

CAL POLY ORGANIC FARM BUSINESS PLAN

Presented to the

Faculty of the Agribusiness Department

California Polytechnic State University

In Partial Fulfillment

Of the requirements for the Degree

Bachelor of Science

by

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Winter 2010

ABSTRACT

This study was undertaken to determine which strategies would allow the Cal Poly Organic Farm to operate as a profitable business without compromising educational and agricultural objectives. Three strategies were analyzed to determine the most profitable approach. The first strategy, expanding CSA sales, emphasizes marketing efforts to increase products and services awareness. This should increase CSA, CPOF, merchandise, and farmers' markets sales. The second strategy implements new CSA produce boxes that cater to specific groups. Existing produce boxes will remain available to CSA members. Expanding produce boxes can be done with the produce on hand or expanding crop selection. The third strategy is to expand revenue opportunities outside of CSA membership, largely through farmers' markets.

Data was collected by the 2000 United States Census, providing a demographic of San Luis Obispo residents. This data was used to formulate advertising and marketing strategies. Further research and development is recommended to analyze organic produce purchasing trends for locals. Historic income statements were gathered to forecast five year spans comparing revenue and costs for strategic and base income statements.

It is concluded that CPOF will be more profitable by implementing strategies rather than not over a five year period. CPOF will be able to enhance consumer options in 2013 by increasing production and crop selection. By this time, CPOF will have the finances to implement the second strategy; increase consumer choices. This is based on the conclusion that CPOF will be able to experience a profit of \$ 1,939.00 in 2010 and \$64,032 in 2014, if strategies are implemented. In comparison over a five year forecast, strategies will generate combined revenue of \$138,056.00 versus a net loss of \$114,203.00 if no strategies are implemented.

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Chapter 1

INTRODUCTION

Demand for organic products around the world is at an all-time high. According to the International Trade Centre¹, retail sales of organic food by major consumers (the United States, Europe and Japan) totaled \$10.5 billion in 1997. Based on expected annual growth rates of 10-30 percent in these countries, retail sales this year are forecast to reach \$21.5 billion (Zygmunt 2009). Despite a growing organic market, The Cal Poly Organic Farm struggles to generate revenue.

The Sustainable Agriculture Resource Consortium (SARC) was founded in the Fall of 2000. It was conceived as a student project under the supervision of College of Agriculture faculty and closely tied to the improvement of the organic Student Experimental Farm, now part of the Cal Poly Organic Farm. The Organic Farm has been the home to many SARC projects. However, it is the SARC's intention to encompass a broad vision of sustainability that includes but goes beyond certified organic agriculture.

During the preliminary development of the SARC concept in the Spring of 2000, Soil Science graduate student Hunter Francis worked with College of Agriculture faculty to initiate Cal Poly's first course exclusively dedicated to Organic Agriculture (AG 315). This course is now approved for General Education credit and is offered on an annual basis each spring. The course has hosted many of California's leading professionals involved in organic agriculture.

¹ A joint effort of the United Nations Conference on Trade and Development and the World Trade Organization

In the summer of 2000, College of Agriculture student, Terry Hooker, initiated Cal Poly's first Community Supported Agriculture (CSA) program. The CSA is now providing local families with fresh organic produce on a weekly basis all year round. The first major improvement to the Student Experimental Farm site was the construction of a multi-purpose straw-bale building, the senior project of City and Regional Planning senior, Alison Pernell, who won the 2000 Distinguished Leadership Award for a Student Planner from the American Planning Association for her work on this building. Both of these projects have set the tone for subsequent projects in terms of their generation of opportunities for students, broad community involvement and interdisciplinary approaches to engage people in the agro-ecological landscape. Since that time, thousands of students, faculty and community members have made use of the farm for a multitude of formal and informal educational activities.

CSA is a worldwide movement that serves to connect the community to local farms. The CPOF CSA began in 2000 with a membership of 25 and has quickly grown to its current membership of 300. Members subscribe for either a large share, a box of produce designed to feed 3 to 6 people for a week, or a small share, designed for students or for 1 to 2 people. CSA Membership means you will eat mostly organic produce, as well as seasonal and locally-grown produce. Shares are picked up on campus or at one of the convenient countywide drop-sites. Being a member also entitles you to use the CPOF farm as a learning site and a relaxing area with your family and friends. Members and their families are able to view farm grounds, participate in U-pick produce, garden, or simply enjoy time with the other members, farmers, staff and students of the CPOF.

CPOF provides students and the community a place to experience and explore organic and sustainable farming and gardening techniques. Furthermore, it serves as a classroom and

laboratory to several Cal Poly courses and research programs. Faculty, staff and students jointly manage and steward the farm. The farm is also supported by grants, community members, the Horticulture and Crop Science Department and the College of Agriculture, Food and Environmental Sciences. CPOF focuses on growing quality fruits and vegetables with a commitment to organic agriculture production education and sustainable agricultural production and marketing techniques. The farm has been a leader in promotion of organic produce and local farmers.

The Cal Poly Organic Farm has been unable to generate enough revenue for the farm to operate profitably. The previous three years, CPOF has continued to operate with a financial loss. The CSA program is the main sales avenue for CPOF produce. CSA membership has been in recent decline, resulting in additional revenue shortage. A business plan needs to be implemented to expand CPOF revenue, increasing CSA membership in particular. A business plan will be devised to allow CPOF the ability to operate self-sufficiently and maintain a profit for future years.

Problem Statement

What is the most effective strategy for Cal Poly Organic Farm to employ to become a profitable business without compromising educational goals?

Hypothesis

Cal Poly Organic Farm will be able to increase CPOF revenue and CSA membership by expanding marketing and production strategies. By increasing advertising efforts and consumer options, CPOF will generate enough revenue to become profitable.

Objectives of Study

- 1) To analyze San Luis Obispo County residents' organic produce purchasing and consumption trends.
- 2) To implement a marketing strategy that effectively targets and reaches San Luis Obispo County residents.
- 3) To formulate a business plan that increases CPOF and CSA revenue.

Significance of Study

Global demand for organic products remains robust, with sales increasing by over five billion US Dollars² a year. Organic Monitor estimates international sales to have reached 46.1 billion US Dollars in 2007. Consumer demand for organic products is concentrated in North America and Europe; according to Organic Monitor these two regions comprise 97 percent of global revenues. As of 2001, the estimated total market value of certified organic products was estimated to be \$20 billion. By 2002 this was \$23 billion and by 2007 more than \$46 billion (Willer, Kilcher 2009).

Organic farms represent a significant portion of United States annual produce sales. According to the United States Department of Agriculture, there are currently 14,540 organic farms (10,903 were USDA-certified and 3,637 were exempt) and ranches in the United States, valued at more than 20 billion US Dollars in 2007. North American organic produce sales account for 45 percent of global revenues (Organic Monitor). Growing consumer demand for healthy and nutritious foods and increasing distribution in conventional grocery channels are the major drivers of market growth. The U.S. organic industry grew 21 percent in sales in 2006, and

² 1 US Dollar = 0.73082 Euros. Average exchange rate 2007

was forecast to experience 18 percent sales growth each year on average from 2007 through 2010 (Willer, Kilcher 2009).

Cal Poly Organic Farm still has an opportunity to tap into the growing organic agriculture sector. CPOF will employ cost efficient advertising techniques, targeted at San Luis Obispo residents, to increase CPOF awareness of products and services and improve CSA memberships. Promotion strategies will be dependent on available revenue and status of CSA membership expansion.

Chapter 2

LITERATURE REVIEW

Target Audience

Through their food choices, consumers are primarily responsible for the dramatic marketplace growth of organic products the past decade. Some of the growth may be attributed to the USDA national standards, implemented in 2002, which were meant to bring improved visibility and consumer confidence about the organic products to consumers in the marketplace. The Hartman Group, which conducts the gold standard of industry organic surveys, found that 69 percent of adults bought organic food at least occasionally in 2008 (Hartman Group, 2008). Nineteen percent of consumers bought organic food weekly in 2008, up from 3 percent in the late 1990s (Hartman Group, 2008). The Food Marketing Institute has found comparable results in organic demand and purchasing trends. The study found that 51 percent of shoppers purchased organic food in 2006; in comparison, in 2001, 44 percent of shoppers bought organic food over a 6-month period (Food Marketing Institute, 2006).

There is a clear niche market for organic produce, and advertisements tend to focus on a narrow target market. Customers that fit the niche market tend to have high income and education levels. Studies have found that consumers with higher levels of education were the most willing or most likely to purchase organic products (Dettmann and Dimitri, 2010). Half of

U.S. consumers who frequently buy organic food have household incomes below \$50,000, according to some sources (Howie, 2004).

There has been conflicting reports about families and their organic purchasing trends. Studies also have reached contradictory conclusions about how the presence of children in the household affects the likelihood of buying organic food. Some sources say households with children under age 18 are more likely to purchase organic produce (Thompson and Kidwell, 2008). Others say the presence of children under age 18 reduces the probability of buying organic food by 10 percent (Zepeda and Li, 2007). Some studies have shown the likelihood of buying organic produce increases with the number of children in the household (Thompson and Kidwell, 2008), while others found that the presence of children in the household had no impact on the probability of buying organic (Durham, 2007).

Organic Certification

In 2002, when the United States Department of Agriculture (USDA) adopted the National Organic Standard that spells out what farmers and food processors must and must not do to be certified "organic," the organic industry already had a long history of relying on third-party certifiers to ensure the integrity of their products and practices. Under this system, a state-run or accredited private agency (the third-party) evaluates farmers and processors to see whether they conform to the standards of the National Organic Program (NOP). Those who do can then market their products as "USDA Certified Organic" and display the official USDA organic seal on their packaging.

In essence, certification is largely about integrity and assuring that the buyer is getting what he or she is paying for. Certified organic production, then, means production by approved

organic methods, with additional pains taken to eliminate contamination with prohibited materials and commingling with conventional product. There is a common misconception that certified organic means "pesticide residue-free." Consumers have a right to expect little or no pesticide residue on certified organic crops because none are used in their production. However, ours is a dirty world in which pesticides and their break-down products are ubiquitous.

Source: United States Department of Agriculture

The 2008 Organic Production Survey counted 14,540 organic farms and ranches in the United States, comprising 4.1 million acres of land. Of those farms, 10,903 were USDA-certified and 3,637 were exempt from certification.

Organic Labeling

Since the implementation of the National Organic Standards in 2002, the USDA organic logo has provided an easy way for consumers to recognize organic products and to feel confident that they are buying a product that was raised, manufactured, and distributed according to the consistent, uniform standard set forth by the National Organic Program (USDA, Agricultural Marketing Service, 2000). The following organic labels are permissible:

100 percent organic: Product contains 100 percent organically produced ingredients, excluding added water and salt. The label is allowed to include the USDA organic seal and/or certifier's seal(s).

Organic: Product contains at least 95 percent organic ingredients, not counting added water or salt; does not contain added sulfites; and may contain up to 5 percent of nonorganic ingredients. The label may state "Organic", "X percent organic" or "X percent organic ingredients," and display the USDA organic seal and/or certifying agent seal(s).

Made with organic ingredients: Product includes at least 70 percent organic ingredients, not counting added water and salt; does not contain sulfites (except for wine which may contain added

sulfur dioxide); and may contain up to 30 percent of nonorganic ingredients, including yeast. The label may state “Made with organic ____ (specified ingredients or food groups),” “X percent organic” or “X percent organic ingredients” and display the certifying agent seal(s), but cannot show the USDA organic seal.

Claim that product has some organic ingredients: The product contains less than 70 percent organic ingredients, not counting added water and salt. The label may list which ingredients are organic in the ingredient statement and display “X percent organic ingredients” when organically produced ingredients are identified in the ingredient statement. The label cannot display either the USDA organic seal or the certifying agent seal.

Source: USDA, Agricultural Marketing Service, National Organic Program.

Price of Organic Produce

Organic produce, since it is grown without synthetic pesticides or chemicals, is more labor-intensive. Organic crop yields are often not as high as those grown under non-organic conditions, and fewer farmers (only about 4%) use organic methods and sustainable agriculture practices; therefore the price of organically grown produce reflects the greater demands placed on the grower. Organic foods are typically more expensive than conventional foods, costing at least 10 to 30 percent more (Lohr 2001).

Economic Recession

These days, it is virtually impossible to go through a day without hearing or reading about the global economic crisis. While governments debate bailout plans and stimulus packages, consumers worry about problems that are much more tangible and closer to home. When budgets are tight, consumers are forced to make decisions about how to spend their

money. Faced with these factors and a gloomy economic forecast for the foreseeable future, many consumers are looking for ways to regain a sense of security by cutting back on spending.

Many consumers have cut back on purchasing organic produce due to higher costs compared to commercial produce. Lower income households especially have felt the economic burden. A study found that higher income households are more likely to buy organic vegetables (Dettmann and Dimitri, 2010). Overall seventy-three percent of consumers believe organic food is too expensive (Whole Foods Market, 2005).

Organic Health Benefits

Obtaining better nutrition is one of the main benefits of eating organic foods.

Organically grown fruits and vegetables contain higher nutritional content than commercially farmed produce. Different studies have shown organic produce to have nutritional concentrations ranging from 30% more to 3 times as much as their commercially grown counterparts (Durham, 2007). Organic produce typically has more nutrients because they are grown in good quality soil. Further, because the growth of conventional produce is usually artificially sped up using chemicals, they tend to contain more water and less actual solid food content.

Not only does organic produce have more vitamins, minerals and other important nutrients, it retains the nutrients for longer periods of time. The truth is, many of today's fruits and vegetables only have a fraction of the nutritional concentration they once had 50 or 100 years ago (Durham, 2007). This is due largely to the depletion in soil quality worldwide, caused mainly by modern conventional farming methods and other human activities.

Food Safety

Another of the significant health benefits of organic food consumption is the absence of harmful synthetic chemicals, in particular chemical fertilizers and pesticides. Extensive amounts of chemical fertilizers and pesticides are used in commercial farming. Hundreds of different kinds of synthetic pesticides are used annually. Chemicals are also used to make commercially grown vegetables grow faster and ripen quicker.

Studies have shown that the majority of commercially grown fruits and vegetables have detectable levels of pesticide residue on them (Durham, 2007). There are different kinds of pesticides, and those which are fat-soluble will store in our bodily tissues after consumption, causing long-term damage. For many of these chemicals, their harmful effects are not yet known. One of the key health benefits of organic food consumption is the avoidance of these toxins.

Yet another of the important health benefits of organic food is that they are much less likely to come with harmful microorganisms which cause very serious illnesses. Studies have shown that organically grown produce have lower incidences of harmful bacteria, such as E.Coli (Howie, 2004).

Genetically Modified Organisms

Frequently in the news there is discussion regarding the use of GMO's in crops and foods. The term "genetically modified organism" (GMO) was originally used by the molecular biology scientific community to denote a living organism that had been genetically modified by inserting a gene from an unrelated species. Incorporation of genes from an unrelated species does not occur in nature through sexual reproduction and thus, various types of sophisticated technologies

are used to accomplish this. Transgenic technology has been used in over 40 species of plants including corn, cotton, tomatoes, potatoes, soybeans, tobacco, rice, cranberries, papayas, raspberries, chrysanthemums, gladioli, petunias, poplars, spruce, and walnuts. In crop plants, the technology has generally been used to incorporate insect resistance or herbicide tolerance. More recently, transgenic rice strains having high vitamin A or high iron content have been developed. In the future, transgenic plants may be used as "bioreactors" to produce large quantities of inexpensive pharmaceuticals, polymers, industrial enzymes, as well as modified oils, starches, and proteins.

Despite the potential benefits of using GMO's in crops, the use remains very controversial. If done correctly, crops can have an increase in yield, additional nutrients and vitamins, and have resistance to pests and weather conditions. There have been numerous reports on the contrary that claim GMO usage in crops will result in more damage than good. Dr. Mae-Wan Ho, author of *Engineering: Dream or Nightmare?*, claims the use of GMO's causes environmental dangers, threatens human health, and is practically useless.

Organic Crop Management

Good organic farmers mimic the biodiversity of nature through practices such as inter-cropping, companion planting, establishment of beneficial habitats, and crop rotation. The effort to increase biodiversity works hand-in-hand with enterprise diversity, which is often an objective of organic farms (Durham 2007). The tools and practices of organic agriculture include traditional alternatives such as crop rotation, manuring, liming, etc. along with more contemporary practices.

Essentially a tool for annual cropping systems, crop rotation refers to the sequence of crops and cover crops grown on a specific field. Crop rotation has long and short-term benefits to soil fertility and to pest management. These provide the vast majority of the nitrogen required by subsequent crops like corn, which is a heavy consumer of that nutrient. Even when livestock are present to generate manure, the animals are largely recycling the nitrogen originally fixed by legumes in the system.

One of the best means of handling manures is composting. Composting stabilizes the nutrients in manure, builds populations of beneficial organisms, and has a highly beneficial effect on soils and crops. Compost can be produced on-farm by a number of means. Additional products from composts, such as compost teas, have special applications in organic agriculture.

Livestock manures are the most traditional and widely recognized organic fertilizers. Under ideal circumstances, livestock enterprises are integrated into the whole farm operation, and manuring becomes part of a closed system of nutrient recycling. This is still strongly encouraged in organic operations. In reality, however, crops and livestock production are often divorced from each other, and manures must be imported.

Green manure consists of incorporating into the soil a crop grown for the purposes of soil improvement. It is a practice with a long history that has been ignored in recent years as a serious option for soil improvement because the traditional practice entailed planting a full-season cover crop. This removed the field from commercial production for a whole season. Interest has returned as strategies have adapted and are now able to combine with cover cropping schemes.

Cover cropping is growing a crop for the purpose of soil and nutrient conservation. It is more contemporary in crop agriculture. The two concepts; cover cropping and green manuring go well together and are easily used prior to the planting of a commercial crop. The combined

benefits become economically feasible when the cover is grown during the off-season or interseeded with the main crop. It is made even more desirable when the cover crop includes nitrogen-fixing legumes.

Sustainability

In addition to the greater economic sustainability afforded by enterprise diversification, organic farmers are often able to reap market premiums for certified production. However, since many organic enterprises realize somewhat lower marketable yields, this has not always translated into higher profits or greater economic sustainability. As more and more organic growers enter the marketplace, it is likely that premiums will stabilize at modest levels and may vanish for some crops. Organic producers need to look well ahead and be aware of shifting trends.

As referenced earlier, many U.S. organic farms perform well on many of the measurable indicators associated with sustainability, such as energy consumption and environmental protection. However, sustainability is an ideal. The best that can be said is that current organic farms are closer to the ideal than most alternatives, certainly closer than comparable conventional farming operations.

Chapter 3

METHODOLOGY

Procedures for Data Collection

The purpose of this research is to examine opportunities that will generate a profit for the CPOF, without conflicting with agricultural and educational objectives. The data allows us to understand organic produce consumption in San Luis Obispo County. The data that was used for this report was secondary data which was gathered through survey research.

In order to implement a business plan for the Cal Poly Organic Farm, data was collected and analyzed that was relevant to the project. The target audience for CPOF will be San Luis Obispo residents who consume organic produce. This information is provided by the 2000 United States Census³. A profile of county residents was done by American Community Survey⁴ for the years 2006-2008. Additional data will examine purchasing tendencies of organic produce.

Once the target market is determined, developing an efficient marketing plan is next. Data was collected to forecast a marketing strategy. Advertisement data includes prices for in-print and online options that target San Luis Obispo County residents. Before implementing a

³ The Twenty-Second United States Census was conducted by the Census Bureau, determined the resident population of the United States on April 1, 2000. The census has been conducted every 10 years since 1790, as required by the United States Constitution

⁴ The American Community Survey (ACS) produces population, demographic and housing unit estimates. It is the Census Bureau's Population Estimates Program that produces and disseminates the official estimates of the population for the nation, states, counties, cities and towns and estimates of housing units for states and counties.

marketing plan, financial data was gathered and analyzed. Data will also be collected to help expand revenue opportunities and minimize costs. Future strategies will be formulated according to these strategies.

Procedures for Data Analysis

An income statement is a company's financial statement that indicates how the revenue is transformed into the net income. It displays the revenues recognized for a specific period, and the cost and expenses charged against these revenues, including write-offs and taxes. The purpose of the income statement is to show managers and investors whether the company made or lost money during the period being reported.

Revenue is a crucial part of financial statement analysis. A company's performance is measured to the extent to which its asset inflows (revenues) compare with its asset outflows (expenses). Net Income is the result of this equation, but revenue typically enjoys equal attention during a standard earnings call. If a company displays solid "top-line growth," analysts could view the period's performance as positive even if earnings growth, or "bottom-line growth" is stagnant. Conversely, high income growth would be tainted if a company failed to produce significant revenue growth. Consistent revenue growth, as well as income growth, is considered essential for a company's publicly traded stock to be attractive to investors.

Revenue is used as an indication of earnings quality. There are several financial ratios attached to it, the most important being gross margin and profit margin. Also, companies use revenue to determine bad debt expense using the income statement method.

Gross Margin is a calculation of revenue less cost of goods sold, and is used to determine how well sales cover direct variable costs relating to the production of goods. Net income / sales, or profit margin, is calculated by investors to determine how efficiently a company turns revenues into profits.

The profit margin is mostly used for internal comparison. It is difficult to accurately compare the net profit ratio for different entities. Individual businesses' operating and financing arrangements vary so much that different entities are bound to have different levels of expenditure, so that comparison of one with another can have little meaning. A low profit margin indicates a low margin of safety: higher risk that a decline in sales will erase profits and result in a net loss. Profit margin is an indicator of a company's pricing policies and its ability to control costs. Differences in competitive strategy and product mix cause the profit margin to vary among different companies.

The 2000 United States Census provides an accurate demographic of San Luis Obispo County residents. The San Luis Obispo County profile includes four tables that provide various demographic, social, economic, and housing characteristics. The entire analysis system is being designed around interactive and dynamic tables and graphs.

From any table or graph, analysts will select individual records to thoroughly review in an interactive tool, called data review. The data review tool is designed to allow for review and modification of any reported/imputed item values. Records modified in data review are reprocessed through the edit and imputation system, as a batch of size one, to ensure internal consistency. Once processed through the edit and imputation system, updated values will be reflected in refreshed tables and graphs in the analysis system.

To assure a sufficient data review, the analysis system supports the following two analysis phases: Micro-level analysis and Macro-level analysis. Micro analysis, defined as any analysis of the data at the record level, begins immediately. Macro analysis - reviews of data at some aggregate level (usually county level for census data) – begins after a sufficient response rate has been achieved and preliminary weighting has been completed.

The Micro-level phase, which begins after the first batch of records has been processed through the edit and imputation system, involves the following three procedures: correcting critical errors, using graphs and listings to identify potential problem records, and reviewing high impact records as identified with a record score. The first procedure, correcting critical errors, requires an analyst to modify some item value(s) in an individual record. Critical errors generally result when the edit and imputation system fails to completely process a record. This can happen for a variety of reasons such as: failure to find a suitable donor in donor imputation and/or the presence of some item value(s) on a record that exceeds a predetermined maximum allowable value.

By using graphs and listings, the second procedure, an analyst can easily identify specific records with potential problems, such as outliers or other data anomalies. The system will be preprogrammed with specific graphs and listings intended to guide analysts through data review. Additionally, analysts may define ad hoc graphs and/or listings.

A score function is being developed to facilitate the third procedure, reviewing high impact records. The score, calculated for every record, will help identify records which represent a large percentage of the previous census' county total for preselected characteristics. These so

called high scoring records potentially have the greatest impact on the county totals, and thus, may require additional attention.

After preliminary weights, adjusting for under-coverage and non-response, have been calculated, analysts will focus on the Macro-level analysis phase. The system will calculate and maintain state and county totals by item in a tabular format. The main function of this phase is to ensure that every item in every county has been reviewed and approved. A check-off system will facilitate such a review. If a total does not meet approval standards, which are largely subjective, the analyst will drill down to the micro analysis tables and supporting graphics. From there, individual records may be selected for review and modification in the data review tool. Refreshed graphs and tables will reflect changes to the data. Following the completion of data collection and the initial Macro-level check-off, final weights will be calculated. One last review of the aggregates will take place prior to final summary and table review.

Summary File 1 presents counts and basic cross tabulations of information collected from all people and housing units. It includes counts for many detailed race and Hispanic or Latino categories. Various Quick Tables and Geographic Comparison Tables are derived from SF 1.

Summary File 2 contains 100-percent population and housing characteristics, but the tables in this file are iterated for a selected list of detailed race and Hispanic- or Latino-origin groups, as well as American Indian and Alaska Native tribes. Various Quick Tables and Geographic Comparison Tables are derived from Summary File 2.

Summary File 3 presents in-depth population and housing data collected on a sample basis from the Census 2000 long form questionnaire, as well as the topics from the short form 100-percent data (age, race, sex, Hispanic or Latino origin, tenure [whether a housing unit is owner- or renter-occupied], and vacancy status). It includes population totals for ancestry groups.

It also includes selected characteristics for a limited number of race and Hispanic or Latino categories.

Summary File 4, like Summary File 3 presents information on the population and housing data collected on a sample basis from the Census 2000 long form questionnaire, as well as the topics from the short form 100-percent data (age, race, sex, Hispanic or Latino origin, tenure [whether a housing unit is owner- or renter-occupied], and vacancy status). Summary File 4 is repeated or iterated for the total population and 335 additional population groups: 132 race groups, 78 American Indian and Alaska Native tribe categories, 39 Hispanic or Latino groups, and 86 ancestry groups.

In file SF 4, the universes *households, families, and occupied housing units* are classified by the race or ethnic group of the householder. *Subfamilies* are classified by the race or ethnic group of the reference person for the subfamily. In a husband/wife subfamily, the reference person is the husband; in a parent/child subfamily, the reference person is always the parent. The universes *population in households, population in families, and population in subfamilies* are classified by the race or ethnic group of the individuals within the household, family, or subfamily without regard to the race or ethnicity of the householder. Notes follow selected tables to make the classification of the universe clear. In any population table where there is no note, the universe classification is always based on the race or ethnicity of the person. In all housing tables, the universe classification is based on the race or ethnicity of the householder.

Assumptions

Certain assumptions were needed to calculate the financial forecasts. Forecasted revenues and costs that were projected to remain relatively constant were calculated by taking

the average amount between the years 2007-2009, then adjusting the figure account for a predicted inflation⁵. It is also assumed that technology and weather patterns will remain constant. Furthermore, farms will pay similar amounts regarding organic certification. In addition, CPOF will eliminate egg and prepackaged revenue sources in order to focus efforts on CSA membership expansion.

As CSA membership increases, CPOF will have significant increases in fertilizer, pesticide, and seed expenses. In order to support the production increase, it is also assumed that the Organic Farm will be able to expand Enterprise Project students and local volunteers to maintain the desired production levels. CPOF will rely heavily on pre-existing resources provide by California Polytechnic State University; free land, labor, and numerous utilities. We assume that these resources will remain available to CPOF in future years. As CSA membership expands to handle future demands, grants will increase proportionally to students participating in Enterprise Projects.

Limitations

CPOF produce will have many production and financial limitations. Current production can handle 300 CSA members and still participate in San Luis Obispo Farmers' Markets. Expanding the CSA Program would rely on the CPOF's ability to adapt to an additional in demand, resulting in production and employee increases. With an increase in produce, the Organic farm would need to increase fertilizer, pesticide, and crop management techniques. Organic produce is also limited to the surrounding soil and yield amounts.

⁵ Current inflation is 4.28%, provided by www.newworldencyclopedia.org

Soil type (sand, loam or clay) has a significant influence regarding what types of crops can be grown on the property. Some vegetable crops are well suited to sandy or high organic matter soils but less suited to heavier clay soils. Some sandy soils are prone to summer drought and not well suited to some field crops. Stony soils are not suitable for many crops because they tend to allow little available water and nutrients. Slopes greater than two per cent make the soil more prone to erosion and some conservation management strategies will be needed. Slopes greater than six per cent will make the fields challenging for good crop production (Ontario Ministry of Agriculture, Food and Rural Affairs).

Healthy soils and farming practices that enhance the condition of the soil are essential on organic farms. Crop rotations should include both grass crops and broadleaf crops especially legumes to build up soil nitrogen (Ontario Ministry of Agriculture, Food and Rural Affairs). Also organic farms must pay special attention to pest and nutrient management issues when planning the crop rotation. Use cover crops to reduce soil erosion. Cover crops also build soil organic matter and a diversity of soil bacteria, fungi, earthworms and other soil flora and fauna essential for recycling nutrients and building good soil structure (Ontario Ministry of Agriculture, Food and Rural Affairs). Weather conditions also affect crop production. Crops tend to prefer a certain type of climate and weather conditions. CPOF is limited in crop selection to fruits and vegetables that are able to produce in the soil and climate conditions.

Chapter 4

DEVELOPMENT OF THE STUDY

Article I: Executive Summary

Basic Business Information:

Title: Cal Poly Organic Farm (CPOF)

College of Agriculture, Food and Environmental Sciences (CAFES)

Registered Address: Cal Poly Organic Farm

HCS Department Building 11

San Luis Obispo, CA 93407

SIC Code: 01 (0161)

NAICS Code: 111 (111219)

Contents: Executive Business Plan

Contact Information: (805) 756-6139

E-Mail Address: orgfarm@calpoly.edu

Professional Advisers:

Dr. John Phillips, SARC Faculty Director & Cal Poly Organic Initiative Director

Dr. David Headrick, SARC Professional Education Program Director

Cindy Douglas, Cal Poly Organic Farm Manager

Jerry Mahoney, Production Supervisor

Product Description

CPOF produces a variety of fruits and vegetables available in local restaurants, Cal Poly eateries, and Community Supported Agriculture sales. CSA Members enjoy mostly organic produce, as well as seasonal and locally-grown produce. CSA produce boxes can be purchased weekly in a large (three to six people) or small (one to two people) box option. CPOF's other forms of revenue include: merchandise sales, egg sales, and local grocery stores. Organic Farm

CSA produce boxes vary by season and weekly production levels. An example of a typical CSA produce box can be seen below.

In addition to the current box options (large and small), CPOF will expand consumer options. New options will be adaptable to production capabilities and consumer preferences. CSA boxes will cater to individual needs and can be purchased on a weekly basis through CSA membership and San Luis Obispo Farmers' Market. CPOF expects to market the new options in 2013, or when CPOF can generate the needed funds to support the additional production, advertisement, and related expenses. Introducing product variation will help maintain a steady increase in CSA and Farmers' Markets sales. New CSA boxes will be reasonably priced and costs between twenty and thirty dollars per box. Box options will be comparable in size to the existing options. Sample box options can be seen below.

Table 1. Current CSA Produce Boxes

Examples of Seasonal Boxes	
February	September
Carrots	Garlic
Broccoli	Onions
Cauliflower	Tomatoes
Leeks	Lettuce
Arugula	Zucchini
Kale	Peppers
Chard	Carrots
Lettuce	Eggplant
Kiwis	Chives
Oranges	Basil
Avocados	Parsley
Lemons	Corn
	Melons
	Apples

Table 2. Future CSA Produce Boxes

Future CSA Box Options	
Healthy Heart	Perfect Salad
Garlic	Salad Mix
Broccoli	Tomatoes
Onions	Peppers
Apples	Carrots
Corn	Cucumbers
Zucchini	Celery
Carrots	Avocados
Basil	Chives
Lemons	Onions

Marketing and Sales

Cal Poly Organic Farm is targeting customers who make up an under-served niche market for organic and sustainable agriculture. Our target customers can be defined as individuals with disposable income that have a desire to consume quality produce and maintain a healthy diet. A study found that higher income households are more likely to buy organic vegetables, but once the decision to buy organic has been made, they devote a smaller share of

their vegetable expenditures toward organic vegetables (Dettmann and Dimitri, 2010). Organic produce is typically more expensive than commercially grown produce located in chain grocery stores. Limited disposable income has hurt CSA membership over recent years. Given their limited purchasing power and more vocal concern for the environment, most of our buyers tend to have disposable income and increased awareness of environmental concerns.

Our marketing strategy is to “get the word out,” focusing on customers that are not aware of the benefits associated with organic produce consumption and financially supporting local growers and Cal Poly. Local CSA resident membership is far below expectations; of the 200 CSA members an estimated 50 are local residents. Marketing tools will be limited to local media with an emphasis on attracting San Luis Obispo residents. Marketing tools will employ both electronic media and in print advertisements. Local newspapers⁶ and internet websites⁷ will be the focus on marketing techniques.

Operations

Operations strategy will minimize production costs and grow produce that is desirable to the target consumer. CPOF will continue to provide quality produce that is readily available to the public at an affordable price. There will be a future emphasis on records and data collection that will help maximize revenue potential and minimize undesirable costs. A major weakness of the farm currently is its lack of financial records of assets, liabilities and equity.

Management

The majority of staff at CPOF is students and local volunteers. Currently the farm hires approximately 15 part-time students from over 10 different majors and has 20 volunteers.

⁶ *Mustang Daily*, *San Luis Obispo Tribune*, and *New Times*.

⁷ www.twitter.com, www.facebook.com, calpolyorgfarm.com,

The farm is managed by Cal Poly alum, Cindy Douglas, who graduated with a Master's Degree in Agriculture (Soil Science concentration), and Dr. David Headrick, SARC Professional Education Program Director. Dr. Headrick is an Associate Professor in the Horticulture and Crop Science Department. He received his B.S. in Biology from California State Polytechnic University, Pomona, his M.S. and Ph.D. in Entomology from the University of California, Riverside. Jerry Mahoney, CPOF Production Supervisor, oversees all aspects of production at the Organic Farm. A graduate of the Ag Business Department at Chico State University, Jerry is a third generation farmer in the Santa Maria Valley. He is owner of TKP Farms, and has been a certified organic grower since 1996.

Strategy

The Organic farm has room for expansion in CSA sales and San Luis Obispo Farmers' markets. The main objective for implementing new strategies is to increase revenue and CSA awareness. All proposed strategies rely heavily on increasing the current marketing plan. The primary approach to improving the financial status of CPOF will be to focus on local forms of advertisement. Advertising locally will be the most efficient marketing plan and costs are relatively low. Promotion strategies will be geared towards the general public of San Luis Obispo County with hopes of reaching as many residents as possible. Improving resident CSA sales will be the best option to generate the needed revenue. A steady and consistent advertising attack will provide the ability to target the masses and increase CSA membership in San Luis Obispo County.

As CPOF advertisements reach the target audience; CSA membership and general sales including farmers' markets sales will increase. CPOF economic growth is likely to drop off at a certain point. When this occurs, revenue will taper off. At this point, CPOF will implement the

second phase of the plan and implement new CSA produce boxes. If these products perform favorably, a second round of produce boxes will be implemented. At this point it is recommended to re-evaluate the marketing strategy and have the ability to compensate for production changes.

The third potential strategy will explore other forms of revenue. This includes expansion of CPOF produce in restaurants and farmers' markets along with merchandise sales. CPOF will expand involvement for the down town San Luis Obispo Farmers' Market and venture out to surrounding areas. There are little finances available to afford a dramatic increase in salaries and the farm will continue to rely on volunteer and student workers. Currently, CPOF has one booth at both the Poly Canyon and down town locations, with staff averaging between two to four people. CPOF will double booth involvement for the downtown market. In addition, there will be people assisting in passing out CPOF and CSA flyers, brochures, and advertisements. Added efforts in farmers' markets will allow for extra CSA sales generated during that time. In the long run, farmers' market and merchandise sales will increase, but overall CPOF revenue would decrease compared to other strategies. The staff and produce needed to support added Farmers' Market participation does not justify the lost revenue accounted for in CSA sales.

Financial Summary

Cal Poly Organic Farm has experienced losses the previous three years. CPOF total sales have decreased every year as well. There has been little action to prevent the losses or attempts to turn a profit. Sales have been disappointing in local Farmers' Markets and CSA sales have decreased recently. The farm does little promotion of products and services offered. Over the past three years the Organic farm has lost a combined \$23,610.00.

Financial Projections

If CPOF continues to operate in a similar direction to the existing status of the farm, losses will continue to mount up. CPOF has done little in the past to generate improved revenues. The farm shows little capability at its current pace to become a profitable business. The farm has lost over \$20,000 over the last three years. Financial projections show even greater debt. Based on CPOF 2009 finances, there is little to justify potential economic growth.

CPOF has great potential to expand into local markets and increase CSA membership. I propose an increase in advertising and promotion efforts in addition to an increase in collaborations with Cal Poly departments including but not limited to: agribusiness, crop sciences, graphic design, and business. The idea of using resources on campus will be cost effective and produce significant results. Teachers are always in demand for project ideas, and the thought of supporting a Cal Poly program should increase motivation. The greatest area for expansion is CSA sales. Advertising in *New Times* and *SLO Tribune* will target a wide range of San Luis Obispo residents and businesses. Increasing awareness will boost CSA membership and Farmers' markets sales. The table below compares projected financial figures from years 2010-2014. The base projection is based on the current accounts and economic status with inflation⁸ incorporated versus forecasted figures. The table below shows a summarized projection of future net income. Further details are provided in the financial sector.

⁸ Current inflation is 4.28%, provided by www.newworldencyclopedia.org

Table 3. Forecasted CPOF Revenue

Forecasted CPOF Revenue		
Year	Base	Strategic
2010	\$ (4,214)	\$ 1,932
2011	\$ (10,440)	\$ 1,079
2012	\$ (22,496)	\$ 15,638
2013	\$ (34,568)	\$ 45,653
2014	\$ (42,485)	\$ 59,777

Opportunity

CPOF is fortunate to have the extent of opportunities provided by the university and community. The farm does not pay for land, water, and a majority of its labor. The farm also receives annual grants to help support the farm, yet is losing money consistently. The farm receives a majority of its workers through enterprise programs and local volunteers. The farm has the option to increase production; currently only three acres out of the eleven available acres are being used. With the vast amount of free resources there is no reason the farm should be operating profitably.

Article II: Company Overview

The Cal Poly Organic Farm consists of roughly 11 acres of certified organic land used for vegetable and fruit production. The farm is largely managed by Cal Poly students with the help of volunteers and staff members. CPOF produce can be purchased through CSA, university-based markets and eateries, and local restaurants. Products vary according to season and availability, with CSA sales representing a majority of farm revenue. A goal of CPOF is to

increase the amount of local and organic produce consumed on campus and to increase the overall awareness of the local agricultural economy. Additionally, the farm hosts periodic workshops and seminars covering a wide range of issues including composting, natural pest control, native plants, Bio-intensive agriculture and Permaculture design. The farm is open to the public and encourages students, staff, and community to volunteer for work activities or to enjoy the farm as a leisure activity.

Vision

The Cal Poly Organic Farm is committed to the production of organic produce through sustainable farming practices. The CPOF will continue to educate the importance of organic agriculture which helps ensure the long-term health and vitality of our region. The CPOF seeks to become a self sufficient business capable of expanding local markets and increasing organic fruit and vegetable availability.

Mission

The Cal Poly Organic Farm is dedicated to the education and advancement of sustainable food and agriculture systems. CPOF has a commitment to both the community and university providing quality produce available to the public. At the Cal Poly Organic Farm we are always looking for new ways to expand in local markets to educate organic and sustainable agricultural benefits. The fruits and vegetables grown at CPOF come from 11 acres of certified organic farm land.

A goal of CPOF is to increase the amount of local and organic produce consumed on campus and in the community. CPOF produce is sold on campus at eateries, local residents and

through the Community Supported Agriculture program. Produce can be purchased weekly at local Farmers' Markets and delivered throughout San Luis Obispo county to CSA members. The CSA provides a direct method of bringing our vegetables to the community as well as bringing the community to our vegetables. CSA produce boxes can be purchased year round with a vast variety of organic and locally-grown produce.

The farm is supported by the community and therefore is part of the community. Residents and students are encouraged to work at the farm on a volunteer basis or work-for-food program. Faculty, staff and students manage and work together at the farm and are committed to the principles of sustainable growing using organic methods, relationship building, as well as educational and community outreach..

Current Status

The Cal Poly Organic farm sits on 11 acres of certified organic farm land⁹ with crop variety and production dependent on CSA membership numbers and seasonal weather. The farm is much more than a business, serving as an educational site to the community and university. Students enroll to study at the farm through the Organic Enterprise (CRSC 203), which is offered each term for 2-4 units of credit, which features lab sections taught at the Organic Farm. Additionally, the farm hosts periodic workshops and seminars covering a wide range of issues including composting, natural pest control, native plants, Biointensive agriculture and Permaculture design. The farm maintains an open door policy, allowing students, staff and community to volunteer for work activities or to enjoy the farm as a leisure activity.

CSA is the financial backbone of the farm and with recent decline in membership the

⁹ Certified by CCOF- certifying since 1973

farm has been struggling to break even, let alone turn a profit. A combination of the current recession and the farm being unable to adapt to the economic downturn has led to the decline. In the past CSA membership was consistently around 300, but now there are currently 200 members enrolled in the program. New steps need to be taken in order to increase CSA membership and revenue sources. Current CSA member status is available below.

Table 4. Current CSA Membership and Breakdown

Current CSA Membership

Current	Members	Probability
Large Shares	60	0.30
Small Shares	140	0.70
Total	200	1.00

	Members	Probability
Resident	50	0.25
Faculty	100	0.5
Student	50	0.25
Total	200	1.00

Products and Services

The Cal Poly Organic Farm produces organic fruits and vegetables according to the weather and climate conditions. Most of the produce is grown on 11 certified organic acres on the Cal Poly campus. Additional produce is purchased from a network of local, collaborative growers to increase product diversity and support the local agriculture economy. Fruits and vegetables in the box vary weekly depending on seasonal availability. Spring/summer crops include items such as lettuce, onions, arugula, leeks, carrots, beets, summer squash, strawberries, potatoes, kale and raspberries.

The largest revenue source is CSA membership. Along with fresh produce, members will receive a weekly newsletter with recipes highlighting the week's bounty. Members can purchase a subscription for a large box, designed for a family of three to five and available for \$318, or a small box, designed for a family of one to three people for \$240. Quarter-long student boxes are also available for \$190. The 24-week share can be purchased at a discounted rate of \$604 for a large box or \$456 for a small box. The 12-week spring season runs March 30 through mid-June. The 24-week spring/summer season runs from March 30 through early September. Members can pick up their produce on either Monday or Thursday at the Cal Poly Organic Farm or have their box delivered to a countywide drop-site location for an additional fee. Other sources of revenue include sales to local restaurants¹⁰, Cal Poly eateries¹¹, and local Farmers' Markets¹².

By supporting the CPOF, members also contribute to the success of an even broader network of local growers throughout the county. The CPOF CSA purchases local produce to add to the share and to sell on campus. The produce is either certified organic or grown in a sustainable fashion and may come from other Cal Poly enterprise projects. Some of the local contributing farms are the following: 7th Heaven (CCOF, Cayucos), Cal Poly citrus and avocado enterprise, Cal Poly stone fruit enterprise, Growing Grounds (SLO), Le-Fort's Organic Crops (CCOF, Creston), Mt. Olive (Paso Robles), Swift Subtropicals (CCOF, Los Osos), TKP Farms (CCOF, Santa Maria). CPOF is always expanding on its network of local, organic farmers with whom seasonal crop planning and purchasing needs are discussed.

¹⁰ Big Sky and Hoppes (in Cayucos).

¹¹ Sage Restaurant

¹² Located weekly at Poly Canyon and and Higuera St.

Organic Market

One byproduct of rapid market growth has been periodic shortages of organic products. Due to the inability of organic farms to supply enough products to keep pace with demand, an increase in acres of certified organic farmland have lagged behind growth in demand and have been relatively volatile during the decade (Seimon, 2006). Surprisingly farmers have been reluctant to covert farmland to organic produce. Farmers who convert to organic production must farm the land in accordance with a certified approved¹³ plan for 3 years before its yield can be sold as organic, unless they can prove that no prohibited substances were used in or near the production area during the previous 3 years. Potential organic farmers may opt to continue using conventional production methods because of social pressures from other farmers nearby who have negative views of organic farming, or because of an inability to weather the effects of reduced yields and profits during the transition period (Seimon, 2006).

¹³Plans and restrictions are based on USDA provisions

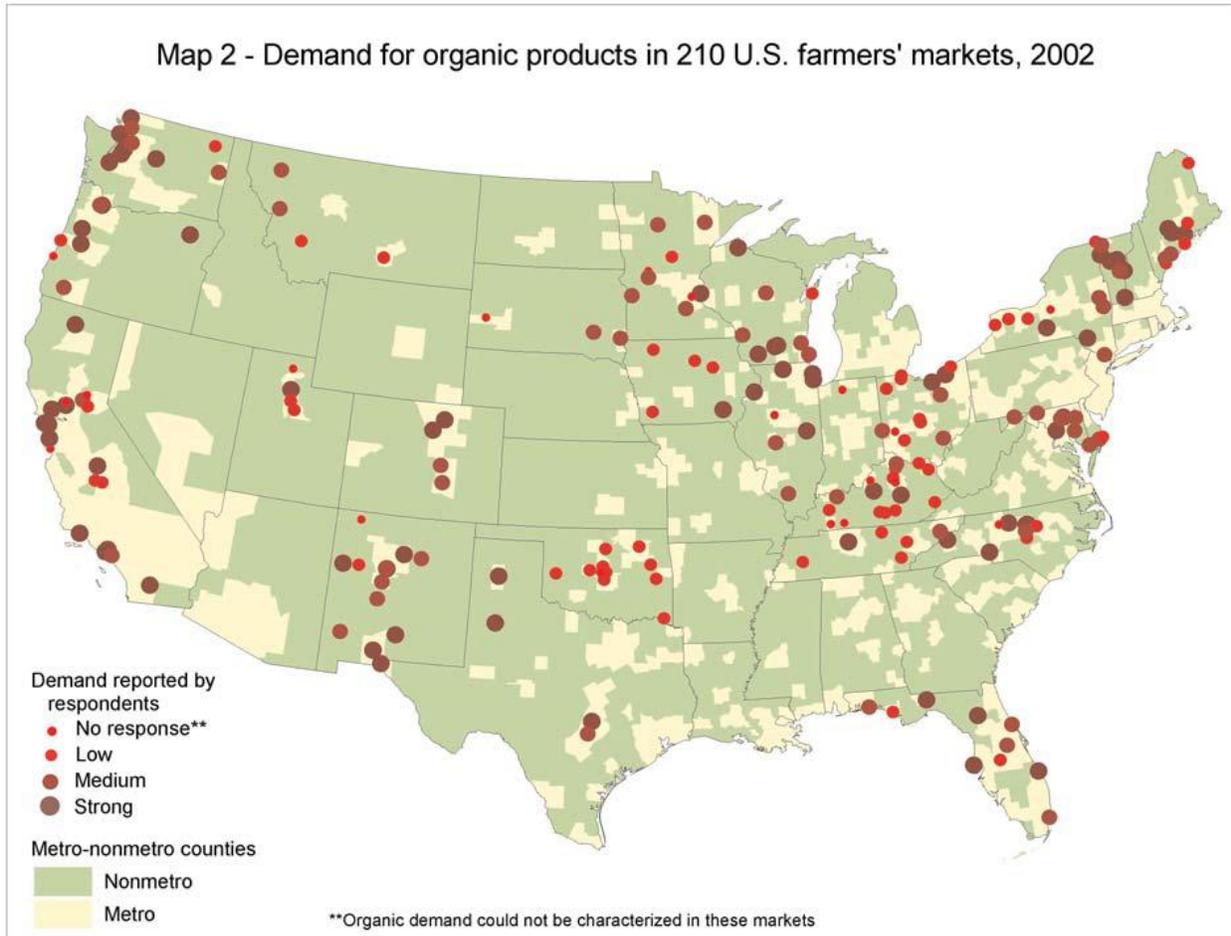


Figure 1. 2010 U.S. Farmer's Markets Organic Produce Demand

Source: Kremen, Amy, Catherine Greene, and Jim Hanson. *Organic Produce, Price Premiums, and Eco-Labeling in U.S. Farmers' Markets*. Rep. United States Department of Agriculture, pp, 1-12

Objectives

The Organic Farm serves as an educational outlet for the community and business. The farm prides itself on its open door policy to the public and educational programs. The farm truly represents Cal Poly's "learn by doing." However, the farm has been unable to maintain financial stability and independence. Although the Organic Farm has the ability to function without making a profit, a time may come when the program gets cut due to its lack of profitability. The

goal of this business plan is simple; make money.

CPOF will continue to produce high quality produce for the surrounding San Luis Obispo area. Currently students and staff represent 75% of CSA membership, with local residents representing only 25% (50 of 200). CPOF currently attracts only .07% of the current San Luis Obispo County population. CPOF has potential to increase CSA membership in every category, especially local residents. Current CSA membership figures are compared to San Luis Obispo County population is shown below.

Table 5. CSA Membership Compared to San Luis Obispo County Population

	CSA Members		
	Population	Current	Percent of Population
Faculty	1203.000	100.000	8.31%
Students	19777.000	50.000	0.25%
San Luis Obispo County Residents	270429.000	50.000	0.02%
Total	291409.000	200.000	0.07%

Expansion in local markets will be administered by increasing in print and online advertisements. The Organic Farm currently spends \$400.00 on advertising and \$850.00 on printing expenses annually. CPOF will continue to advertise in the *Mustang Daily* and distribute CSA brochures and flyers at Farmers' Markets. See Appendix for local advertising and printing rates, forecasted advertising and printing expenditures and strategies.

Once CPOF achieves financial stability and consistent profits, other forms of revenue will be explored. Although the Organic Farm offers a vast variety of produce, CSA box options have relatively unchanged. There are two basic options that have little product differentiation

besides amount of produce and cost. Increasing produce options will help maintain current customers and attract a new audience.

CSA has plans to expand produce selection and implement new and creative produce boxes that will cater to the individual. The first phase will be to introduce two new options: the Healthy Heart and Perfect Salad. Around this time, as a result of product stagnation, new sales have the tendency to flatten out. My prediction is this will occur around 2013. This is when CPOF will implement new CSA box options.

CPOF will continue to offer large and small box options in addition to the Healthy Heart and Perfect Salad. In the near future the farm should experience economic growth regarding CSA membership, Farmers' Market sales and other revenue sources. CPOF will have the resources to expand production and handle the CSA growth. This will attract customers and provide existing members more options. If the new CSA box options test positively, further box varieties and size options will be considered.

Article III: Competitor Analysis

Porters Five Forces Analysis

The model of pure competition implies that risk-adjusted rates of return should be constant across firms and industries. However, numerous economic studies have affirmed that different industries can sustain different levels of profitability; part of this difference is explained by industry structure. Michael Porter provided a framework that models an industry as being influenced by five forces. The strategic business manager seeking to develop an edge over rival firms can use this model to better understand the industry context in which the firm operates.

Threat of Substitute Products or Services

In Porter's model, substitute products refer to products in other industries. To the economist, a threat of substitutes exists when a product's demand is affected by the price change of a substitute product. A product's price elasticity is affected by substitute products - as more substitutes become available, the demand becomes more elastic since customers have more alternatives. A close substitute product constrains the ability of firms in an industry to raise prices. The competition engendered by a Threat of Substitute comes from products outside the industry.

The threat of substitution for organic produce is imminent everywhere. Fruits and vegetables are consumed for the basic reason as food source that contains needed vitamins and nutrients. Basically anything that can substitute for a food or energy source has the potential to do the job of organic produce. Substitutes for organic produce include multi-vitamins, meat, commercially grown produce, and thousands of others. These are not necessarily rivals but do compete for consumer spending. While the threat of substitutes typically impacts an industry through price competition, there can be other concerns in assessing the threat of substitutes. The new technologies available and the changing structure of consumer needs are contributing to competition among these substitutes.

Threat of Consumer Power

The power of buyer is the impact that customers have on an industry. In general, when buyer power is strong a consumer has many options. Buying power associated with organic produce is based on the amount of local organic farmers and competition along with price of the produce. Organic produce is typically more expensive, thus giving commercial farmers a competitive advantage. Produce competition is strong in San Luis Obispo County. There are

weekly Farmers' Markets throughout the county, along with commercial and organic produce grocery stores, and other competition that increase buyer power. The farm has been slow to adapt to consumer needs. During the economic recession where consumer spending decreased, that farm has been slow to adapt. As competitors have decreased prices to help facilitate the lack of available money, the farm has not. As a result, CSA numbers have fallen from a reported high of 300 in 2007 to 200 active members. CPOF also lacks the ability to bargain and compete with competitors. The prices are set seasonally and have not adapted to the current economy.

Threat of Supplier Power

The Cal Poly Organic Farm requires raw materials - labor, seed, and other supplies. This requirement leads to buyer-supplier relationships between the industry and the firms that provide it the raw materials used to create products. Suppliers, if powerful, can exert an influence on the producing industry, such as selling raw materials at a high price to capture some of the industry's profits. The farm gets a majority of its labor free of charge through Enterprise students and local volunteers. The main cost that the farm faces is seed expense. The extent of farming done at the farm along with the variety of crops makes seed suppliers an important role to the success of the farm. First, the seeds must be viable and be able to produce the desired crop and amount. Second, seed pricing is important. Since it is the major expense of the farm, over paying for seeds can be a costly mistake.

Threat of New Competitors

As demand has increased for organic produce over the years, so has competition. The retailing of organic products in 2010 bears little resemblance to that in the late 1990s. Small scale farm operations have been the backbone for organic food production. Presently, large

retailers such as Whole Foods and Wal-Mart have entered the market and provided serious competition. The wider reach of organic food is evident in the fact that organic food was available in 82 percent of retail food stores in 2007 (Food Marketing Institute, 2008). Further, retailers have begun moving from selling only organic branded products to innovating products that consumers have used for years, such as organic Heinz ketchup. The number of new organic products introduced in one year increased from 290 in 1997 to 1,107 in 2007 (Food Marketing Institute, 2008). As a result, more competition has entered the organic produce sector. New organic private-label products increased from 35 in 2003 to 540 in 2007 (Driftmier, 2009).

Rivalry among Competitors

In the traditional economic model, competition among rival firms drives profits to zero. But competition is not perfect, leaving firms to strive for a competitive advantage over rivals. The intensity of rivalry among firms varies across industries. Due to the amount of competition, rivalries are present and abundant. A larger number of firms increase rivalry because more firms must compete for the same customers and resources. The rivalry intensifies if the firms have similar market share, leading to a struggle for market leadership. The firm has done little to gain a competitive advantage over its competitors. Some measures that have the potential to increase over rivals that the firm has yet to try include changing prices (raise or lower), improve product differentiation, and expand markets.

Article IV: SWOT Analysis

The following information analyzes the interior strengths and weakness along with exterior threats and opportunities of the Organic Farm.

Strategies to Employ to Strengths

Use of Free Resources

CPOF is fortunate to have a vast array of free resources at its hand including land, labor, water and other amenities. These allow the farm to produce organic fruits and vegetables cost efficiently. This is a huge competitive advantage. This provides an opportunity to produce at lower costs than competitors and the ability to sell produce at a cheaper price than competitors giving itself another advantage.

Community Supported Agriculture

The CSA program is the main source of CPOF revenue. The farm currently has 200 members- 50 local residents, 50 students, and 100 faculty and staff. The farm has done well in staff and faculty participation but is greatly underachieving in student and local resident memberships. With a county population of 270,429¹⁴ in San Luis Obispo County, the farm is attracting well under one percent¹⁵ of the population. Marketing to the masses in newspapers should have instant results and boost CSA membership numbers.

Learn by Doing

The farm provides a “learn by doing” approach to farming and allows visitors and students the opportunity to get their hands dirty. There are currently twelve students enrolled in the Enterprise Program by taking course CRSC 203. Given Cal Poly’s student body of roughly 19,325 (Fall 2009),¹⁶ there is great potential to expand the amount of workers at the farm. This

¹⁴ "City of San Luis Obispo - Demographics." <<http://www.ci.san-luis-obispo.ca.us/economicdevelopment/demographics.asp>>.

¹⁵ (50 resident members) / (270,429 SLO County residents) = 0.018%

¹⁶ "Cal Poly Quick Facts." *Cal Poly News Web*. <<http://www.calpolynews.calpoly.edu/quickfacts.html>>.

would result in the ability to produce more at virtually the cost of seed. Currently only three out of the eleven certified organic acreage are being farmed.

Diverse Food Production

CPOF produces a variety of exotic and domestic produce. This allows consumers to experience quality produce they are accustomed to and fruits and vegetable not commonly found in grocery stores. The farm offers only two options and with such great variety should create more options that are appealing to consumers.

Strategies to Address Weaknesses

Local CSA Recruitment

As mentioned earlier, local CSA membership is underachieving. Despite the current economic recession, there is no reason for membership to be so weak. The main strategy to increase membership is marketing and advertising. Advertisements will be segmented in San Luis Obispo County and to be targeted towards the masses. Advertising strategy will be expressed in more detail later. Lack of advertisements is the number one weakness and as a result, there is a lack of product and service awareness. Expanding advertisements will improve awareness of CPOF and CSA. As a result, CPOF produce sales and CSA membership should increase.

Lack of Promotion

The farm currently relies on word of mouth and Farmer's Markets to promote the farm. The farm currently has periodic advertisement in *The Mustang Daily* and other local newspapers. However, CPOF does not have advertisements in the *SLO Tribune* or *New Times*. In order to make money, sometimes you must spend money. This is one of those cases. According to McClatchy, *SLO Tribune* has a daily circulation of 39,880, rising to 45,250 on Sundays. Total

readership is estimated at 90,800 on weekdays and 102,800 on Sunday.¹⁷ *New Times* circulation is roughly 40,000 daily.¹⁸ Both of these options are recommended as useful tools to expand local markets and CSA membership.

Inability to Control Pest

The Organic Farm has been hit hard by a form of centipede that has been a major nuisance, sampling most of the crops (especially leafy greens). The farm lacks the ability to use pesticides and therefore must use integrated pest management to battle the insects. Methods include crop rotation, tillage, insect resistant crops, and other preventative measures. The farms best option is crop rotation in association with planting centipede resistant crops. Commercial farms have more means to control pest problems. An outside and highly unlikely to opportunity is for the farm to abandon its holistic approach and convert the Organic Farm to a commercial producer.

Operational Issues

Efficiency is important to potential success of a business. The farm seems to be understaffed and the operations aspect is inadequate. CPOF lacks proper financial records and line of command. The farm is managed holistically, but that does not justify inadequate financial records. For this project I had to rely on an outside source to retrieve financial documentation after numerous attempts from CPOF management. The only information I was provided was a budget, an estimate on what they will spend. The foundation of a quality business plan is its financials and given the situation I was put in, I did the best I could. A strategy to employ to improve operations would be to organize and formulate financial records with the data available.

¹⁷ "The McClatchy Company." <<http://www.mcclatchy.com/2006/06/09/365/the-tribune.html>>

¹⁸ *New Times SLO*. <<http://archive.newtimeslo.com/index.php?p=about>>.

The farm has two options: hire a Certified Public Accountant or collaborate with Cal Poly accounting classes.

Strategies to Take Advantage of Opportunities

Growing Demand for Organic

Demand for organics has been growing steadily over the years. Despite the current economic recession, the organic produce is still in demand. The demand is out there, the farm however has been able unable to tap into the market. The farm is underachieving in both Farmers' Markets and CSA sales. Increase in advertising and promotion will generate more buzz and inform local residents that they can buy and support Cal Poly by purchasing produce grown at the farm.

Expand Local Markets

Expanding local markets will define the future success for CPOF. Expansion in Farmers' Markets, local restaurants, and CSA membership is obtainable but promotion is needed. The farm has been stagnant in its ways and that has led to multiple years operating with a loss. The community seems to embrace and support Cal Poly outlets. I see no reason the farm can't expand produce to more restaurants and improve CSA membership sales by 25%.

Improving Economy

The farm has little to do with the American economy; however people tend to increase organic spending when they have disposable income. When money is tight, people tend to purchase more inferior goods that are cheaper, opting to choose quantity over quality. One option is to wait and hope the economy will improve, thus naturally increasing sales. Another potential strategy is to decrease the price of organic produce in hopes of increasing demand and sales. Recent CSA membership numbers have diminished by roughly 33% over recent years.

The farm has yet to explore the idea of decreasing CSA box prices to increase sales. If the American economy continues to decrease and the farm remains stagnant in their ways, sales will continue to drop thus increasing losses.

Sustainable Development of Agriculture

Sustainability is a movement to effect change in all areas of human enterprise. At Cal Poly, the Organic Farm and SARC work to bring sustainable practices to agriculture. Sustainability has momentum but it lacks definition. The definition of sustainability in this business plan is from the Rain Forest Alliance who did not really define it, but rather gestured at its common use. This lack of clarity hinders the movement because consumers do not really know what it is, or what it means. C.F.I. on the other hand, has a clear definition of what conservation farming is, and what we intend to conserve. As part of an initiative to reduce pesticide risks and use, EPA and the United States Department of Agriculture are promoting sustainable agriculture and Integrated Pest Management (IPM) practices, including biological and cultural control systems. USDA supports research and education programs with the cooperation of State Agricultural Experiment Stations and State Cooperative Extension Service staff.

Strategies to Mitigate Threats

Competitive Produce Prices

Organic produce typically is more expensive to produce by ten to thirty percent. This allows commercial farmers a competitive advantage to sell produce cheaper than organic farmers. The farm has the ability to compete with competitors due to its array of free resources.

Poor Economy

The economic recession has negatively impacted American spending. During the financial downturn, the Organic Farm has lost \$23,612.10. CPOF has done nothing to adjust to the economic recession and as a result, CSA sales have underperformed. To mitigate the economic downturn, CPOF has the option of decreasing selling prices in hopes of increasing. There are currently no strategies to reduce the threat of the present economic recession.

Uncontrollable Events

CPOF has little control over uncontrollable events. Being an organic farm, CPOF is limited to integrated pest management techniques that include crop rotation, tillage, and composting. There is currently a centipede issue resulting in damaged crops and loss in production. Only three of the eleven acres are currently farmed and crop rotation will decrease the pest issue. Also planting crops that are resistant to natural predators and pests can reduce production losses. Centipedes do not like potatoes and prefer leafy green crops. Planting potatoes along the outside of crops should decrease the problem along with providing a product that CPOF can sell.

Lack of Financial Support from Cal Poly

Cal Poly currently does not see the Organic Farm as a primary concern and offers little financial support. On the other hand, Cal Poly offers free resources (land, labor, water, utilities, and etc.) that save the farm thousands of dollars. If the farm were to increase pressure for financial support from Cal Poly, increasing Enterprise and CSA members would justify the demand. The university is currently losing money and the likelihood of the farm receiving more financial assistance is rare.

Article V: Marketing Plan

Marketing Objectives

The marketing strategy is basic: market to the masses. Success of the farm is based on CSA sales. Local resident and student CSA membership areas have potential to grow, especially among San Luis Obispo County locals. Currently, CPOF focuses advertisement efforts in *Mustang Daily*, passing out flyers at Farmers' Markets, and CSA brochures. *Mustang Daily* provides high circulation among Cal Poly students and staff, but minimally reaches local residents. Future advertisements will target San Luis Obispo residents.

Product Availability

CPOF products will be available at local Farmers' Markets, Cal Poly eateries, selected local restaurants, and to CSA members. Research and development will be conducted to analyze the potential of expanding CPOF fruits and vegetables to a larger market and other forms of revenue. The strength of CPOF revenue is CSA sales. The farm needs to weigh the risk of expanding markets and possibly reducing CSA sales versus the reward of expanding the market. CPOF is limited by available staff and the ability to handle the added production. Workers are mainly volunteers who lack proper agricultural production training.

Market Analysis

A growing appetite for organic food in the United States translated into an increase in retail sales between 1997 and 2008. Over these years, the organic food sector underwent a transformation; by the time retail sales reached \$21.1 billion in 2008, structural changes had

revamped organic food marketing (*Nutrition Business Journal*, 2009). Retailing organic food changed as the demand for organic increased. Organic farmers faced increased competition from companies new to the sector, with organic food sold not only in natural-products stores, such as Whole Foods, but also in traditional supermarkets such as Safeway and wholesale companies including Wal-Mart and Costco. Organic manufacturers by 2008 were either competing directly with conventional food manufacturers or had been subsumed by conventional firms (*Nutrition Business Journal*, 2009). There has been a shift in manufacturing levels. With demand increasing annually larger firms have begun organic produce sector.

San Luis Obispo Population Demographics

The 2000 United States Census will provide an accurate demographic for San Luis Obispo County residents. According to the 2000 Census, there were 246,681 residents, 92,739 households, and 58,611 families in the county. The racial makeup of the county was 84.60% White, 2.03% Black or African American, 0.95% Native American, and 2.66% Asian. 16.29% of the populations were Hispanic or Latino. 13.9% were of German, 11.4% English, 9.7% Irish, 6.1% American and 5.7% Italian ancestry according to Census 2000. 85.7% spoke English and 10.7% Spanish as their first language.

There were 92,739 households out of which 28.2% had children under the age of 18 living with them, 50.40% were married couples living together, 9.1% had a female householder with no husband present, and 36.8% were non-families. 26.0% of all households were made up of individuals and 10.3% had someone living alone who was 65 years of age or older. The average household size was 2.49 and the average family size was 3.01.

In the county the population was spread out with 21.7% under the age of 18, 13.60% from 18 to 24, 27.0% from 25 to 44, 23.3% from 45 to 64, and 14.5% who were 65 years of age or older. The median age was 37 years. For every 100 females there were 105.6 males. For every 100 females age 18 and over, there were 105.2 males.

The median income for a household in the county was \$42,428, and the median income for a family was \$52,447. Males had a median income of \$40,726 versus \$27,450 for females. The per capita income for the county was \$21,864. About 6.8% of families and 12.8% of the population were below the poverty line, including 11.4% of those under age 18 and 5.9% of those ages 65 or over.

Advertising and Promotional Plans

CPOF will continue to advertise and promote in local media with in print and online ads, word of mouth, and online. CPOF will continue to advertise in the *Mustang Daily* and distribute flyers and brochures. The farm will continue its participation with www.twitter.com, www.facebook.com, and calpolyorgfarm.com. Increased advertising will take place at Thursday night Farmers' Markets where flyers and brochures will be the focal point of increasing CPOF product and service awareness. A forecasted version of 2010-2014 advertising and printing expenses can be seen below.

Table 6.0 2010-2014 CPOF Forecasted Advertising and Printing Costs

	2010-2014 Advertising Costs				Printing Costs			Total Annual Expenses
	SLO Tribune	New Times	Mustang Daily	Newsletters	Brochures	Flyer	Misc	
2009	-	-	\$ 396.00	-	\$844.00			\$ 1,240.00
2010	\$ 286.00	\$ 1,784.00	\$ 650.00	\$ 25.00	\$ 250.00	\$ 50.00	\$ 25.00	\$ 3,070.00
2011	\$ 572.00	\$ 5,352.00	\$ 650.00	\$ 31.25	\$ 325.88	\$ 62.50	\$ 31.25	\$ 7,024.88
2012	\$ 2,548.00	\$ 11,596.00	\$ 1,625.00	\$ 39.06	\$ 407.79	\$ 75.00	\$ 39.06	\$ 16,329.91
2013	\$ 4,368.00	\$ 11,596.00	\$ 1,625.00	\$ 58.59	\$ 496.11	\$ 105.00	\$ 48.83	\$ 18,297.54
2014	\$ 4,368.00	\$ 23,192.00	\$ 1,625.00	\$ 73.24	\$ 591.25	\$ 120.00	\$ 61.04	\$ 30,030.53

Article VI: Strategic Plan

Sales Strategy

We will be focusing our sales through CSA membership and Farmers’ Markets activities. We will continue to maintain and expand relationships with local growers and residents. We will maintain producing and selling certified organic produce, fresh and locally grown. Additionally the farm plans to increase consumer purchasing options by providing a variety of CSA box options, including new fruits and vegetables. The primary strategy is to increase CSA sales. Strategy One is the forecasted figures for an increase in CSA sales and other forms of revenues

by increasing marketing promotions. Strategy Two is a continuation of Strategy One with additional CSA produce box options. Strategy Three is exploring other forms of revenue, mainly increased involvement in San Luis Obispo Farmers' Markets.

Table 7: Strategy One: 2010-2014 CSA Sales Forecast

STRATEGY ONE: CSA SALES
2010-2014 CSA SALES FORECAST

Current CSA Membership

Current	Members	Probability
Large Shares	60	0.30
Small Shares	140	0.70
Total	200	1.00

	Members	Probability
Resident	50	0.25
Faculty	100	0.5
Student	50	0.25
Total	200	1.00

2010 CSA
Sales

	Members	Small Box Price/Week	Small Box Members	Small Box Revenue	Large Box Price/Week	Large Box Sales	Large Box Sales	Weekly Sales	Annual Sales
Resident	60	\$ 20.00	42	\$ 840.00	\$ 26.50	18	\$ 477.00	\$ 1,317.00	\$ 68,484.00
Staff	105	\$ 20.00	74	\$ 1,470.00	\$ 26.50	32	\$ 834.75	\$ 2,304.75	\$ 119,847.00
Student	53	\$ 19.00	37	\$ 698.25	\$ 25.50	16	\$ 401.63	\$ 1,099.88	\$ 57,193.50
Total	218							\$ 4,721.63	\$ 255,524.50

Notes	Resident up 20%	Student up 5%	Staff up 5%	Based off Current Status
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**2011 CSA
Sales**

	Members	Small Box Price/Week	Small Box Members	Small Box Revenue	Large Box Price/Week	Large Box Sales	Large Box Sales	Weekly Sales	Annual Sales
Resident	90	\$ 20.00	63	\$ 1,260.00	\$ 26.50	27	\$ 450.50	\$ 1,710.50	\$ 88,946.00
Staff	107	\$ 20.00	75	\$ 1,499.40	\$ 26.50	32	\$ 851.45	\$ 2,350.85	\$ 122,243.94
Student	58	\$ 19.00	40	\$ 768.08	\$ 25.50	17	\$ 441.79	\$ 1,209.86	\$ 62,912.85
Total	255							\$ 5,271.21	\$ 274,102.79

Notes:	Resident Up 50%	Student up 10%	Staff up 2%
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**2012 CSA
Sales**

	Members	Small Box Price/Week	Small Box Members	Small Box Revenue	Large Box Price/Week	Large Box Sales	Large Box Sales	Weekly Sales	Annual Sales
Resident	113	\$ 20.00	79	\$ 1,575.00	\$ 26.50	34	\$ 894.38	\$ 2,469.38	\$ 128,407.50
Staff	109	\$ 20.00	76	\$ 1,529.39	\$ 26.50	33	\$ 868.47	\$ 2,397.86	\$ 124,688.82
Student	64	\$ 19.00	44	\$ 844.88	\$ 25.50	19	\$ 485.97	\$ 1,330.85	\$ 69,204.14
Total	285							\$ 6,198.09	\$ 322,300.45

Notes:	Resident up 25%	Student up 10%	Staff up 2%
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**2013 CSA
Sales**

	Members	Small Box Price/Week	Small Box Members	Small Box Revenue	Large Box Price/Week	Large Box Sales	Large Box Sales	Weekly Sales	Annual Sales
Resident	135	\$ 20.00	95	\$ 1,890.00	\$ 26.50	41	\$ 1,073.25	\$ 2,963.25	\$ 154,089.00
Staff	111	\$ 20.00	78	\$ 1,559.98	\$ 26.50	33	\$ 885.84	\$ 2,445.82	\$ 127,182.60
Student	67	\$ 19.00	47	\$ 887.13	\$ 25.50	20	\$ 510.26	\$ 1,397.39	\$ 72,664.34
Total	313							\$ 6,806.46	\$ 353,935.94

Notes:	Resident up 20%	Student up 5%	Staff up 2%
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**2014 CSA
Sales**

	Members	Small Box Price/Week	Small Box Members	Small Box Revenue	Large Box Price/Week	Large Box Sales	Large Box Sales	Weekly Sales	Annual Sales
Resident	149	\$ 20.00	104	\$ 2,079.00	\$ 26.50	45	\$ 1,180.58	\$ 3,259.58	\$ 169,497.90
Staff	117	\$ 20.00	82	\$ 1,637.97	\$ 26.50	35	\$ 930.14	\$ 2,568.11	\$ 133,541.72
Student	70	\$ 19.00	49	\$ 931.48	\$ 25.50	21	\$ 535.78	\$ 1,467.26	\$ 76,297.56
Total	336							\$ 7,294.95	\$ 379,337.18

Notes:	Resident up 15%	Student up 5%	Staff up 2%
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Table 8: Strategy Two: 2013-2014 CSA Sales Forecast

STRATEGY TWO: PRODUCT DIFFERENTIATION

2013-2014 CSA SALES FORECAST

Based on Forecasted 2012 CSA Membership (Given Above)

**2013 CSA
Sales**

	Members	Healthy Heart Box Price	Healthy Box Sales	Healthy Box Rev.	Perfect Salad Box Price	Salad Box Sales	Salad Box Rev
Resident	141	\$ 20.00	15	\$ 300	\$ 30	22	\$ 660.00
Staff	115	\$ 20.00	12	\$ 240	\$ 30	16	\$ 480.00
Student	70	\$ 18.00	7	\$ 126	\$ 27	11	\$ 297.00
Total	325						

Small Box Price	Small Box Sales	Small Box Rev	Large Box Price	Large Box Sales	Large Box Sales	Weekly Rev	Annual Sales
\$ 20.00	70	\$ 1,400.00	\$ 26.50	30	\$ 795.00	\$ 3,155.00	\$ 164,060.00
\$ 20.00	64	\$ 1,280.00	\$ 26.50	27	\$ 715.50	\$ 2,715.50	\$ 141,206.00
\$ 19.00	36	\$ 684.00	\$ 25.50	15	\$ 382.50	\$ 1,489.50	\$ 77,454.00
							\$ 382,720.00

Notes	Resident up 25%	Student up 10%	Staff up 5%	Based off 2012 Forecast
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**2014 CSA
Sales**

	Members	Healthy Heart Box Price	Healthy Box Sales	Healthy Box Rev.	Perfect Salad Box Price	Salad Box Sales	Salad Box Rev
Resident	176	\$ 20.00	16	\$ 320	\$ 30	25	\$ 750.00
Staff	118	\$ 20.00	13	\$ 264	\$ 30	18	\$ 528.00
Student	77	\$ 18.00	7	\$ 119	\$ 27	12	\$ 326.70
Total	371						

Small Box Price	Small Box Sales	Small Box Rev	Large Box Price	Large Box Sales	Large Box Sales	Weekly Rev	Annual Sales
\$ 20.00	85	\$ 1,700.00	\$ 26.50	36	\$ 954.00	\$ 3,724.00	\$ 193,648.00
\$ 20.00	72	\$ 1,430.00	\$ 26.50	30	\$ 795.00	\$ 3,017.00	\$ 156,884.00
\$ 19.00	42	\$ 794.20	\$ 25.50	17	\$ 420.75	\$ 1,660.45	\$ 86,343.40
							\$ 436,875.40

Notes	Resident up 30%	Student up 10%	Staff up 5%
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Table 9: Strategy Three: 2009-2014 San Luis Obispo Farmers' Markets Revenue

STRATEGY THREE: EXPAND REVENUE SOURCES

2009-2014 Revenue

Based on Current CSA Membership (Given Above)

Year	Produce Sales	CSA Membership	Small Orders	Small Box Revenue	Large Orders	Large Box Revenue	Merchandise	Restaurants	Annual Revenue
2009	\$ 1,364.00	N/A	N/A	N/A	N/A	N/A	\$ 500.00	N/A	\$ 22,368.00
2010	\$ 1,500.40	48	34	\$ 680.00	14	\$ 371.00	\$ 600.00	\$ 1,200.00	\$ 52,216.80
2011	\$ 1,875.50	60	42	\$ 840.00	18	\$ 477.00	\$ 720.00	\$ 1,500.00	\$ 64,950.00
2012	\$ 2,344.38	84	59	\$ 1,180.00	25	\$ 662.50	\$ 864.00	\$ 1,875.00	\$ 83,110.50
2013	\$ 2,930.47	105	74	\$ 1,480.00	32	\$ 848.00	\$ 1,036.80	\$ 2,343.75	\$ 103,668.23
2014	\$ 3,663.09	121	85	\$ 1,700.00	36	\$ 954.00	\$ 1,244.16	\$ 2,929.69	\$ 125,891.20

Article VII: Forecasts and Financial Data

Financial Objectives

The Organic Farm has never borrowed in the past and does not plan to in the future. Therefore, future advertisements will be dependent on the CPOF's ability to become a profitable business. As revenue increases, so will advertisements and promotion. If current strategies are to remain constant in the future, CPOF will continue to lose money, thus threatening the state of the farm. Implementation of suggested strategies should help transform the farm into a

profitable business. Detailed analysis comparing the forecasted figures is located in the financial section.

Table 10: 2010-2014 Forecasted CPOF Revenue

Forecasted CPOF Revenue		
Year	Base	Strategic
2010	\$ (4,214)	\$ 1,932
2011	\$ (10,440)	\$ 1,079
2012	\$ (22,496)	\$ 15,638
2013	\$ (34,568)	\$ 45,653
2014	\$ (42,485)	\$ 59,777

Financial Forecast Assumptions

Certain assumptions were needed to calculate our financial forecasts. Forecasted revenues and costs that were projected to remain relatively constant were calculated by taking the average amount between the years 2007-2009, then adjusting the figure account for a predicted inflation¹⁹. It is also assumed that farms will pay similar amounts regarding organic certification. In addition, CPOF will eliminate egg and prepackaged revenue sources in order to focus efforts on CSA membership expansion.

As CSA membership increases, CPOF will have significant increases in fertilizer, pesticide, and seed expenses. In order to support the production increase, it is also assumed that the Organic Farm will be able to expand Enterprise Project students and local volunteers to

¹⁹ Current inflation is 4.28%, provided by www.newworldencyclopedia.org

maintain the desired production levels. CPOF will rely heavily on pre-existing resources provided by California Polytechnic State University; free land, labor, and numerous utilities. We are assuming that these resources will remain available to CPOF in future years. As CSA membership expands to handle future demands, grants will increase proportionally to students participating in Enterprise Projects.

Summary of Performance Ratios

The only available financial data that was available was a CPOF Income Statement. This prevented the ability to calculate most liquidity, efficiency, debt, and profitability ratios. In order to fully judge strategic performances, financial statements²⁰ must be formulated. I was able to calculate and compare industry averages for profit margin. This measures the ability of the business firm to earn a profit from its operations. The profit margin is mostly used for internal comparison. A low profit margin indicates a low margin of safety: higher risk that a decline in sales will erase profits and result in a net loss.

CPOF is classified as a lower quarterly industry. Industry averages provide a comparison of one business to a similar business. Historically, CPOF has preformed above industry averages for lower quarter farms, but falls short when compared to industry heavy weights in both Agricultural Crops and Vegetables and melon producers. The forecasted base profit margin compares similarly. The profit margin remains above lesser farms, but fails in comparison to the upper echelon farms. The strategic forecast will generate a positive profit margin, allowing CPOF to earn higher profits and have the ability to manage a greater amount of risks. CPOF still falls short compared to medium and upper level producers but is moving I the right direction,

²⁰ There is no current CPOF Balance Sheet, Statement of Cash Flows, or Statement of Retained Earnings.

actually surpassing medium level Vegetable and melon producers. The vision of CPOF is not to compete with industry leaders, but knowing they have the ability to compete is valuable.

Table 11: 2007-2014 Historic, Base, and Strategic Profit Margins

Cal Poly Organic Farm								
	Historic			Base Forecast				
	2007	2008	2009	2010	2011	2012	2013	2014
Net Profit/Loss	-2343	-3311	-17958	-4214	-10440	-22496	-34568	-42485
Revenue	252879	229130	224541	228546	232551	232399	233573	237703
Profit Margin	(0.009)	(0.014)	(0.080)	(0.018)	(0.045)	(0.097)	(0.148)	(0.179)

Cal Poly Organic Farm					
Strategic Forecast					
	2010	2011	2012	2013	2014
Net Profit/Loss	1939	3748	18841	49496	64032
Revenue	244447	269097	321005	385652	447605
Profit Margin	0.008	0.014	0.059	0.128	0.143

Table 12: 2008 Industry Profit margin Averages

Industry Averages						
	SIC 01- Agricultural Crops			SIC 0161- Vegetables and Melons		
	2008			2008		
	UQ	MED	LQ	UQ	MED	LQ
Profit Margin	5.8	2.2	(0.5)	3.7	1.3	(1.6)

Sales Forecast (Visual)

Table 13: 2010-2014 Sales Forecast

2010-2014 Sales Forecast					
	2010	2011	2012	2013	2014
Income Statement - Sources of Cash (Sales)					
Merchandise Sales	\$ 747	\$ 934	\$ 1,168	\$1,460	\$1,679
CSA Sales	255,525	274,103	322,300	378,898	435,131
Egg Sales	-	-	-	-	-
On Campus Sales	5,709	7,136	8,920	11,150	13,938
Sale of Products thru Store	-	-	-	-	-
Farmers' Markets	1,500	1,876	2,344	2,930	3,663
Cash Sales	889	1,244	1,493	1,792	2,150
Grocery Store Sales	6,337	7,604	9,125	10,950	13,139
Restaurant Sales	1,200	1,500	1,875	2,344	2,344
Prepackaged Goods	-	-	-	-	-
Total Sales	\$ 271,906	\$ 294,397	\$ 347,225	\$ 409,523	\$ 472,043
Cost of Goods Sold					
Materials Purchased for Resale	2,404	2,644	3,305	4,131	5,164
Materials Purchased for Resale	43,405	47,746	52,521	55,147	57,904
Total Cost of Goods Sold	\$ 45,809	\$ 50,390	\$ 55,825	\$ 59,278	\$ 63,068
Gross Profit	226,097	244,007	291,400	350,246	408,976

Other Revenue					
Gift from CPF	16,561	23,186	27,823	33,387	36,726
Admin Charges to SE	1,789	1,904	1,782	2,019	1,903
Chargeback - Labor	-	-	-	-	-
	\$	\$	\$	\$	\$
Total Other Revenue	18,350	25,090	29,605	35,406	38,629
	\$	\$	\$	\$	\$
Net Sales & Other Revenue	244,447	269,097	321,005	385,652	447,605

Chapter 5

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary and Conclusions

CPOF has lost over \$23,000 over the previous three fiscal years. Given the amount of available resources provided by the university, CPOF has the opportunities to become a profitable business. Despite operating losses, the Organic Farm has never borrowed money in the past and has zero debt. Strategies should increase awareness and generate revenue increases. The farm is motivated to become a financial self-sufficient company, without the need to borrow money. Expanding advertisement strategies will create product and service awareness. As revenue increases, so will advertisements and promotion.

CPOF will maintain producing certified organic produce by California Certified Organic Farms and strive to continue sustainable agriculture practices. CPOF will continue its holistic management approach, with efforts to preserve and protect the environment. Future collaborations with California State Polytechnic University students will provide high quality and low costs rewards. The Organic Farm has remained stagnant in marketing and sales efforts. If the Organic Farm is unable to adapt to economic and consumer demands, financial losses will continue to.

Recommendations

The Organic Farm will continue its collaborations with university departments to assist with research and development. Cal Poly students will have the opportunity to work with the Organic Farm, allowing marketing students a “learn by doing” approach to develop marketing

plans. Additional research will establish a clear target market. This will allow CPOF to focus advertisements to the desired audience. Further research will be administered evaluating future crop production and selection. This will be used to generate more CSA produce box options that will be highly desirable to consumers.

CSA produce boxes lack variety and need to be altered. Adapting to consumer demands with innovative produce boxes will likely attract new customers. New boxes can be combinations of existing produce and new fruit and vegetable crops. However, creating new boxes will be done in vain unless people are conscious of the changes.

The Organic Farm will continue with the current management situation, with the majority of labor provided by students and volunteers. As revenue increases, the farm will be financially independent and able to sustain a profit. If deemed necessary, additional paid employees will be considered in the future.

It is important to market the produce and the Cal Poly Organic Farm. We hope that customers enjoy our fresh fruits and vegetables, but also remember where it came from. Labeling of the organic produce to notify consumers that produce is organic but also locally grown in the community at Cal Poly State University. Labels will provide a foundation for customers to feel the product is healthy and safe. Labels will also show the Organic Farm logo as well as contact information. Advertising and marketing strategies should incorporate CPOF values and customer wants. Research and development will encourage the use environmentally friendly and sustainable products. This marketing strategy will maximize brand awareness and take advantage of 'locally grown' favoritism.

Customers will be able to purchase CPOF produce directly through farmers' markets and the CSA program. Direct selling will remain an important aspect regarding produce sales and

help continue to build relations. Farmers' Markets will be the focal point of direct sales, promoting organic agriculture and CPOF produce and merchandise. The website for the Organic Farm, www.calpolyrgfarm.com, will be implemented as an outlet for revenue and educational purposes. Online visitors will be able to view and purchases CPOF products and services. The website will allow those interested to sign up for CSA membership. The website will also provide free widgets that offer healthy meal recipes and inform the public on future events and issues.

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Appendix

Table 14: 2007-2009 Historic Income Statement

Income Statements (Profit and Loss)			
Financial Forecast			
Operating Statement			
For the year ended June 30			
	2007	2008	2009
Income Statement - Sources of Cash (Sales)			
Merchandise Sales	\$2,102	\$ 8,998	\$ 679
CSA Sales	244,034	253,938	251,063
Egg Sales	2,792	2,950	-
On Campus Sales	5,458	5,395	3,420
Sale of Products thru Store	81	-	-
Farmers' Markets	12,707	2,117	1,364
Cash Sales	1,738	-	801
Grocery Store Sales	11,746	407	-
Restaurant Sales	-	-	-
Prepackaged Goods	-	1,044	-
Total Sales	\$280,657	\$274,848	\$257,328
Cost of Goods Sold			
Materials Purchased for Resale	3,693	2,595	2,185
Materials Purchased for Resale	51,191	52,136	41,339
Total Cost of Goods Sold	\$54,884	\$54,731	\$43,524
Gross Profit	225,773	220,117	213,804
Other Revenue			

Gift from CPF	25,000	6,403	10,000
Admin Charges to SE	2,106	2,610	430
Chargeback - Labor	-	-	306
Total Other Revenue	<u>\$27,106</u>	<u>\$9,013</u>	<u>\$10,737</u>
Net Sales & Other Revenue	\$252,879	\$229,130	\$224,541
Payroll Expense			
Regular Salaries & Wages	69,832	62,467	85,019
Student Salaries & Wages	42,031	23,607	8,294
Casual Salaries & Wages	42,443	36,310	22,951
Payroll Taxes/Workers Comp	17,524	14,406	13,355
PERS Contribution	9,201	7,436	10,599
Health and Welfare	13,872	17,151	26,060
Active Non-Vested Employee Expense	-	22,385	23,592
Total Payroll Expense	<u>\$194,903</u>	<u>\$183,761</u>	<u>\$189,870</u>
Operating Expense			
Dues, Fees, Memberships	580	711	1,049
Professional services	35	213	-
Contract Labor	-	1,573	13,159
Printing	1,604	-	844
Veterinary Services	201	-	-
Web hosting	139	-	-
Utilities	487	-	-
Postage	394	626	108
Vehicle Charges	46	85	-
Equipment Rental	-	72	-

Network Connections	4	63	100
Telephone Expense	-	-	183
Supplies & Materials	28,656	24,643	14,120
Other Operating Supplies	319	-	-
Consumable Supplies	6,104	5,123	3,331
Marketing & Advertising Expense	366	713	396
Office Supplies	-	-	-
Boxes, Bags, Rubber bands, etc.	-	-	-
Veterinary Supplies	37	91	-
Pesticide / Chemical Supplies	4,332	-	758
Project Equipment	160	-	-
General Maintenance	-	-	-
Registration Fees	425	269	-
Vehicle Maintenance	-	-	-
Depreciation	507	507	465
Administrative Charges	12,687	11,555	14,211
Insurance	841	862	713
Bank Card Expense	-	1,055	2,050
Miscellaneous Expense	-	121	38
Parking	-	131	-
Livestock Expense	949	-	-
Feed Expense	1,446	265	47
Donations	-	-	-
SE Closing-Student Share	-	-	1,057
Loan Expense	-	-	-
Total Operating Expense	\$60,320	\$48,679	\$52,629
Net Income	\$ (2,343)	\$ (3,311)	\$ (17,958)

Table 15: 2010-2014 Base Forecast Income Statement

Financial Forecast

Operating Statement

For the year ended June 30

	2010	2011	2012	2013	2014
Income Statement - Sources of Cash (Sales)					
Merchandise Sales	505	450	412	400	378
CSA Sales	250000	255000	251000	253000	258000
Egg Sales	1995.919	2081.345	2170.426	2263.32	2360.19
On Campus Sales	3566.376	3719.017	3878.191	4044.177	4217.268
Sale of Products thru Store	-	-	-	-	-
Farmers' Markets	1422.379	1483.257	1546.74	1612.941	1681.975
Cash Sales	835.2828	871.0329	908.3131	947.1889	987.7286
Grocery Store Sales	6076.475	6336.548	6607.752	6890.564	7185.48
Restaurant Sales	-	-	-	-	-
Prepackaged Goods	1088.162	1134.735	1183.302	1233.947	1286.76
Total Sales	265489.6	271075.9	267706.7	270392.1	276097.4
Cost of Goods Sold					
Materials Purchased for Resale	2945.117	3071.168	3202.615	3339.686	3482.625
Materials Purchased for Resale	50285.65	52437.88	49815.99	51948.11	54171.49
Total Cost of Goods Sold	53230.77	55509.05	53018.6	55287.8	57654.12
Gross Profit	212258.8	215566.9	214688.1	215104.3	218443.3
Other Revenue					
Gift from CPF	14391.68	15007.65	15649.97	16319.79	17018.28
Admin Charges to SE	1788.732	1865.29	1945.124	2028.376	2115.19

Chargeback - Labor	106.5116	111.0703	115.8241	120.7814	125.9508
Total Other Revenue	16286.93	16984.01	17710.92	18468.95	19259.42
Net Sales & Other Revenue	228545.7	232550.9	232399	233573.3	237702.7
Payroll Expense					
Regular Salaries & Wages	76061.39	79864.46	83857.68	88050.57	92453.1
Student Salaries & Wages	10000	10500	11025	11576.25	12155.06
Casual Salaries & Wages	23933.18	24957.52	26025.7	27139.6	28301.17
Payroll Taxes/Workers Comp	15850.02	16642.52	17474.65	18348.38	19265.8
PERS Contribution	9532.495	10009.12	10509.58	11035.05	11586.81
Health and Welfare	19978.62	20977.55	22026.43	23127.75	24284.14
Active Non-Vested Employee Expense	16091.95	16896.55	17741.37	18628.44	19559.87
Total Payroll Expense	171447.7	179847.7	188660.4	197906	207605.9
Operating Expense					
Dues, Fees, Memberships	813.5091	848.3273	884.6357	922.4981	961.9811
Professional services	86.10747	89.79287	93.63601	97.64363	101.8228
Contract Labor	9000	9385.2	9786.887	10205.77	10642.57
Printing	850.9769	887.3988	925.3794	964.9857	1006.287
Veterinary Services	69.6938	72.67669	75.78726	79.03095	82.41348
Web hosting	0	0	0	0	0
Utilities	169.2638	176.5083	184.0629	191.9408	200.1558
Postage	392.0024	408.7801	426.2759	444.5205	463.546
Vehicle Charges	45.3757	47.31778	49.34299	51.45487	53.65713
Equipment Rental	24.98201	26.05124	27.16624	28.32895	29.54143
Network Connections	58.18129	60.67145	63.26819	65.97606	68.79984
Telephone Expense	-	-	-	-	-

Supplies & Materials	23435.15	24438.17	25484.13	26574.85	27712.25
Other Operating Supplies	111.0095	115.7607	120.7153	125.8819	131.2697
Consumable Supplies	3473.463	3622.127	3777.154	3938.816	4107.397
Marketing & Advertising Expense	512.4389	534.3713	557.2423	581.0923	605.9631
Office Supplies	-	-	-	-	-
Boxes, Bags, Rubber bands, etc.	-	-	-	-	-
Veterinary Supplies	66.77048	69.62826	72.60835	75.71599	78.95663
Pesticide / Chemical Supplies	2654.129	2767.726	2886.185	3009.713	3138.529
Project Equipment	167.0983	174.2501	181.708	189.4851	197.595
General Maintenance	-	-	-	-	-
Registration Fees	361.8516	377.3388	393.489	410.3303	427.8924
Vehicle Maintenance	-	-	-	-	-
Depreciation	514.3159	536.3286	559.2835	583.2208	608.1827
Administrative Charges	13366.3	13938.38	14534.94	15157.04	15805.76
Insurance	839.8155	875.7596	913.2421	952.3289	993.0886
Bank Card Expense	1079.378	1125.575	1173.75	1223.986	1276.373
Miscellaneous Expense	55.31706	57.68463	60.15354	62.72811	65.41287
Parking	-	-	-	-	-
Livestock Expense	329.7334	343.8459	358.5626	373.909	389.9123
Feed Expense	611.2025	637.3619	664.641	693.0877	722.7518
Donations	-	-	-	-	-
SE Closing-Student Share	1102.041	1149.209	1198.395	1249.686	1303.173
Loan Expense	1122.368	376.8975	781.6988	1981.25	1405.982
Total Operating Expense	61312.48	63143.14	66234.34	70235.26	72581.27
Net Income	-4214.38	-10440	-22495.7	-34568	-42484.5

Table 16: 2010-2014 Strategic Forecast Income Statement

Financial Forecast

Operating Statement

For the year ended June 30

	2010	2011	2012	2013	2014
Income Statement - Sources of Cash (Sales)					
	\$	\$	\$	\$	\$
Merchandise Sales	747	934	1,168	1,460	1,679
CSA Sales	255,525	274,103	322,300	378,898	435,131
Egg Sales	-	-	-	-	-
On Campus Sales	5,709	7,136	8,920	11,150	13,938
Sale of Products thru Store	-	-	-	-	-
Farmers' Markets	1,500	1,876	2,344	2,930	3,663
Cash Sales	889	1,244	1,493	1,792	2,150
Grocery Store Sales	6,337	7,604	9,125	10,950	13,139
Restaurant Sales	1,200	1,500	1,875	2,344	2,344
Prepackaged Goods	-	-	-	-	-
Total Sales	\$ 271,906	\$ 294,397	\$ 347,225	\$ 409,523	\$ 472,043
Cost of Goods Sold					
Materials Purchased for Resale	2,404	2,644	3,305	4,131	5,164
Materials Purchased for Resale	43,405	47,746	52,521	55,147	57,904
Total Cost of Goods Sold	\$ 45,809	\$ 50,390	\$ 55,825	\$ 59,278	\$ 63,068

Gross Profit	226,097	244,007	291,400	350,246	408,976
Other Revenue					
Gift from CPF	16,561	23,186	27,823	33,387	36,726
Admin Charges to SE	1,789	1,904	1,782	2,019	1,903
Chargeback - Labor	-	-	-	-	-
	\$	\$	\$	\$	\$
Total Other Revenue	18,350	25,090	29,605	35,406	38,629
	\$	\$	\$	\$	\$
Net Sales & Other Revenue	244,447	269,097	321,005	385,652	447,605
Payroll Expense					
Regular Salaries & Wages	89,270	93,733	103,107	113,417	124,759
Student Salaries & Wages	9,952	12,440	15,550	19,438	24,297
Casual Salaries & Wages	24,098	25,303	26,569	27,897	29,292
Payroll Taxes/Workers Comp	15,850	17,435	18,307	19,222	20,183
PERS Contribution	9,532	10,009	12,011	14,413	15,854
Health and Welfare	27,175	28,534	29,960	31,458	33,031
Active Non-Vested Employee Expense	16,092	16,897	17,741	18,628	19,560
	\$	\$	\$	\$	\$
Total Payroll Expense	191,970	204,351	223,245	244,474	266,977
Operating Expense					
Dues, Fees, Memberships	814	848	885	922	962
Professional services	86	90	94	98	102

Contract Labor	4,911	6,139	7,673	9,592	11,989
Printing	350	451	561	709	846
Veterinary Services	70	73	76	79	82
Web hosting	-	-	-	-	-
Utilities	169	186	194	202	211
Postage	537	671	839	1,048	1,311
Vehicle Charges	45	47	49	51	54
Equipment Rental	25	26	27	28	30
Network Connections	58	61	63	66	69
Telephone Expense	-	-	-	-	-
Supplies & Materials	16,944	21,180	26,475	33,094	41,367
Other Operating Supplies	133	166	208	260	325
Consumable Supplies	2,665	2,132	1,705	1,364	1,091
Marketing & Advertising Expense	2,768	6,624	15,822	17,644	29,242
Office Supplies	-	-	-	-	-
Boxes, Bags, Rubber bands, etc.	-	-	-	-	-
Veterinary Supplies	-	-	-	-	-
Pesticide / Chemical Supplies	2,800	3,080	3,850	4,812	5,774
Project Equipment	200	250	313	391	489
General Maintenance	-	-	-	-	-
Registration Fees	362	377	393	410	428
Vehicle Maintenance	-	-	-	-	-
Depreciation	514	643	804	1,005	1,205
Administrative Charges	13,366	13,938	14,535	15,157	15,806

Insurance	840	876	913	952	993
Bank Card Expense	1,079	1,126	1,174	1,224	1,276
Miscellaneous Expense	55	58	60	63	65
Parking	-	-	-	-	-
Livestock Expense	-	-	-	-	-
Feed Expense	645	806	1,007	1,259	1,574
Donations	-	-	-	-	-
SE Closing-Student Share	1,102	1,149	1,198	1,250	1,303
Loan Expense	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expense	\$ 50,539	\$ 60,997	\$ 78,919	\$ 91,681	\$ 116,596
Net Income	\$ 1,939	\$ 3,748	\$ 18,841	\$ 49,496	\$ 64,032

Table 17: 2010 Local Advertising Rates

Advertisement/Promotion Costs										
Package	SLO Tribune	New Times	Mustang Daily	Flyers	Facebook	Twitter	Online Widgets	In Print	Online	Annual Costs
Gold	\$ 84.00	-	-	-	-	-	-	X	X	\$ 4,368.00
Silver	\$ 49.00	-	-	-	-	-	-	X	X	\$ 2,548.00
Bronze	\$ 22.00	-	-	-	-	-	-	X	X	\$ 1,144.00
Full Page	-	\$ 1,547.00	-	-	-	-	-	X	-	\$ 55,484.00
Half Page	-	\$ 798.00	-	-	-	-	-	X	-	\$ 28,652.00
Quarter Page	-	\$ 446.00	-	-	-	-	-	X	-	\$ 16,016.00
Banner	-	-	\$ 75.00	-	-	-	-	-	X	\$ 3,900.00
Side Tile	-	-	\$ 62.50	-	-	-	-	-	X	\$ 3,250.00
Mini Tile	-	-	\$ 25.00	-	-	-	-	-	X	\$ 1,300.00
Basic	-	-	-	\$100	-	-	-	X	X	\$ 5,200.00
Total										\$ 121,862.00

Table 18: 2010-2014 Forecasted Advertising Costs

2010-2014 Advertising Costs											
	SLO Tribune	Number of Ads	Annual Cost	New Times	Number of Ads	Annual Cost	Mustang Daily	Number of Ads	Annual Cost	Online	Total Adv Costs
2010	\$ 22.00	13	\$ 286.00	\$ 446.00	4	\$ 1,784.00	\$ 25.00	26	\$ 650.00	\$ 48.42	\$ 2,768.42
2011	\$ 22.00	26	\$ 572.00	\$ 446.00	12	\$ 5,352.00	\$ 25.00	26	\$ 650.00	\$ 50.49	\$ 6,624.49
2012	\$ 49.00	52	\$ 2,548.00	\$ 446.00	26	\$ 11,596.00	\$ 62.50	26	\$ 1,625.00	\$ 52.65	\$ 15,821.65
2013	\$ 84.00	52	\$ 4,368.00	\$ 446.00	26	\$ 11,596.00	\$ 62.50	26	\$ 1,625.00	\$ 54.91	\$ 17,643.91
2014	\$ 84.00	52	\$ 4,368.00	\$ 446.00	52	\$ 23,192.00	\$ 62.50	26	\$ 1,625.00	\$ 57.26	\$ 29,242.26

Table 19: 2010-2014 Forecasted Printing Costs

2010-2014 Printing Costs											
Year	Cost per Newsletter	Number of Newsletters	Printing Expense	Cost per Brochure	Number of Brochures	Printing Expense	Cost per Flyer	Number of Flyers	Printing Expense	Misc. Printing Costs	Annual Costs
2010	\$ 0.05	500	\$ 25.00	\$ 0.25	1,000	\$ 250.00	\$ 0.05	1000	\$ 50.00	\$ 25.00	\$ 350.00
2011	\$ 0.05	625	\$ 31.25	\$ 0.26	1,250	\$ 325.88	\$ 0.05	1250	\$ 62.50	\$ 31.25	\$ 450.88
2012	\$ 0.05	781	\$ 39.06	\$ 0.27	1,500	\$ 407.79	\$ 0.05	1500	\$ 75.00	\$ 39.06	\$ 560.91
2013	\$ 0.06	977	\$ 58.59	\$ 0.28	1,750	\$ 496.11	\$ 0.06	1750	\$ 105.00	\$ 48.83	\$ 708.54
2014	\$ 0.06	1,221	\$ 73.24	\$ 0.30	2,000	\$ 591.25	\$ 0.06	2000	\$ 120.00	\$ 61.04	\$ 845.53

Table 20: 2009 Actual & 2010-2014 Total Printing and Advertising Costs

Year	2010-2014 Advertising Costs				Printing Costs			Total Annual Expenses
	SLO Tribune	New Times	Mustang Daily	Newsletters	Brochures	Flyer	Misc	
2009	-	-	\$ 396.00	-	\$844.00			\$ 1,240.00
2010	\$ 286.00	\$ 1,784.00	\$ 650.00	\$ 25.00	\$ 250.00	\$ 50.00	\$ 25.00	\$ 3,070.00
2011	\$ 572.00	\$ 5,352.00	\$ 650.00	\$ 31.25	\$ 325.88	\$ 62.50	\$ 31.25	\$ 7,024.88
2012	\$ 2,548.00	\$ 11,596.00	\$ 1,625.00	\$ 39.06	\$ 407.79	\$ 75.00	\$ 39.06	\$ 16,329.91
2013	\$ 4,368.00	\$ 11,596.00	\$ 1,625.00	\$ 58.59	\$ 496.11	\$ 105.00	\$ 48.83	\$ 18,297.54
2014	\$ 4,368.00	\$ 23,192.00	\$ 1,625.00	\$ 73.24	\$ 591.25	\$ 120.00	\$ 61.04	\$ 30,030.53



California State Polytechnic University **Organic Farm**

HCS Dept. Bldg. 11
Cal Poly, San Luis Obispo, CA 93407
Contact Information: Call 805-756-6139
or email orgfarm@calpoly.edu

Come Support
the
Organic Farm
and Enjoy Locally Grown
Fruits and Vegetables!

February September

Carrots	Garlic
Broccoli	Onions
Cauliflower	Tomatoes
Leeks	Lettuce
Arugula	Zucchini
Kale	Peppers
Chard	Carrots
Salad Mix	Eggplant
Kiwis	Corn
	Apples



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Figure 2. Sample CPOF In-Print Advertisement

Source: McCarthy, Sean. 2010. Ojai, CA. 805-7985604

²¹ Advertisement was done in collaboration with Sean McCarthy, a current student at Channel Islands State University studying Studio Art and Graphic Design.

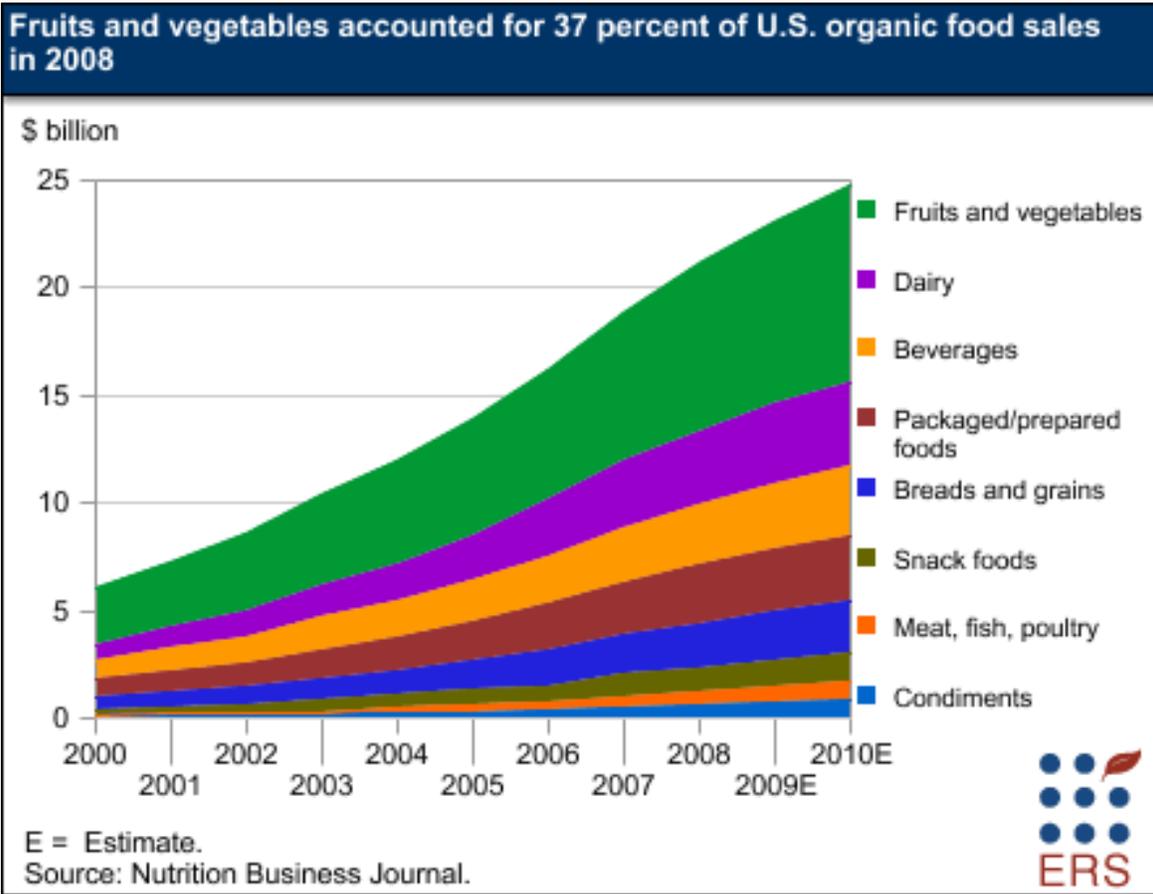


Figure 3.0 2008 Organic Food Sales

Source: "ERS/USDA Briefing Room - Organic Agriculture: Organic Market Overview." *USDA Economic Research Service - Home Page*.
<http://www.ers.usda.gov/Briefing/Organic/Demand.htm>.