

BUSINESS PLAN FOR PARLEE'S FARM

Honors Thesis

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By

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Abstract

This is a detailed business plan for Parlee's Farm in Chelmsford, Massachusetts. This is a unique location for a farm as it is in a suburban location that has pushed out most farms in the area and converted it into housing. It is in central Massachusetts about thirty miles from Boston. They are a small family farm that mostly does pick your own activities and operates a small farm stand that sells fruits and garden vegetables. It is about forty acres and they rent another twenty from the town giving them plenty of space to utilize. They face a unique set of challenges as they are a New England farm with rocky soils and a unique client base.

This plan dictates how to continue their practices in a more successful manner and expand into new ways to expand while maintaining a profit. The farm currently grows strawberries, blueberries and garden vegetables, the plan details on how to expand into pumpkins, a maze, apples, raspberries and other money-making opportunities. The key point of this plan is to keep this business running and growing to support its family while overcoming the unique set of challenges facing a suburban New England town farm.

Key Terms to Understand:

Pick your own: the customer picks the produce themselves and often pays a lower price because the farmer does not have to pay for the cost of picking the produce

Prepicked: The produce is picked by the farmer or their employees for sale

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Introduction

This thesis is a detailed business plan in the running Parlee's Farm in Chelmsford Massachusetts, a small pick your own farm. This plan will detail the expansion and the successful running of the farm. The farm is currently being run by Caroline Parlee and her Father Henry Parlee. This plan will detail how to expand their market, profit and product line by applying business strategy while combining farmers' knowledge and keeping the surrounding community's needs and wants.

Parlee's Farm currently raises strawberries, blueberries, and garden vegetables. Most of the profit comes from pick your own activities and the farmers have expressed a wish to expand the existing activities while expanding into different areas of opportunity. Regional popular activities that can be an opportunity are raspberries, apple and pumpkin picking and they have also expressed a desire to try to pick your own tomatoes.

They also need to improve their accounting and cash handling systems. They would like to upgrade to a cash register that takes credit cards. They currently do not take credit cards but the world is moving away from customers carrying cash and moving towards plastic or smart phone pay. Ideally, they are interested in a product that will help keep an accurate count of sales.

Parlee's Farm most importantly wants to provide healthy and delicious food for its community. In their expansion they want to focus on retaining the atmosphere and community they have built with their customer base.

Purpose of the Business Plan:

The purpose of this plan is to ensure that Parlee's Farm continues for generations and becomes successful. Parlee's Farm has just been existing and not thriving and through the use of this business plan it will thrive for years to come. Ensuring success of the business will provide for the family living at the farm while providing the surrounding community with the highest quality produce possible. Family is the number one priority of this business and the business will help the family thrive.

Specific Goals:

- Provide an income for the family running the farm
- Continue growing specific plants and expand into different crops
- Provide the best produce possible for the surrounding community
- Grow the education of the farmers
- Increase profit every year

Mission Statement:

Parlee's Farm mission is to provide healthy food to the surrounding community through the sale of vegetables, fruit and produce and pick your own activities. Family comes first to this business and by sharing how their family farms to their community that all will benefit.

Background

The Farming Industry:

Farming is an industry that has been in existence almost as long as humans have walked this earth. Farming is a necessary industry for the people to be able to eat. However, factory farming has taken over in popularity in relation to small farmers and most people have turned away from small farms in terms of grocery shopping.

Recently there has been a movement called the “Farm to Table Movement”. This movement calls for transition from dependence on factory farms to sourcing foods from local farmers. This small farming trend is growing due to fact that consumers desire to support farmers who grow fresher foods using fewer chemicals.

Role of small businesses in the industry:

Small farms are providers of quality food and entertainment. Not only do people come to farms for the quality of the produce but also get the experience of going to a farm. Experiences range from pick your own activities, petting zoos or other activities such as corn mazes. People have turned going to the farm not only as a way to get sustenance but also as a source of entertainment and fun. People also come to small farms for educational purposes; to learn about where food comes from. People of all ages are learning more and more about how food is grown and when visiting a small farm this is possible. This is often impossible to do at large scale farms as factory farms are not as appealing, are not safe for visitors, and lack diversity.

Background of Parlee’s Farm:

Parlee’s Farm has been existence for over one hundred years. The farm has had many faces as the farming industry changed quickly and factory farms became more successful. Roughly twenty years ago it was flourishing pick your own strawberry farm, but due to many factors over the years, it changed to a more diverse business with too little to nothing being produced. The farmer Henry Parlee could not support his family just farming so he also became an electrician. When the previous owner of the electrical

company left the company to the Henry Parlee the farm business paid the price and many fields were put into hay, they stopped growing pumpkins, cut strawberry production to a fraction of previous levels, ceased Easter activities, and vegetable production was cut in half. In summer, 2017, Henry's daughter Caroline started managing the farm. She has been trying to grow the business and make it profitable while getting her bachelor's degree and plans to run the farm full time after graduation and build it up to its former glory.

SWOT Analysis:

Strengths

- Healthy land
- Located in a growing suburb of Boston
- Within walking distance of public transportation
- Strong and loyal customer base

Weakness

- Low profit margin
- High cost of maintenance of equipment
- Hiring process is done by word of mouth
- Outdated cash boxes
- Lots of competitors
 - Other small farms, grocery stores and specialized grocers
- Low product differentiation in competitors

Opportunities

- New products
- New pick your own experiences
- Petting zoo
- Fall crops and experiences
- Expand existing products and experiences

Threats

- Climate Change
- Pest resistance
- Pollution

Goals and Objectives

**Please note that it is impossible to provide firm dates in farming as it is heavily weather dependent and it is not possible to predict with accuracy what the weather will be like during the growing season.*

Objective 1: Establish an Effective Cash and Accounting System.

Rationale: Having a cash register that is linked with a bookkeeping system will streamline the logging of sales and allow Parlee's Farm to accept credit card purchases which they currently do not have the equipment to take. This measure should increase profits and streamline the bookkeeping experience.

Tactics: Research the best rates and services to find the best product

Timeline: As soon as funds are available, anticipated to be July 2020

Responsibility: Caroline Parlee

Objective 2: Establish and Maintain a Website

Rationale: A website will help customers discover and engage with Parlee's Farm

Tactics: Use a website builder platform and keep it updated as the seasonal business changes.

Timeline: Before June 1st

Responsibility: Caroline Parlee

Objective 3: Begin Corn Maze and Pick Your Own Pumpkins Programs in 2020

Rationale: The farm needs a source of income for Fall 2020.

Tactics: Plant maze and pumpkins, promote on social media, create advertising materials (signage), and hire help

Timelines: Plant in Spring 2020, promote the process in real-time, hiring August 2020 and create signs during Summer 2020

Responsibility: Caroline Parlee

Objective 4: Pick your own Tomatoes

Rationale: Additional source of income and increase the variety of tomatoes. A low amount of businesses is in the pick your own tomato field

Tactics: Plant tomatoes in the field on McHugh Farm Lane. Plant different heirloom varieties that create interest through uniqueness. Offer a discounted rate for pick your own and charge more for pre-picked tomatoes. Promote on social media and with on-property signage

Timelines: Advertising done throughout the growing process starting in late May and harvest when crops are ready. (usually Late July to October)

Responsibility: Caroline Parlee

Objective 5: Offer a Blueberry Care Class

Rationale: Create greater interest of blueberries within the community while helping with proper care of the blueberry bushes on our farm.

Tactics: Advertise a free class on Facebook. When people arrive explain how we care for the blueberries and demonstrate how to properly prune the blueberries and check them

for infestation. By offering this class people coming to learn will help prune the blueberries which needs to done anyway

Timelines: Advertise starting in early May 2021 and offer the class May 24th 2021

Responsibility: Caroline Parlee

Objective 6: Plant an Apple Orchard and Raspberry Patch

Rationale: Expand into new money-making opportunities and high demand

Tactics: Acquire the trees and raspberries and plant them. It will take several years for these plants to mature and be harvestable. When they are ready there will pick your own options and be sold at the farm stand, and market.

Timeline: Spring 2021 as funds and grants are acquired

Responsibility: Caroline Parlee

Recommended Forms of Business for Parlee's Farm

Advantages and disadvantages of Sole Proprietorship

Currently Parlee's Farm is a Sole Proprietorship owned by Henry Parlee. In a sole proprietorship Mr. Parlee retains a high level of control and it is easy to remain with the status quo as opposed to putting in the work to change the type of business however. It leaves Mr. Parlee vulnerable to lawsuits outside the assets of the farm.

Advantages and disadvantages of Limited Liability Company

An LLC limits the liability of the company to the assets within the company as opposed to the private assets of the owner. This is a more expensive process to set up but

in the long run can save more time and money. I recommend this type of business as it is the safer option especially when dealing with the public despite the laws protecting farms it the safest type of business.

Due to the size of the business the other types of business are not applicable to the farm.

Products/ Services

Current:

Strawberries: Strawberries are a seasonal fruit that grown in early June through the second week of July. Due to their delicate skin they cannot survive extreme temperature and need consistent care to survive and turn a decent yield. When exposed to high heat they tend to deteriorate, and local wildlife love to eat the leaves. This product is highly desirable and is the staple crop of the farm despite recent years of difficulty. They are sold prepicked at the farm stand, farmers market, or wholesale or are available for pick your own.

Price: \$7.50 per quart or \$3.25 per lb. pick your own

Blueberries: The blueberries grown on Parlee's Farm are cultivated high bush and range from three to seven feet tall making them easier to pick than wild blueberries. The fruit can be the size of a penny to the size of a quarter and are very sweet. They are available approximately from the second week of July to the second or third week of August. They are a low maintenance crop and are gaining popularity. They are sold prepicked at the farm stand, farmers market, or wholesale or are available for pick your own.

Price: \$8 per quart, \$4.50 per pint or \$4.25 per lb. pick your own

Tomatoes: This crop is ready and the end of July threw the first frost (which is usually in late September). There are lots of varieties of tomatoes that consistently produce throughout the season. The farm typically plants about 500 plants of six different varieties. They are sold prepicked at the farm stand, farmers market, or wholesale or are available for pick your own.

Price \$2.50 per lb. prepicked or \$1.00 per lb. pick your own

Corn: Corn is purchased wholesale and delivered to the farm from the Connecticut River Valley. The produce is sold at the farm stand, and farmers markets.

Price 75 cents or \$7.50 per dozen

Cucumbers: This produce is ready the end of July to the second week of September
The produce is sold at the farm stand, and farmers markets.

Price 50 cents each

Eggplant: This produce is ready the end of July to the second week of September
The produce is sold at the farm stand, and farmers markets.

Price \$1.50 each

Zucchini: This produce is ready the end of July to the second week of September
The produce is sold at the farm stand, and farmers markets.

Price 75 cents each

Summer Squash: This produce is ready the end of July to the second week of September

The produce is sold at the farm stand, and farmers markets.

Price 75 cents each

Peppers: This produce is ready the end of July to the second week of September

The produce is sold at the farm stand, and farmers markets.

Price 75 cents each

Beans: This produce is ready the end of July to the second week of September

The produce is sold at the farm stand, and farmers markets.

Price \$3.00 per pound

Compost dumping: Landscaping companies pay a fee to dump grass clippings and leaves in the compost pile. The price is worked out with the individual landscaping company based on the number of vehicles they will have dumping, how frequently they will be dumping, and they pay a one-time fee and are able to dump all season.

Compost: Compost and loam can be delivered or picked up by gardeners and landscapers for \$10 per yard. Compost can be used to enrich the soil and grow better crops

Future Product Additions

Apples: Apples are available typically from September to October but there are some early season varieties that can be harvested as early as July. Apples will be offered for pick your own and prepicked. Prices will be set the time they are ready as it will take a few years to get up and running.

Raspberries: Raspberries are a delicate fruit that can grow from July to September depending on the variety. The issue is that they are so delicate that they cannot be stored for long and are rather time consuming to pick as the plant is heavy with thorns.

Raspberries have been sold in the past for \$4.50 a half pint when purchased wholesale but many customer balk at the price so the price for prepicked raspberries will be in between \$3.50- \$4.50 per half pint and a pick your own price will be \$4.50 per pound.

Pumpkins: Pumpkins are a fall crop that is sold by the pound for 20 cents to 80 cents per pound, the crop can be sold at the lower end for pick your own and the higher end for prepicked.

Corn Maze: Corn maze is a bit of a misnomer. In the past Parlee's Farm has had a maze made with saran grass which grows more densely than corn, and requires less maintenance, and is easier cut than traditional corn. For a maze they charge an admission fee and have staff in the maze to give directions if people get lost. Recommended price is \$10- \$15 per person and offer student and senior discount.

Price / Quality Relationship

The products at Parlee's Farm tend to have moderately high quality but do not have organic or ethically sourced certifications. They are a simple farm that in their hopes to expand could gain these certifications and significantly increase consumer prices. The produce is picked fresh daily and the customer service is friendly and efficient. While Parlee's Farm products are superior quality to the ones found at typical grocery stores the balance in price must be set where it will not become a barrier to purchases. Parlee's Farm tries to keep prices lower or the same as the competition.

High Quality/ Low Price

Competition

Parlee Farms- is a farm that belongs to the cousins of the owners of Parlee's Farm. While they are two different companies their customer base is very similar and they have similar products with similar qualities. Parlee Farms however is a bigger farm with more activities on the farm for people to enjoy besides the pick your own activities and farm stand. To remain competitive Parlee's Farm has to increase the number of activities and available at the farm and make it a better experience. They have a high They are located thirty minutes away from Parlee's Farm.

High Price/ High Quality

Jones Farm- Jones farm is just a farm stand and does not engage in pick your own activities. They have a higher diversity of crops available as they grow and purchase the crops they need. However, their quality is not as highly maintained as Parlee's Farm

despite having higher prices. They are only five minutes away from Parlee's Farm and are therefore significant competitors.

High Prices/ Low quality

Whole Foods - Whole Foods is the commercial giant that is the biggest competitor for a small farm. Whole Foods has the largest selection of organic and local foods in the area. They have enormous food diversity and brand reputation all over the country. The only advantages that Parlee's Farm has are on-site activities, freshness and lower costs. They are located ten minutes from Parlee's Farm.

High Prices/ High quality

Competitive Analysis

Major Competitors: Parlee Farms, Jones Farm, and Whole Foods

Products: All of the competitors have a higher product diversity available at the store front. However Whole Foods and Jones farms do not offer pick your own activities.

Price: Parlee's Farm is the least expensive of its competitors but prices fall similar to the prices to that of Parlee Farms. Jones Farm and Whole Foods have prices that are well above those set by Parlee's Farm.

Quality: Parlee's Farm and Parlee Farms have very high quality that is quickly followed by Whole Foods and then Jones Farm

Product Selection: Whole foods has the best selection of products as they are a complete grocery store, then Jones Farm, followed by Parlee Farms and last Parlee's Farm

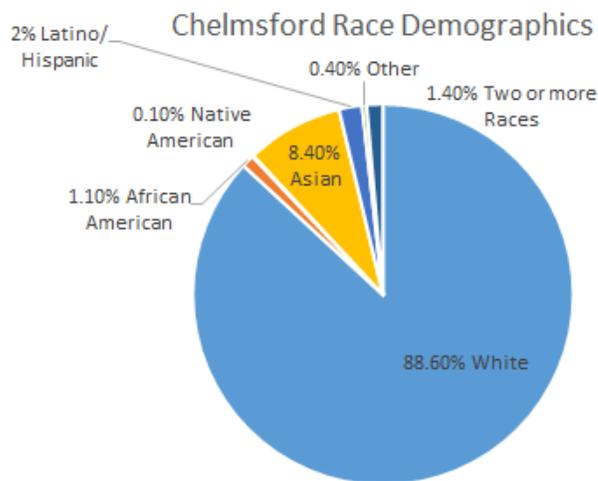
Customer Service: Whole Foods has the best customer service. However they have a different experience as a grocery store than a customer would experience at a farm.

Customer Profiles

Customers of Parlee’s Farm are typically locals to the Chelmsford area with people driving up to half an hour for a taste of their crops. Most of the farm stand purchases are residents of Chelmsford or Westford who are driving by the farm on their way home after work, to sport activities and other general errands people are performing. Most customers are middle aged and older Caucasians who reflect the general populace of the surrounding area.

For pick your own activities the majority of the customers are families with children age three to ten. Most customers are middle class Caucasian families which is reflective of the demographics of the area. Pick your own activities are family activities that span generations with grandparents, parents and children all participating.

Figure 1: Chelmsford Race Demographics



48.4% Male
51.6% Female
Median age 39.2 years
Population: 35,313

Location Analysis

Parlee's Farm is located in Chelmsford Massachusetts on Pine Hill rd.

Chelmsford is a suburb situated right in between Boston and Worcester. Pine Hill road is a major cut through street next to the biggest road in the town route 110, people come down Pine Hill on their way home and to get to most activities in town.

Appearance:

Parlee's Farm is an old farm that needs some major repairs.

The Farm Stand: The farm stand where most of the business is conducted needs a fresh coat of paint and a new gutter. The farm stand is a medium sized shed about twenty-five by ten feet and sales are conducted outside of it where produce is stacked on tables, shelves or placed on baskets on the ground.

The fields: Most of the fields are in good condition but are put into a hay crop which is not a high money-making crop. They have been cleaned of waste from the nearby highway and have maintained high fertility

Pick your own setup: The pick your own set up is a blue tent that is set up in the field in front of the crop that is being offered. Under the tent is a folding white table with a cash box, scale and a folding chair for the attendant. For containers customers can bring their own or use the quart sized boxes that we provide.

Barns: Some of the barns where the animals and tractors are stored are run down and unpainted as they were built in the 1920s but three of the barns that were built more recently just need light maintenance.

Future needs for Parlee's Farm:

The Farm Stand: Ideally everything should be on tables where customers see everything at eye level and do not need to bend over but the size of the stand is too small for the scale of business that is conducted. In the future when funds become available a small store will need to be erected as opposed to the stand that the business has now.

The Fields: The fields will be put into more money-making crops and any trees that may have fallen into the field will be taken away.

Pick your own setup: The current set up works well as crops do not stay in the same place and the set up needs to be mobile. A hot spot and cash register that takes credit cards would be ideal at the pick your own locations. It can be improved by more consistent landscaping and more tables.

Barns: The older barns will need new roofing and dirt floors can be replaced with concrete. Support beams will be enforced if possible but some of the support beams are just trees with all the limbs cut off and it is required that they are replaced to create better stability.

Picture 1: Current Pick Your Own Setup



Picture 2: Current Farm Stand Set up



Picture 3: Current Fields



Fields generally look similar to this. A small number of crops surrounded by hay.

Financial Performance

Occupancy Expenses

Insurance	\$3500 per year
Property taxes	\$2400 per quarter or \$9,600
Rent on land	\$1600 per year
Electric Bill	\$200 per month or \$2400 per year
Telephone	\$200 per year
Gas	\$600 per year
Maintenance	\$700 per year
Total Occupancy Expenses	\$18,600

** There is no garbage cost as there is town pick up included in the taxes and no water cost as they use wells*

Operating Expenses

Occupancy Expenses	\$18,600
Advertising	\$400
Miscellaneous	\$300
Total Non-Labor Expenses	\$19,300
Wages	\$19,712
Total Operating Expenses	\$39,012

Management

Owners and key employees: Henry Parlee and Caroline Parlee are both registered operators of the farm

Outside personnel: Sullivan and Dixon Accounting services

Remarks: Henry Parlee has been running the farm for two decades as well as prior experience with helping the previous owner throughout his childhood. He does not have any college experience but has taken many classes offered by the USDA.

Caroline Parlee has been taking a managerial role at the farm for three years but also has been working as cashier and farm hand for several years. She is close to

completing a bachelors degree in Business Administration with a concentration in management and a minor in environmental sustainability. While she is still gaining practical first-hand knowledge, she is knowledgeable on how to update the practices of the farm.

Sullivan Dixon takes care of the accounting issues of the farm and makes sure taxes are done properly

Personnel

Needed employees: Three to four cashiers for the farm stand, pick your own and farmers markets. Farm hands as needed to harvest and weed the crops, typically once a week two or three farm hands come and help weed the plants and harvest the crops.

Source of employees: Word of mouth. Due to the current size of the business they are able to hire friends and family members to work for them but as they increase in size they can hire people through advertising on hiring sites and posting asking for employees.

Employee Training: The training is very straight forward as these jobs are low skill and can be performed in under an hour by Henry or Caroline.

Cashiers are informed how to operate the scales, how to communicate effectively to customers, and make change.

Farm hands are shown how to pull weeds without harming the plant and harvest efficiently.

Wages

The average farm hand works twice a week for eight hours earning thirteen dollars an hour for a total \$208 a week for the duration of the season which is June through September which totals approximately \$3328 a year.

The average cashier makes \$12.75 an hour working approximately four days a week for eight hours which is \$408 per week for the duration of the season which is June through September which totals approximately \$6,528 per year.

Owner/Operators withdraw what they need from the business and do not take a wage.

Sales / Cost of Goods Sold

Strawberries: Sales from the second week of June to the first week of July

Units	1960
Sales	\$15,680
Cost per unit	\$4.50
Selling Price per Unit	\$8
Total cost of goods sold	\$8820

Blueberries: Sales from the second week of July to the third week August

Units	1875
Sales	\$15,000
Cost per unit	\$3.00
Selling Price per Unit	\$8.00
Total cost of goods sold	\$5625

Tomatoes: Sales go from the Third week of July to the first frost

Units	6000
Sales	\$6000

Cost per unit	\$0.50
Selling Price per Unit	\$1.00
Total cost of goods sold	\$3000

Corn: Sales go from the Third week of July to the first frost.

Units	15,120
Sales	\$11,340
Cost per unit	\$0.35
Selling Price per Unit	\$0.75
Total cost of goods sold	\$5,292

Miscellaneous Vegetables: Sales go from the Third week of July to the first frost with sales of around \$3000 with costs around \$500

Composting Operation
Sales \$30,000
Costs \$10,000

Income Statement 2019

Revenue	
Revenue on Goods Sold	\$17,693
Revenue on Compost	\$30,000
Total Revenue	\$47,693
Expenses	
Labor Expenses	\$19,712
Occupancy Expense	\$18,600
Other Expenses	\$700
Total Expenses	\$39,012
Net Profit	\$ 8,681

Summary

Parlee's Farm is operating at a small profit and needs to significantly increase its sales for it to support the operators. They can do this by diversifying their product range

and moving into fall crops extending the season that they will be bringing money into the store. By offering more products they will build resilience and then the business will be able to thrive. Besides the diversification of products Parlee's Farm needs to make significant upgrades on their appearance and hire more employees to streamline the increased product line. While these will be costly in the short term they will increase the overall profits of the business. Parlee's Farm wishes overall to remain committed to the serving the community healthy and delicious foods.

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