

## Farm Management

Thursday, November 22<sup>nd</sup>, 2012  
Richmond Room, (9:00am – 5:30pm)

## Workshop: Scaling Up

### Speakers: MATT DYKERMAN, Red Soil Organics

**Matt Dykerman**, of Red Soil Organics hails from PEI where he owns Brookfield Gardens, along with his family. At Red Soil Organics they are a grower, packer and shipper of certified organic produce to Atlantic and Eastern Canada. They specialize in offering a variety of high quality organic produce, grown and packaged specifically for the needs of their diverse customer base.

### Executive Summary

Learn from Red Soil Organics, a PEI-pro about how to increase the size, harvest and sales of your organic vegetables.

### Detailed Notes

Matt's story:

Brookfield Gardens farms about 300 acres. Their biggest crop is carrots, but they also have broccoli, parsnips, some ethnic vegetables, etc. This farm may be one of the reasons they had the resources to experiment.

Started Red Soil Organics with a 1 acre plot. They had little experience with organic production and so at first they focused on productions and learning. They grew *everything*, so they could explore what they could produce. Then they picked some the easier ones, they didn't want to set themselves up for failure.

In 2009, they had an opportunity to meet with Sobey's Atlantic. Brookfield Gardens has been servicing Island grocery stores for the last 10 years. They had the opportunity to speak and discuss sourcing some organic product closer to home. At the time Sobey's had been buying predominantly from California.

When meeting, Sobey's was very keen to see pictures. See **Slide 15** for the variety of vegetables and crops they offered.

**Q:What did you use as a cover crop?**

**A: For cover crops they planted flax and a lot of fall rye. The rye was a plow down crop. They had used a fall rye cover crop the year before 2009.**

**Q: How did the Sobey's contract change production?**

**A: They had to rush production because Sobey's said they wanted "this much". They didn't intend to grow as many carrots right off the bat.**

**Q: Can you talk about the fertility program that you used in terms of input?**

**A: The fall before we used Potassium sulphate.**

**Q: What are you using to cultivate it?**

**A: After seeding, we let the seeds germinate for a week; there's a large propane fuel burner, after a week they'll run over the rows with this burner to kill off weeds. They would then skim off the hills with a disks.**

## **Success and Failures**

### Successes

- Healthy demand for organic carrots
- Good quality storage cabbage
- Surprise success in turnips
- profitable restaurant distribution network was set up. They got in with the Murphy Group of Restarants.
- Fall rye was a great cover crop for eliminating weeds

### Failures

- Weedy carrots - some of crop was left in field. Weeds also affected harvesting (not just cultivation).
- Greenhouse production wasn't super successful

Their strategy was to cast a wide net and hope to catch some successes.

Since 2009 they have experienced much success (**Slide 10**), notably the improved quality-comparable to conventional quality on the farm.

## **Considerations before Scaling Production**

- Do you have a market?
  - Very expensive to grow crops that you can't sell.
  - Retail - CSAs, Farmers Markets, etc
  - Wholesales - Sobeys, food service providers
  - Difference is: Business to consumer transaction vs business to business transaction.
    - Wholesale Customer Priorities
      - Avoiding Risks - food safety!
      - Avoiding hassle
      - Consistency of supply - they have a lot of suppliers, and so flexibility isn't something they'll give you.
      - Timely and accurate deliveries
      - Gaining praise
      - They want to please their customers and want to fulfill corporate objectives
      - Sobeys wanted to support more Atlantic stuff - it was a corporate goal of theirs.
        - They wanted to get out of always supporting California
        - Find a way to help them gain praise

**Q: Does Sobeys help with branding?**

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**A: They'll give you hints about what your packaging looks like etc, but at the end of the day it's still your product and your responsibility.**

**Q: Can you elaborate about Food Safety issues and what you do to mitigate them?**

**A: We have certification from Canada GAP; it's an annual system of record keeping based on a PASSIVE program. They do an audit every year and they focus on control points - aka places where the products could potentially be contaminated.**

**Q: Do you use livestock manure? Do you compost it?**

**A: Yes, and they don't compost it. But they do it in the fall, satisfying the GAP/Organic regulation folks.**

- Which resources do you have?
  - Had a lot of resources because of the conventional established farm (Brookfield Gardens)
  - Time - can you commit to farming full time?
  - Labour
  - Capital
  - Knowledge and Experience

**Q: What resources do you use for labour?**

**A: They have 30-35 labourers who service both the conventional and organic businesses. Half are local workers, and half are foreign workers. The foreign workers are hard dependable workers, but don't want responsibilities. The local workers then can take on new challenges, and more responsibilities as they have worked with the family for many/multiple years.**

**Q: Do you handle the housing, etc for foreign workers?**

**A: He doesn't personally. But they do, yes, provide housing, plane tickets, etc.**

**Q: Do you pay by the hour?**

**A: Yes, min wage to 12-14 dollars an hour.**

**Q: Does the processing/storage is shared with conventional farming?**

**A: Yes, and so it must be thoroughly cleaned in between.**

**Q: What were some examples**

**A: The program they used were required to keep lots of records. . . as Organic Farmers they needed to do a lot, and the food safety program pushed it that much further.**

**Q: What are the Food Safety concerns for vegetables?**

**A: Bacteria, personal hygiene. The "binder" is huge.**

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**Q: How complicated is Food Safety on a diversified vegetable farm?**

**A: It would be a challenge for a small producer; it's very time demanding. They contract someone to do this, and it's about a 20% part of her job.**

**Q: A small person going to a farmers market doesn't need to concern themselves in the same way?**

**A: That's right!**

- How will this affect your lifestyle?
  - When you scale up your farm, it has personal life implications.
  - The bigger they get, the more the job changes (i.e. less tractor time).
  - More HR
  - Financial risk

**Q: Do you have crop insurance?**

**A: No - it's hard to get crop insurance for vegetables?**

**Q: Did liability go up?**

**A: Yes, but we got a deal because of both operations?**

**Q: Would you mind saying what kinda mark up a Sobeys makes on your product?**

**A: Each product is different. No general rule of thumb; when they price their products there's a whole list of things they consider. They don't want to price an organic product the same as a conventional product.**

**Q: Small scale selling direct vs going whole sale.**

**A: In retail you will sell smaller volume, but make more money off of each item. Wholesale will be more volume, less per item.**

**Q: Does it change year to year?**

**A: Try to see the price at the beginning of the year, but they don't have all the leverage on this.**

**Q: Generally all product has been purchased in the last couple years?**

**A: Sometimes they grow more than they can sell, but they can**

**Q: Have you considered brokering other organic producers to sell and store/package under your label?**

**A: They do it a little, and are open to looking at it more in the future.**

**Sales Strategies (Slide 14)**

- Treat the customer like you want to be treated by your suppliers
- Slow to speak, quick to listen
  - Wholesale buyers have unique challenges of their own; listen and learn how to address them with your crops.
  - i.e. Sobeys' was struggling with produce; people would bring the organic turnip to the checkout and the cashiere would ring it in as conventional. They needed to clearly identify the product as being organic. They worked this cost addition into their cost.

**Scaling Operations (Slide 17)**

**Managing Capital**

- Borrow what you can
  - Requires positive relationships (farmers, business, community)
  - Don't be afraid to connect with conventional farmers on this stuff. They have a lot of resources.
  - Trade culled crops for another farmers cow for use of his lily weeder
- Renting
  - If it's not used much, they just try to rent it.
  - This means that they could afford just a small one to buy, but will rent a big one that finishes quick.
  - Equipment must be cleaned, but generally that's a struggle that they've found is worth the time.
- Leasing
  - requires less cash than purchasing, but still builds some capital
  - tractors, storage
- Purchasing
  - Specialty equipment
  - Weed burner
  - Organic sprayer
  - Organic greenhouse
  - Financing is necessary for these products

See **Slide 18** for chart on Renting vs Leasing vs Purchasing

**Q: Is this about land or equipment, or what?**

**A: Everything**

**Q: How difficult is it to find certified organic land to rent?**

**A: We're lucky. There has been access close by.**

**Q: For your land leases, what term lease do you try and get?**

**A: Minimum 4 years. A lot of handshakes, not heavy into legal documentation.**

**Labour Management (Slide 23)**

- understand what the motivation is; i.e some want a bunch of overtime, while other want to leave at the end of the day.
- Important not to take stresses on the farm out on the employees.
- Have a backup plan for employees - i.e. if something breaks down and can't be done, have another plan for something else they can do.

**Q: They've had very good luck with some foreign workers to come back year after year.**

**A: Yes, a lot of luck. They get treated the same as all workers which they seem to appreciate.**

**Q: Are you bringing them in for your farm only?**

**A: Yes right now; in the past they have shared the cost of the plane ticket where they go to**

**Q: How do you calculate your production cost?**

**A: They calculate it by sales units (i.e. carrots is a master bag of 24, 2lb bags). That then allows them to go back and calculate things back to inputs, etc.**

**Q: How closely do you track labour hours going into each crop.**

**A: They do closely, but not precisely. They use a binder. Every field has a sheet. A space for date, description for what was going on in the field. There are "supervisors" that are responsible for this.**

**Q: Any difference in growing things under plastic vs in the field.**

**A: Haven't had much success, so not much of an authority.**

**Q: How would you compare the successes as between your conventional and organic products on the farm?**

**A: starting out they got 1/3 yield vs conventional crops, but they're up to 75% now.**

**Other crops like broccoli/romaine lettuce. They're a little smaller in size, but they're getting about the same yield in sales units.**