

VERMONT FOOD SYSTEM PLAN ISSUE BRIEF



ISSUE:
*Business and
Technical
Assistance*

What's At Stake?

Water quality regulations, market changes, low farm gate prices, and increased competition are all challenging the profitability and future viability of Vermont farms and food businesses across most production types. Working with business and technical assistance service providers is an effective way to strengthen a business in good times and work through various options during challenging times. Vermont's agricultural and food business and technical assistance network is well established and nationally renowned. However, additional effort, investment, and personnel are needed to ensure programs and providers keep up with the rapidly evolving needs of the agricultural and food sector (e.g., succession planning, dairy supply chain disruptions), so that they are able to continue to provide relevant, high-level, valuable services to businesses across the range of production types, scales, and markets.

Current Conditions

Many nonprofit organizations and private consultants in the state work with farms and food businesses across various stages of development, while some focus on certain stages or types, such as new and beginning farmers or growth-stage food manufacturers.

Business assistance providers work with the owners/operators of farms and food businesses to build business plans, identify and secure appropriate capital, assess capital expenditures and equipment needs, plan for business or farm succession, and strengthen their personnel and project management skills.

Technical assistance providers offer a range of support services, from agronomic and production best practice research to food safety planning, engineering and permitting support, animal health and nutrition consultations, water quality and nutrient management assessments, and equipment optimization support (e.g., temperature and humidity of produce coolers).

The Vermont Housing and Conservation Board (VHCB) Farm & Forest Viability Program finds that in-depth business planning over a two-year period results in an average 10% increase in gross income and a 62% increase in net income in the year following Viability Program participation (aggregated data from 2014-2018). In addition, business planning assistance leads to higher business acumen and very high success rates in accessing capital. Of Farm & Forest Viability Program 2014 participants who used their business plan to seek financing, 100% successfully received loans and 87% successfully received grants.

An estimated 17 additional full-time business and technical assistance positions are needed to serve the sheer number of farms and food businesses who need

additional support services, if Vermont's agricultural sector is to remain the backbone of the state. There is also a great need to invest in the professional development of existing services providers, given the challenges facing the farming community — from emergency situations and financial rescue, to shifts in production and business models, to increased need to market and sell products wholesale, to beginning farmer training or succession planning. Food entrepreneurs need greater support in understanding their unit economics, how to manage cash flow while expanding their operations and navigating food safety regulations, and raising equity or other forms of expansion capital.

The importance of the existence of an aligned and coordinated network of service providers and the diverse set of accessible services they offer statewide cannot be overstated.



Business and Technical Assistance Providers

- By state statute, the Vermont Housing & Conservation Board is tasked with managing the **Vermont Farm & Forest Viability Program** in partnership with the Vermont Agency of Agriculture, Food and Markets (VAAFAM). The Viability Program manages and invests in a network of nonprofit organizations and consultants that provide wrap-around, individualized business assistance across a breadth of business topics from financial recordkeeping and business planning to management, accounting, succession planning, marketing, and enterprise analysis.
 - The Farm Viability network of nonprofit organizations includes UVM Extension, NOFA-VT, Intervale Center, Center for an Agricultural Economy, Land for Good, Windham Grows, and the Vermont Sustainable Jobs Fund (VSJF).
- UVM Extension** also provides specialized technical and production assistance on crops, soils, engineering and design, food safety, etc., despite declining state funding, often through soft-funded Extension positions and programs.
- Farm First** was created by the Vermont Legislature and the Agency of Agriculture, Food and Markets to provide the equivalent of an Employee Assistance Program (EAP) to address farmers' needs and issues and support the emotional health of farm families. It is a critical resource available to farmers and their family members.
- The **Vermont Agricultural Mediation Program**, primarily federally funded, provides legal and mediation resources for such issues as debt restructuring, bankruptcy, family conflicts, and succession planning.
- In 2011, the State of Vermont created the **Working Lands Enterprise Initiative (WLEI)**, which provides competitively awarded funding for business and technical assistance in addition to direct grants to agricultural, food, and forestry sector businesses. The WLEI staff and board place a high value on business and technical assistance and have seen the direct benefit to grantees who have accessed high-quality outside assistance.

Farm and Food Business Assistance Continuum Business Assistance Providers by Stage of Business Development



For more details about this list of business service providers and the services they offer, visit workinglands.vermont.gov/working-lands-business-development-continuum

Bottlenecks & Gaps

- Businesses frequently wait too long to get outside support, which can allow avoidable emergencies or larger issues to arise. Businesses more successfully navigate financial, production, or personnel challenges when they engage with business assistance providers early.
- Farmers and food business owners are often so tied up with day-to-day operational issues that they cannot dedicate enough time to work *on* their business (e.g., longer-term planning, sales pipeline development, workforce training, succession planning).
- There is a skills gap among existing business and technical assistance providers on topics like marketing and sales, production benchmarking, land and environmental assessment, and what types of capital are best given a farm or food business' current needs.
- Non-agricultural professionals (e.g., lawyers, CPAs) are often not equipped to work with farmers, but Vermont has an increasing need for farm transfer and succession support.
- It is difficult to recruit new business service providers for open positions, there are an insufficient number of providers overall based on the level of need, and some areas of the state are less supported than others.



Opportunities

- Increased funding to the organizations involved in the Viability Program network would enable them to hire more full-time personnel, which in turn would lead to additional farms and food businesses being able to receive support, at a time when many market forces are negatively impacting these businesses. The support structure to do this important work is already in place, it just needs additional funding to match the level of need.
- A regional Northeast business provider network is currently under development and will open up more possibilities for communities of practice, professional and workforce development, and possibly increased access to funding.
- Farmers and food entrepreneurs have an easier time acquiring capital if they have well-founded business plans and financial acumen, which is often a result of working with a business assistance service provider. Lenders, grant-makers, investors, and other capital providers advocate for and in some cases support business and technical assistance programs.
- With additional resources for outreach and marketing, it would be possible to improve the awareness of farmers and food entrepreneurs about the availability of high-quality service providers who can assist them throughout their business life cycle.

What Do We Mean By Viability?

Viability means that a farm or food enterprise is economically profitable as well as socially and environmentally responsible.

Viable enterprises tend to be the sole, or an important, contributor to the owners'/operators' family income once past the start-up stage, and they must be profitable in order to provide adequate income. Owners/operators of viable enterprises understand and can articulate their mission and the direction they want to take their business, and are successful in meeting their goals, even if those goals shift over time with changing markets, competition, family situations, etc.

This definition of viability includes nonprofit-owned enterprises. Such enterprises must still cover their costs in order to be viable, but the nonprofit may bring in funds to subsidize educational activities or other mission-based programming that complements the farm or food enterprise.

Recommendations

- Increase the number of Vermont farm and food business service providers with specialized skills, and ensure qualified providers are available to farm and food businesses equally across the state and across stages of development. Estimates from the 2020 Vermont Food System Plan Briefs show the need for at least:
 - Six additional business assistance providers with a focus on succession planning, business finances, transition to other production strategies, and potential diversification. Four of these to work with dairy farms and two to work with other types of farms and food businesses
 - Two additional technical assistance advisors with expertise in land and environmental assessments
 - Two additional consultants or FTEs with expertise in marketing and sales
 - Two additional FTE business and technical assistance advisors specializing in grazing (i.e., grass-based business models) and small and large animal livestock
 - Four additional FTE technical assistance advisors with specialized production expertise: one for grain, one for apples, and two for hemp production
 - One additional FTE at Farm First and/or the Vermont Agricultural Mediation Program, to assist farmers in crisis
- Provide current service providers with professional development on farm succession planning as well as climate change threats to Vermont food production.
- Increase outreach to farms and food businesses to increase awareness of the diverse network of service providers that exist and the value of having someone outside a farm or food business provide advice and assistance across all stages of development and over time.
- Support alternative ways to encourage farmer learning including peer-group-based education, workshops, and farmer-to-farmer programming.
- Investigate the creation of a searchable database to connect available bookkeepers and accountants with working lands businesses, to increase the businesses' financial literacy.



Farm to Plate is Vermont's food system plan being implemented statewide to increase economic development and jobs in the farm and food sector and improve access to healthy local food for all Vermonters.

The Vermont Agency of Agriculture, Food & Markets (VAAFAM) facilitates, supports, and encourages the growth and viability of agriculture in Vermont while protecting the working landscape, human health, animal health, plant health, consumers, and the environment.

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