

Making It Happen

Profitability and Success

Quick Overview

Higher Ground Farm

Boston, MA

John Stoddard and Caroline Hennessey
<http://www.highergroundrooftopfarm.com>
Making It Happen: Profitability and Success

Key Points

- Innovative urban rooftop vegetable farm
- Financing through crowdfunding
- Adjustments to plans and sales projections after significant decrease in production area
- Establishment of partnerships and securing of media attention

Higher Ground Farm is an early-venture rooftop farm, located on the roof of the Boston Design Center in the Seaport District of Boston. The farm produces greens, herbs, tomatoes, and other vegetables, and sells to local restaurants and directly to the community through a farm stand in the lobby of the building. The innovative urban farm's plan is to build market gardens on rooftops throughout Boston. They have established ¼ acre of vegetables on their existing 1.3 acres of space. Higher Ground has been successful at raising money through crowdfunding. They continued to struggle with production volumes needed to generate sufficient sales to allow for expansion.

Business Results

- Raised \$23,000+ via KickStarter crowdfunding
- Achieved significant outreach and promotion in area newspapers during startup years
- Setbacks with securing rooftop space shortened inaugural season
- Sales grossly underperformed initial projections, as they were based on full development of roof space

Critical Skills

- Seeking of consultant support for financial analysis
- Strong fundraising efforts
- Avid promotion of product to gain community support
- Maintenance of growth mindset despite setbacks

Farm Snapshot

Growing greens, herbs, and tomatoes for sale to restaurants and at a farm stand onsite, the urban startup has had to overcome many obstacles as it establishes its rooftop gardens and develops its markets. Though urban farming is an established idea, rooftop farming is new to commercial enterprises in the Northeast. The farm continues against the headwinds.

Farm Financial Highlights

2013-2014

- **GROSS REVENUE:** \$11,160 in 2013 and \$12,006 in 2014
- **PROFIT MARGIN:** -43% in 2013, reduced to -2% in 2014
- **NET INCOME:** \$4,800 loss in 2013 was shrunk to \$274 loss in 2014
- **OWNER INCOME:** no owner income in either year
- **EXPENSES:** decreased from \$15,000 to \$12,000
- **CASH:** negative cash flow
- **LABOR:** 6,624 hours of both owner and intern labor over two years; no payroll expense; volunteer days provided extra labor
- **GROSS REVENUE PER FTE:** Gross revenue per full time employee was roughly \$6,721 in 2013 and \$7,230 in 2014
- **INVESTMENTS:** \$35,000 for equipment and infrastructure, funded through Kickstarter and other fundraising events

Key Numbers	2013	2014	CHANGE
Return on Equity (ROE)	-14%	-0.70%	94%
Cash Flow Operations	-\$4,800	-\$274	46%
Profit Margin	-43%	-2%	95%
Gross Revenue	\$11,160	\$12,006	24%

Defining Success

“Success would mean managing the farm with environmental sustainability in mind, drawing a modest salary, and having a high quality of life, including being a part of my community or doing something besides farming that supports my mental and emotional well-being.” — John Stoddard, Owner of Higher Ground

Details

John Stoddard and Courtney Hennessey started Higher Ground Farm in 2013. Educated in environmental studies, John and Courtney saw urban farming, and more specifically, rooftop farming, as a way to merge their interests in finding solutions to environmental problems and their love of food. It was a winding road for the partners, who gained more than 10 years of experience in food and agriculture working as sustainability advocates, farm managers, and restaurant employees prior to founding their farm. This experience allowed Higher Ground Farm to raise funds, build partnerships, promote their venture, and, ultimately, land them a rooftop farm. Their restaurant connections, especially, are proving valuable in the startup years for securing markets for sales of their produce.

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Unfortunately, Higher Ground could not raise the funds necessary to realize their initial goal of building out their entire roof space as a green-roof vegetable farm. The pair decided to start their first season anyway to avoid losing momentum, support, and/or interest from the community. They reworked their plan and installed a containerized planting system consisting of 1,400 milk crate planters. Their optimism and idealism met some hard business realities as it became clear that sales were going to fall well below original projections of \$68,000, which were set based on using the entire 1.3 acres as productive space. Despite these setbacks, the farm sold more than a ton of produce to 14 local businesses in their first year.

In 2014, Higher Ground Farm expanded its growing space, increasing the number of growing crates from 1,400 to 1,700. They also added an onsite farm stand and one additional restaurant account. This allowed them to increase sales slightly, from \$11,000 to \$12,000. John and Courtney continue to tackle permitting and regulatory issues related to onsite sales and roof access as they work to increase growing space. “Farming is a tough business,” Stoddard says. “I think it’s a little untested as far as whether or not people can grow food as a business in a city and sustain it.” Farming is more difficult on a roof, but the owners’ ability to learn and innovate during these early years holds promise for finding a profitable model for rooftop farming in Boston.

Business and Management Education

Avid promoters, John and Courtney entered their startup year with a solid plan, strong partnerships, and funds secured through crowdfunding and other private sources. “Trying to learn to be a farmer is really learning to be a businessperson,” noted Courtney. The partners have made progress in this education. Signing up for business planning and management coaching while they developed their plans and launched their venture helped guide the partners through the financial impacts of changing production plans. Business planning and cash flow planning have allowed the farm to adjust expectations downward significantly. The owners are committed and energetically seeking a profitable business model. In John’s words, “I have a more realistic idea of how hard this is, but also have become more focused in how to find ways to make it work.”

Survey results collected after two years of business management planning and coaching indicate that the Higher Ground farmers have identified areas of strength and weakness in their business management skills. The two partners stated that their business skills have improved through experience and they’ve gained clarity on their business, but recognize that they “have a long way to go.” John continued: “I went into this as someone who wanted to create change and have become someone who wants to make a very challenging business model work. I have identified many areas where we can do better and I feel as though I have become a better farmer and a better businessperson in this process.”

Looking Ahead: Upcoming Changes

Using new and developing financial management skills, Higher Ground Farm is encouraged to take time and have a hard look at the economics of rooftop farming. After two years of coaching and planning, the partners would like “more individualized coaching and strategizing, taking the numbers and then exploring some ways to

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improve.” As production techniques and harvest volumes for rooftop gardens are evolving, careful planning linking production scenarios closely with financial plans (revisited regularly, and perhaps even weekly, in order to analyze variance) would provide even more feedback. This diligence would allow a nimbler approach as the businesses confronts headwinds and shifting farming landscapes.