

Enterprise Budgets Considerations

Crop Enterprise Budgets
for Kansas Specialty
Crop Producers

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Agenda

- Enterprise Budget Description
- My Background with Enterprise Budgets
- KS Dept of Ag Specialty Crop Grant

What is a Farm Enterprise?

- Enterprise refers to each separate production item.
- Not the complete operation
- Examples:
 - Livestock: Cow/calf, stocker, feedlot, farrow to finish
 - Commodity Crops: Wheat, irrigated corn, dryland corn, soybeans
 - Specialty Crops: Each vegetable or fruit (asparagus to zucchini, apple to vineyard)

Enterprise Definition

- Supplemental Income
 - Few Extra Dollars
 - Low investment, experimentation
- Diversification Operation
 - Replacement of traditional enterprises
 - Profitable and accessible markets

Why Should a Producer Care About Individual Enterprises?



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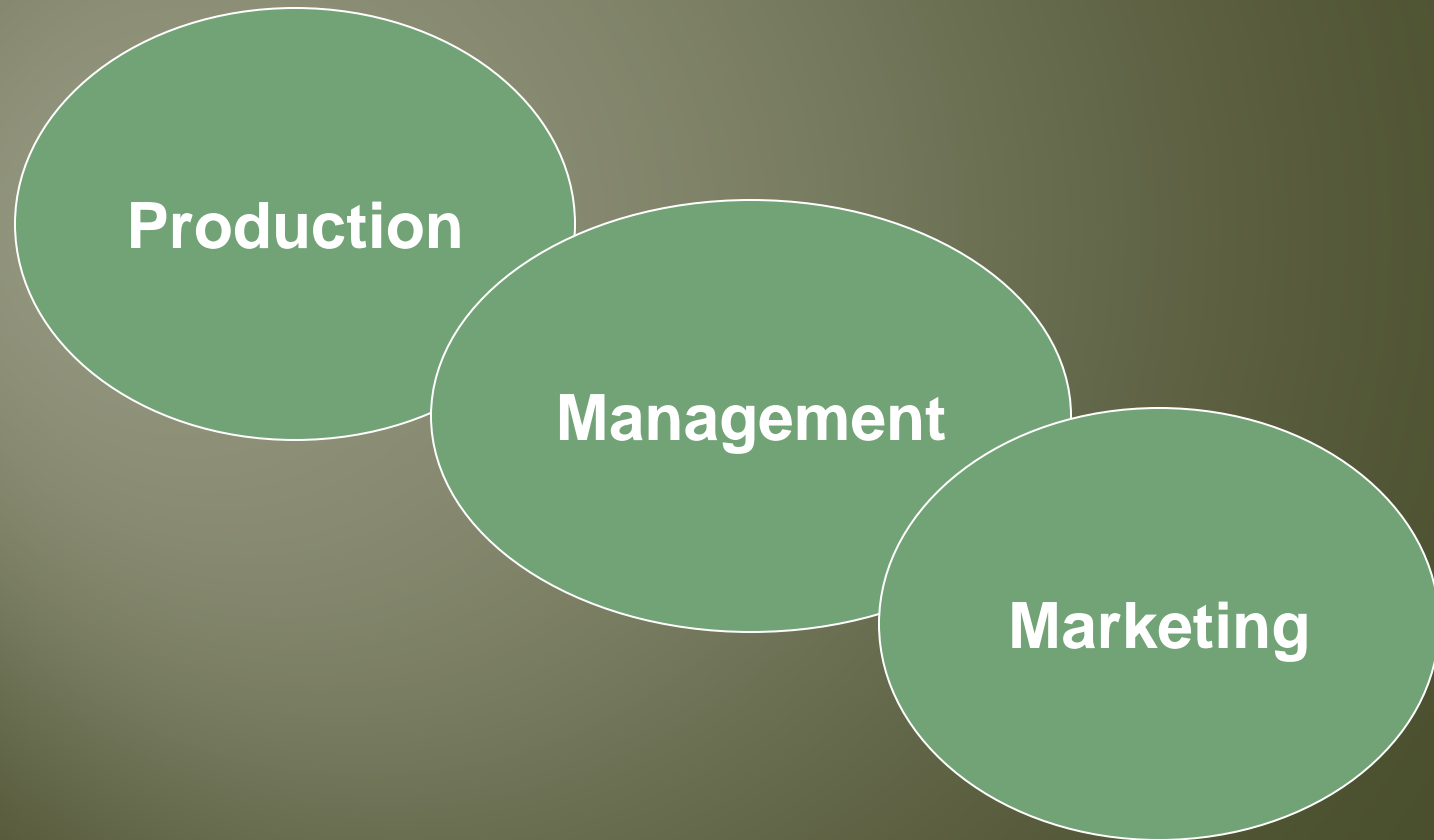
- Big reason: Because your banker cares
- Every farmer should care, too
- No reason to continue unprofitable enterprises

Example of growing peas found in Richard Wiswell's book, [The Organic Farmer's Business Handbook](#)

Enterprise Budgets have two distinct uses

1. During planning before actual production
2. Planning after each year to check how the budget performed

Three parts needed for success



Look at Risks Involved

What are the significant sources of production risk?

What are the significant sources of marketing risk?

Management:
strategies in place to deal with these risks?

Farming Success

- What does it mean to be *successful* at farming?
 - Paying down debt
 - Continuing a family tradition
 - Farming full time (or some other %)
 - Taking time to rest and vacation
 - Working together with your family
- A profitable business is a sustainable business
- Using Enterprise Budgets is a tool to use for success
- Enterprise Budgets are a large part of Business Planning

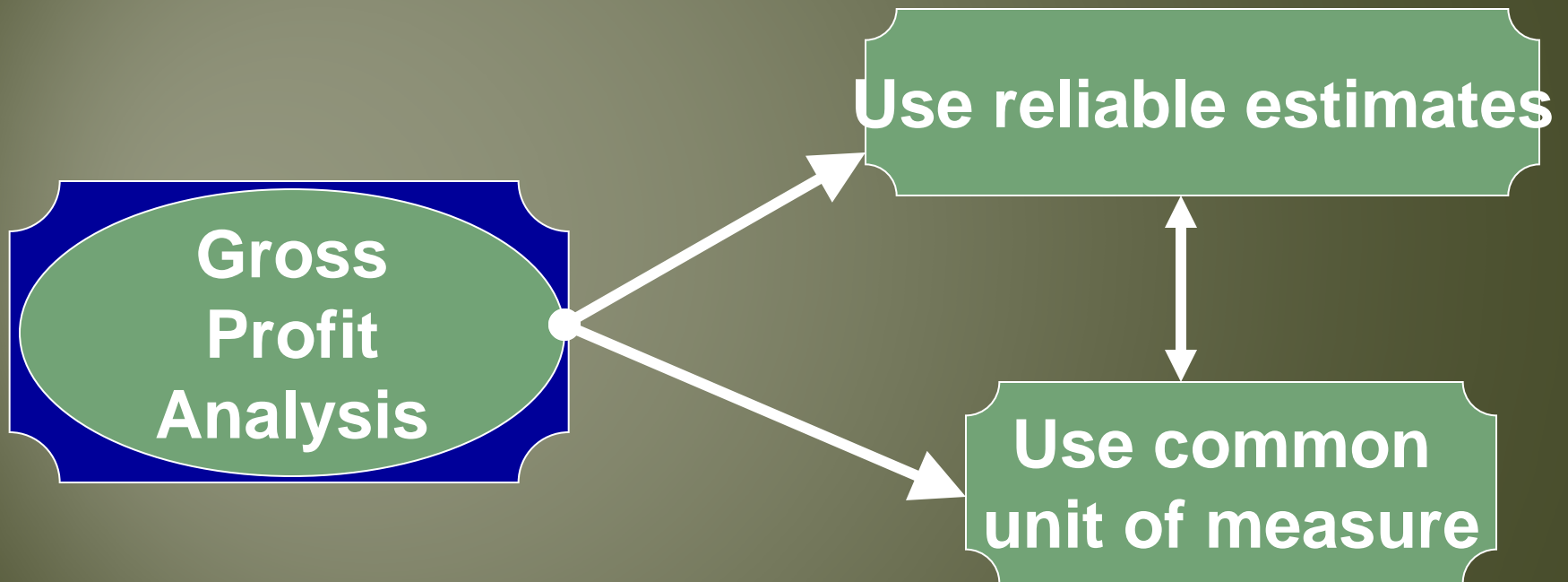
Business Planning Roadmap

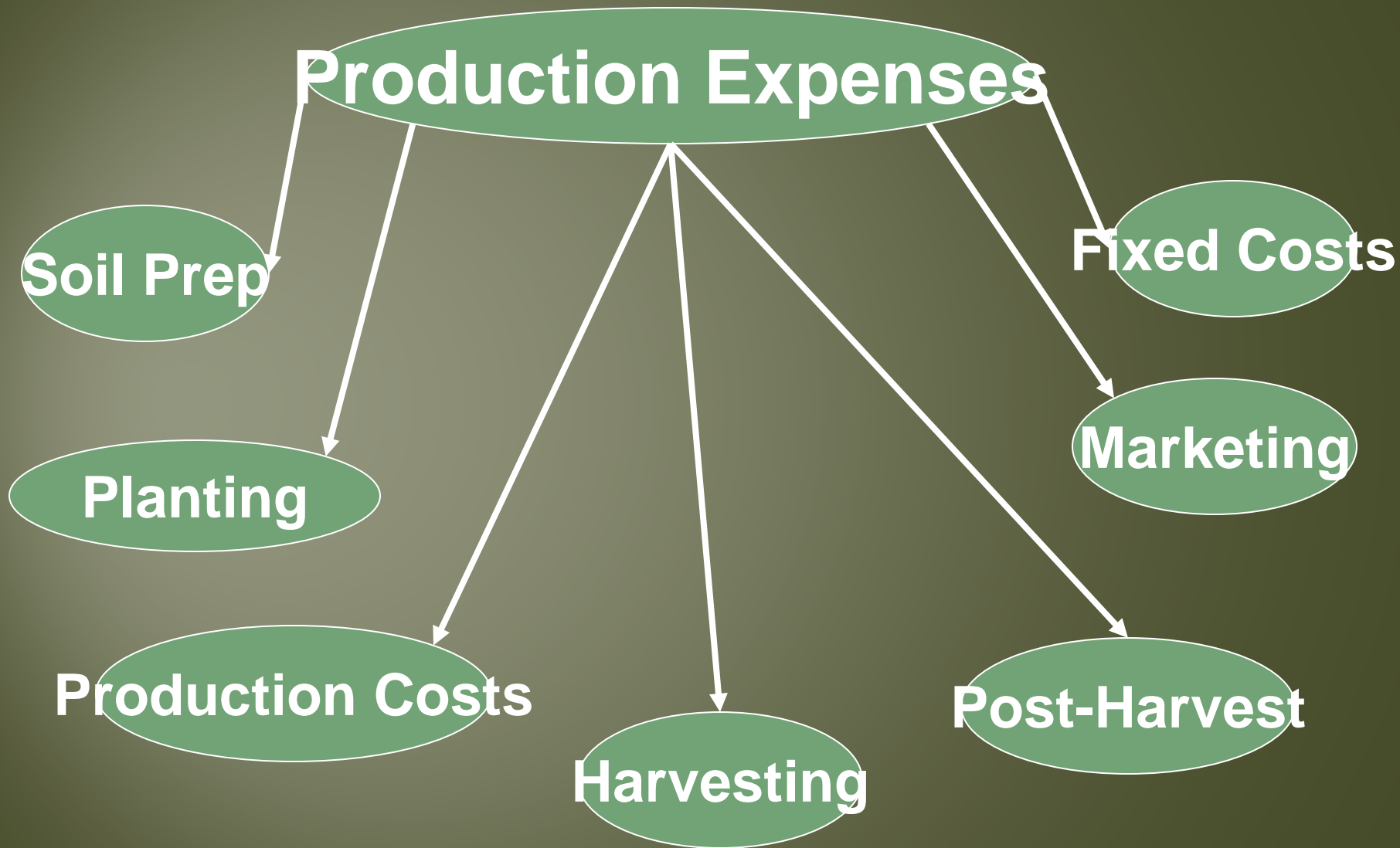
- Determine where you are
- Determine where you want to be
- Figure out how to get there
- Perhaps the best thing about a detailed plan is it causes you to think in detail about what you are doing

Financial Planning Involves Enterprise Budgets

- What is the cost of production for each product?
- What will your customers pay for each product?
- Is the difference enough to make your operation a business?
- If not, then your operation is a hobby.

Profit Potential





Profitability

- Budget as accurately as possible including estimates of costs and returns



My Experience and Background with Enterprise Budgets

- Specialty Crops Producer for over 20 years in SE Kansas
 - Late nights, long days thought about Kansas and Specialty Crops including Enterprise Budget information
- MS in Ag Econ from KSU in 1999
 - Learned the importance of Transaction Costs
- KSU Ag Econ Department position
 - Lots of Ag Econ knowledge
- 2001 Ag Economist for a 4 State project
 - Hightunnels.org
 - Developed High Tunnel Tomato Enterprise Budget

My Experience and Background with Enterprise Budgets (Continued)

- High Tunnel Enterprise Budget
 - Seemed like 1000 hours of work
 - Considered working on Enterprise Budgets a “hobby” for the past 15 years
 - K-State Vegetable Production publications had some enterprise budget information (Chuck Marr)
 - K-State Ag Econ Enterprise Budgets for Commodity Crops
 - Budgets from other Universities all across the nation
 - Noticed for Specialty Crops, nearly all budgets had a line item, “Labor” that could be up to 90% of the total budget.
 - My competitive spirit about “Labor”
 - HT Tomatoes, Strawberries (ATTRA), HT Melons (Lewis Jett, Missouri)
 - Richard Wiswell, [The Organic Farmer’s Business Handbook](#)

Kansas: 2012

2012	Acres
Potatoes	5178
Sweet Potatoes	23
All Other Vegetables	
Total Vegetables	7118
Vegetables - Potatoes	1940

Kansas And Neighbors: 2012

	Kansas	Colorado	Missouri	Nebraska	Oklahoma
Potatoes	5178	59,281	9056	22,803	4890
Sweet Potatoes	23	2		4	
All Other Vegetables		83,256	20,213		10,255
Total Vegetables	7118	142,539	29,269	26,001	15,145
Vegetables - Potatoes	1940	83,258	20,213	3198	10,255

Kansas Vegetable Acres

State (Acres)	2012	1982	1954	1920
Potatoes	5178	827	1267	47,246
Sweet Potatoes	23	122	931	4,366
Vegetables		4808	5330	11,173
Total Vegetables	7118	5757	7528	62,785
Vegetables - Potatoes	1940	4930	6261	15,539

SCCC 2015 SCBG Enterprise Budget Grant

- Full time position (Natalya Lowther, February 2016)
- Develop enterprise budgets that could be used as templates to expand the number of crops with budgets
- Grant was extended to March 2017
- Disseminate at conferences, online, hard copy

Enterprise Budget Grant

- 2016: Develop 8 Templates
 - High Tunnels (1000 square feet) tomatoes, salad greens
 - Market Garden (10,000 square feet) turnips, beets
 - Large Field (acre) sweet corn, sweet potatoes
 - Tiny Crops (100 square feet) basil, sprouts
 - Small Fruits (acre) strawberries, blackberries
 - Tree and Nut Fruits (acre) apples, pecans
 - Grapes (acre) table
 - Hydroponic Greenhouse (1000 square feet) tomatoes

2015 SCBG Grants

- KRC
 - Tom Buller
- SCCC Enterprise Budget Grant
 - Natalya Lowther

Thank You

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**Questions?
(Panel)**