

Beginning Fruit and Vegetable Production

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SPEAKERS

Christa Hartsook, Joe Hannan

- C** Christa Hartsook 00:15
Welcome to the Small Farms Podcast, a production of the Small Farms Program at Iowa State University Extension and Outreach. In this episode, I visit with Joe Hannon, Commercial Horticulture Specialist for Iowa State University Extension and Outreach, on beginning a fruit and vegetable business. Joe, welcome. Thanks for being on.
- J** Joe Hannan 00:35
Hey, Christa. Good to be here again.
- C** Christa Hartsook 00:37
Let's jump right in. What kinds of things does a potential new fruit and vegetable farmer need to be thinking about?
- J** Joe Hannan 00:44
Christa, I kinda will narrow it down to four different topics that a new produce grower should be looking at. One is what markets are they selling into? Two, what crops so they're gonna go into your owing? There's some legal issues to look at right up front. And then obviously, what equipment do they need to have?
- C** Christa Hartsook 01:01
Okay, perfect. So let's launch into each one of those, then Joe, if we're talking markets, what are some marketing options for a new produce farm? And where should they even start looking at that?

J

Joe Hannan 01:15

Well, Christa, there's really two different options to look out either the direct to consumer or the wholesale markets. Right from the get go, it's really critical to make this decision or at least kind of have a picture of where you want to go. You know, the market type directly dictates what you'll grow, how much you'll grow, what roles you're governed by, at least to some extent, and then what equipment do you need. So if you look at the direct to consumer market, I really like to or I really suggest that farmers in that first or second year growing produce go into the direct to consumer farmers markets. You know, the farmer's markets, a very easy common point of entry, there's a lot of market options across the state for them to sell into. There's really low investment and low risk. You can plant some different crops, you don't have to worry about meeting a contract, you don't have to worry about keeping a restaurant or grocery store happy, if something goes wrong you still have other products to sell on to the market, or you skip a week. And then really, that farmers market allows you a lot of options to learn about what crops best work well for you to learn about some of the individual pests that each of those crops have. And then probably most importantly, what the direct to consumer or the Farmers Market options is. You can keep your eight to five or your nine to five jobs. So you can do this on the side of your full time job, again, keeping that low risk down. We look at some of the other options like a CSA, or the online food coops. What the CSA is a Community Supported AG, I really think that's looking at year two or year three. Because at that point, you do have a significant commitment to your your customer to make sure that you're supplying on a regular basis. So you know, that's a great option, lots of options for selling the CSA markets, but maybe wait and get a year or two under your belt first.

C

Christa Hartsook 03:11

Sure that makes total sense, Joe, especially when you're thinking of maybe at the farmers market, I can specialize in, you know, three to five crops. And in a CSA, you're looking at a lot more.

J

Joe Hannan 03:22

A lot more, and timing and everything timed out right so you don't have gluts and low points and things like that.

C

Christa Hartsook 03:30

Absolutely. Joe, occasionally we hear about online food cooperatives and things like that, where you're looking at an aggregation source. What do you see as those as a market potential?

J

Joe Hannan 03:42

I think that's very much an untapped market potential yet. We have a couple online food coops that are doing very well here in the state. And I think as more of the technology comes around to being able to process those orders and coordinate with the buyers, the coop itself and the

farmer, I think that's going to continue to grow.

C Christa Hartsook 04:05

So we've talked about how consumer sales, direct to consumer sales, really seems like a good entry point. Let's say I have been doing this for a while, or I have a vision of scaling up and looking at some more of those wholesale accounts, what kind of options am I looking at there?

J Joe Hannan 04:20

Well, on the wholesale side of things, you're looking at restaurants, you're looking at grocery stores, auctions, other farms, and wholesale distributors are really your five different options or six different options there.

C Christa Hartsook 04:35

Okay. So maybe, how are they different, I guess, would be the good starting point, Joe, then the direct to consumer sales.

J Joe Hannan 04:43

So the wholesale market, Christa, they are, you're looking at a lot larger volume of going into the market, you need to have a very consistent steady supply, very high quality produce. You're really only looking at growing one, two, maybe three crops, and you're going to be very, very specialized. And you also need to be very, very good at growing those individual crops. You really have to look for efficiencies to make those work. And then a couple of the other differences, you're looking at a high investment both in money to get the infrastructure set up for this, but as well as time that you have involved. So it's a very high risk endeavor, and really to grow into that wholesale market outlet, you're really looking at having difficulty or not being able to keep a full time job very well. The wholesale market is gonna dictate your whole life.

C Christa Hartsook 05:43

Yep. Makes total sense. I would imagine though, Joe, there are some advantages?

J Joe Hannan 05:48

Yeah, Christa, there are definitely some advantages. One thing is that you're not dealing with a ton of different customers. If you have a wholesale network that you're buying into, you have 3, 4, 5, 10 different individuals that you're working with. So you have a lot more personalized relationships with your customers. So it's just a little bit different management system there. And then you really don't have to worry about a lot of the weather, people are still going to go to the restaurants, people are still going to go to the grocery stores, they'll still be buying

their their regular groceries from weekly standpoint. So weather really comes out of there, you're not sitting out side on a day like today where it's rainy, and snowy and lousy to be out buying at the market.

C Christa Hartsook 06:31

Joe, the second thing that we talked about, you know, when we talked about those discussions for somebody new getting started was the crops themselves. What are some good entry point crops that are beginning produce farmers should grow?

J Joe Hannan 06:46

Again, Christa, that goes back to what market are you selling into. So the direct to consumer market is going to have different crop or different crops than like the wholesale market. So if you look at the direct to consumer side of things, pretty much any vegetable is going to work for you. And in fact, if you're at farmer's market, or you sell it into CSA, you really want a diverse set of crops in order to draw them to your booth, or to draw them into that, that CSA, so just about anything under the sun is going to work. Now, keep in mind, not all those crops are going to be as profitable as some of the other crops. So you may not grow as many say green beans, because of the large amount of hand labor that's involved there. But you're still going to have at least some. So again, just about all the vegetables are very good option for having in that direct to consumer market. When you look at the fruit crops, apples and strawberries can be the two that I can pretty much guarantee you'll be able to sell and move. But you look at things like pears, or blueberries, or raspberries, yes you'll be able to grow them and sell them and get a moved, but they're going to be a little bit more work getting those out the door. The market isn't quite as used to those products.

C Christa Hartsook 08:00

Any suggestions, Joe, for evaluating, you know, the market analysis, I guess, of our public that's out there?

J Joe Hannan 08:06

Yeah. Go walk around the farmer's markets or the other markets that you want to sell into. See what else is being grown. See when their products are hitting the market. Are they hitting tomatoes on July 4? Or are they hitting tomatoes in early June and same with cucumbers and leafy greens. And it also kind of gives you a good idea of what the local market prices are. So simply getting out walk game through a couple of different markets is a good stop. Also look at are there any minority groups or other groups that aren't having their needs met? There's a lot of different minority groups within individual towns, and a lot of times we're seeing that those groups are not being served. So look at what might fit for them.

C Christa Hartsook 08:50

Sure. Great point. What about on the wholesale side, Joe? You know, we talked about maybe

sure. Great point. What about on the wholesale side, Joe? You know, we talked about maybe specializing in those one or two highly specialized crops. I'm assuming we're not going to want anything and everything going into these restaurant and institutional markets.

J Joe Hannan 09:06

Yeah, absolutely well, and they want anything and everything. The problem is not anything and everything is always profitable. So if you look at what is really profitable on the wholesale side of things, leafy greens, tomatoes, peppers, apples, sweet corns, pumpkins, those are the very common crops that tend to be very profitable in the wholesale market. Other crops like asparagus, and green beans, and any of the cucumbers, and brassicas, and others some of the smaller crops, that's not to say that they're not profitable, but they're going to be a little bit more work, a little bit more specializing, a little bit harder to come up and find that profit versus the other crops.

C Christa Hartsook 09:47

Okay, good point.

J Joe Hannan 09:48

So, I'd say, if you're getting started look at leafy greens, tomatoes, peppers, for the vegetable side of things right off the get go.

C Christa Hartsook 09:56

Okay. Sounds good. Joe, that third point on our initial question was some legal issues. You mentioned that there were some legalities to really consider, what should we be thinking about there?

J Joe Hannan 10:09

Christa, number one is to go visit your insurance agent. Make sure that your liability, or that you have a good liability plan for the market that you're selling into. You know, if you just have a typical umbrella plan that probably does not cover you selling at a farmers market, and it definitely does not cover you selling into the wholesale market. So take some time, sit down with them, be upfront with them when on what you're selling, where you're selling it to, what kind of dollar amounts you're looking at, and they will either have something directly through their individual company, or they'll need to go out and find another vendor to supply that insurance for you.

C Christa Hartsook 10:48

Sure. And so that would cover us specific to the crop itself, you know, in our own liability in the product that we're selling. What about on the crop side itself while we're producing that crop?

product that we're selling. What about on the crop side itself while we're producing that crop.

J Joe Hannan 11:00

Unfortunately, Christa, there's not a lot of crop insurance programs for the specialty crop, fruit and vegetables. We have the FSA NAP program, which is available and we have a Whole Farm Revenue Program. They both require three years of records for beginning farmers and five years of record for established farms. So it's not something you're gonna be able to run out and get right away, but it is something that you do want to make sure you're keeping good track of your sales records in order to be able to get insurance down the road and a few years.

C Christa Hartsook 11:03

Okay, that's good for people to know, though. Thanks! Joe, if we're talking about establishing a business here, and you know, I'm new to this, I'm going to start my business, and go out there, what kind of structure do I want to put to that?

J Joe Hannan 11:46

Christa, that's an excellent question as well, and unfortunately, I'm not really an expert there. But you could be looking at like an LLC, or an S Corp tend to be the most common business structures for the produce sales. But again, I can't comment too much there.

C Christa Hartsook 12:05

Sure, no problem. But at least we're making folks aware that that might be something they want to consider.

J Joe Hannan 12:09

It's something they probably need to talk and consider when they're looking at their insurance as well as when they're looking at their tax plans.

C Christa Hartsook 12:17

Yep, absolutely. Joe, let's talk about the selling process itself. You know, am I going to sell by weight, am I going to sell by unit? How do I make those determinations?

J Joe Hannan 12:29

Christa, the easier answer is to sell by unit. When you sell by weight, you need to get a certified scale. So you need to have IDALS come down, or come out to your place and certify that scale, that has to be done on a yearly basis. And then that is the only scale that you can use to weigh

out your produce for sale. It's much easier to just sell one tomato, a dozen ears, a bag of lettuce, a clamshell of berries, or what have you. The nice thing is that when you're selling by the bag of lettuce, or the clamshell, or the tomato, or dozen ears, you have a pretty good idea that your bag of lettuce weighs roughly one pound, your clamshell berries weighs roughly a half pound or one pound depending on the clamshell. So you can do some conversions there to kind of get at what your total tonnage is. But it's just an easier way to go about it.

C Christa Hartsook 13:19

Absolutely. Joe, you mentioned, you know, that then that requires a certified scale, example for IDALS if we were to do something like that. I'm assuming there might be some other regulations that we need to be aware of?

J Joe Hannan 13:32

Yeah, the other big one that we would be aware of would be the FISMA Produce Safety Rule. I believe Linda Naves came on and talked to you a couple of weeks ago about that one?

C Christa Hartsook 13:42

Yes. And that's a great podcast to reference for those that are out there listening, go back and find that Food Safety Modernization Act with Linda. Joe, let's say we're going to start this, you know, obviously we're gearing this podcast toward beginners. What kind of equipment do I need?

J Joe Hannan 13:59

Christa, it's a very long list when I started writing down what what equipment a farmer should have or could have. It includes a tractor. I really like to have that 35-45 horsepower tractor. A lot of people say you can go in that 25-30 range I think that's a little small for a rototiller and pulling a mulch layer and a disc. So that 35 -45 horsepower tractor doesn't need to be new, just needs to be in good working condition. A rototiller is extremely beneficial for working out the ground in the spring, working in nutrient amendments, getting the ground ready to go for laying plastic, which another piece of equipment like to have as a mulch layer that lays plastic on the ground, takes care of all your weed control issues right around the plants. You don't need to go back and worry about any herbicide application, so it makes it very nice and easy. You need to have wagons, or trailers, or a pickup bed, something haul tools, equipment, plants, harvested goods around the farm. You know, the more steel the better. We don't like to see a lot of wood on those wagons and trailers because the wood doesn't wash up and clean up very well. So if it is wood, paint it and seal it up, but otherwise something that's more steel based or steel meshed floors. The farm has to have irrigation. You can run it off your home well system or rural water system, whatever you hooked up to, but you have to have your irrigation with specialty crops. You get into that July and August periods, and we've even had some very dry May and June time period. So you need to have the water in order to grow and mature that crop. Lots of hand tools, shop tools, you know everything to make your own repairs on this spot, shovels, rakes, things like that. One thing I like to have as a cooler to keep my produce

cool and extend the shelf life of my product. Again, the truck not only for moving stuff around Farm, but taking stuff to the market. You really should have a wash station for washing the produce and removing any dirt and debris. That's not required. But it is a good idea to have or something to be thinking about putting in, especially for growing root crops and things like that, where you know you're pulling up and going to have dirt on them. You've got to have a hand washing station so you and your employees can wash their hands when they come into work, wash your hands after eating, wash your hands after going to the bathroom. You should definitely have harvest containers, harvest logs, again getting that produce into market and the list goes on, Christa.

C Christa Hartsook 16:41

That really is a pretty extensive list, Joe. And I know there's a lot out there and a lot people may want, versus what they may need, but if we were going to start with some basics, what would you recommend we start with?

J Joe Hannan 16:55

So if you look at really what you need, number one is a cooler. A cooler will make your life so much easier by extending your harvest storage life, or extending the storage life of your product out from day to multiple days. You'd be able to harvest one day and take it to the market a day or two later. A rototiller is definitely a good thing to have. Again for for breaking up the ground getting things ready to plant. You don't necessarily have to have to have a tractor a lot of times you can find and borrow a tractor, run the rotortiller, but a lot of people don't have that rotortiller on hand. The other need is good plastic harvest containers. Something that is plastic, that's washable, cleanable, fits in your cooler. Drip irrigation, I think is stress that already, that is definitely a need. You've got to have that. And then you've got to have some sort of garden wagon, tool supply carrier, harvest little container on the farm, it just you can't be carrying everything, it's going to beat you down, wear you down over the course of the season, so something to to drag along, or hook up behind your garden tractor, or something like that, but some sort of garden wagon.

C Christa Hartsook 18:04

Okay, well, that makes sense. And that's a much more doable list, I think, for most people, Joe.

J Joe Hannan 18:09

Yeah, that's a much more doable list from all the nice to haves versus the needs to have.

C Christa Hartsook 18:14

Exactly. Joe other tips for us while we're just getting started in this business?

J Joe Hannan 18:19

Yeah, just a couple tips for you, Christa. One, be committed. Growing produce is going to take a lot of time, a lot of effort. That first year is generally pretty rough, you usually have some sort of loss or damage somewhere along the line, don't get too stressed. Don't try to jump in and do too much that first year. A lot of times we see people getting themselves too thinned out that first year and then nothing goes well. Start small and scale up over time. Use commercial seeds, equipment, and materials and supplies. There's a great article back in the November Acreage Living Newsletter that I wrote for you that links out to a lot of different seeds and supply vendors for us here in Iowa. Buy good quality seeds, it has disease resistance built into it. They're going to be new, fresh varieties, the seeds are going to be.. new seeds are going to be very vigorous. The commercial supplies, the packaging supplies, the tools, the containers that are commercial grade, those are intended to last much longer than say something that you buy from a homeowner standpoint. So buy good quality materials, it will last much longer. Then the other thing that kind of want to look at or the other tip is look at getting a high tunnel within the first couple of years. It drastically will help you out. Not only from the season extension by having produce early in the market in the spring and later into the fall, but it also takes out a lot of our issues with all the rain that we get in Iowa and definitely all of the wind that we get in Iowa. So there's cost share programs available for equip to help purchase and get those high tunnels built but a high tunnel to definitely be on that three to five year plan.

C Christa Hartsook 20:10

Okay. Joe, what about mentors out there in the business? Are people pretty receptive to that?

J Joe Hannan 20:17

Yeah, Christa, the industry is, is competitive industry, but it's also really supportive industry. It's an awesome industry to work in. We have beginning farmer groups through Iowa State University Extension and Outreach. There's beginning farmer groups through Practical Farmers of Iowa. There's mentors available through the Iowa Fruit and Vegetable Growers Association. A lot of times your local neighbor is more than willing and capable of helping you, so there's lots of options for assistance and help them getting up and going.

C Christa Hartsook 20:50

Absolutely. Joe, thanks so much for bringing all this to our attention today. We appreciate it.

J Joe Hannan 20:55

Yeah, I'm always happy to come on Krista. Appreciate it. All right. Take care. Yep, you too.