



# Prairie Garden Farm

Starbuck, Minnesota

1. History+
2. Farm Operational & SWOT Analysis
- 3. Increase Revenue & Profit**



1. Build a cooler
2. Consider refrigerated transportation
3. Know where to raise prices
4. Know the value of your buckets
5. Don't grow too much
6. Know what to grow more of
7. Know what not to grow
8. Keep adequate records
9. Grow for your market
10. Learn the difference between what your customers love and what your customers purchase
11. If something isn't selling, take more, then stop cutting it
12. Grow more foliage
13. Invest in woody perennials
14. Try growing things outside of their usual season
15. Have a customer/opportunity funnel
16. Manage orders
17. Give away samples
18. Provide incentives to your customers
19. Pick a crop every year to get better at
20. Try a few new things every year
21. Be an expert in either your customers or in your products
22. Consider non-cut flower enterprises
23. Invest in protected culture
24. Plan for quantity at the start and end of your season
25. Don't lose seedlings
26. Lose seedlings
27. Manage pests
28. Don't waste time looking for stuff
29. Standardize for efficiency
30. Transplant colors separately
31. Plan for harvest efficiency
32. Consider 'cut once' v. 'cut & come again'
33. Have a road map
34. Hire an accountant
35. Hire employees
36. Plan the week and day

1. Build a cooler
2. Consider refrigerated transportation

A flower farm without a cooler is like a kitchen without a refrigerator. It allows you to harvest more of your crop, and improves the vase life of practically everything.

Likewise, refrigerated transportation, besides maintaining your flowers in better condition the day you're delivering them, allows you to keep what doesn't sell for another day. You can get by without it if you know you're going to sell 100% of what's in your vehicle, and the trip is short & temperatures cool. You can get by without it if you won't have the chance to sell flowers again for another week anyway.

### 3. Know where to raise prices



Of course you should raise prices wherever you can. Pay the most attention to the flowers that bring in the most revenue, because raising their prices will have the greatest impact. For example if you raise the price of two flowers by 10%, and one of those flowers provides you with \$12,000 per year, and the other \$500, the increase will gain you \$1,200 and \$50 respectively.

<https://www.marketnews.usda.gov/mnp/fv-nav-byCom?navClass=ORNAMENTALS&navType=byComm>

## 4. Know the value of your buckets

If you have limited space for buckets (in your cooler, in your market display, in your vehicle, etc.) you should make sure those buckets are as valuable as possible.

Let's say you sell both snapdragons and sunflowers for \$1.00 per stem. They seem equally valuable, right? But consider how many stems you can fit in a bucket – probably at least 100 of the snapdragons, but at best 50 of the sunflowers. So a bucket of snapdragons is worth twice as much as a bucket of sunflowers.

Bucket Value = Stem Price X # Stems per Bucket...

...well, there's one more thing to include....

## 4. Know the value of your buckets

**Bucket Value = Stem Price X # Stems per Bucket X % Sold**

You have to consider how many you're likely to sell, and that percentage will decrease the more stems you have.

So, you want more buckets of snapdragons than buckets of sunflowers, but as you keep adding buckets of snaps their bucket value will start to decrease, and approach that of suns.

5. Don't grow too much
6. Know what to grow more of
7. Know what not to grow

You want to be optimistic about how much you will sell, but if you grow something and don't sell it, you didn't just lose the opportunity to make \$1.00, you actually lost money – you lost your production costs: the cost of seed, media, fertilizer, containers, and most of all, labor. So be realistic, and don't grow silly amounts of stuff, or if you do, admit that it's a hobby. Like me and my sweet peas. I only need about 100 plants, but I'll start 1000 of them, and then grow 200. At least I can say I'm making an informed decision!

If you sell a lot of something you should grow more next year, right?

**I don't know – did you make money from it? Was it especially profitable? Do you know?**

## 6. Know what to grow more of

It's a combination of what's most profitable and what you think you could sell more of

Profit per cultivated square foot = (Total Crop Revenue – Total Crop Cost)/Growing Area (in ft<sup>2</sup>)

When I calculate this, I only include unusual crop costs, e.g. plugs or bulbs. I don't include the cost of seeds, because while some seeds are a lot more expensive than others, I doubt it has much impact on profit. I don't include labor as a cost because it is implied in dividing by growing area – I'm making the assumption that labor costs are similar per growing area. That may not be strictly true, but I think it's close enough.

## 7. Know what not to grow

This gets back to pricing and profitability. How do you price?

Do you try to determine what the market will bear?

Do you determine your costs, and then add a margin (profit) on top?

These two methods are usually offered as alternatives in any pricing discussion.



# NEWS FLASH!!!

Your customers don't care what your costs are.

(They care what their costs are.)

## 7. Know what not to grow

When you grow cut flowers, you are producing an agricultural commodity (boo-hoo).

Most of your customers are used to paying a certain price, but will adjust up or down (a little) for differences in perceived quality for your flowers v. what they can get elsewhere (wholesaler, other market growers, other CSAs, etc.). If they are purchasing for resale, they either have to be comfortable that their customers will also perceive a difference in quality, or they have to be willing to accept less profit.

So...know the profitability of everything you grow. If something isn't profitable, raise the price if the market allows, but consider not growing it.

If you stop growing something, you will definitely have some customers who tell you how much they loved it and miss it.

Be strong! They're telling you that with words – they had the chance to tell you that with their wallets. Don't grow stuff for free.

## 8. Keep adequate records

How much is enough?  
How much is too much?

When you're first starting out you only need the most basic records, because the opportunities for improvement are so obvious.

As you become more experienced, the opportunities for improvement are harder to see. You must collect more data. Just be aware that there's a point of diminishing returns.

What are good starting records?

## 8. Keep adequate records

What's a good starting point?

- Seed/plug/bulb costs and quantities purchased and sown
- Germination and growing requirements: tray size, seeds per cell, temperature, covering (soil, vermiculite or uncovered)
- Schedule: week sown, weeks sold

And comments on the above if you need to shift the sowing week, grow a different quantity, add a succession, etc.

- Sales per item
- Growing area per item
- Profit of each item per square foot

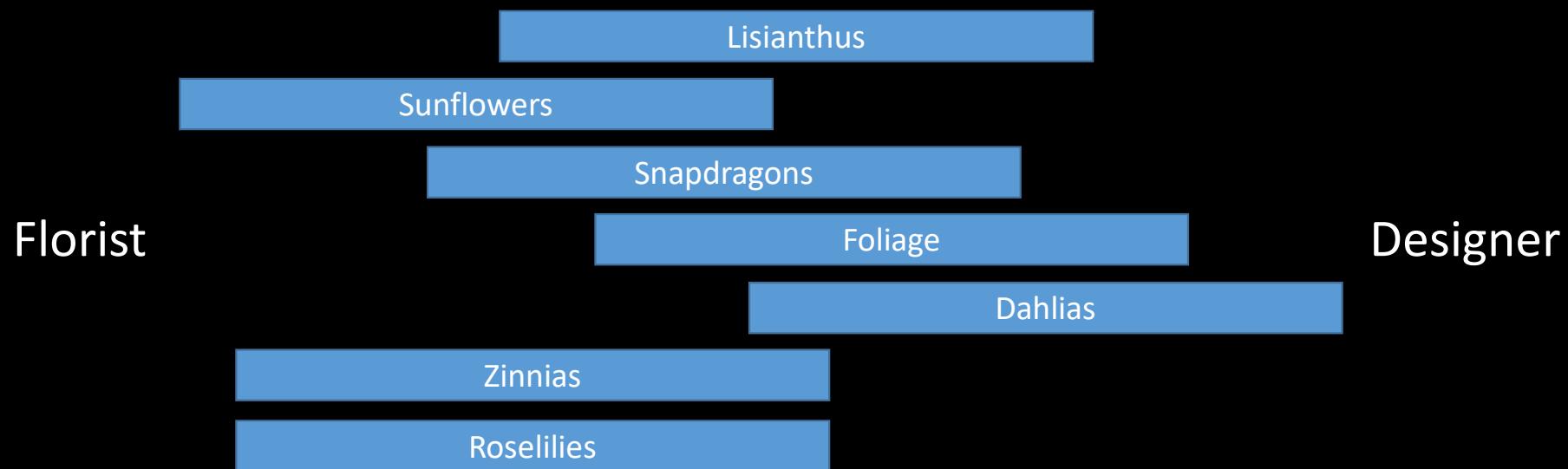
## 9. Grow for your market

There is nothing that everyone should be growing, in spite of all of the advice out there. There might be some flowers you can't grow well in your conditions and facilities. There might be some flowers that wouldn't be appreciated by your customers. There might be flowers that all the other growers sell, flooding the market and potentially lowering prices.

We sell to florists and designers, and what they purchase is very different in some cases.



## 9. Grow for your market (cont'd)



## 10. Learn the difference between what your customers love and what your customers purchase

Let's say you sell cosmos and lisianthus to a florist. You're told the lisianthus is great, but the cosmos gets posted to Instagram. The florist is swooning over their delicate beauty. She is "dying." She "literally can't even." She says you're "killing it." And you're really proud (as you should be).

And you get similar reactions from other florists.

At the end of the season you realize you sold \$200 worth of cosmos (which was a pain in the neck to harvest) and \$4,000 worth of lisianthus (easy).

So that cosmos got you some good publicity, but is it worth growing again? It's easy to answer "Why not?" but remember the opportunity cost – would it make more sense to grow something else, or maybe more lisianthus?

Think about it – you can go out of business growing stuff that people love.

## 11. If something isn't selling, take more, then stop cutting it



I've had this happen a lot.

Often when something starts being ready to cut you get it in small quantities at first. No one seems interested, maybe because it's something unusual. It's disheartening, especially when it's something you're really excited about.

It might sell better when you have it in abundance.

But at some point, you should stop wasting time on it.

## 12. Grow more foliage

## 13. Invest in woody perennials

Foliage makes up about 10% of my revenue. That number's been increasing as I grow more, and I think it could go a lot higher. Florists are bored with the standard foliages available from the wholesalers.

If you can, find a foliage that lasts out of water. Wedding designers use tons – Italian ruskus, smilax, etc.

There's a lot of demand for red-twigs dogwood and curly willow. And you can sell them during the summer with leaves.

Don't want to invest in woody perennials because you're leasing land? Several will pay for themselves the second year – Physocarpus, Cotinus, and Cornus cultivars.



## 14. Try growing things outside of their usual season



Usually this means altering day-length. Dahlias and Heirloom Chrysanthemums are good examples. I remember that Vicki Stambach, of Bear Creek Farm in Stillwater, OK, grew dahlias in the winter (in a greenhouse) by using lights to extend the days. The light doesn't necessarily have to be high-quality – you're just tricking the plants into thinking that the sun is still above the horizon, you're not providing "growing quality" light.

You can string light bulbs above your rows, or try halogen or LED light sets on stands.

Conversely, mums, which flower under short days, can be covered with tarps in order to shorten the days, and thus bloom a month or so early.

In either case, you're adding costs to your production, so be sure it's worth it!

## 15. Have a customer/opportunity funnel.

Are you adding new customers/markets every year?

How do you know who to add?

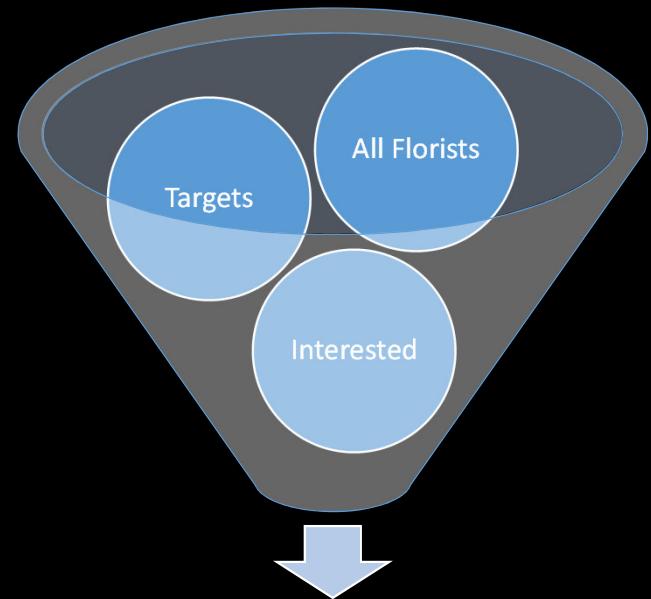
What would you do if you lost your biggest customer/market?

Are you replacing your worst customers/markets with ones that are potentially better?

Have you identified potential new customers or markets?

Have you identified potential customers or markets that aren't likely to be worth your time?

Do you remember which is which?!



Customer

<u>Business Name</u>	<u>Address Columns</u>	<u>Contact Names</u>	<u>Email/Web</u>	<u>Status</u>
----------------------	------------------------	----------------------	------------------	---------------

The Status column is where you assign progress through the funnel!

3 = They're a target – potentially a good customer

2 = They've expressed interest in receiving our Availability list or in us visiting

1 = They're a customers – they've purchased from us (which means we need an ST3 form)

0 = They've disappeared! Moved, closed, who knows

-1 = Former customer – they're not interested in purchasing any longer

-2 = Former prospect – they never purchased and don't seem interested in receiving our availability

-3 = Not a Target – they don't appear to be a possible/desirable customer

If I sold at farmers markets, I would try to collect info on the # of customers, # of vendors, # of flower vendors, etc. I'd also consider distance, start & end times, and demographic factors.

## 16. Manage Orders



- Acknowledge orders
- Reply as soon as you can with what you think you'll have
- If it's weeks or months into the future, set a "drop-dead" date for a final commitment on your part.
- Let your customer know asap if you think you'll have less than expected – never put them in a bind.
  
- And for Pete's sake, write it down!

We use another tab of our customer spreadsheet for orders...

Date Received	Delivery Date	Customer	Qty Req	Qty Exp	Item	Type	
9/17/2018	9/18/2018	Northerly Flora	30	30	Choc Ammi		30 Choc Ammi
9/17/2018	9/18/2018	Northerly Flora	60	60	River Oats		30 Choc Ammi, 60 River Oats
9/17/2018	9/18/2018	Northerly Flora	30	30	Coppertina	Foliage	30 Choc Ammi, 60 River Oats, 30 Coppertina
9/17/2018	9/18/2018	Northerly Flora	40	40	Champagne Lisianthus	Lisianthus	30 Choc Ammi, 60 River Oats, 30 Coppertina, 40 Champagne Lisianthus

I color code each week so I can better estimate remaining availability.

Qty Req is what they asked for. Qty Exp is what I told them I expect to have.

Lisianthus, Dahlias and Foliage are tagged as they're most likely to sell out.

Expected Quantity and Item are combined so that I can paste them into the route spreadsheet.

<u>Name</u>	<u>Contacts</u>	<u>Status</u>	<u>Tue</u>	<u>Tue Stop</u>	<u>Wed</u>	<u>Wed Stop</u>	<u>Thu</u>	<u>Thu Stop</u>	<u>Hours</u>	<u>Order</u>
Victoria Rose Floral	Marta, Tammy	1	Y	1					9:00 - 5:00	
Lilia Flower Boutique	Liz, Val, Sadie, Sammy	1	Y	2			Y	2		20%
Westdale Floral	John, Paula, Mary, Lynda	1	Y	3			?	4	8:30 - 6:00	20%
Candlelight Floral	Lesa, Melissa, Gregory	1	Y	4			Y	3	7:00AM-8:00PM	20%
Harvest Home	Deb, Mark	1	Y	5			Y	4		20%
Spruce	Amy, Kyle, Elise	1	Y	6			Y	9	10:00 - 6:00	20%
Acanthus Floral Art	Jodi	1	Y	7					noon - 5:00	
Northerly Flora	Molly	2	Y	8						Tax 30 Choc Ammi, 60 River Oats, 30 Coppertina, 40 Champagne Lisianthus
Jandrich Floral	Ashley, Bryce	1	Y	9					8:30 - 5:00	
Fleur de Lis Fresh Flowers	Chuck, Nicole	1	Y	10			Y	10		20%
Your Enchanted Florist	Lynne, Jess	1	Y	11					9:00-7:00	
Hummingbird Floral	Lugene, Brad, Lisa, Kathy	1	Y	12					8:00 - 6:30	20%
Blossom Studio Minneapolis	Emily	1	?				?			20%
Design Apricot	Genevieve	1	?				?	2		
Kindred Blooms	Alexia, Emma	1	?				Y	8		20%
Munster Rose	Kristi, Jessica, Lisa	1	?				?	1		

The florists that are always on our route for the day are marked with a Y. Those that are only occasionally on the route are marked with a ? (though it's changed to a Y on that day). We note the order of our stops – sometimes it can vary, but we try to be consistent. We paste in any orders before printing this to take with us. Note the contact names – it's good to call people by their name! We do also hide the columns for other days when we print. We also print the columns with addresses and phone numbers.

## 17. Give away samples

Florists (customers) might get in a rut - in a comfort zone – of using the same old stuff, and then be reluctant to try something new. Give away new stuff. Let them see how good the vase life is, and how their customers react. Let them try incorporating it in their arrangements. Give them the chance to discover a new favorite that they'll purchase from you in large quantities in the years to come.

I'll often do this if the florists shows the least bit of interest.

I won't do it for items that are already in demand – no sense in creating more demand that I can't fill!



## 18. Provide incentives to your customers

If you're selling at a farmers market you might try a loyalty card; e.g. buy 8 bouquets and get the 9<sup>th</sup> for free.

How to reward florists? You can throw in extra flowers, but that has very little value to event designers – they are under contract and won't get extra money for the extra flowers.

You want to offer incentives though because your time is limited – you can only make so many stops per day, so you need your customers to purchase more – you can't squeeze in more stops. Also, you're composting some amount of flowers – you could give them away instead, and it wouldn't cost you anything.

Consider offering a discount for purchases above a certain amount of money (or number of bunches).

Consider offering a discount when the customer has purchased a certain amount from you in the season.

Consider running “specials” on items you have in abundance, if you’re comfortable that your customers won’t delay purchases because they’re waiting for the sale!

## 19. Pick a crop every year to get better at 20. Try a few new things every year

If you're like me, you know pretty much everything could be grown better. Choose something profitable that you know could be even better if you put in more effort.

For us this year it's going to be snapdragons. We've grown 'em forever, and they're always a top seller, and yet...I have variable germination, and lose too many seedlings, and the quality of flowers produced varies too much. Plus there are times during the summer when I have virtually none to pick.

I'm aware of how snapdragons are grouped by day-length/temperature requirements, but I've never followed that closely, especially the temperature part.

We also drop and add a few things every year. For sure we want to have things that no one else is growing, or at least things we can grow at higher quality than is generally available. In 2019 we're trying tulips (from a rooting room), bearded iris and butterfly ranunculus. We're dropping marigolds, asters, dahlias, sweet williams and godetia.

21. Be an expert in either your customers or in your products
22. Consider non-flower enterprises

You might jump to the conclusion that being an expert in your customers is the right choice, but I can tell you Boeing does pretty well being an expert in airplanes. And there are certainly growers all over the world who specialize in specific crops, and ship regionally, nationally or globally. Grace Rose Farm is a great example, by the way. When wedding designers in Minneapolis need amazing roses, they go right to GRF.

If you go this route, you might get to a point where you'll need to ship flowers. And it would probably NOT be wise to grow a perennial that has a short blooming period, especially if it doesn't store well.

## 22. Consider non-flower enterprises



If you choose to be an expert in your customers, then you are going to try to provide what your customers need – even if they don't know it yet.

That might include items outside of the cut flower world: Succulents, house plants, potted bulbs, herbs, bedding plants, food items and crafts. Note that the first four can go into nice pots – which you will purchase, mark up and sell. In a way, you're selling pots, with plants in them to make them more appealing.



## 23. Invest in protected culture

## 24. Plan for quantity for the start and end of your season

The irony of local flowers is that we have peak production in July and August when demand is the lowest. Protected culture, combined with perennials and bulbs, can help increase your production early and late, when you should be able to sell at least as much as you do mid-season.

It's also important to maximize your late-season production by sacrificing a little of your mid-season production in protected culture. That might mean pulling out a bed of snaps that's still producing a little so that you can start the next succession in time for it to be ready in the fall. It's too easy to hold on to those snaps for too long, and then later have non-productive beds in your structures. I don't know why I know this.

If you don't occasionally lose some plants to late and early frosts, you're not trying hard enough.

Just be aware that growing into the fall means short days, which shut off or slow down blooming. It's nice (for most of us) that things aren't blooming all at once, but at some point it's not worthwhile delaying the end of the season.

## 25. Don't lose seedlings

## 26. Lose seedlings

Don't lose seedlings for stupid reasons, such as improper irrigation or fertility. Or letting them get leggy and weak, or root-bound, or not hardening them off sufficiently. Or by not managing pests.

Often when one loses seedlings it's not one or two, but a lot – a quarter of a plug tray, or half, or the whole thing. They represent a lot of lost income, and wasted expense.

So make sure you're watering thoroughly and consistently, and that your plants have adequate nutrition and light. Consider a compost-based potting mix. Check seedlings daily, at least. It's not complicated, but it takes discipline.

There's one good reason for losing seedlings, and that's because you have a little more than you need. Maybe germination was better than expected, or you give space and time to better crops. You ought to be tossing a few trays of perfectly good plants every year. It would be a shame if you had the time and space, but nothing to transplant – a wasted opportunity.

## 27. Manage pests

Over time, on your own farm, you will shift from managing pests reactively to managing them pro-actively.

Deer are managed proactively (duh) with a 3D fence (a baited, single strand of electric about nose high, and roughly 3' inside, two strands of electric, roughly 1' and 6').

Beneficial insects are best employed slightly proactively – they'll quickly die if there are no bad bugs to eat, but if the infestation is bad, they won't get on top of it. I've found it's the least time-consuming method for controlling insect pests, so it's worth doing well.

## 28. Don't waste time looking for stuff

Have a place for everything. Put things back after you use them. Have extra tools.

Why pay people (including yourself) to search for stuff?! Try not to pay people for activities that don't add value. When you're paying someone to look for something, there's also an opportunity cost – there's profitable work that's not getting done.

We keep a lot of our hand tools and irrigation supplies in the greenhouse. We have duplicates of some of the most-used items (or things needed for emergencies) in the RTV, because it's usually nearby wherever we're working. For example, the tools and parts needed to repair a tear in our 2" flatline (irrigation) are in the RTV – when we get a tear it usually needs to be repaired right away.

## 29. Standardize for efficiency

Standardization promotes intuition; intuition promotes efficiency

If your operations are complex, everyone involved will have to stop and think before every little task. All that thinking gets in the way of working!

For example, if you use a lot of different spacings for your plants, you'd better have a readily available list of which plants uses which spacing. If you have a few different spacings, you will easily remember, plus when you grow something new, your intuition will tell you the best spacing.

Another example – by standardizing on four lines of drip tape per bed, I'm not endlessly switching header lines after each succession.

Yet another – we cut all of our landscape fabric (ground cover) to be 100' long, this size of our field beds. Structure beds are slightly shorter, so we just fold the end a little. In other words, all of our fabric can go on any bed.

## 30. Transplant colors separately

## 31. Plan for harvest efficiency

You will spend a lot of your time harvesting and processing, so this is a good area to maximize efficiency.

Of course you can only transplant colors separately if you avoid color mixes when you purchase seeds. But unless you bunch different colors together, your harvest will go faster if you don't have to search for each color among a mix. By the way, if you have no choice but to grow a mix, cut all colors together and sort them when processing.

Perhaps you're purchasing a mix of Benary Giant zinnias because you only need a few hundred and you'd have a lot of wasted seeds purchasing separate colors. In that case, consider growing just a few colors.

Plant your zinnias together, your sunflowers together, your amaranthus together – you'll want to harvest all of each at the same time, without walking all over your farm.

Be sure to leave room to move vehicles among your beds. Set up tables (we get those 6' banquet tables on sale for \$30) for processing, and move them to wherever the action is.



## 32. Consider ‘cut once’ v. ‘cut & come again’

This doesn't apply just to sunflowers. Sometimes flowers are pinched to grow multiple stems which can then be harvested at almost the same time, and then the bed is rotated to the next crop.

If you have limited space, or perhaps you're not growing a whole lot right now, cut and come again probably makes the most sense. Each plant will produce multiple blooms over an extended period of time. Of course, you still might pinch some plants, but just to get greater quantity.

If your space isn't as limited, you might prefer to harvest a bed as rapidly as possible, and then re-plant it. Even if there's insufficient time remaining in your season to re-plant, you'd still rather not spend time wandering among old beds gleaning a few more blooms – you want your beds to produce at a high volume and then be done.

## 33. Have a road map

Have a goal, and a plan for reaching it. Set expectations for each year – how much will you grow, who will be your customers, how much will you sell each week or month, what facilities will you build, etc.

Compare the current year to your plan, not to your end goal. As you exceed or miss expectations, update your map. Over time, you will learn how much variation is normal and that will help you determine ‘worst case’ and ‘best case’ scenarios.

If you don’t have a map, you’ll likely compare each year to your end goal, and then be discouraged.

It’s hard to make a map when you’re starting, so make some guesses, and talk to others. With each year you will be able to refine your plan.

### 33. Have a road map (cont'd)

The point of the road map, is that as each year unfolds, you will be able to make adjustments.

For instance, if your income is higher than expected, perhaps you can/should jump ahead in your growing area, equipment purchases, or facility building.

If you're not doing as well as expected, find some expenses to postpone. Consider borrowing money in order to make investments that will result in future income. Consider a plan B to get back on track.

## 34. Hire an accountant

Accountants know tax law. They can file taxes for you, ensuring that you're never late.

They can help you determine what to expense and what to depreciate (and how to depreciate).

They can help you determine the best corporate structure for your farm.

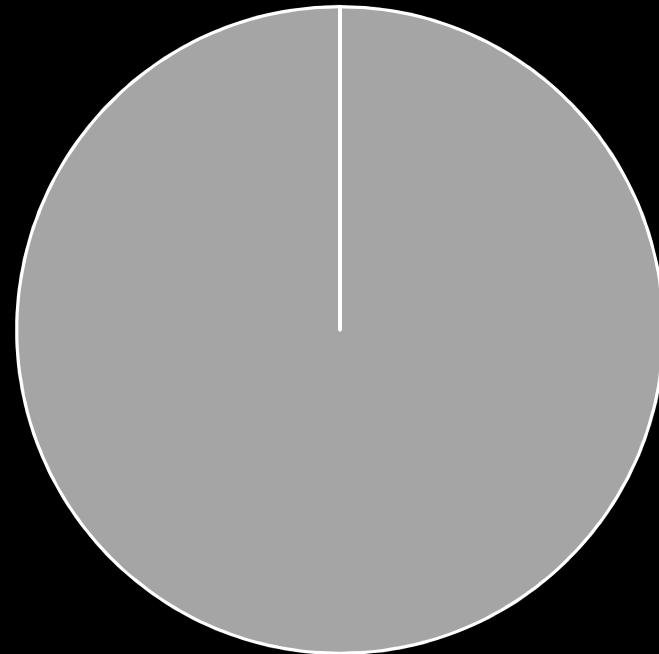
They will find every possible deduction, minimizing your tax bill (thus increasing your net income).

They can help you understand how your business is doing.

## 35. Hire employees

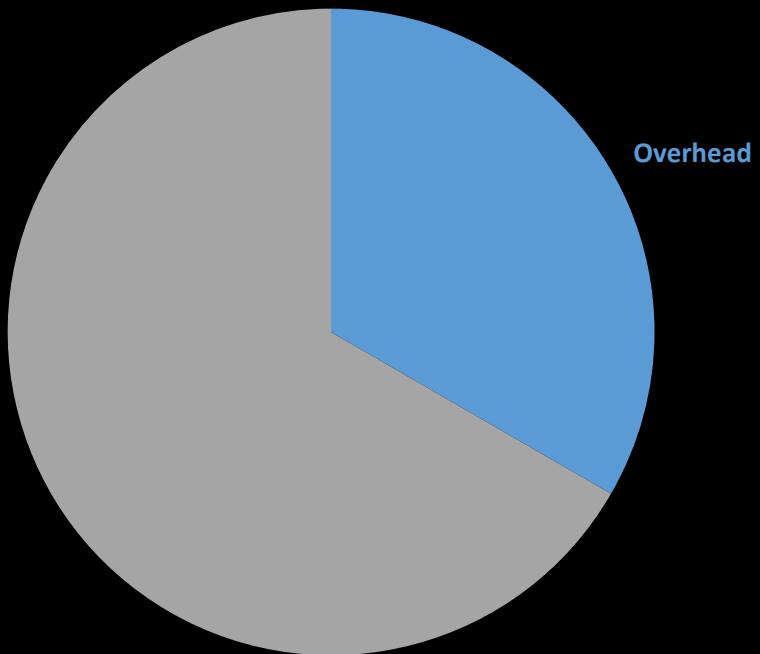
Each employee's contribution will result in a certain amount of revenue to the farm. That amount is hard to calculate, and it varies week to week, but it's the value each brings, directly or indirectly.

The circle to the right represents that value. Now, let's look at where that value goes. It won't be to scale, but you'll get the idea.



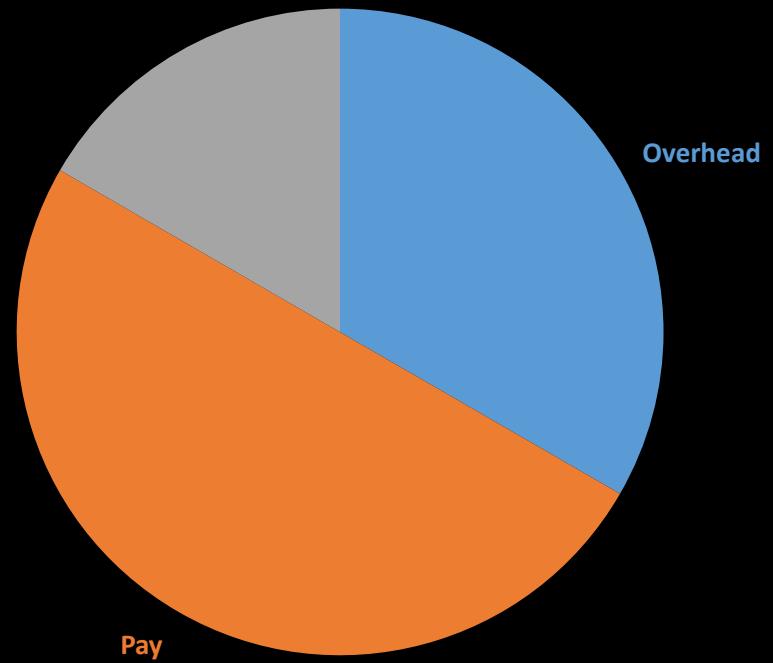
## 35. Hire employees (cont'd)

A big chunk goes to overhead – the costs of having an employee. Things like the tools and equipment that are needed, your time in training and managing, costs of managing payroll (you or an accountant), unemployment taxes, and the business's share of social security and Medicare.



## 35. Hire employees (cont'd)

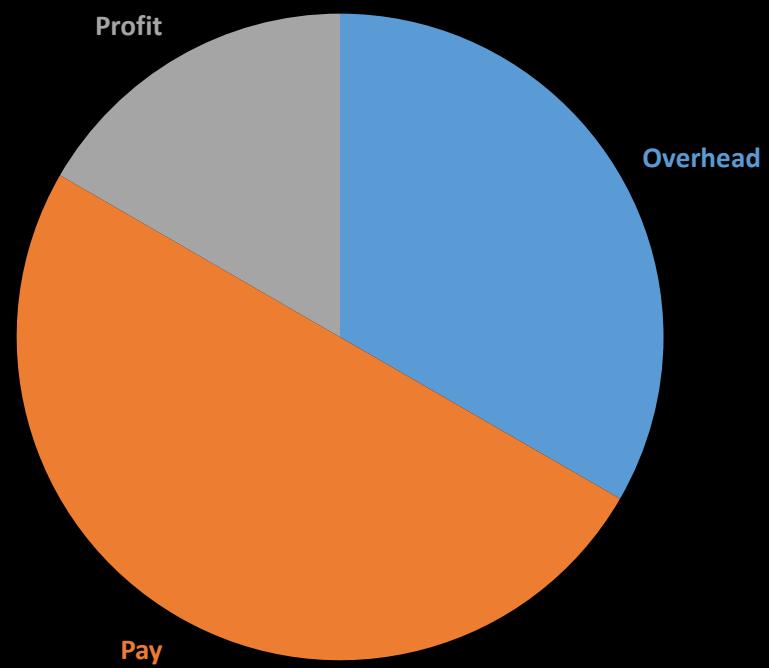
The next big chunk, as big as you can make it, is for the employee's compensation. You want them to receive as much of the value that they provide as reasonably possible. Even so, we all know that farm laborers don't make a lot of money.



## 35. Hire employees (cont'd)

The last piece, as small as you can manage, is the business's share of the employee's contribution. This share is the reason the business has employees – if there were no net gain to the business, there would be no value in hiring – you might as well do everything yourself.

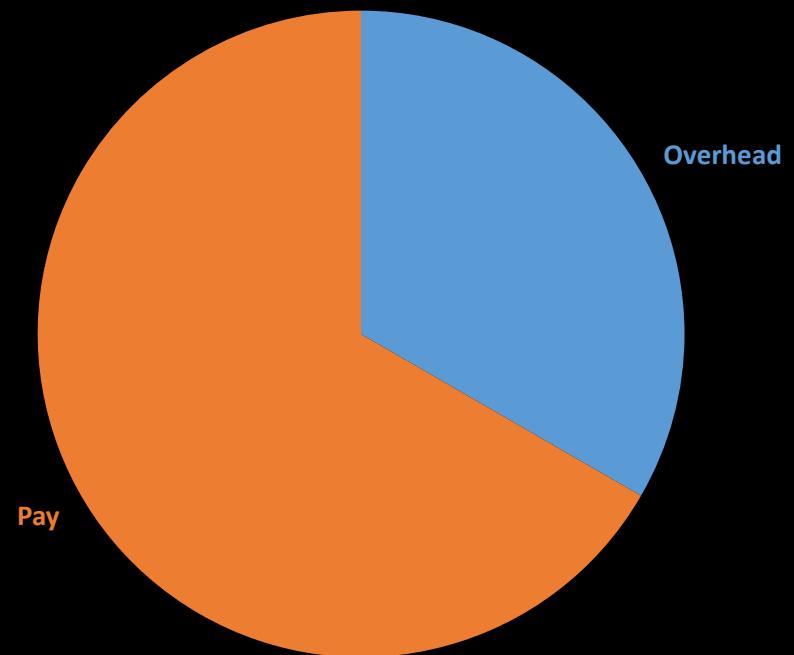
But wait....



## 35. Hire employees (cont'd)

What if the employee we're talking about here...is YOU?!

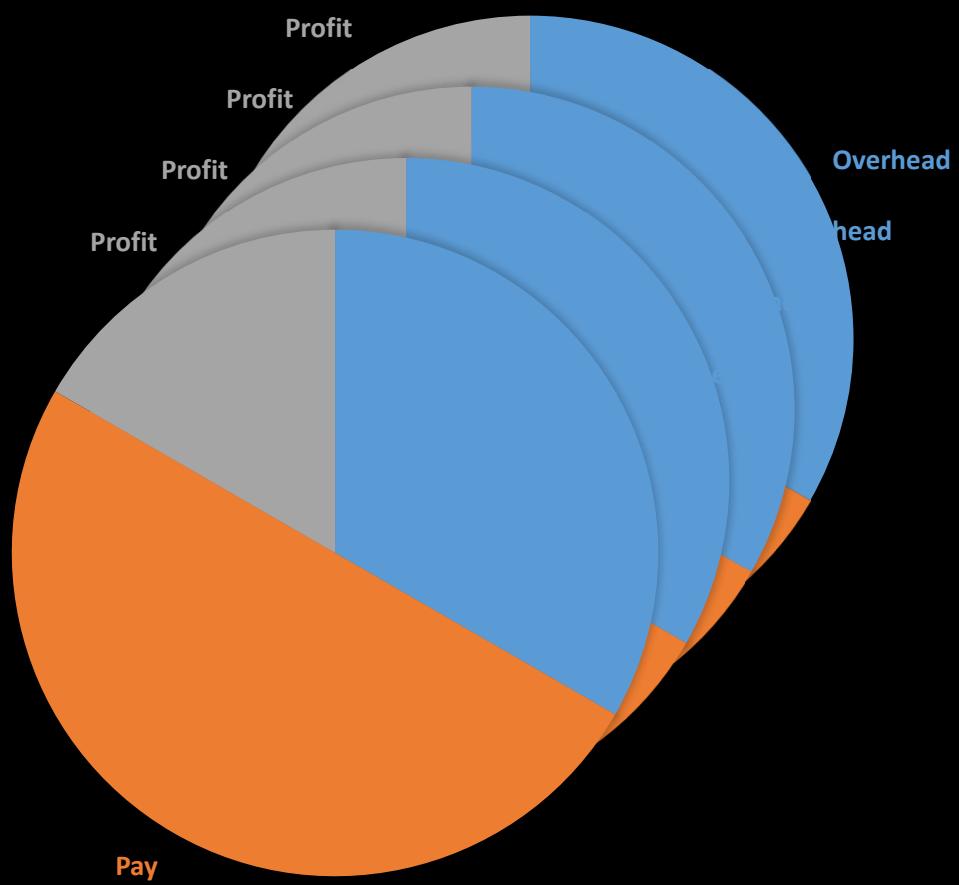
Your compensation is the Pay + Profit portions of the pie. Clearly, you should not expect to make much more than a farm laborer – just that sliver that goes to the business.



## 35. Hire employees (cont'd)

When you hire employees, the little sliver that goes to the farm is yours, and it adds up with each employee.

THAT is how you make a decent living – by selling enough flowers to support multiple employees, each of whom contributes a little bit to your income.



## 36. Plan the week and day

Don't have your employees sitting around while you figure out what you want them to do!

Keep a running list of priorities for when you're not just harvesting. Know what needs to be sown, bumped up, hardened off, transplanted, watered or weeded.

While they're working, you prepare for the next tasks, doing the things you don't ask them to do. For example, if you don't have them operate the roto-tiller, while they're transplanting sunflowers, you prepare the next beds. Keep in front, so they're never waiting for you.

Remember, you're profiting as little as possible from each employee, and that means you can't afford to have them waste time. On the other hand, if your profit percentage is a little higher, you can afford to be a little more lenient. Quite the conundrum!