



PROVIDED BY KITCHEN TABLE
CONSULTANTS AND CHIP'S
FARM TO INSTITUTION CENTER

LABOR COSTS & 2020 GOAL SETTING

Workshop #4
February 2020





SELF ASSESSMENT

2 minutes: paper form
Please use your name
Will be kept private



TODAY'S AGENDA

- Module 1: Labor Cost Planning Tool
- Module 2: Benchmarking
- Lunch
- Module 3: 2020 Goals and Coaching Plan





PLANNING FOR LABOR COSTS

Workshop #4
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WHY DOES IT MATTER?

- Labor is the largest expense on a diversified farm as a % of sales (usually)
- Labor vs sales metrics
- Budgeting to pay yourself
- How many full time equivalents is that?
- How do we schedule to match our budget?
- What about owner draw?
- What about additional indirect costs?



MODULE 1

AGENDA

- Review Template for Labor Projections and Labor vs. Sales metrics
- Example with Good Taste Farm
- Pair up and work on the labor projections for your farm
- Discuss metrics





Pre work:

Sales by Customer, and what is that per month?

Order frequency & value

Personal salary goal & costs of employees



***Let's work in small groups to
try out this tool!***





NEXT STEPS

- Use this to guide your scheduling if you have employees. If you shoot past your labor budget in HOURS, you also do in DOLLARS, reducing profit.
- Consider your replacement cost of labor as a worst case scenario. It's something worth thinking about.
- Set your own labor metrics and goals.



BENCHMARKING REPORTS



BENCHMARKING: SALES

This is our end of year report!

- Your sales vs. projected sales
- Your goal for next year
- Your goal as a growth value over last year
- Your goal as a growth % over last year





Did you exceed your goal? Why?

Did you fall short of your goal? Why?

SALES



- Look at your projected sales for the 2020. Do you know in detail how you are going to reach that number?
 - units?
 - commitments?
 - activities?
 - what's the risk outcome of NOT making it?
- Discussion: What are you going to do differently this year?



EXPENSES: OPERATING



- Discussion: What are you including in OpEx?
- Discussion: Variability in OpEx. It should be RELATIVE to sales. Growth related one time should go elsewhere.
- What if you couldn't finish out the growing season in sales due to a disaster? What do you do???



EXPENSES: FIXED

- Discussion: What are you including here?
- Are you self funding in this category? Why should you care?



EXPENSES: LABOR



- Indirect labor is nonexistent in the books. Is time spent here? You should put something here...time at farmers markets!! driving!! delivering!!
- How? Journal at the end of the month, gut check if necessary.
- What if you have to hire someone to do it? How would that shift your ratio vs. sales?
- Is there a cost associated with the marketing hours you reported?



RATIOS: SALES PER EMPLOYEE & ACRE



- Learning tool
- Helps you to gauge sales of other farms by asking # of employees and acres.
- Set your own metrics.



OTHER NOTES FOR CONSIDERATION



- Not reporting DEBT? What do you owe yourself as paid in capital? Do you even know?
- Not reporting property assets because they're personal? So are you paying rent?
- On your own property? A percent of your utilities and water should be paid by the farm. Zeros are concerning.
- Labor or Owner draw: Did you budget for your pay? What's your replacement cost?





LUNCH & NETWORKING



2020 GOALS & COHORT COACHING NEXT STEPS

 **FARM
SAN DIEGO**
The Voice of Local Food



SEGMENT AGENDA

- Big Picture & Results
- 2020 Goals & Actions
- Format and Structure for next year



WORKSHOP REVIEW



Our Financial "Tool Kit"

- Structured Chart of Accounts
 - Ratio Analysis
 - Regular P&L Review
 - Balance Sheet, high level
 - Routine of reconciling
- Cost vs. Price by Crop Tool
 - Gross Profit Analysis
- Budget, 10 step tool
 - 2020 budgeting process
- Labor Budget Planning Tool
 - Budget check and balance



WORKSHOP REVIEW



Our Discussion Groups

- Buyer Panel
 - Specialty Produce
 - Fallbrook Union SD
 - Daily Harvest Express
 - Wrench & Rodent
- Marketing Panel
 - San Diego Markets
 - Farmer Mai
 - Nature's Always Right
- 2020 Goals
 - Our own cohort!
- Crop Mix & Profits
 - Mike Reeske



WORKSHOP REVIEW



Benchmarking

- Getting comfortable with reporting
- Rhythm of up to date financials
- Looking at ratios frequently
- The "work" of reviewing performance vs. your expectations
- Comparing against others to seek advice
- Spotting trends and changes
- Inspiring fierce conversation!



GRANT OUTCOMES

1. Increased
Sales by Farm
2. # of Jobs
maintained
3. # of Farms
maintained



SPILOVER OUTCOMES

- Learning to make decisions inclusive of reference to your budget
- Understanding the importance of projecting sales, expenses, and projecting for your profits, long term keeping your farm open
- Building the foundation of record keeping procedures via a standardized chart of accounts in order to understand what expenses we can/can't control



SPILOVER OUTCOMES

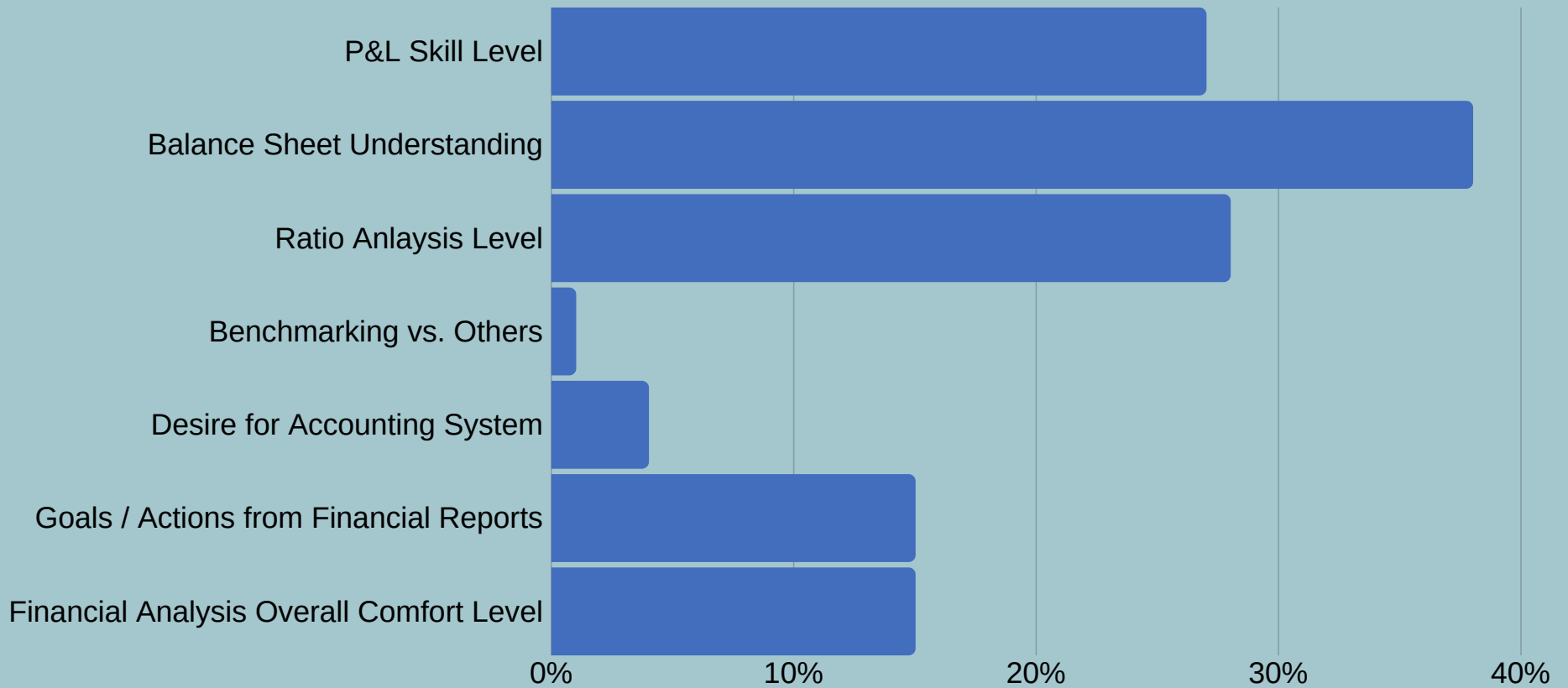


- Using our budget vs. actuals to inspire fierce conversations about the business
- Using benchmarking against other farms to understand where change efforts may be most impactful
- Creating a support system and network of farmers that can help each other improve
- Building confidence in these practices with a coach/ thought partner.



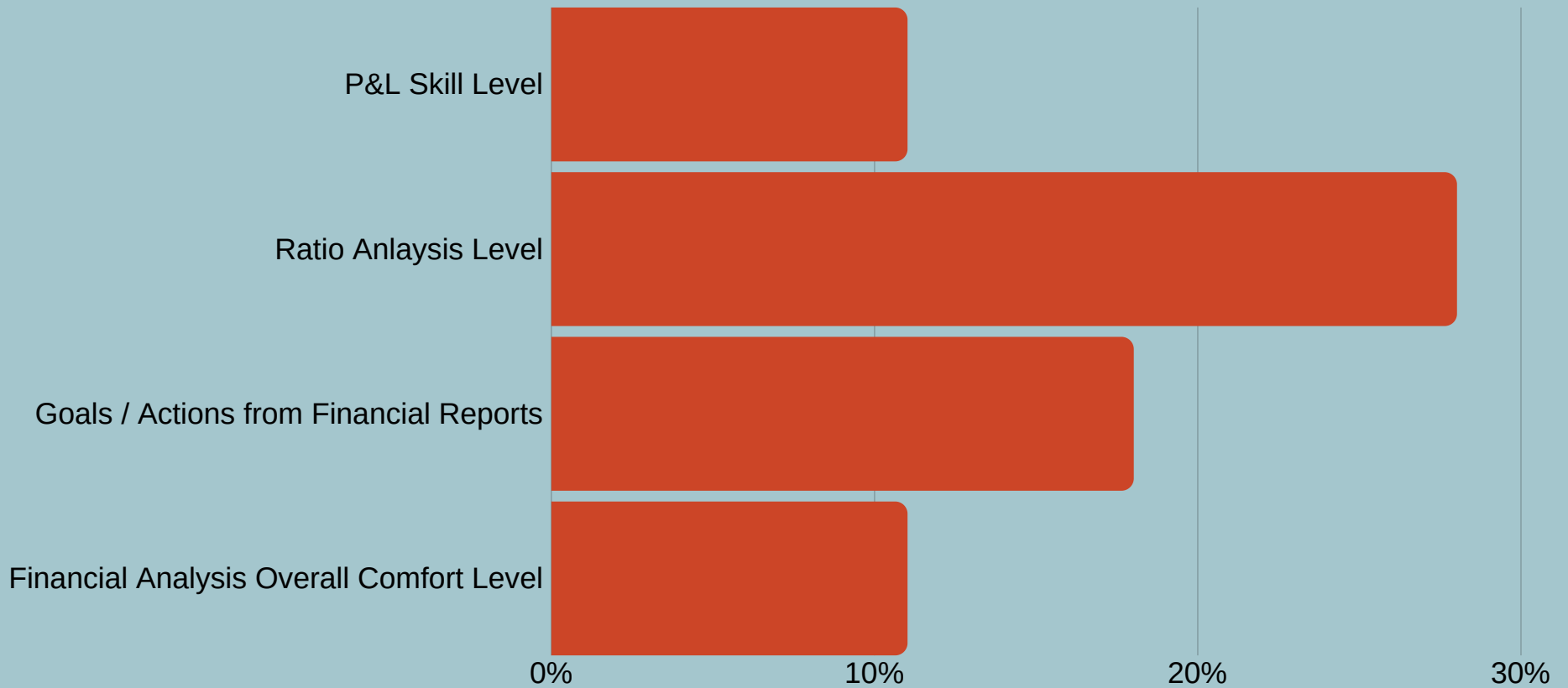
SKILLS ASSESSMENT: ROUNDTABLE 1

Self Assessment Improvement Scores



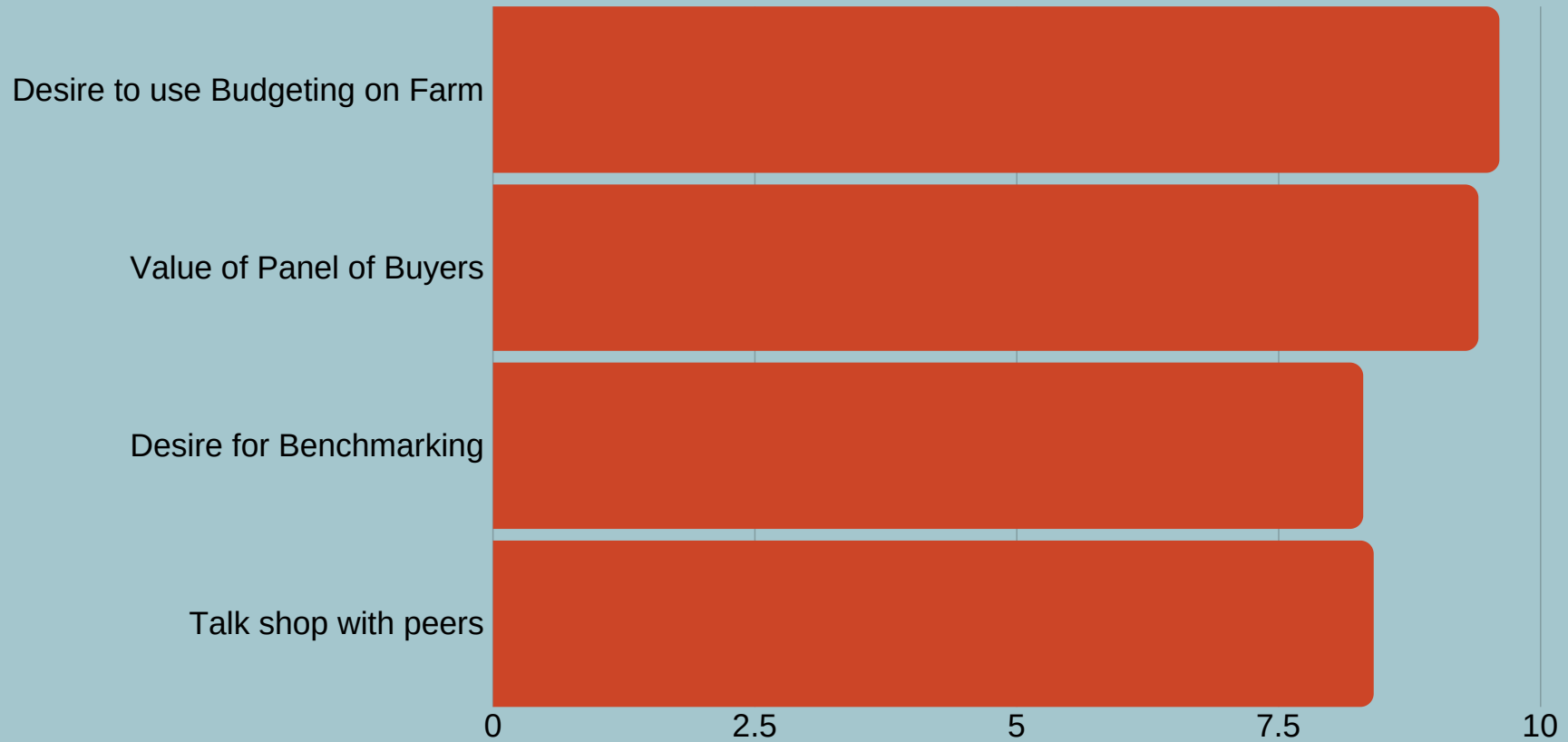
SKILLS ASSESSMENT: ROUNDTABLE 2

Self Assessment Improvement Scores



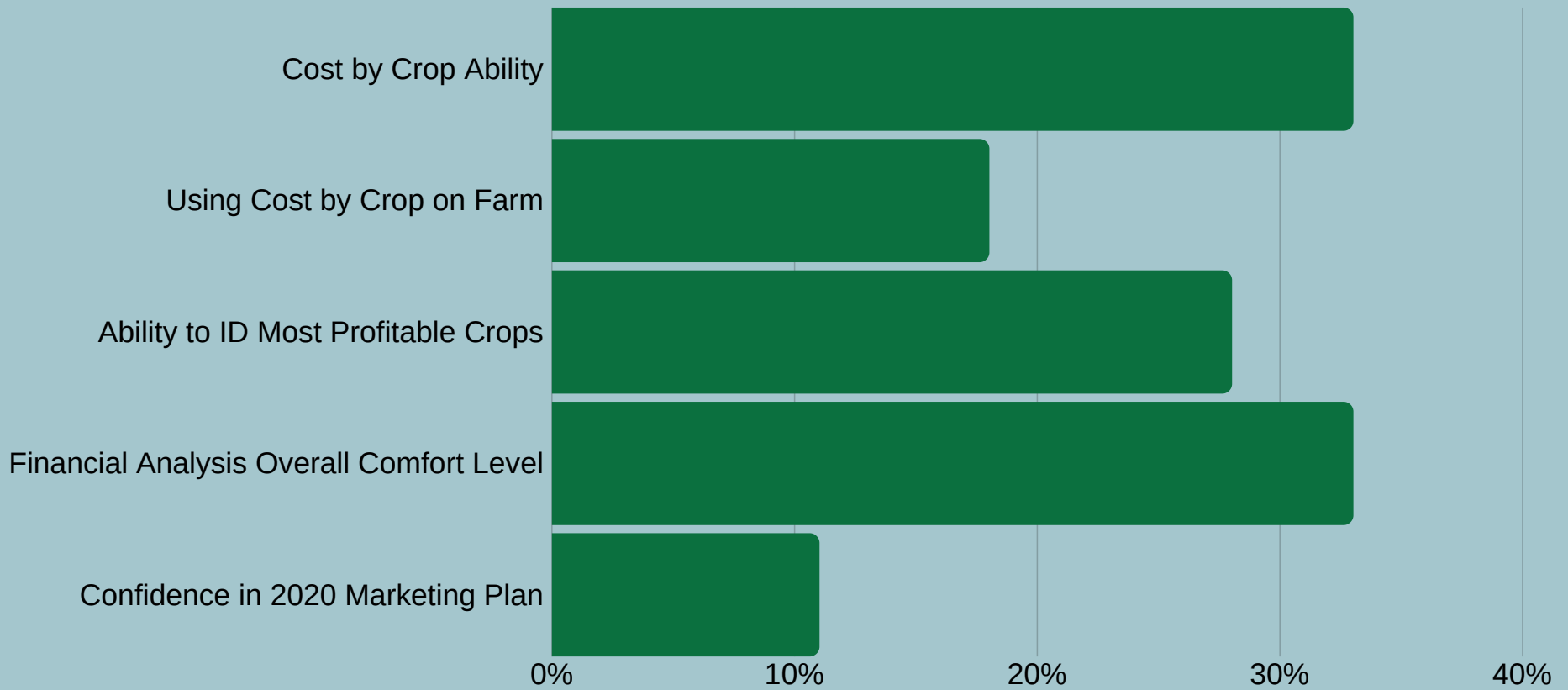
SKILLS ASSESSMENT: ROUNDTABLE 2

Self Assessment Value Scores



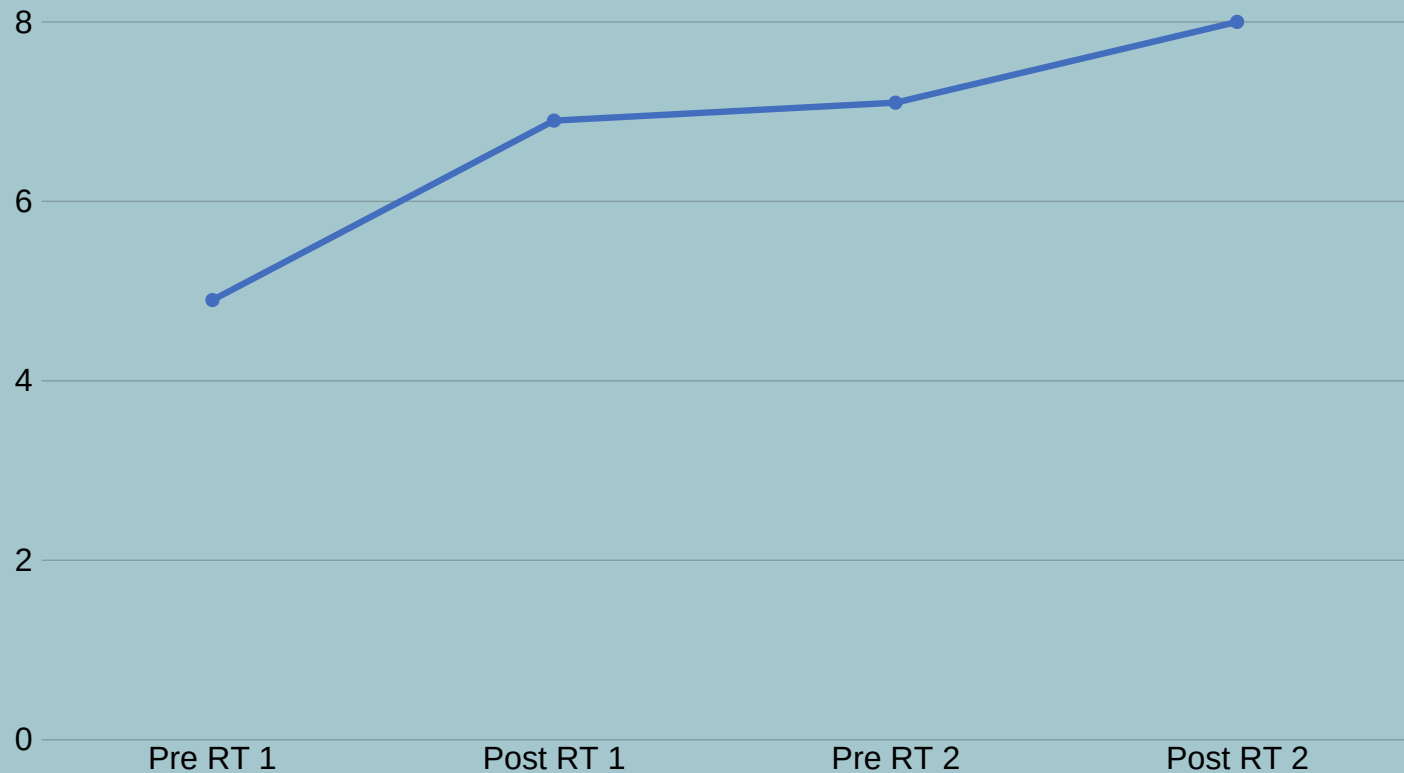
SKILLS ASSESSMENT: ROUNDTABLE 3

Self Assessment Improvement Scores



SKILLS ASSESSMENT: START TO TODAY

RATE YOUR SKILL LEVEL FOR UNDERSTANDING YOUR FARM'S
FINANCIAL CHALLENGES FROM A PNL STATEMENT.



SKILLS ASSESSMENT: START TO TODAY

RATE YOUR SKILL LEVEL FOR UNDERSTANDING YOUR FARM'S
FINANCIAL CHALLENGES FROM A PNL STATEMENT.

Group Score 4.9 to 8



RATE YOUR OVERALL CONFIDENCE LEVEL WITH FINANCIAL
ANALYSIS

Group Score 5.3 to 7.3



RATE YOUR COMFORT LEVEL IN USING RATIO ANALYSIS FOR
FINANCIAL DECISION MAKING

Group Score 4.2 to 8



GOALS & ACTIONS

What does success mean to you in this program?

5 minute writing exercise



GOALS & ACTIONS



Write down 3 specific goals for 2020 as related to this program.

We will use this to guide your personalized coaching sessions in 2020.

5 minute writing exercise



GOALS & ACTIONS

Group exercise - 20 minutes

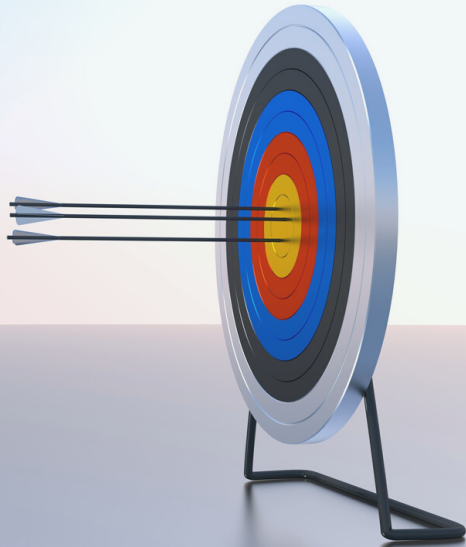
Split in to 2 groups

Working out specific action items towards your goals with a facilitator.

Write them down.



GOALS & ACTIONS



Setting the stage for
improvement:

- Your biggest obstacles in this program so far?
- Can you share any successes or victories?
- Would you change your accounting system?



FORMAT

&

2020

2020 coaching structure

- 4 sessions per farm
- 1 on farm visit - what would make that valuable?



FORMAT

&

2020

Staying Connected

- Best format for communication?
- Group Leadership?



FORMAT & 2020



Coaching & Content

- Do you want another workshop in 2020 if possible?
- What learning area should we focus on? Tools and speakers.
- Timing? May-September.



REMINDER

Turn in your self assessment survey & goals packet to Dane before you leave

THANK YOU!

Please schedule your March coaching with your trainer via email!

