

This PDF is a version of an online module that is part of the Principles for Transitioning to Organic Farming project. For all of our educational materials, please visit:

<http://organictransition.umn.edu/>

This project is funded by a grant from the [Organic Transitions Program](#), part of the USDA National Institute of Food and Agriculture, under Grant Number [2013-51106-21005](#).

Growing and Marketing a New Crop



This material is based upon
Authors
work that is supported by
Gigi DiGiacomo
the National Institute of
Kristine Moncada
Food and Agriculture, U.S.
Adria Fernandez
Department of Agriculture,
un Constance Carlson 3-
Craig Sheaffer

Growing and Marketing a New Crop

- I. Introduction
- II. Soil and climate
- III. Markets
- IV. Enterprise budgets
- V. Other things to consider



Introduction



What will you include in your organic rotation? Will it be a new crop?

Crops for Organic Rotations

- Wheat
- Barley
- Flax
- Buckwheat
- Field peas
- Oats
- Alfalfa
- Sunflowers



A vibrant field of sunflowers stretches across the frame, their bright yellow heads and green leaves contrasting against a clear blue sky filled with soft, white clouds. The sunflowers are in various stages of bloom, some fully open and others just beginning to show their petals.

How to Identify New Crops for Your System?

- Ask other farmers in your area
- Contact local extension educators
- Attend field days featuring new crops
- Go to organic conferences

Other Modules in Our Series

- Forages
- Small Grains
- Alternative Crops





How Will You Decide What New Crop to Plant?

- Agronomic factors?
- Markets?
- Finances?



Growing and Marketing a New Crop

- I. Introduction
- II. Soil and climate
- III. Markets
- IV. Enterprise budgets
- V. Other things to consider



Finding New Crops that Complement Your Rotation



- Legumes such as alfalfa can provide nitrogen for subsequent crops
- Small grains and alfalfa can suppress weeds

Choose new
crops that are
adapted to your
conditions

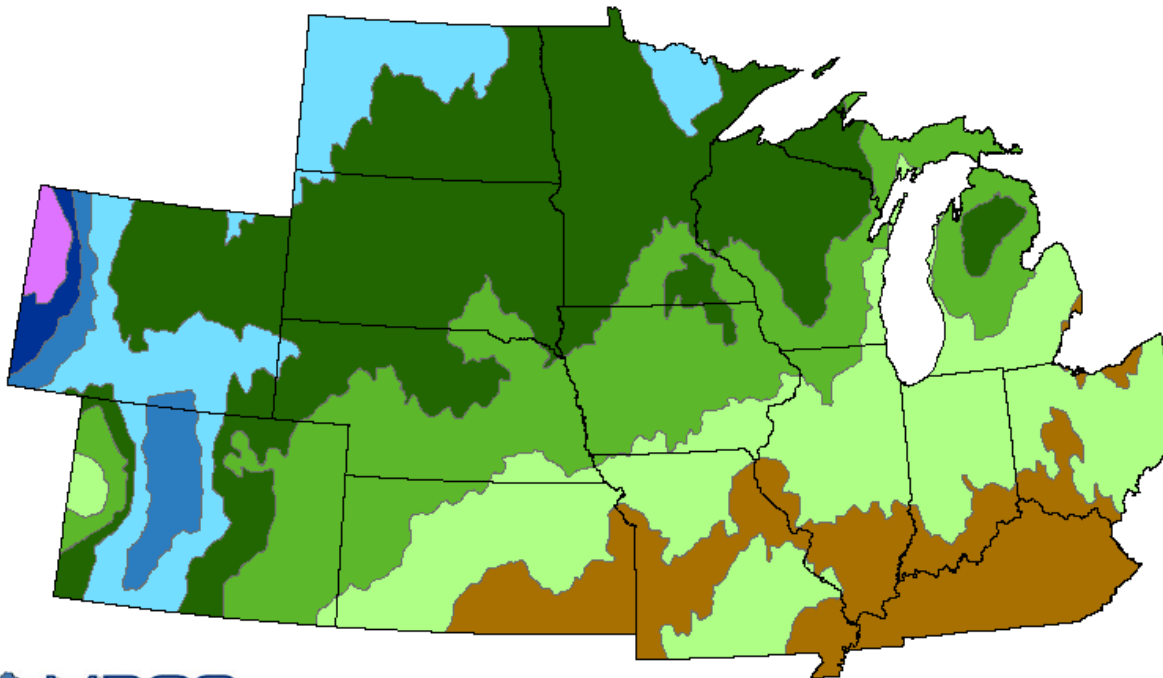
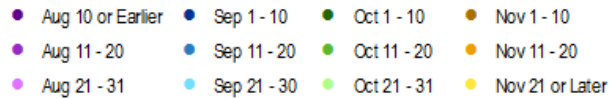


Crop Adaptation Factors

Fall Freeze

Median Date Of 28°F Freeze

Based on 1981-2010 Average




- Temperature
- Moisture
- Relative maturity
- Nutrient requirements

Median Date of 28° F Freeze

Source: Midwestern Regional Climate Center



Consider Soil Conditions

- 
- Adjust the pH with lime to match needs of crop
 - Add organic fertilizers to suit new crop needs

Take Your New Crop for “Test Run”



- Size plots to accommodate field equipment
- Test different varieties
- Take notes: weather conditions, input expenses, labor, yield

Growing and Marketing a New Crop

- I. Introduction
- II. Soil and climate
- III. Markets
- IV. Enterprise budgets
- V. Other things to consider



Is There a Market for Your New Crop?



- Can be a challenge to find markets for crops other than corn and soybean
- What crops are buyers looking for?



Buyers

- Brokers
- Marketing groups
- Farmer cooperatives
- Organic trade shows
- Specialized auctions
- Other farmers



<https://mercaris.com/>

Identifying Buyers – Organic Trade Shows

- Iowa Organic Conference (IA)
- Illinois Specialty Crops, Agritourism and Organic Conference and Trade Show (IL)
- Minnesota Organic Conference (MN)
- Northern Plains Sustainable Ag Society Annual Conference (SD)
- MOSES Organic Farming Conference (WI)

What Questions Should You Ask Buyers?

1. Do you offer contracts or buy cash only?
2. What price will you pay?
3. How much will you purchase?
4. When will you expect delivery?





Is There a Viable Market for Your New Crop?

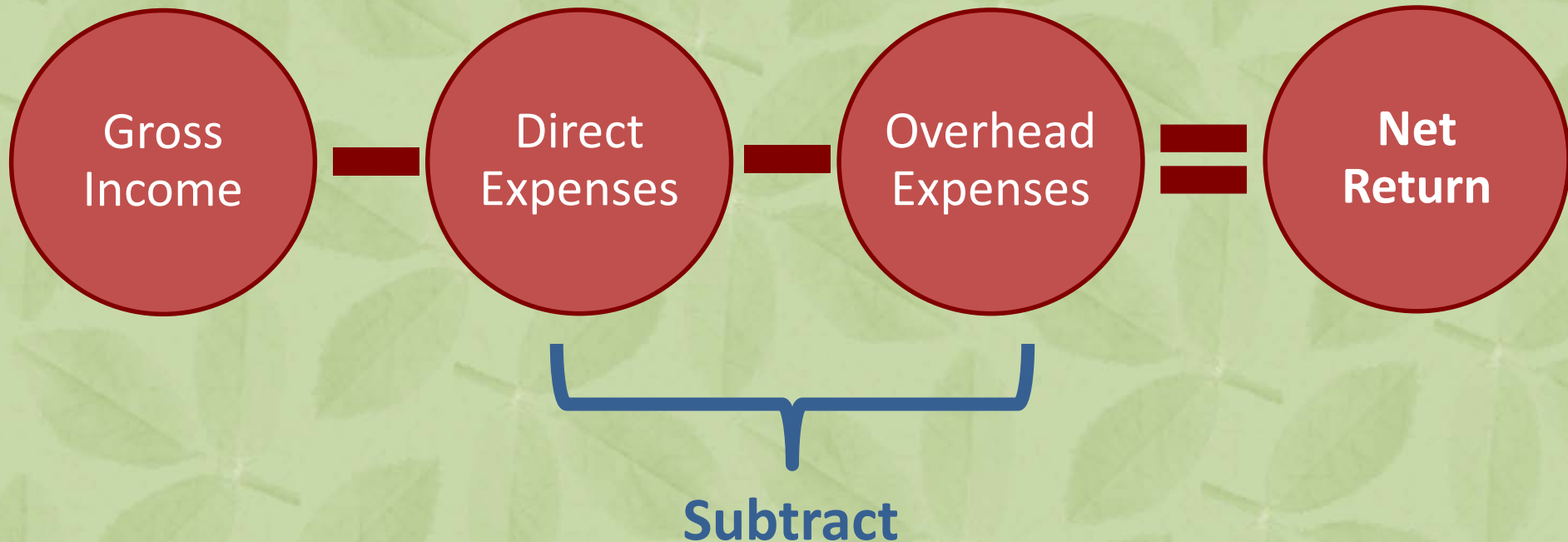


Growing and Marketing a New Crop

- I. Introduction
- II. Soil and climate
- III. Markets
- IV. Enterprise budgets
- V. Other things to consider



Enterprise Budget



Gross Income

Organic Oat Example



Yield (bushels)	47.75
Value/Bu	\$6.33
Total Crop Return/Acre	\$302.26
Other Income/Acre	\$44.87
Gross Income/Acre	\$347.13

$$47.75 \text{ bu} \times \$6.33/\text{bu} = \$302.26$$

$$\$302.26 + \$44.87 = \$347.13$$

Data: Center for Farm Financial Management, FINBIN Database, Average Expenses and Returns for 2011-2015.



Direct Expenses

Organic Oat Example



Seed	\$33.31
Fertilizer	\$10.15
Crop Insurance	\$4.33
Storage	\$0.40
Fuel & Oil	\$22.18
Repairs	\$34.80
Custom Hire	\$9.64
Hired Labor	\$4.99
Land Rent	\$77.64
Machinery Leases	\$2.89
Utilities	\$1.28
Hauling and Trucking	\$1.27
Organic Certification	\$1.98
Operating Interest	\$4.27
Other	\$3.14
Total Direct Expenses/Acre	\$212.27

Data: Center for Farm Financial Management, FINBIN Database, Average Expenses and Returns for 2011-2015.

Overhead Expenses

Organic Oat Example



Family labor, management	\$45.25
Building leases	\$2.19
Property Taxes	\$7.25
Farm Insurance	\$5.73
Utilities	\$4.03
Dues & Prof Fees	\$2.43
Interest	\$24.69
Mach & Bldg Depreciation	\$33.83
Other	\$6.15
Total Overhead/Acre	\$131.55

Data: Center for Farm Financial Management, FINBIN Database, Average Expenses and Returns for 2011-2015.

Enterprise Budget – Oat Example

Gross
Income

Direct
Expenses

Overhead
Expenses

Net
Return

\$347.13

-

\$212.27

-

\$131.55

=

\$3.31

Average Net Return/Acre for Select Organic Crops, Midwest Farmers, 2012-2015

Crop	# Farms	Avg. # Acres	Avg. Net Return/Acre*
Barley	59	72	\$62.85
Oats	74	52	\$42.87
Rye	7	37	(\$18.26)
Spring Wheat	40	128	\$209.67
Hay, Alfalfa	141	127	\$201.54

* Does not include government payments or cost of overhead labor & management.

Source: Center for Farm Financial Management, FINBIN database, 2012-2015

FINBIN Database

- Direct expenses
- Overhead expenses
- Yields
- Market prices
- Net returns

FINBIN.umn.edu

FINBIN

Generate a Summary Report

- WHOLE FARM
- CROP
- LIVESTOCK

Generate a Benchmark Report

- WHOLE FARM
- CROP
- LIVESTOCK

Compare Your Farm

- FINANCIAL RATIOS

Growing and Marketing a New Crop

- I. Introduction
- II. Soil and climate
- III. Markets
- IV. Enterprise budgets
- V. Other things to consider



Take a Close Look at New Costs

- 74% of Minnesota farmers purchased new equipment when transitioning
- 28% of Minnesota farmers hired custom services when transitioning
- Storage and drying costs may increase



Source: "Intake Survey Results," Tools for Transition Intake Survey Cumulative Results, Tools for Transition Project. Updated 9.6.12. <http://eorganic.info/toolsfortransition>



Carefully Estimate Labor Expenses

- 34% of Minnesota farmers hired labor when first transitioning
- Diversified systems take more time to manage and market (learning curve)



Source: "Intake Survey Results," Tools for Transition Intake Survey Cumulative Results, Tools for Transition Project. Updated 9.6.12. <http://eorganic.info/toolsfortransition>

Risk Analysis

Explore how changes in the following affect financial performance:

- Interest rates
- Input costs
- Yield



Exploring Changes

Vary input expenses, yields and market prices in enterprise budget by 5-20%

Budget Item	Percent Change	Impact	Net Return/Acre
Seed	10% increase	\$3.30/acre increase	\$7.70
Land rent	10% increase	\$7.70/acre increase	\$3.30
Yield	10% decrease	-4.7bu/acre	-\$19.37
Market price	10% decrease	-\$0.63/bu	-\$19.37



Questions to Ask

- Do I have the right growing conditions?
- Is there a buyer in the market?
- Can I break-even or make a profit?
- Will my new crop break-even under different risk conditions?



Evaluating a New Crop

- Do I have the resources needed to grow a new crop?
- Am I confident that I can grow the new crop?
- Will the new crop help build resources for the future (e.g. soil quality, finances)?
- How will the new crop benefit the farm operation?

Good luck with your new crop!



Growing and Marketing a New Crop

- I. Introduction
- II. Soil and climate
- III. Markets
- IV. Enterprise budgets
- V. Other things to consider





Resources

- [Organic Crop Production Enterprise Budgets – Iowa State University](#)
- [Organic Crop Production Enterprise Budgets – Oregon Tilth](#)
- [Crop Budgets – University of Minnesota](#)
- [Organic Grain Enterprise Budgets for ND, SD, and MT Tools for Transition – The Organic Center](#)
- [Tools for Transition Project – University of Minnesota](#)



This material is based upon work that is
© 2017 Regents of the University of
supported by the National Institute of
Minnesota. All rights reserved.
Food and Agriculture, U.S. Department
The University of Minnesota is an equal
of Agriculture, under grant number
opportunity educator and employer.
2013-51106-21005.



United States Department of Agriculture
National Institute of Food and Agriculture

References

- FINBIN database. Center for Farm Financial Management.
<https://www.cffm.umn.edu/products/FINBIN.aspx>. Accessed 6.29.17
- Mercaris <https://mercaris.com/>
- Tools for Transition Intake Survey Cumulative Results, Tools for Transition Project. Updated 9.6.12
<http://eorganic.info/toolsfortransition>