



# New Farmer Jump Start Project

**Abstract:** Southwest Iowa development groups looked at several ways to entice new farmers to commit to local food production.

## Principal Investigator:

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**Budget:**  
\$6,884 for year one

**Q** How does providing input funding and community support for new farmers affect their profit margin and ability to succeed as beginning entrepreneurs?

**A** New farmers with input funding and community support experience greatly reduced financial risk in the first year and consequently have the capacity to continue in business for a second year. Though the profit margins of farmers selected by the New Farmer Jump Start program were not large, they felt that their future was enhanced by their experiences in the program.



**MARKETING**

## Background

The New Farmer Jump Start project was a one-year pilot program to recruit and provide financial and technical assistance to a new local food producer. With some funds remaining, and positive results after one year, the organizers received a second year of funding to complete the project. The goal was to increase the number of local food producers to help meet the demands of community retailers and institutions for local food products.

Three main objectives were identified:

- Increase local food production by assisting a resident to become a horticultural crop producer,
- Allow the local Cultivators group to better understand how to encourage increased food production by adding to the number of horticultural crop producers in the region, and
- Heighten current and potential farmers' awareness of the feasibility of horticultural crop production.

## Approach and methods

For the first objective, broccoli and melons were identified as local food products with the potential to be profitable and were grown in both years of the program. Through an application process, a person was selected to receive access to land, water, and production expertise and assistance to produce these crops. The first year a conventional farmer was chosen to expand his hobby vegetable production. The second year, two students grew the crops as part of an internship on a local organic farm. During both years of the program the produce was sold to the Cass County Memorial Hospital and in 2008 to three assisted living institutions.

Members of the Cultivators group were directly involved in the Jump Start program. In 2009, the Jump Start farmers attended a Cultivators meeting to hear about pros-



*The plot was located on the old Swine Research Farm south of Atlantic.*

pects for local food in Cass County and to share their opinions and insights as new farmers.

During the 2009 growing season, a Practical Farmers of Iowa field day was held at the farm; the new producers' crops and the Jump Start program were the main features of the day's presentations. Information about the Jump Start program was disseminated at various meetings and outreach activities facilitated by the Wallace Foundation for Rural Research and Development and the ISU Armstrong Research Farm.

## **Results and discussion**

Data collection centered on the economic feasibility of new farmers continuing their horticultural production with grant support. The cost of materials was recorded as well as revenue from sales. The difference in these was divided by the hours of labor needed to produce the crop. This determined the hourly wage for the farmer and showed whether the crop could be produced profitably.

The profit calculations indicated what each farmer would have gained in a real business situation. In reality, the farmers paid very little of the expenses and kept all of the revenues. The expenses were covered by the grant funds.

The profitability of the first year of the project was limited somewhat by not fully harvesting the crop, plus added expenses from irrigation challenges. The intent was to use irrigation to increase production, but weather conditions for both years left little need for irrigation. Thus, the irrigation equipment increased annual expenses without adding many production benefits. The profitability for the second year was seriously impaired by a management error in application of chemicals that caused an entire crop to fail. No profit was gained until later in the season, and additional expenses were incurred in purchasing new plants so the profit margin was zero.

## **Conclusions**

First-time commercial food producers may not be business-minded. Adopting a formal business plan prior to launching a business is critical. New farmers especially need to be mindful of monitoring labor expenses and recording actual profit rather than merely noting revenue figures.

New farmers may have management challenges involving production expertise, capital investment budgeting and the need to realize a reasonable return on these investments. An example would be the tensiometers, an expensive item that required training, information packets, and an offer of assistance from a horticulturalist. Not all farmers used the devices to full advantage. For another farmer, accidental spraying of a lethal chemical ruined an initial broccoli crop, highlighting the learning curve needed in growing crops.

Most of the local food in the area is produced by small farmers as a sideline and marketed directly via farmers markets or local grocery stores, so it isn't always easy to identify prospective producers. Increasing the level of production to be a full-time



*The mulched area was planted to watermelons and muskmelons and the tilled area to broccoli and cabbage. All had drip irrigation under the plastic.*

income generator would mean expanding the volume and creating an aggregation center that would serve as a sales point for local businesses and institutions.

Large-scale production may be necessary to market directly to non-retail institutions. The Cass County Memorial Hospital was the largest purchaser of products from Jump Start farmers in 2008 and 2009. While the hospital was a reliable outlet for the horticulture crops produced, the farmers were then competing with corporate food service providers. This made it harder for the Jump Start farmers to realize a decent profit margin.

## **Impact of results**

All three objectives were accomplished. The 2008 and 2009 farmer participants contributed locally grown food to the food system in Cass County. Members of the local Cultivators local food advocacy group were integrally involved with the completion of the Jump Start Program and learned a great deal from the process. New farmers, established farmers, and community members were made aware of the Jump Start Program and its progress, increasing their knowledge of horticultural crop production feasibility.

Those considering programs similar to this one should take note of these lessons:

- Potential producers of local horticultural crops should be strongly encouraged to think of food production as a business endeavor. If a producer does not have other sources of income, it is very important to be able to manage and run a profitable operation. Continued promotion of local food at the community level can enhance its acceptance by consumers and food system.
- Profit margins for new farmers may be small initially, but have the potential to increase over time. Community and financial support at the outset of a local food producer's career is very helpful.

***For more information, contact:***

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## **Education and outreach**

During the 2009 growing season, a field day, sponsored by Practical Farmers of Iowa, was held to display the new farmers' crops and share the program's objectives and progress. The 25 attendees were able to network, learn about local food initiatives and the New Farmer Jump Start Program.

## **Leveraged funds**

No additional funds were leveraged by this project.