

# Expansion / Value-add to a Farm Based Business

Phil Dick

March 22, 2025



# Introduction: Phil Dick





# Today's Discussion

Best Practices

Scoping an Opportunity

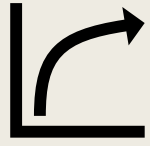
Synergy and Capacity

Margins and the Cash-to-Cash Cycle

Two Examples: Farm and Sugarbush







# Best Practices

The exit plan.

Hurdle rates.

Asset assessment.

Business planning and book-keeping.

Consumer brand versus business development.



# Scoping the Opportunity

- Infrastructure and equipment (buildings, services, utilities and “iron”)
- Utility reliability (power quality and fuel)
- Project scale (capital, equipment operational effectiveness, cashflow)
- Market size and market share (cost of market access)
- Management (number crunching) and labour



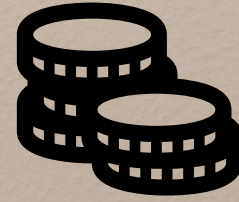
# Synergy and Capacity

Synergy improves absorption rates

Capacity improves operational effectiveness

You need both





# Margins and Cash-to-cash Cycles

## Margins (Gross Margin vs Profit)

- The “Margin” comes after variable costs
  - Variable costs are annual inputs like labour, leases, inputs, utilities and rent
- Margin varies by type of business
- Your margin is what is left over to pay for borrowing, sales and marketing; and your profit

## Cash-to-cash Cycle (vs Cashflow)

- It is different than cashflow
- Cashflow is the timing of revenue
- Cash-to-cash (C2C) is the amount of time it takes between making a product and getting paid



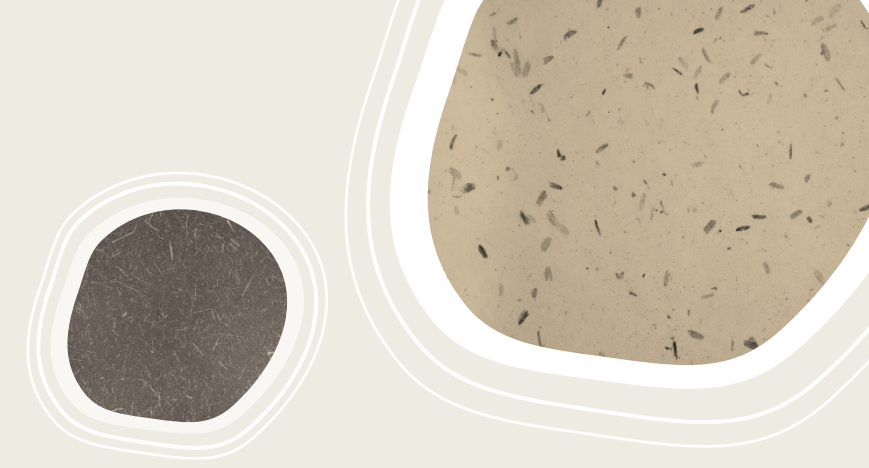
# Farm Expansion or Value-add

- Cost of equipment and inputs
- Physical time constraints of adding acres versus adding complementary crop rotations (corn/beans versus corn, beans, edible beans, spring grains, canola, peas, millet)
- Storage, cleaning and drying capital costs may support higher pricing
- Background pasturing is seasonal with a high variable cost.





# Sugarbush – Four Pathways



1. Expansion (more taps) • Expansion: cost of taps, sugaring capacity
2. Value-add (on farm) • Value-add: Storefront, zoning, health unit inspection, labour, seasonality, and filling the shelves. Synergy with cottagers.
3. Retail product • Retail product: Co-packing or self-packing, listing fees, distribution costs, labour
4. Co-products (firewood and sawlogs) • Co-products: synergy with tapping, cost of equipment (splitters, portable sawmill) and cottagers



# Suggested Resources

---

## You Tube

- You Tube
  - Greg Judy Green Pastures Farms (mob grazing and co-products)
  - Joel Salatin, Polyface Farms (multi-species farming and value-added production)
  - Just A Few Acres Farm (local marketing)

## OMAF

- OMAFA (Austin Brown, [austin.brown@ontario.ca](mailto:austin.brown@ontario.ca))
  - Retail Engagement Program

## Farm Credit Corporation

- Farm Credit Corporation
  - Agricultural and food processing financing



The background features a light beige color with several large, organic, rounded shapes. These shapes are filled with different textures: a solid dusty rose color, a brown paper with black speckles, a dark brown fibrous texture, and a green fibrous texture. Each shape is outlined with multiple concentric, slightly irregular white lines.

# Questions?

Phil Dick

[phildickcpg@gmail.com](mailto:phildickcpg@gmail.com)