think I would enjoy checking on the crop's progress.
- c) A used implement that cost me over \$500, quite a bit of time over the winter doing research, a few long distance phone calls to experts I tracked down in the US and investigation into a minor use license to bring a special crop protection product up to trial as well.

2. Given the best and worst case scenarios of the investments below, which would you choose?

- a) \$800 gain best case/ \$200 loss worst case
- b) \$2600 gain best case/ \$800 loss worst case
- c) \$4800 gain best case/ \$2400 loss worst case

### **3. Why would you want to grow this new crop?**

- a) To make as much money as possible from my farm.
- b) To expand my independence from my current business model.
- c) I'm curious to explore new markets and learn how to grow something entirely new.

## Question 4

**4. How much risk do you like to take in life?**

- A) As little as possible
- B) Quite a lot but only when necessary
- C) I get a buzz from taking risks all the time!



## Question 5

5. Picture yourself at a farm market... who are you?



# The results are in!

If you answered...

Mostly A's

A

Step back and think about if this is right for you... you might expect things to go wrong more often than right.

Mostly B's

B

New crop neutral: Gather information and analyze odds to make decisions about your next venture.

Mostly C's

C

New Croppportunity loving! Enjoy the risk and seek out opportunities to take chances on something new.

# Discussion & Questions

## Conclusions...

- Ontario has tons of online and expert resources related to new crops that anyone can use
- Trying a new crop is one way you can expand your revenue streams on an existing land base
- Finding the market, and assessing what will grow on your farm is key to starting out right