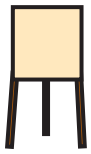


NCAT RMA Non-traditional Risk Management Outreach Project

Trainers' Manual

TRAINING TOOLS AND LEARNING STYLES

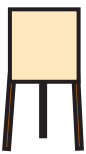
Visual Learner



move
words or
pictures



Auditory Learner



Bullets



ASK

Kinesthetic Learner



* THE READER

- Learns from reading words and stories
- Figures out symbols and signs

* THE OBSERVER

- Looks around for detail
- Reads body language
- Looks for color, shape and design

* THE LISTENER

- Knows and understands oral sounds and messages

* THE TALKER

- Talks and discusses with others
- Communicates orally

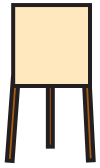
* THE TOUCHER

- Handles and touches and feels things

* THE DOER

- Always moving and doing - getting up and moving about

ICON KEY



Flip Chart



Overhead Projector



LCD/DLP Projector



Key Point



Self-test or Quiz



Group Exercise



Coffee Break or
Meal



Workbook page



LESSON PLAN: SESSION ONE

PLANNING FOR SUCCESS FOR YOU AND YOUR FAMILY

NCAT RMA NON-TRADITIONAL
RISK MANAGEMENT OUTREACH PROJECT



Learning Objectives:

ORIENTATION:

Given a schedule for this series, participants will be able to

- a. find the location and times of each session
- b. locate the topic and speakers for each session on the schedule
- c. articulate where to meet for field trips

PLANNING FROM VALUES

Given a self-generated list of common Family Farm Values, participants will:

- a. write their own values and have family members do the same.
- b. articulate the important values for their family farm.

Given a worksheet for drawing their family farm life, as they would like to see it, and a contrast of the drawing of how it is today, participants will:

- a. list the differences as a basis for their strategic goal getting
- b. articulate the importance of having the entire family participate in this exercise.

Given a resource inventory worksheet participants will:

articulate the categories of resources found on their farm/ranch

Given the definition of sustainability, participants will:

- a. articulate the sustainability issues for their farming operation.
- b. use their farm drawing and sustainability issues list to start a Farm Plan to support their Vision.

Given the definitions of the three types of goals in strategic planning, participants will:

- a. articulate the differences between strategies, tactics and operations and give examples of each.
- b. list simple operational measurements for a tactical goal
- c. beginning filling out a goal-getting worksheet.

ORIENTATION (TOTAL OF 35 MINUTES)

Course Outline and Schedule (5 MINUTES)

Schedule - overhead (NOTE: not provided - Trainers will make this on their own to reflect their schedules)



Course Outline - overhead

About the course (5 MINUTES)



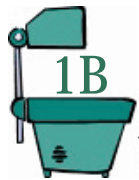
These sessions were developed specifically for you based on the assessment of your risk management skills and needs conducted by



_____.

The course is designed to give you tools to help you improve management and planning skills

Let us know as we go along if you need something other than what we have planned.



Session format - overhead (3 MINUTES)

Review of last session and questions

Session topics

Guest Speaker - if scheduled

Lunch

Session topics or field trips

On the last day we will have a fiesta!

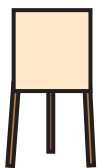


Housekeeping (3 MINUTES)

Consideration and Confidentiality

You may share the product of your work; need not share process.

Everybody's stories stay in this room.



Please come on time and please come; it's important for the group dynamic and for you. Please be prepared.

Food and Bio-breaks

About lunches

Other bio-needs; you're adults, please take care of yourselves.

Water is located ____ The Restrooms are located ____

INTRODUCTIONS (20 MINUTES)



All participants and trainers will introduce themselves, say a bit about their background and tell what they hope will happen in the next six weeks.



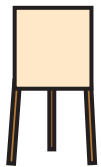
Break (5 minutes)

INTRODUCTION TO PLANNING (3 MINUTES)

You've no doubt all hear the clichés

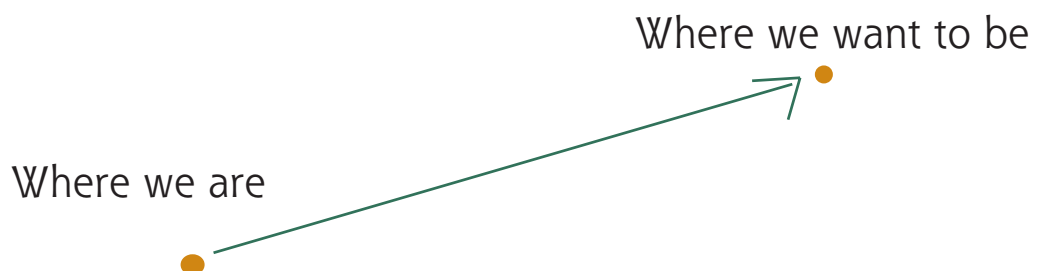
Failure to Plan is Planning to Fail

and, Plan Your Work and Work Your Plan



ASK: What do we need to know before we can begin the planning process?

Look for WHERE YOU WANT TO GO, WHERE YOU ARE
- flip chart connect the dots in an upward fashion



SO what we're going to do today is to help you begin to define those things for your Family Farm then give you some ways to connect those two points.

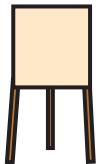
Let's start with what we know – where we are

SESSION TOPICS - COMMUNITY VALUES - FARMING (20 MINUTES)

We have a different life from that of mainstreet. We live in our factories with our families. We tolerate the uncertainty of the natural world. We work with living systems. We have fewer interfaces in our farm/ranch lives with people, traffic, cell phones and the like. AND we have chosen this life.

ASK: Why do you farm? What is it about growing things that you value?

What values does this work and where you do it reflect?
One word or a couple of words.



- flip chart write short phrases of values as they are expressed by the group. Look for words like "time with family" "being my own boss" "working outside"

This list will stay on the wall wherever we are

ASK: What did not come up on the list?

Trainer's Note - we probably won't see specific crops, location of the farm, number of acres or markets served. We should point out there are many ways of fulfilling the values of why we farm and that each family needs to use all the tools available to them.

SESSION TOPICS - FAMILY VALUES AND THE FAMILY LIFE- (30 MINUTES)



VALUES WORKSHEET (15 MINUTES)

Have participants fill-out values worksheet



Do you think this list would be the same for all members of your family? Why or why not? Might they think of something you didn't? So, if you live in your factory with your family, might it be important to understand their values, too?



DRAW YOUR IDEAL LIFE WORKSHEET (15 MINUTES)



What does it look like / feel like to live on this land with your family in the perfect system? What kind of family time do you have? What is your farms reputation with vendors? Customers? Your community?

Have participants draw their lives as they would like them to be. The size of the circles indicate their importance. How much they touch or overlap indicates the involvement of one group with another. So if your employees live on the farm or ranch, that circle overlaps the family circle and the farm circle somewhat.

When they finish their ideal life, they can draw their life as it really is, today.



WHAT WOULD THEY SAY WORKSHEET (15 MINUTES)

(can be homework)



Have participants write what these various groups would say about the participant. This more like an interview not an obituary.



BREAK (5 minutes)



Guest Speaker (45 minutes)

Lunch (60 minutes)

SESSION TOPICS - THE VISION THING - (10 MINUTES)

Your Family Vision is a verbal picture of what your family values and what you will produce to sustain those values.

Your Farm Business Vision is a central element of your success. This is the filter through which all your decisions will be made.

If your business direction is at odds with your core values and beliefs, you will be at odds with your business! This is the recipe for failure.

Remember your farm / ranch business should serve the goals and values of your family — not the other way around

If your family takes the time to define its Vision, you will be able to make decisions more quickly and achieve your goals faster. It will take time and input from everyone in your family but it will be worth it.



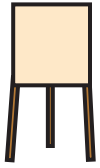
SESSION TOPICS - RESOURCES (15 MINUTES)



RESOURCES INVENTORY WORKSHEET



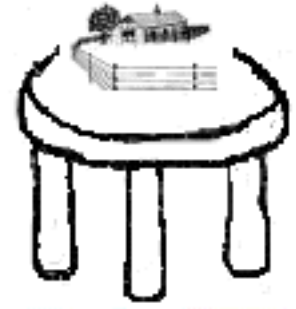
RESOURCES are the means by which you will achieve your **VISION**



SESSION TOPICS - SUSTAINABILITY - (10 MINUTES)

Defining SUSTAINABILITY

- flip chart (we can blowup this drawing and stick it to the flip chart)



Three-legged stool We've been discussing VALUES - values are social measures, so sustainability must have a social component. A farm is not sustainable if it doesn't support your family values. Means of production – NATURAL RESOURCES, to be sustainable you must have something to leave the next generation and it must be ECONOMICALLY sustainable, and that economy is based on your family values.

So now that we know where we're going, where we are, and what we have to work with we're ready to start planning how to get there, right?

ASK Who should be in on this planning process – kids?
How old?



STRATEGIC TACTICAL OPERATIONAL

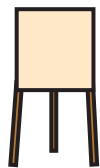
Workbook sheet pg 15



TRAINERS NOTE: Because goals support Values and Vision in tiered progression, this is a sheet to take home and work on with their families over the course of time.

Strategic Goals are dreams with deadlines. They support your Values and Vision. They are long-term taking 7 to 10 years to achieve.

TACTICS are doing the right things to reach the tactical



Tactical Goals (3-5 years)

THIS IS THE PLACE TO TEST ALTERNATIVES

Retooling old enterprises

Using underutilized resources

Developing new enterprises

OPERATIONAL GOALS are the day-to-day doing the right things right. (Annual or seasonal)

This involves observation as well as action.

This is where recordkeeping/feedback loops come in.

This is where most farmers are comfortable



Internal and External Measures

Trevor Suslow from the postharvest group at UC Davis says, “Never try to control what you’re unwilling to measure.”

ASK how do you know whether or not you’re moving toward a goal?

What can you do to track that?

Of the Strategic, Tactical or Operational level, where should measurement take place? Why?



ACTION PLAN WORKSHEET



At the end of your workbook is an Action Plan Worksheet you can use to get help with specific areas of your operation. We will be going over this sheet on the last day and sitting with you individually to provide you with resources to help you. You may want to fill this out as we go through the next five weeks.



LESSON PLAN: SESSION TWO

Marketing: Sell What You Grow

NCAT RMA NON-TRADITIONAL
RISK MANAGEMENT OUTREACH PROJECT



Learning Objectives:

Given a field trip to several market outlets, participants will be able

- to see what product looks like coming into those markets
- to compare their current and projected cropping volume and quality with that serving those markets
- to use Market Channel Tip Sheets and notes taken during the trip to jump start their personal channel strategy

INTRODUCTION TO THE MARKET TOUR (3 MINUTES)

Explain the field trip to participants including the order of the markets they will be seeing. Refer them to their workbooks for the Market Channel Tip Sheets that match those here.

TRAINER'S NOTE: You may wish to do the hour on marketing in Session Four at a lunch meeting after the market tour.

Terminal Market



Food Service Jobber



Small and Independent Grocers



Restaurants



Direct to Consumer Markets



Market Channel Tip Sheet

Terminal Market

<i>Pro</i>	<i>Con</i>
<p>Large order size / frequent delivery Can always find a buyer Easy to access the Brokers</p> <p>Can access Foodservice Jobbers at the same time Good emergency outlet if other channels suddenly dry up</p>	<p>Very low margins Can't preset the price – or your profit You take all the risk if the product does not sell Far away from Hollister</p> <p>Probably don't speak Spanish</p> <p>Must meet pack and grade standards Very slow payers</p>

Tips

- Don't be intimidated by the foul language, and rough manner – they do it to everyone.
- Deliver early, before 6:00 AM. Deliver yourself or be prepared to pay Lumpers to unload for you. Don't argue with the Lumpers.
- Standard pack and grade, good pre-cooling and post harvest are critical
- Identify and contact brokers before you need them. You will get a better price if they know you. If this will be a regular market channel, plan to bring them product on a regular basis
- After you make a delivery, wander around and learn about the competition.
- Don't use this channel if you only have a few (10) boxes of each item
- Terminal Markets should be the part of your channel strategy that you use the last and the least. But be sure to have one on hand for when you need them.
- Make sure that your delivery person, you, your label, your prices, your pack, and your attitude are all telling the same story.

Market Channel Tip Sheet

Food Service Jobber

Pro	Con
Large order size / frequent delivery They buy product outright unlike brokers who sell on consignment Can access Terminal Brokers at the same time	Fair margins Very price sensitive Slow pay Far away from Hollister Probably doesn't speak Spanish Must meet pack and grade standards No loyalty

Tips

- Sell to only one Foodservice Jobber per Terminal Market
- Don't sell to restaurants in the same territory as the Jobber
- Deliver early and personally or be prepared to pay Lumpers to unload for you. Don't argue with the Lumpers.
- Standard pack and grade, good pre-cooling and post harvest are critical. Consider alternative packs that restaurants like. For instance pressure pack your spinach instead of bunching it.
- Sell specialty products like green garlic, squash blossoms, pea tendrils, etc. that are variations on your more conventional items.
- It takes a long time to build up a relationship with a Jobber so be patient. But be prepared for them to suddenly stop doing business with you.
- After you make a delivery, wander around and learn about the competition.
- Make sure that your delivery person, you, your label, your prices, your pack, and your attitude are all telling the same story.

Market Channel Tip Sheet

Independent and Small Grocery Stores

Pro	Con
Large order size / frequent delivery Fair margin Buys by the box, pallet, or bin Sometimes local Potential for co-marketing Will buy a range of products one you have introduced the first	Hard first sale Slow pay Few customers There can be bureaucratic barriers Insists on standard pack Must have good and standard post harvest practices; clean and cold Price sensitive

Tips

- Be professional, reliable, and on time. Find the decision maker – but build relationships with everyone who handles your product.
- Take advantage of what makes you unique to the store: you are local, your product can be more ripe (true vine ripe tomatoes can be brought right from the field), you are entertainment for the buyer and put him or her in touch with the farming side of their business, you are a marketing opportunity to them, etc.
- Provide *Point of Purchase* (POP) cards that fit stands.
- Choose a signature product, then piggy back other products to broaden line. (Be the produce buyers “tomato guy” but sell a few boxes of peppers and cilantro and basil with each delivery)
- Ask when to make sales calls and deliveries then try to develop a steady routine
- Give the buyer a schedule of what you will harvest and when, then keep them informed of variations and upcoming new products.
- Ask constantly about their needs including pack, size, variety, post harvest and new items.
- Don’t change your price and try to get an agreement for regular deliveries.
- Try to always have something to sell them so that you never break the pattern of delivery.
- Figure out what your minimum average order size is and decide how long you will give the customer to reach it.
- Make sure that your delivery person, you, your label, your prices, your pack, and your attitude are all telling the same story.

Market Channel Tip Sheet

Restaurants

<i>Pro</i>	<i>Con</i>
Easy first sale	Small order size / frequent delivery
High margin	Picky – requires top quality
Buys by the carton	Slow pay
Can buy a little or a lot	Requires personal attention
Good market intelligence	High turnover of buyers
Local	Must have a harvest schedule way ahead
Someone probably speaks Spanish	Requires specific time window for deliveries. (9:00 – 11:00)
Reliable customer	
Does not require a standard pack	

Tips

- Sell with samples to the Executive Chef, but build a relationship with the Souse Chef for when the Executive moves on.
- Make sales calls between 9:00 AM and 11:00 AM, and 2:00 and 5:00
- Give the chef a schedule of what you will harvest and when, then keep them informed of variations and upcoming new products.
- Ask constantly about their needs including pack, size, variety, post harvest and new items.
- Take orders by FAX, but also use the phone.
- NEVER miss a delivery.
- Don't change your price often
- Try to always have something to sell them so that you never break the pattern of delivery. Always bring in something new for the chef to taste.
- Figure out what your minimum average order size is and decide how long you will give the customer to reach it.
- Use the Chef as your best source of market information. They will know what the next big thing is before you do.
- Know how the Chef is using your product, and be prepared to talk about other ways to use it especially if it is an ethnic crop.
- Make sure that your delivery person, you, your label, your prices, your pack, and your attitude are all telling the same story.

Market Channel Tip Sheet

Direct to Consumer Markets

Farmers Market

Pro	Con
Highest margin – full retail Can sell a little or a lot No standard pack or grade Good market intelligence	High selling cost per unit sold Hard to move large volumes You may not like to sell face to face Market schedule is grueling

Roadside Stand

Pro	Con
High margin – full retail Very high profit per unit <u>after</u> break-even No standard pack or grade No transport cost Steady cash flow Great for the ego	Highest overhead expense Have to keep it staffed High regulatory risk exposure Location is critical Must keep a clean farm Management intense

Community Supported Agriculture - CSA

Pro	Con
High margin – full retail Best risk management because you have certain buyers Spreads production risk to CSA community Reduces the need for operating capital Can farm more ecologically No standard pack or grade, light post harvest requirements Emotionally gratifying, you see your product from seed to plate – and get to build a community in the process.	Very heavy and skilled marketing management Requires high growing skills Requires very careful planning Positioning must be unrelenting. You are selling your story more than you are selling produce



LESSON PLAN: SESSION THREE

MANAGING YOUR MONEY

NCAT RMA NON-TRADITIONAL
RISK MANAGEMENT OUTREACH PROJECT



Learning Objectives:

Given a discussion of budgeting participants will:

- name the different budget forms most used in agriculture, identify the parts of those budgets and understand the source documents
- fill out a simple farm budget for their own operation and start their own recordkeeping

Given the format of and practice on a cash flow budget, participants will:

- be able to fill in a cash flow projection for the coming season for their business and their households
- state at least three reasons for keeping and using cash flow budgets

Given a partial budget, participants will be able to use it to make decisions on their farms

Given a field trip to the USDA FSA office, participants will know the name(s) and contact information for a Spanish-speaking member of the FSA personnel whom they can contact for more information or to access programs.



SESSION TOPICS - BASIC BUDGET (25 MINUTES)

- overhead Basic Budget

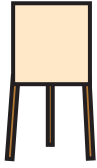
Income

Expenses

Variable

Fixed/Overhead





ASK Can you name some sources of farm Income?

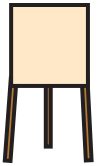
- use flip chart or write on overhead

ASK Why do we have two different kinds of expenses?

- use flip chart or write on overhead

ASK What would be some examples of fixed expenses?

- use flip chart or write on overhead



ASK What would be some examples of variable expenses?

- use flip chart or write on overhead

All accounting and bookkeeping, including budgets rely on data input from source documents.

ASK Does anyone know what source documents are?

Look for receipts, sales slips, farmers market load sheets. Note how the organic rules demand accounting for all inputs so receipts kept for this purpose can help with the basic budget and the cash flow budget.

Note for trainers: The skit below raises several of the main ideas around budgeting: record keeping (including organizing receipts), tracking expenses and revenues, and organic certification. It is simply a model to bring certain ideas to life and can be modified according to the focus of the session or topic. It may be supplemented with some smaller, shorter skits around specific topics such as cost centers for each crop or enterprise, and determination of pricing based on actual production costs.

Enter Actor 1, dressed as a farmer, with shoebox in hand, scraps of paper falling out from under hat, belt, pockets, socks, etc.,

He loses his grip and spills receipts and tags all over the floor.

Enter Actor 2 wearing a small daypack. He begins to help Actor 1 pick up the scraps of paper and put them back in the box.

SKIT

Actor 1

“Tengo aquí mis recibos!”

Actor 2

“Así tienes tus registros para desarrollar un presupuesto para su negocio?”

Actor 2, still picking them up, begins looking at them, reading some out loud.

Actor 2 takes out his daypack and removes a bind and a few manila envelopes, and proceeds to explain,

Actor 1, proudly,

“Si, tengo todos mis recibos. Son mis fuentes de información!”

Actor 2

“Zapatos para niños...Farm Supply, compra de un azadón nuevo... un veinticuatro de Tecates...un papel que dice \$6 loche de la fayuca...un cheque para la entrega de veinte cajas de zuchini— \$10.00—oye, José, ¿Dónde estas vendiendo calabacitas en dos dólares. No le cuesta un dólar cada cartón?”

Actor 1:

“Esos fueron los grandotes. Es que se me escaparon...no los ví debajo de las malezas, y se me crecieron muy monstruosos.”

Actor 2:

“?Cómo vas a ganarte la vida así? ¡Ni sabes cuánto dinero esta perdiendo!” ¿Porqué no desarrollas un sistema para organizar los registros?

“Sabes qué? Desde que decidí certificar mi operación como orgánica, empecé a organizar mis asuntos mejor.

Actor 1:

“¿Necesitas todo eso para ser orgánico?”

Actor 2:

“Pues, no todos. El Programa Nacional Orgánico dice que, una operación certificada debe mantener registros relacionados con la producción, cosecha, y manejo de productos agrícolas que se van a vender, etiquetar o representar como orgánicos. Estos registros deben ser suficientes para demostrar que el agricultor está cumpliendo con los requerimientos de la Regla Orgánica. El inspector necesita ver que uno está haciendo lo que dice en su Plan de Sistema Orgánico.

Actor 1:

El inspector se fija en esa cantidad de detalles?”

Actor 2:

Si, pero no es tan complicado. Mira, aquí esta mi Plan de Sistema Orgánico.

Aquí describo mis planes y practicas para mantener un suelo fértil, controlar plagas, y manejo pos-cosecha. Por ejemplo este año empecé a usar un fertilizante nuevo, entonces tengo que llenar esta sección que describe el nuevo fertilizante y lo incluyo al plan que prepare el año pasado. Cuando viene el inspector, le muestro mi hoja de insumos—semillas, abonos, insectos benéficos, y materiales aprobados orgánicos para controlar las plagas y aquí están mis recibos para cada uno.

Estas hojas son mis registros de cosecha. Aquí pongo todos los productos que cultivo, las fechas y las

cantidades para Farmer's Market y CSA. Llevo mi certificación orgánica y los reportes de uso de pesticidas que entrego al estado. Para ir al Farmer's Market, necesito mi certificado de productor, lo llevo aquí con mi licencia de manejar, y el seguro de la troca.

Actor 1:

“!Hijole, es mucha información!!”

Actor 2:

“Si, es, pero si la mantengo organizada cuando voy de compras o cosecho y vendo producto, no es difícil. Teniendo la información organizada, pago menos para la inspección porque es mas rapida.

Actor 1:

“?Y eso?” (pointing at another binder).

Actor 2:

“Los demás son para mi plan de negocio. Tengo un presupuesto para el rancho, y uno para la casa. Cada mes, anoto los gastos y ingresos totales, para saber como andamos. Al final de año me servir para preparar las formas de los impuestos. Así no me meto en problemas!”

Actor 1:

“De dónde sacaste tantas ideas?”

Actor 2:

“Poco a poco, cada día escucho ideas. Si me gustan, las agarro y las pongo en práctica. Acompáñame. Voy a un taller, a ver si dicen algo que valga la pena.”

The above skit tries to get at several of the main ideas around budgeting. You may want to supplement it with some smaller, shorter skits around specific topics such as cost centers for each crop or enterprise, and determination of pricing based on actual production costs. Or we can simply refer back to this skit, and say, remember when Jose was selling zucchini for .50/box?

When we budget we need to make some assumptions about our numbers. It is important to write these assumptions down so we can remember what we thought. This is the place where **feedback** will have great impact. We can fine tune our assumptions from year to year and get much better at predicting our budget over time.

ASK Why would it be important to separate the household budget from the farm budget?

It is important to know what bills are household bills and what bills contribute to the cost of producing and harvesting your crop. **Part of your farm budget fixed expense should be a pay-check for the farmer.** This puts the household budget on the same footing as any other household with a wage earner. It also cleans up the costs applied to the farm.

ASK Why is it important to understand your production costs for each crop you grow?

Look for: so we know when we are making money, breaking even, how to set prices,

ASK How do you set prices if you don't know what it costs you to produce a crop?

The only way to make money is to price your product at more than it costs you to grow it.



BREAK (10 MINUTES)

SESSION TOPICS - CASHFLOW BUDGET (60 MINUTES)

ASK: Do any of you prepare and use a cashflow budget? If yes, how does it help you?

Let's do a simple cashflow budget.

When would income be coming in from these sources?

How much?



- write on overhead. Participants can follow along in their workbooks on their own cashflow budget forms



You will notice we have variable costs of production separated from harvest and selling costs. Why did we do that?



What would happen if you couldn't price the crop high enough to cover your pre-harvest production costs?

Back to cashflow - When would we be putting money out for the variable costs of production like seeds? How much?

What about these other costs?

How about the harvesting and sales costs?

Let's look at the fixed costs also called "overhead" some times.

We are only looking at cash costs here. Are all of these even across time? Which ones are not? How much?



- use write on overhead. Have participants do simple addition and subtraction to see what the totals are each month.

ASK Which months are negative? What can we do to cover the negative cashflow during these months?

Look for - save from the previous season, put it on a credit card, borrow from family, borrow from cooperative, shift spending

What do we call the money we borrow early in the season and pay back when crops are sold?

Operating Capital

Have any of you used the USDA programs to borrow operating capital?

ASK What would be the timing of getting the loan? How much would you ask for? Do you pay interest on money you don't have yet? So you may be able to save interest charges by only borrowing what you need in any given month, yes?

ASK What would be the advantage to doing a cashflow budget for your household? What would you do in the negative months?

Look for: delay spending, save money from months with positive cashflows, have someone take a part time job during those months...

So having a cashflow budget might help us to not overdraw our checking account. If we know our expenses will be greater than our income, we have only two choices - raise the income or cut the expenses.



BREAK (10 MINUTES)

NOTE: If session is running long, this section can be dropped.

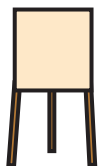


SESSION TOPICS - PARTIAL BUDGET (20 MINUTES)

Partial budgeting - is a means of looking at who the change in a farming operation can affect the dollars in the whole operation. You look at only the differences in revenue and expenses caused directly by your proposed change.

Positive changes would increase returns and/or decrease costs. Negative changes decrease returns and/or increase costs. The difference between the two sums can give a good indicator about whether or not the proposed change is sound..

- use write on overhead or use flip chart. Participants can follow along in their workbooks on their own partial budget Use buying a piece of equipment as an example



Partial Budget

Project		Location	Date
Positive Benefits	Value 2	Negative Consequences	Value
Additional returns		Additional cost	
1. Total additional returns	\$	3. Total additional cost	\$
Reduced costs		Reduced returns	
2. Total reduced costs	\$	4. Total reduced returns	\$
5. Total Positive benefits (space 1 + space 2)	\$	6. Total negative consequences (space 3 + space 4)	\$
7. Net Change in Income (space 5 - space 6)	\$		



Guest Speaker (30minutes)

Lunch(60 minutes)

Field Trip to FSA Office



LESSON PLAN: SESSION FOUR

PRODUCTION AND PLANNING FOR MULTIPLE MARKETS

NCAT RMA NON-TRADITIONAL
RISK MANAGEMENT OUTREACH PROJECT



Learning Objectives:

MARKETING: Tour Followup

Given the Golden Rules of Marketing participants will

- a. hold a discussion of the meaning of each rule
- b. use the list to jump start their own marketing plans

Given the Key Concepts participants will

- a. begin to articulate their own position and that of the Cooperative
- b. be able to relate the *Marketing Tour* stops to making a channel strategy of their own
- c. be better able to use the *Tip Sheets* as a tool to design their own channel strategy
- d. articulate the difference and relationship between a Channel Strategy and a market segment

PRODUCTION PLANNING

Given a format for tracking production and estimating yields, participants will discuss

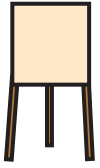
- a. how to keep from having a drop in production
- b. the differences in planting for different markets
- c. using the forms to predict when crops will be available and how much they will have

ORGANIC RECORDKEEPING

Use local certifier's rep if appropriate to your group of participants

What is Marketing?

- Marketing is everything you do to find your customers and meet their needs



Key Concepts

Flip Chart – write these three concepts

Positioning, Segmentation, and Channel Strategy



Positioning

Positioning is your story, the feel of your entire approach, everything you do reflects a unified story or how you are unique and how the product reflects your business and how that reflects your values.

Positioning includes:

Your label looks like your invoice; like your truck; like your farm; etc.

Product quality, price, pack, marketing strategy are all consistent

You have an *elevator speech* memorized that says who you are, what you do, why you do it, what makes you special, and where you are going.

A good farm market position is like a song with all parts in harmony. The song is greater than the notes.



Segmenting

Use Orange segments transparencies

Segmenting is how you divide up the entire world of people of business that *could* buy your product.

A segment is the group you will reach through one or more of your channels.

Your position must match the characteristics of your target segment



You can't sell effectively to everyone. In order for you to be successful you have to be seen to offer a product that meets the specific and unique needs of your particular customer.



Channel Strategy

Channel Diversification Strategy for High Value Marketing Transparency

Channels are the different kinds of markets you sell to – (farmers' markets, CSA, Restaurants, terminal brokers, etc.)

Refer to Market Channel Tip Sheets in their workbooks

Channel Strategy is mixing these up to achieve your goals:
(sample goals)

Sell all your product at the highest possible margin (net profit) and Disappoint as few customers as possible

Find a set of channels that you can access in sequence as your crop volume increases.

Be sure to sell to your highest margin producers first and always.

Maintain a relationship with some place where you can always sell product even at low margin so that it always has a home, and so that your more important customers are not disappointed by your running out of product.

Cover the risk of one channel drying up

Find a home for different grades and pack

Understand the entire market for your product and the appropriate prices in different channels.

Get to know the competition

Discuss how the Tour influenced their channel strategy plans





GOLDEN RULES (REVIEW AND DISCUSS FOR REMAINDER OF THE HOUR)



Know what you are selling

Know who you are selling to



Know your own story



Don't make assumptions

Be customer oriented not product oriented

Sell feature - benefits

Be a price maker not a price taker , don't sell commodities

Diversify carefully in all directions to manage risk

Start as small as possible and learn the market



BREAK (15 MINUTES)

SESSION TOPICS - PRODUCTION PLANNING (60 MINUTES TOTAL)

Handout - Organic Systems Plan in Spanish (unavailable at publication See CCOF Website at www.ccof.org.)

ASK How do you decide what to grow each season?

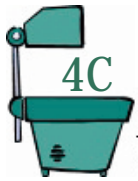


ASK What is important to each of the markets we saw on the tour?

ASK How do you know what and how much product you will have when?

After you make a map of your farm so you are able to plan your soil improvement and crop rotations - this is required as part of the whole farm plan under the Organic Standards

- One way to plan is to use a simple timeline you can draw on a piece of graph paper or on a computer to keep track of your planting and harvest timing. Let's look at an example.



— Show overhead of filled out Cropping and Succession Timeline



This is a simple flow of crops across time. You can indicate beds, rows or fields on this chart. Notice there is a place to record soil temperatures. Why would this be important? (germination, root development especially in warm season crops)



Notice also there is a place to indicate the start date of the week within the month.

ASK: Why would this be useful?

(know when harvest is ready, when planting is needed to meet a harvest schedule, know when transplants need to go in, schedule workers, etc)

So, if we plant broccoli, how would we know when we should be able to harvest the first cutting? Where do you find the number of days from transplant or direct seeding for any given variety? (Seed catalogs, seed packets, experience)

So if we are selling to a restaurant, we could tell them we will have broccoli when?

ASK: What other markets might like to know this?

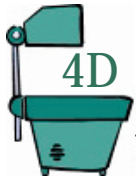


(all but terminal market and farm stand, especially important to communicate to CSA, good to communicate at farmers' market and farmstand)

ASK Are there other reasons to know this? (regulatory - needs to be on the Organic Registration and the Producer Certificate for farmers' markets)

If we know WHEN we will have product, what else do we need to know? (HOW MUCH WE WILL HAVE) Which markets need to know volume? (Independent grocers, food service jobbers - also need to plan for CSA shares especially for most desirable crops) Where do we find yield data? (Seed catalogs, seed packets, experience)

Let's look at another form to track this data.



— Show Projected v Actual Yield and Sales



As you plan your crops over time, you can project the week you will have product and how much you will have. If you have done your budget and know your cost of production, you will know what price you would like to set and can calculate your **PROJECTED INCOME** for each week.

So we see a place for the Week date. This can correspond to the date on the timeline. There is a place to record variety, how much you are growing in square feet (for wide bed planting or fields) or row feet. Next is the Unit of Sale. Do you sell this crop by the box, the pound, the bag, the basket?



ASK Will your unit of sale vary depending on which market(s) you are serving?

You can use multiple lines for multiple units of sale. Next, what is your price on that unit? The projected dollars for that variety that week is the units of sale times the dollars per unit. IF you do this on a computer, you can get the form to do the math for you and add the total dollars for the week.



ASK Where else do we need this data? (Cashflow projection, Organic registration, Organic certification, Producer Certification)



FEEDBACK

If we are going to this much work to figure out what we think we will harvest and how much money we will bring in for it, it is critical to our future planning and our immediate cashflow that we know whether what we predicted was accurate.



The second part of this form does just that. There is a place to record several harvests and several markets or channels as well as the actual price we got in the market. There is also a calculation for sell through, that is what percentage of our saleable crop we harvested actually sold.

ASK Why might this be important to future decisions on what to plant?

The more you use feedback, the better your decision-making and more accurate projections become



Lunch(60 minutes)

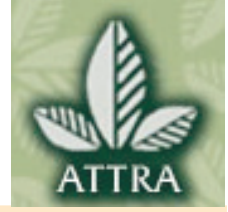
Guest Speaker - Marita Cantwell — Post Harvest Handling



LESSON PLAN: SESSION FIVE

CONTRACTS AND REGULATIONS: WHAT YOU NEED TO KNOW

NCAT RMA NON-TRADITIONAL
RISK MANAGEMENT OUTREACH PROJECT



Learning Objectives:

Given the legal structure of a contract, participants will:

- a. be able to distinguish a contract from a promise
- b. be able to read a contract with an eye toward the important clauses and ask appropriate questions of their attorney

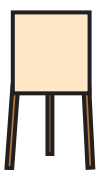
Given information on regulatory agencies impacting their farm business, participants will:

- a. know how to reach a local office for assistance
- b. be able to access internet-based information (through their personal computers or through public access sites like such as the public library) on agency sites
- c. develop a set of risk management strategies to prevent fines and penalties
- d. be able to put these risk management strategies into a business plan

Given a list of good personnel practices and an orientation to a resource reference, participants will:

- a. know the steps to take before hiring someone
- b. know which documents are important to keep in a personnel file or be able to look that list up when needed
- c. develop a set of risk management strategies to prevent fines and penalties

SESSION TOPICS - CONTRACTS (45 MINUTES)



Today we are going to describe what you need to know about contracts and regulations in order to do good business management and to stay out of trouble.



ASK What is a contract?

There are five components or steps necessary to create a contract. These usually happen in roughly this sequence (use flip chart)

Offer — by one party

Acceptance — expression of interest and intention by the other

Consideration—exchange of something of value, or make a decision or commitment to do so

Legality — if the activity in question is not legal, then there is no legal basis for a contract

Capacity/competency — the persons making the contract must be of sound mind and of an age legally recognized as able to enter into the type of contract in question)

ASK: Do we have a contract for this training?

Remedy — If someone does not meet the agreements of the contract, what happens? In most cases, the purpose of contemplating a remedy is to prevent problems, and ensure there is motivation and incentive to carry through with the commitments made in a contract

ASK What kinds of contracts do you use/deal with in your business now? Have you entered into any contract that did not pan out or meet your expectations? How do/will you use this experience to plan for the future?



Overhead - Ten Questions to Ask (and answer)
Before Signing a Contract

Leases are a common type of contract. In agriculture, they generally represent long-term relationships and can represent a business' largest fixed costs.

Production Contracts —

THERE IS NO SUCH THING AS A STANDARD CONTRACT OR LEASE

Read everything before you sign it.

Every clause can be negotiable. If you cross something out, initial and date the change.



Federal Law PACA protects growers from those who do not pay. A copy of this law is in your workbook. Brokers must be registered with PACA. Growers can go, if they do not get paid, to PACA and make a claim

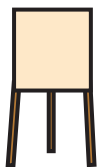


BREAK (15 MINUTES)

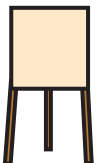
IMPACTS ON THE FARM EXERCISE (15 MINUTES)



TRAINER'S NOTES: TWO FLIP CHARTS WITH PICTURES OF BARNS PASTED OR DRAWN IN THE CENTER. ONE CHART IS FOR THE IMPACTS NATURE HAS ON THE FARM, THE OTHER IMPACTS FROM LAWS AND REGULATIONS.



Divide the participants into two teams, one for each chart. Have the teams draw arrows (without the feathered tail) labeled with the impact pointing to the farm in the middle. After about 5 minutes or when things start winding down, have the teams swap charts.



The new task is to have each team counter the arrows by drawing a parallel arrow pointing outward labeled with a measure the farm(er) can do to impact the original challenge.

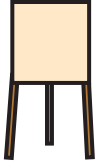
Wrap up by reviewing the charts and facilitating counter measures to any impact left unmanaged.

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Why do we have laws? (10 MINUTES)

Types of legal dictates

(use flip chart or white board)



Statutory – directly passed laws from legislative body

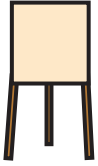
Regulatory – implementation plans from the bureaucracy and Executive Orders

Case law – court interpretation of the statutes and regulations

Because we work with the food supply on a daily basis, the potential for harm to people's health (from contamination, for example) is great, and therefore farms are some of the most regulated businesses. One risk management principle is to avoid obvious violations to laws that were created to protect people's health and safety. The closer to home and the more active the authority is in the local area, the more likely we are to encounter them in our normal routine. While it is important to comply with all laws, it is particularly important to understand and comply with those that create the greatest risk to people's well-being and that are most rigorously enforced, especially when the cost of noncompliance has heavy financial or legal consequences that would affect your ability to continue your business.

As we saw in the exercise with the farms (above), there are several actions we can take to run a well-managed business, and reduce the risk that we will get into trouble with natural and legal forces. Your choice of business structure, crops and cultural practices, value-added decisions, and marketing strategies can increase or decrease certain legal risks (as well as, of course, financial risks).

Reporting Requirements



Reporting is one legal requirement of carrying out certain farming activities. In order to reduce your risk of legal problems, you can either a) avoid all activities that require these, or b) understand the requirements of each activity, and comply with them.

You must report:

Use of Pesticides: If you apply pesticides with EPA labels — this includes even pesticides allowed in organic agriculture such as insecticidal soap and sulfur, when they have an EPA number. You must report their use monthly to the County Agricultural Commissioner (California.)

Hire Employees: Report to EDD upon hiring (California), obtain I-9 and W-4 forms, withhold and submit income tax and social security withholdings, and make reports at least quarterly.

Sell Crops at a Farmer's Market: Register as a Certified Producer (California)

Sell crops as Organic: Be certified organic by a USDA-accredited certification agency such as CCOF, OCIA, FVO or a state agency, and keep all the records required for that certification. You must also register with the California Department of Food and Agriculture as an organic producer.

Run a business: Submit tax returns and pay taxes on income/profits. Some places require you to have a business license. If you sell nonfood items like flowers you must collect and pay sales taxes (California) and you will need to get a license from the state first.



Package product: Label with your responsibility statement (business name, city and zip code), and the identity and amount of product that is in the package. (California)

BREAK (15 MINUTES)

SESSION TOPICS — PERSONNEL RISKS AND REGULATIONS (30 MINUTES)

Having employees can pose significant risks. However, those risks can be mitigated by proper management tools.

Document, document, document.

Key risk management points in the personnel process

Position analysis – everything starts here

Look at necessary knowledge, skills and abilities needed as a prerequisite. Then look at what you can train.

Application – be sure it has at will employment and truth clauses

If the application is sloppy or incomplete - don't hire

Interview – your chance to meet someone face-to-face and assess their character

Interviewing is a learned skill. Take a class if you need to.

Reference checks – DO THEM! You can learn a lot by asking carefully worded questions.

Posters and IIPP (Illness and Injury Prevention Plan - California) Both the state and federal governments require certain posters in an area frequented by employees. In the field this is usually the bathroom and handwashing area. In California, all employers must have a written accident and injury prevention program and train their employees on safety and health measures. Here's a handout of a template developed for small agriculture employers to use with

seasonal employees. You can fill in the blanks and it will satisfy the state requirements. (English and Spanish versions are available)

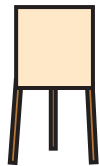
To get them for free, posters must be requested from each individual agency. It is more cost-effective to purchase a large laminated one that has all the state and federally required postings on it. These are available in several languages. You should post as many as it takes to cover the languages your employees speak. They are available through your state Farm Bureau. In California, the Farm Employers Labor Service (FELS) has them. Frequently, the state Chambers of Commerce also offer this service.

TRAINING

(use flip chart)



Tell them



Show them while you tell them

Watch them while they do it

Praise what went right, retrain what didn't.



When you have employees, you must comply with all hourly wage and break requirements, safety and immigration laws and collect and pay employment taxes. In your workbook is a list of most of these plus some of the required posters.

You must

Apply for and receive Federal and State employer numbers

Collect and send in Income, Social Security, Unemployment taxes at least quarterly

Carry Workers Compensation Insurance and pay the premiums and submit reports on time

Have employees fill out a W-4 and present documents for an I-9

File a New Employee or New Contractor Report with EDD

Have an Illness and Injury Prevention Program and do Safety Training with all employees

Post required posters in an area where employees gather

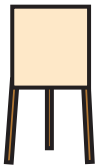
Provide sanitary bathrooms and handwashing facilities and tell employees to use them

Provide potable water at a reasonable temperature

This is not an exhaustive list but you can see, having employees subjects you to a great number of regulations.

Options for getting workers or hired help other than hiring your own employees:

- **Contractors: must meet IRS criteria - this is almost never possible with agricultural labor**
- **Temp Agencies**
- **Farm Labor contractors (confirm that they are registered with the State of California!)**



Lunch(60 minutes)

Mock Organic Inspection



LESSON PLAN: SESSION SIX

Your Action Plan

NCAT RMA NON-TRADITIONAL
RISK MANAGEMENT OUTREACH PROJECT



Learning Objectives:

Given a wrap up of the past five weeks centered on the action Plan worksheet, participants will be able to complete an action plan for their farm and ask for assistance in a one-on-one setting.

REVIEW PREVIOUS SESSION AND TAKE QUESTIONS (10 MINUTES)



SESSION TOPICS - WHERE DO WE GO FROM HERE (60 MINUTES TOTAL)



Send some time going over the Action Plan form and explaining the parts, read the questions. You may ask participants as a group what more educational opportunities would be useful to them but going over individual needs should be done in private.

The idea is for each participant to identify where they need more help and for the instructor to provide resources for them to get that help. This may be one-on-one time or a referral to an organization within the community.



PARTY!

Lista de comprobación y plan de acción personales

Area de asunto	no intere- sado	hará por esta fecha	hecho ya	Ayuda de la necesidad I (nosotros) con	Recurso
Planear para éxito para usted y su familia					
Dio las hojas de trabajo de los valores y de Family a mi familia					
Visión y valores de la familia					
Celebró una reunión de la familia					
Desarrolló una visión de la familia					
Plan De Negocio Estratégico					
Desarrolló una visión para su negocio de la granja					
Metas estratégicas, tácticas y operacionales desarrolladas					
Comercialización: Venta Qué Usted Crece					
Utilizó las hojas de la indirecta para considerar diversos mercados					
Fijó las reglas de oro de la comercialización en mi refrigerador					
Desarrolló una estrategia del canal de comercialización					
Desarrolló la historia de nuestra granja y un tema constante					

Area de asunto **no** **interesad** **hará** **por** **o** **esta** **fecha** **hecho** **ya** **Ayuda** **de** **la** **necesidad** **I** **(nosotros)** **con** **Recurso**

Manejo De Su Dinero							
Hizo un presupuesto básico de la casa							
Hizo un presupuesto básico de la granja							
Hizo un presupuesto de los movimientos de efectivos para la granja							
Hizo un presupuesto de los movimientos de efectivos para la casa							
Rayo al FSA sobre un préstamo o un programa							
Presupuesto parcial usado para tomar una decisión							
Producción y planeamiento para los mercados múltiples							
Dibujó un mapa de la granja							
Timelines desarrollados para mis cosechas							
Producción y cosecha proyectadas							
El plantar cambiante para reflejar mi estrategia del canal							
Desarrolló una rutina de la cosecha del poste para cada cosecha que crezco							

Area de asunto	no interesad hará por o esta fecha hecho ya	Ayuda de la necesidad I (nosotros) con	Recurso
Contratos y regulaciones: Qué usted necesita saber			
Encontró un recurso para ayudarme a entender contratos antes de que los firme			
Hizo una lista de mantenimiento de registros orgánico requerido para llevar el campo			
Hizo una manera de seguir la información de la cosecha y de las ventas para el certificación orgánico, la certificación del mercado de los granjeros y el programa de la cosecha del FSA Noninsured			
Hizo un kit de papaleo requerido de cada nuevo empleado			
Completada la prevención de la enfermedad y de lesión programa y comenzó el entrenamiento de seguridad			
Hizo una lista de carteles y el otro empleado relacionó las herramientas que necesito			
Cooperación para alcanzar sus metas			
Estoy utilizando este plan de acción para identificar donde necesito ayuda y para pedir esa ayuda			

Personal Checklist and Action Plan

Subject Area	No Interest	I will do this by (date)	I've already done it	I (we) need assistance with	Resource
Planning Success for You and Your Family					
I shared the Values and Family worksheets with my family					
Held a family meeting					
Developed Values and Vision for our family					
Strategic Planning					
Developed Values and Vision Statement for our family farming business					
Developed Strategic, Tactical, and Operational Goals					
Marketing: Sell What You Grow					
Used the Market Tip Sheets to consider alternative markets					
Posted the Golden Rules of Marketing on my refrigerator					
Developed a channel strategy					
Developed a history of our farm and a consistent story and image					

Subject Area	No Interest	I will do this by (date)	I've already done it	I (we) need assistance with	Resource
Managing Your Money					
Made a basic household budget					
Made a basic farm budget					
Made a cashflow budget for the farm					
Made a cashflow budget for the house					
Spoke to the FSA about a loan or program					
Used partial budgeting to make a decision					
Production and Planning for Multiple Markets					
Drew a farm map					
Developed timelines for my crops					
Projected yield and harvest					
Changed planting to reflect my channel strategy					
Developed a post harvest routine for each crop I grow					

Subject Area	No Interest	I will do this by (date)	I've already done it	I (we) need assistance with	Resource
Contracts and Regulations: What You Need to Know					
Found a resource to help me understand contracts before I sign them					
Made a list of required Organic recordkeeping to take to the field					
Made a way to track harvest and sales information for organic certification, farmers Market certification and the FSA Noninsured Crop Program					
Made a kit of paperwork required of each new employee					
Filled out Illness and Injury Prevention Program and started safety training					
Made a list of posters and other employee related tools I need					
I am using this action plan to identify where I need help and to ask for that help					