

Making It Happen

Profitability and Success

Quick Overview

Key Points

- Continuous analysis of profitability of product mix
- Growth plans supported by investment in tractor
- Development of plan to expand production, infrastructure, and markets gradually to ensure adequate sales to meet financial goals (paying half their living expenses with the farm's annual profit)

Wise Acres Farm grows certified organic vegetables, fruit, and herbs on 1.5 acres for markets in central and eastern Maine, using a 2,148 sq. ft. high tunnel to help extend the season. The farm sits on 41 acres, with 15 acres of hay fields and 22 woodland acres.

Business Results

- Gained practical skills in financial management and confidence in using numbers
- Shifted marketing and production strategies to achieve greater success
- Grew sales from \$13,150 to \$29,500 over two years

Critical Skills

- Enterprise budget training
- Accessing mentoring and training resources to develop skill sets

Wise Acres Farm

Kenduskeag, ME
Brittany Hopkins and Joy Trueworthy
www.wiseacresfarm.net
Making It Happen: Profitability and Success

Farm Snapshot

We sell our MOFGA-certified organic produce at the Hampden, Bangor, and Ellsworth farmers markets. We utilize cover crops, organic amendments, row covers, and mulch, and pay careful attention to soil health. We focus on crops that grow well on our land and taste good to us and our customers.

Farm Financial Highlights

2012–2014

- **GROSS REVENUE:** grew by 125% over three years to reach \$29,532 in 2014
- **PROFIT MARGIN:** averaged 37%, 2013–2014
- **NET INCOME:** negative in 2012; grew to \$8,577 in 2013 and \$11,541 in 2014
- **OWNER INCOME:** no owner's draw; profits were reinvested in equipment or savings for larger infrastructure projects
- **EXPENSES:** decreased by 2% over three years
- **CASH:** grew by \$19,000 over three years
- **LABOR:** labor was occasionally short of need; Brittany worked about 2,500 hours, and Joy about 300 hours, per year; there was no payroll
- **GROSS REVENUE PER FTE:** gross revenue per full-time employee grew from \$17,105 in 2013 to \$21,094 in 2014
- **INVESTMENTS:** \$26,000 for tractor, rototiller, and rotary mower through FSA micro-loan

Key Numbers	2013	2014	CHANGE
Cash Flow Operations	\$8,577	\$11,541	35%
Profit Margin	36%	39%	3%
Gross Revenue	\$23,947	\$29,532	23%

Defining Success

Wise Acres Farm defines success as maintaining “financial security and paying down debt by earning at least half of our living [in terms of dollars, food, and energy] from sustainable management of our land.”

Details

Thinking about starting a career in agriculture, Brittany spent three seasons learning how to grow and market vegetables as an apprentice and farm worker at Peacemeal Farm, Parker Family Farm, and Fisher Farm in central Maine. In 2011, Brittany partnered with Joy to start Wise Acres Farm. Joy became their “weekend warrior,” staffing the farmer’s markets and

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balancing farm needs with her off-farm job, while Brittany managed the general farm operations. In their start-up years, the farmers worked diligently to establish themselves with customers and in the community, thereby doubling sales between 2013 and 2014.

Three years of financial data collected for Wise Acres Farm show farmers building a small farm with stable revenues. There is a desire to grow farm profits more quickly in order to provide an increase in owner compensation. The partners saw a tractor investment as the most logical step toward stable growth and applied to the FSA for a micro-loan to finance the investment. Brittany stated that before the investment, “we were paying by the hour for custom tractor work three or four times a year, and supplementing with the use of a walk-behind tiller.” However, this system soon became unfeasible as their scale, and the number of succession-planted crops and cover crops, increased. Brittany continued, “Owning the equipment makes our production schedule much more flexible and efficient, and allows us to use our own labor for tractor work.”

Business and Management Education

Business training — via Maine Organic Farmers and Gardeners Association’s (MOFGA’s) Journeyman Apprenticeship program, and via MOFGA’s Farmer to Farmer Conference and publications — has been key to the farm’s financial management. Brittany noted that “MOFGA’s Farm Beginnings [program] used the holistic management approach, and it has been a great framework for us to establish quality of life at the center of our farm plan.” From this training, Brittany gained confidence as a manager and improved production systems. Brittany now spends increased time “logging important farm records and finances,” and shows strong confidence in her ability to manage the farm for long-term profitability. Wise Acres Farm has also improved its marketing ability and presence, and spends increased time on enterprise budgeting.

Looking Ahead: Upcoming Changes

Wise Acres Farm seems to have found a model that works for them, but will continue to tweak their approach to meet their financial target. The farmers reiterated their desire to “keep gradually expanding production, infrastructure, and markets to make enough sales to meet our financial goal of covering half of our living expenses.” As of 2015, they had also hired a part-time seasonal employee (who lives locally) to help with labor shortages.