

# Adventist Agriculture Association

## **Business Basics**

January 13, 2021

# **Preliminaries**

# Kevin's stops along the way

- Crowe, Chizek, CPAs (CPA Services)
- Pacific Cataract & Laser (Health Care)
- Simpson Timber Company (Forest Products)
- Delson Lumber Company (Forest Products)
- Western Washington Oncology (Health Care)
- Ardmore Institute of Health (Philanthropy)

Email: [kwbrown.au@gmail.com](mailto:kwbrown.au@gmail.com)

Phone: 580.247.5437

# Who's here?

# Format / Method

## Case Study Approach

The case study approach uses a real live story to demonstrate the relevance and application of selected principles

# BETTER TOGETHER FARM



# BETTER TOGETHER FARM

- Organic vegetable farm (plus . . . )
- 10 year history
- 15 acres located in south central Oklahoma
- Markets: Murray County, Carter County
- Largest Industries: Agriculture, Oil & Gas
- Mission: Develop relationships for the Kingdom

# Topics

- Module One: What will it take?
- Module Two: De-mystifying the budget  
--- Q&A ---
- Module Three: Getting Paid
- Module Four: Faith and Finance  
--- Q&A ---

# So you won't be surprised . . .

- I'm not shy about inviting attendees to speak
- Small groups of 2-3 for discussion
- I encourage you to use numbers, where possible, in describing your situation

Module One:

**What will it take?**

# New business survival rates

(U.S. Small Business Administration)

- 2 years: 65%
- 5 years: 50%
- 10 years: 35%
- 15 years: < 25%

# Top 6 reasons new businesses fail

(Investopedia)

1. Failure to investigate the market
2. Poor / No Business Plan
3. Inadequate capital (money, that is . . . . )
4. Poor location, internet presence, and marketing
5. Remaining rigid
6. Expanding too fast

# *Farm Small Farm Smart* Entrepreneurship 101 series

|                                  |                              |
|----------------------------------|------------------------------|
| The reality of luck              | Not charging enough          |
| Not knowing what you really want | Money inflow over outflow    |
| It might not be a fit now        | Blowing up financially       |
| The family falls apart           | Failure to keep records      |
| Running a business like a hobby  | Lack of confidence           |
| Poor enterprise selection        | Not accepting how hard it is |
| Poor market selection            | Rigidly adhering to ideology |

# Farm Small Farm Smart Entrepreneurship 101 series

**“It might not be a fit now”** podcast:

Businesses (including farms) may fail because the owners don't have the:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

# Farm Small Farm Smart Entrepreneurship 101 series

“It might not be a fit now” podcast:

Business (including farms) may fail because the owners don't have the:

- time
- skills
- money



## **Case History for Module One**

- **'Hobby' for first 8 years of operation**
- **Mid-2019: Farm becomes only income source**
- **Attempts at record keeping for family finances over previous years had mixed results**
- **Strong aversion to debt**

# Question for discussion:

Do you know how much money your business has to generate in order to be sustainable? (Scale of 1-10; '1' = no idea; '10' = very clear)

If <10, how could you make it more clear?

If 10, how did you get to that point?



# **The Family Budget:**

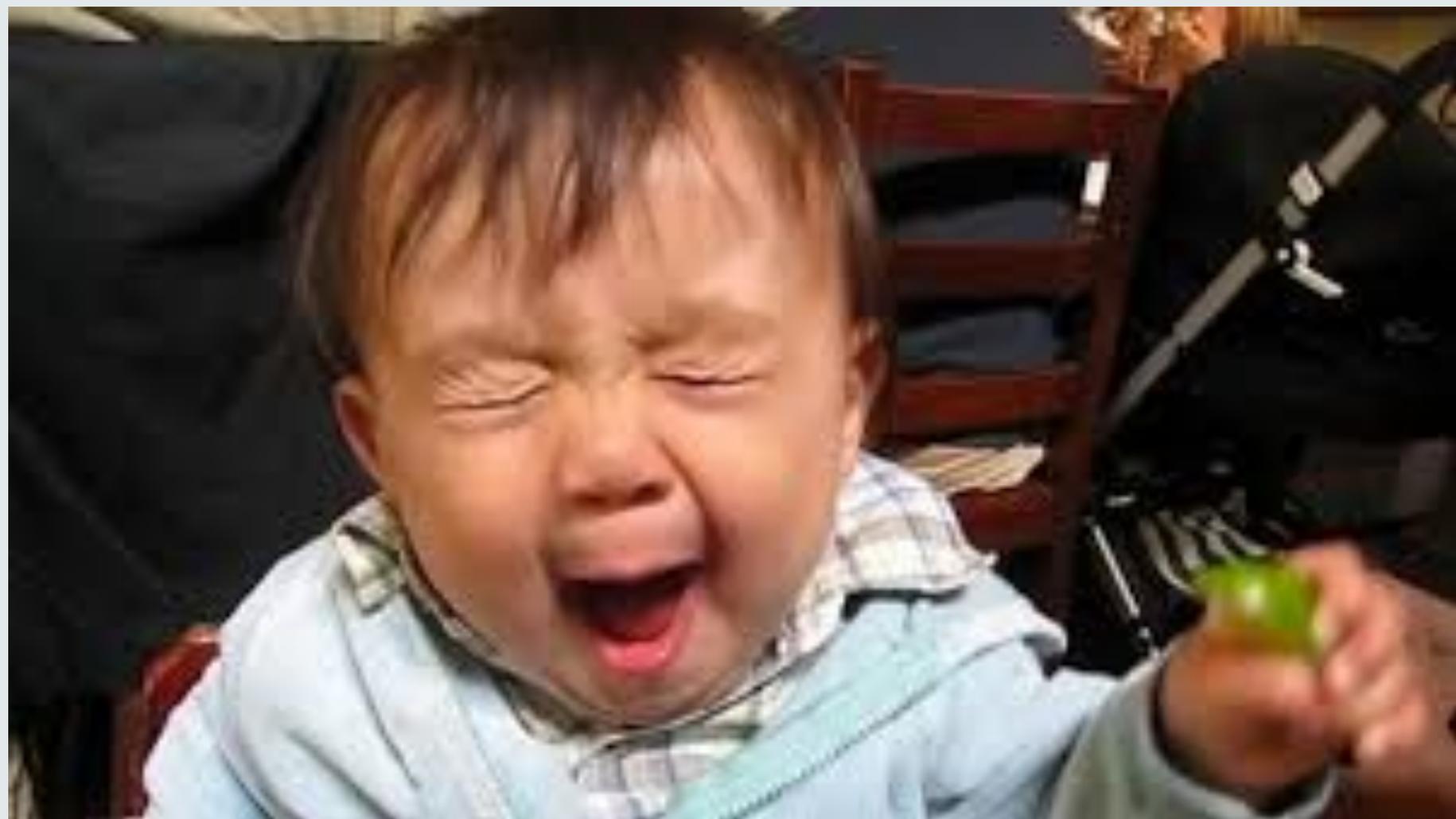
Vivian Seiler

# The Family Budget: Sample

- Home: Utilities      \$164
- Medishare            \$528
- Pets                    \$20

Module Two:

**De-mystifying the Budget**



# A Tale of Two Companies

## Simpson Timber Company

- Shelton, WA; Timberland / 6 manufacturing plants
- 2,000 employees
- 100 year history, family owned

## Delson Lumber Company

- Olympia, WA; Lumber producer
- 120 employees
- 30 year history, family owned

# Remember . . . . .

Budgeting is a process that produces a product

The budgeting process and product are tools, whose proper use is determined by the present need of its users.

So, the question you should ask yourself about your budgeting practice is not “Am I doing it right”?, but rather, “Is it helping me meet my goals”?.

# A Budget could be used to . . . .

- **Plan for the future**
- **Anticipate / support decision making about limited resources (including non-financial)**
- **Communicate efficiently**
- **Educate**
- **Answer a specific question**



## **Case History for Module Two**

- **Spotty financial record keeping (farm) until 2018**
- **Quickbooks for farm operations in '18 & '19**
- **Breakeven operations in 2019**
- **No written budget / financial plan for farm**
- **1st family budget produced April 2020**

# Question for discussion:

How well do you know the score for your farm's finances? (Scale of 1-10; '1' = no idea; '10' = very clear)

If <10, how could you make it more clear?

If 10, how did you get to that point



# **The Farm Budget:**

Aubrey Seiler

| A                          | B                  | C                          | D                 | E                  |
|----------------------------|--------------------|----------------------------|-------------------|--------------------|
| 2019 Chart of Accounts     | Actual             | 2020 Chart of Accounts     | Actual thru       | Budget             |
|                            | 2019               |                            | 4/24/2020         | 2020               |
| <b>CONSUMABLE</b>          |                    |                            |                   |                    |
| C01 - Fuel                 | \$342.67           | C01 - Fuel                 | \$224.90          | \$500.00           |
| C02 - Market Supplies      | -                  | (Inactive)                 |                   |                    |
| C03 - Pest Management      | \$271.18           | C02 - Pest Management      | \$143.32          | \$350.00           |
| C04 - Pick, Pack & Wash    | \$673.62           | C03 - Pick, Pack & Wash    | \$577.87          | \$1,200.00         |
| C05 - Seeds & Seedlings    | \$3,271.74         | C04 - Seeds                | \$2,243.35        | \$4,500.00         |
|                            |                    | C05 - Seed house           | \$312.13          |                    |
| C06 - Soil Ammendments     | \$4,368.25         | C06 - Soil Ammendments     | \$984.80          | \$4,500.00         |
| C07 - Soil Testing         | \$2,607.08         | C07 - Soil Testing         | \$590.25          | \$3,000.00         |
| C08 - Supplies & Materials | \$2,054.07         | C08 - Supplies & Materials | \$973.44          | \$3,500.00         |
| <b>Total Consumable</b>    | <b>\$13,588.61</b> |                            | <b>\$6,050.06</b> | <b>\$17,550.00</b> |

## April - December

| <b>Total Expenses</b> | <b>2019</b> | <b>2020</b> |
|-----------------------|-------------|-------------|
|                       | \$34,044.15 | \$43,855.00 |

|                           |                    |
|---------------------------|--------------------|
| Total Expenses            | \$43,855.00        |
| Seiler Family Expenses    | \$24,750.00        |
| <b>Total Revenue Goal</b> | <b>\$68,605.00</b> |

Once you know **how much** you need, how do we figure out **if the farm has a shot** at covering those expenses?

## Beets, Red Ace

| Yld Avg (lb/bed) | Budget (65%) | \$/lb  | \$/Bed | # Beds in Plan | Total          |
|------------------|--------------|--------|--------|----------------|----------------|
| 551              | 358          | \$1.50 | \$537  | 7              | <b>\$3,759</b> |

## Sweet Peppers

| Yld Avg (lb/bed) | Budget (65%) | \$/lb  | \$/Bed  | # Beds in Plan | Total          |
|------------------|--------------|--------|---------|----------------|----------------|
| 1,102            | 716          | \$4.25 | \$3,043 | 2              | <b>\$6,086</b> |

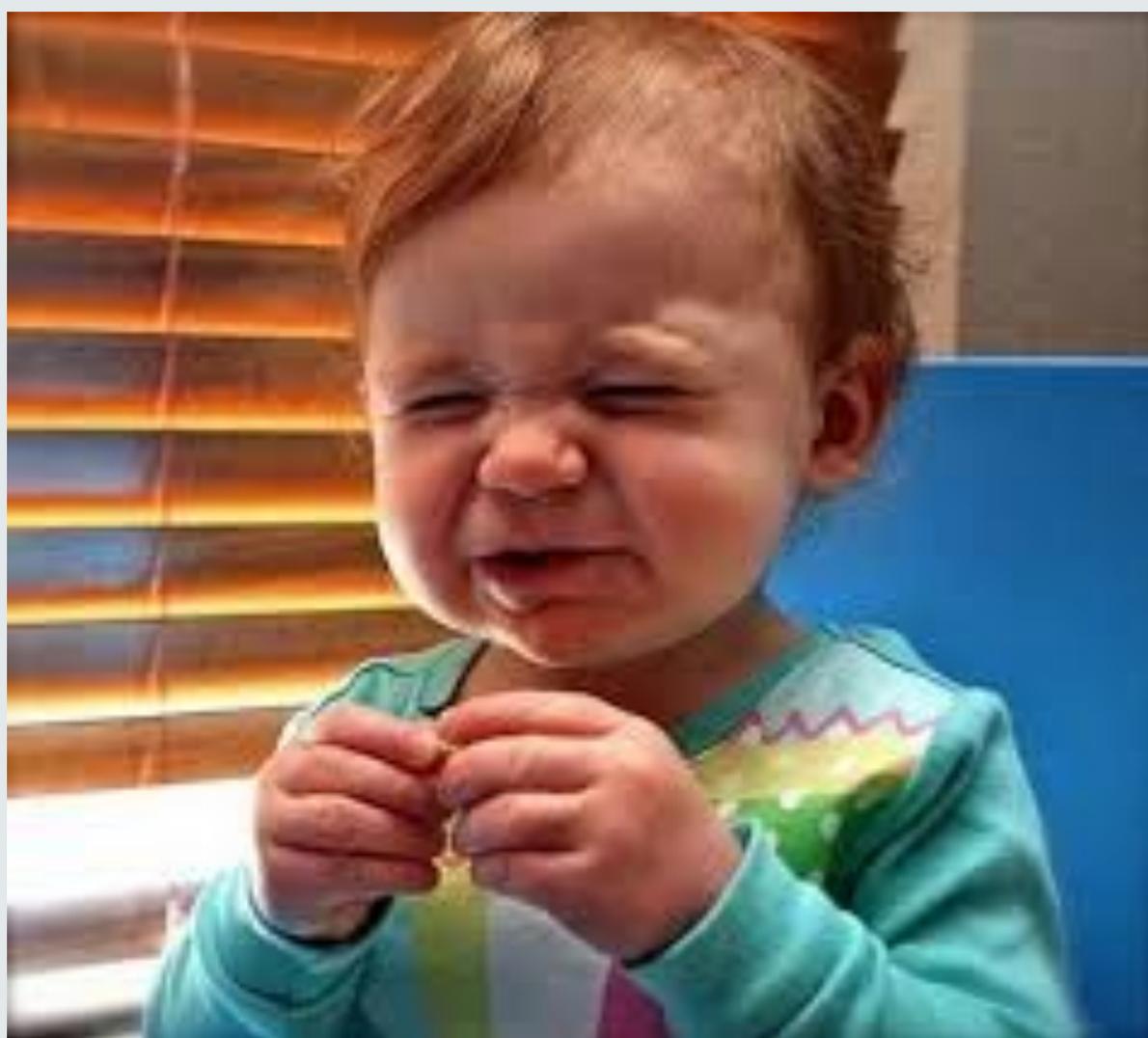
## Do we have a shot?

| <b>Total Projected Revenue (65%)</b> | <b>Total Revenue Goal</b> |
|--------------------------------------|---------------------------|
| \$174,915                            | \$68,605.00               |

# **Question & Answer**

# Module Three:

## **Getting Paid**



# **An accountant's perspective on sales . . . . .**

# An accountant's perspective on sales . . . . .

Net Sales (\$)

Less: Cost of Sales (\$)

**What is your *unique value proposition?***

# What is your *unique value proposition(s)*?

- Product / Place / Price
- Relationship / Likability
- Connection to customer's identity
- Service
- Network
- Other (don't be afraid to ask!!)

**What does it cost to deliver that value?**

# What does it cost to deliver that value?

- Fixed v. Variable
- Supplies
- Equipment / Infrastructure
- Time
- Stress
- Unknowns

# Questions to ask regarding 'sales' ideas:

- How does it add value?
- How much value does it add?
  
- How does it reduce cost?
- How much does it reduce cost?



## **Case History for Module Three**

- **Product / Price list on sheet of paper; phone customers to get orders**
- **Place order online; pop-up market for product pick-up and payment collection**
- **\$40k sales in 2019; target of \$68k for 2020**

# Question for discussion:

What selling upgrade are you considering for your situation?

How will it add value and how much value will it add? or . . . . . How will it reduce cost and how much will it reduce cost?



## **2020 Selling Upgrades:**

Ricky Seiler

# 2020 Sales Overview

BetterTogether Farm Vision:

- Develop personal connections with customers
- Direct to customers
- On-Farm events

# 2020 Sales Overview

New in 2020:

- More online “market” access
- More accessible - more pickup sites
- On-Farm Events

# 2020 Sales Overview

## Sales Channels:

- Online “Market” - Direct to Customer
- Restaurants - 2 restaurants
- Florist - wholesale flower sales
- Grocer - wholesale produce

# 2020 Sales Overview

- 67 online markets (April - December)
  - online market open Sunday & Wednesday

# STAY IN THE LOOP

Since the Online Store is only open during certain times, we offer email and text notifications to remind you when it's ready to shop. The notifications have a link to take you directly to the Online Store.

*Please note: if you already receive email and text notifications, you are already on the list and do not need to sign up again.*

## Sign up for Email and Text Notifications

Fill out the info below to be added to the lists.

First Name\*

Last Name\*

Email

Mobile Phone #

Select the area you would most likely pick up veggies \*

- Ardmore area
- Sulphur or Davis area

Email: 513  
Text: 224

Join



# 2020 Sales Overview

- 67 online markets (April - December)
  - online market open Sunday & Wednesday
- 5 pickup sites in 3 towns / Mon. & Thurs.
- Home Delivery option with fee



**Florist**  
**YMCA**



**Health Food Store**

**Pharmacy**

**Client's Home**



# 2020 Sales Overview

- 209 “unique” customers
- 2,700 orders
- \$19.17 average order amount
- \$51,766 online store sales

# 2020 Sales Overview

## Top 5 Produce Items in Sales (33 varieties)

1. Head Lettuce - \$5,226
2. Lettuce mix -\$4,512
3. Cucumbers - \$4,399
4. Red Tomatoes - \$3,931
5. Okra - \$3,271

# 2020 Sales Overview

## **Top 3 Customers Total Sales**

- \$1,699 - 51 orders
- \$1,302 - 57 orders
- \$1,199 - 49 orders

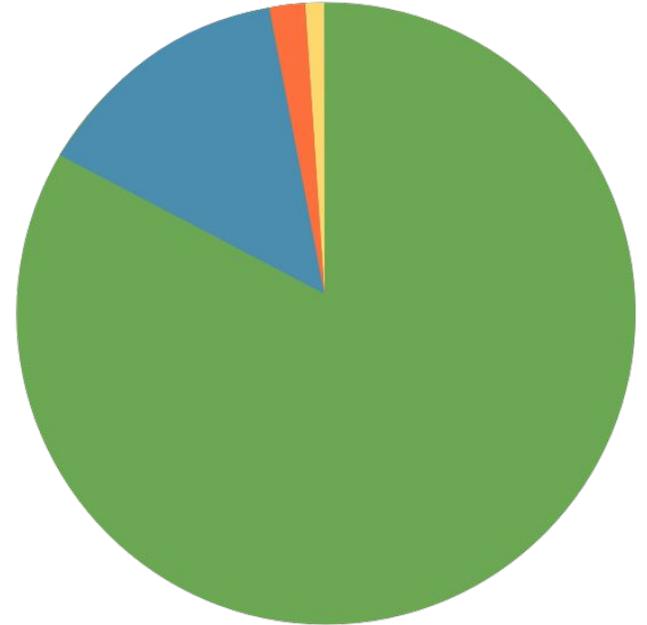
## **Bottom 3 customers**

- \$3.25 - 1 order
- \$4.60 - 1 order
- \$7.00 - 1 order

# 2020 Sales Overview

**Total Sales = \$60,165**

- \$51,766 - Online Store 86%
- \$6,600 - Restaurants 11%
- \$1,481 - Florist (flowers) 2%
- \$339 - Grocer >1%



# 2020 Sales Overview

## Farm Events

- Smoothie Day (April)
- Strawberry Day (May)
- Sandwich Day (June)
- Corn Roast Day (July)
- Okra Day (Sept)
- Salad Day (Oct)
- Farm Tours
- Work Bees

**CANCELLED**

# Module Four:

## ***Faith and Finance***

**God owns everything**

**Then God saw everything that He had made,  
and indeed it was very good.**

Gen. 1:31a, NKJV

**For every beast of the forest is Mine; And  
the cattle on a thousand hills.**

**I know all the birds of the mountains, And  
the wild beasts of the field are Mine.**

**If I were hungry, I would not tell you; For the  
world is Mine, and all its fullness.**

Psalm 50:10-12, NKJV

**If God owns everything,**  
**then we aren't really owners,**  
**instead, we're stewards**

**“Well done, good and faithful servant; you were faithful over a few things, I will make you ruler over many things. Enter into the joy of your lord.**

Matthew 25:21, NKJV

**“Well done, good and faithful servant; you were faithful over a few things, I will make you ruler over many things. Enter into the joy of your lord.**

Matthew 25:23, NKJV

**I have learned the secret of being content  
in any and every situation, whether well fed  
or hungry, whether living in plenty or in  
want. I can do all things through  
Christ, who gives me strength.**

Phillippians 4:12b,13 NIV



## **Personal thoughts and comments:**

Ricky Seiler

Alan Seiler

# Stewardship

## Definition: Stewardship

- The job of supervising or taking care of something
- To manage or look after another's property

# Stewardship

“The Farmer and The Preacher”

## Stewardship (cont)

What happens when a garden lacks stewardship?

## Stewardship (cont)

What happens when money lacks  
stewardship?

## Stewardship (cont)

It all belongs to God, but there's an important role we play as stewards.

**Alan Seiler**

# Question for discussion:

What is your personal contentment score? (Scale of 1-10; '1' = very discontent, '10' = very content)

Do you wish your score were different?

What choices or practices, if any, help you to be more content?

# **Question & Answer**