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Worksheet 4T.1: Whole-Farm Strategies (<http://misadocuments.info/4T.1WholeFarmStrategies.pdf>)

## WHOLE-FARM STRATEGIES

Use the space below to articulate one or two whole-farm strategies that you may be considering (e.g., transitioning gradually versus transitioning all at once). We have provided space for two whole-farm strategies, but you may have more than two alternatives in mind. Think of these short descriptions as something you would share with someone who asks, *What are you thinking of doing?* Next, describe the rationale behind each whole-farm transition strategy. Reflect on your current situation, goals and future vision. Recall conversations that you have had with your planning team and review the SWOT analysis that you created on **Worksheet 2T.12: Current Whole-Farm SWOT Analysis**. Keep this information in front of you when exploring specific operations, marketing, human resource and finance strategies in Planning Task Four: Strategic Planning.

Strategy name: \_\_\_\_\_

Strategy description (What are you thinking of doing?):

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Strategy rationale (Why are you thinking of doing it?):

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Strategy name: \_\_\_\_\_

Strategy description (What are you thinking of doing?):

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Strategy rationale (Why are you thinking of doing it?):

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**DOWNLOAD THE PDF**

Worksheet 4T.2: Operations Strategy Summary (<http://misadocuments.info/4T.2OperationsStrategySummary.pdf>)

**OPERATIONS STRATEGY SUMMARY**

Complete this operations worksheet for your preferred whole-farm transition strategy whether you plan to grow commodities, raise livestock or process products. Begin with a brief description of production opportunities. If you are uncertain about what to write here, try asking yourself, *Why is this a particularly good time to transition?* Next, describe your three- to five-year operations strategy. When doing so, summarize information about your crop rotation, grazing schedule and processing plans as well as associated resource needs during the first five years. Next, describe resource needs and how you will fill any resource gaps—identify acquisition strategies for needed land, buildings, machinery, equipment, breeding livestock and inputs. Afterward, explain your plans for certifying the farm. List which certifier(s) you plan to contact as well as any other special permits and licenses that may be needed to implement your operational strategy.

If your operations strategy appears viable at this stage in planning, summarize all of the information from this worksheet in two to three paragraphs under “Business Plan Input.” This information can be transferred to AgPlan in the *Operations* section when ready. If you are not convinced of this proposed transition strategy, this may be a good time to put on the brakes and review your goals and explore alternative strategies.

**Opportunities** (List industry-wide opportunities and those that are unique to your farm):

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**Strategy Description** (Describe how you will transition your land, animals or processing operations):

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**Resource Needs and Acquisition Strategies** (How will you fill gaps or access needed inputs?):

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**Legal Obligations** (e.g., organic certification, licenses, permits needed):

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Worksheet 4T.3: Crop and Livestock Enterprises (<http://misadocuments.info/4T.3CropandLivestockEnterprises.pdf>)

**CROP AND LIVESTOCK ENTERPRISES**

Use the space below to brainstorm which crop and livestock enterprises you would like to include in your organic rotation as well as any production conditions or needs that might influence your ability to include them in rotation plans. Next, list new buildings, equipment and other inputs that will be required to manage these crop and livestock enterprises according to organic certification requirements as well as any anticipated new skills that will be necessary to learn or to address through hired help, consultants, etc.

Enterprise	New Production Needs	New Skills
1. _____ _____ _____	_____ _____ _____	_____ _____ _____
2. _____ _____ _____	_____ _____ _____	_____ _____ _____
3. _____ _____ _____	_____ _____ _____	_____ _____ _____
4. _____ _____ _____	_____ _____ _____	_____ _____ _____
5. _____ _____ _____	_____ _____ _____	_____ _____ _____
6. _____ _____ _____	_____ _____ _____	_____ _____ _____

Identify areas where you need to learn new skills to manage new enterprises using organic methods:

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Worksheet 4T.4: Transitional Farm Map (<http://misadocuments.info/4T.4TransitionalFarmMap.pdf>)

**TRANSITIONAL FARM MAP**

Use the space below to create a map for each year in your rotation and grazing schedule so that you have a sequence of maps representing your three years of transition plus the first two years of certification. This exercise is similar to the one you did in Planning Task Two: Current Situation, only now you are mapping the future. Depict field rotations, buffers, conservation measures and erosion practices. If your operation includes livestock, be sure to note fencing, watering lines, housing and grazing schedules. You may also want to include field notes on your map about soil types as well as pest, weed and disease management practices (e.g., tillage and cultivation practices), and expected changes in herd size and pasture practices. More than one worksheet or sheet of paper may be needed.

Click in the space below and follow instructions to import a file of your map (PDF or image file.)

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Worksheet 4T.5: Organic Processing Map (<http://misadocuments.info/4T.5OrganicProcessingMap.pdf>)

**ORGANIC PROCESSING MAP**

Use the space below or a separate piece of paper to create a processing flow chart and facility map. These diagrams are much like field maps in that they visually describe where you will process and how you will process. Flow charts and facility maps are required for an OSPH and typically include building dimensions, processing stations (e.g., washing, cutting, cooking, packing, etc.), equipment notes, bathroom locations, and storage and distribution areas. At this point in your research, your facility map and processing flow chart may be a bit rudimentary. Do not worry. You can refine your maps by adding more detail as you continue to develop your processing strategy.

Click in the space below and follow instructions to import a file of your map (PDF or image file.)

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Worksheet 4T.6: Processed Products and Services (<http://misadocuments.info/4T.6ProcessedProductsServices.pdf>)

**PROCESSED PRODUCTS AND SERVICES**

List value-added products and services that you plan to process (e.g., organic bread). Next, in the second column, describe the type of processing required for each value-added product or service (e.g., dehydration, fermentation, baking). In the third column, list processing needs such as equipment and the type of facilities that will be required to complete all processing tasks. Finally, if known, record the location of existing processing facilities or options for establishing processing and service-related infrastructure for your farm.

Products/Services	Type of Processing (equipment, facilities)	Needed for Processing
1. _____ _____ _____	_____ _____ _____	_____ _____ _____
2. _____ _____ _____	_____ _____ _____	_____ _____ _____
3. _____ _____ _____	_____ _____ _____	_____ _____ _____
4. _____ _____ _____	_____ _____ _____	_____ _____ _____
5. _____ _____ _____	_____ _____ _____	_____ _____ _____
6. _____ _____ _____	_____ _____ _____	_____ _____ _____

Record the location and distance of existing processing facilities if processing off-site or describe your on-farm facilities:

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### DOWNLOAD THE PDF

Worksheet 4T.8: Production Estimates, Livestock (<http://misadocuments.info/4T.8ProductionEstimates,Livestock.pdf>)

## PRODUCTION ESTIMATES, LIVESTOCK

Use the space below to record changes in your estimated livestock output for each enterprise over the five-year planning period. Create additional copies of this worksheet as needed. Summarize your livestock production plans in three to four sentences for the "Business Plan Output Summary" below.

	← TRANSITION →			← CERTIFIED →	
	Year 1	Year 2	Year 3	Year 4	Year 5
Enterprise	_____	_____	_____	_____	_____
No. of animals	_____	_____	_____	_____	_____
Avg. output/animal	_____	_____	_____	_____	_____
Total output	_____	_____	_____	_____	_____
	Year 1	Year 2	Year 3	Year 4	Year 5
Enterprise	_____	_____	_____	_____	_____
No. of animals	_____	_____	_____	_____	_____
Avg. output/animal	_____	_____	_____	_____	_____
Total output	_____	_____	_____	_____	_____
	Year 1	Year 2	Year 3	Year 4	Year 5
Enterprise	_____	_____	_____	_____	_____
No. of animals	_____	_____	_____	_____	_____
Avg. output/animal	_____	_____	_____	_____	_____
Total output	_____	_____	_____	_____	_____
	Year 1	Year 2	Year 3	Year 4	Year 5
Enterprise	_____	_____	_____	_____	_____
No. of animals	_____	_____	_____	_____	_____
Avg. output/animal	_____	_____	_____	_____	_____
Total output	_____	_____	_____	_____	_____

### Business Plan Output Summary:

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Worksheet 4T.9: Production Estimates, Processed Products (<http://misadocuments.info/4T.9ProductionEstimatesProcessedProducts.pdf>)

**PRODUCTION ESTIMATES, PROCESSED PRODUCTS**

Use the space below to record your maximum processing capacity for each product over the five-year planning period. There is enough room on this worksheet for three products. Processing capacity, or the number of processed units, is dependent on availability of raw products, other inputs, machinery, facilities, labor and market demand. "Raw input needed" refers to the primary ingredient(s) needed for each processed product, including the quantity needed per unit of product. We have provided room for three raw inputs for each product. If more room is needed, use a blank sheet of paper. Calculate the total number of units of each raw input you need to reach your maximum processing capacity.

If this is your first time putting estimates to paper, provide your best guess. You can return to this worksheet later after conducting further production, marketing, human resource and financial research to make revisions. When ready, summarize your processing plans in three to four sentences for the "Business Plan Output Summary" below.

	← TRANSITION →			← CERTIFIED →	
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>PRODUCT NAME</b>	_____	_____	_____	_____	_____
Units	_____	_____	_____	_____	_____
(a) Processing capacity (No. of units)	_____	_____	_____	_____	_____
(b) Quantity of raw input needed/unit	_____	_____	_____	_____	_____
<b>Total raw input (a*b)</b>	_____	_____	_____	_____	_____
(c) Quantity of raw input needed/unit	_____	_____	_____	_____	_____
<b>Total raw input (a*c)</b>	_____	_____	_____	_____	_____
(d) Quantity of raw input needed/unit	_____	_____	_____	_____	_____
<b>Total raw input (a*d)</b>	_____	_____	_____	_____	_____

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# TASK 4

← TRANSITION →      ← CERTIFIED →

Year 1                      Year 2                      Year 3                      Year 4                      Year 5

<b>PRODUCT NAME</b>					
Units					
(a) Processing capacity (No. of units)					
(b) Quantity of raw input needed/unit					
<b>Total raw input (a*b)</b>					
(c) Quantity of raw input needed/unit					
<b>Total raw input (a*c)</b>					
(d) Quantity of raw input needed/unit					
<b>Total raw input (a*d)</b>					
<b>PRODUCT NAME</b>					
Units					
(a) Processing capacity (No. of units)					
(b) Quantity of raw input needed/unit					
<b>Total raw input (a*b)</b>					
(c) Quantity of raw input needed/unit					
<b>Total raw input (a*c)</b>					
(d) Quantity of raw input needed/unit					
<b>Total raw input (a*d)</b>					

**Business Plan Output Summary:**

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Worksheet 4T.10: Licenses and Certification  
 (<http://misadocuments.info/4T.10LicensesCertification.pdf>)

**LICENSES AND CERTIFICATION**

List county, state and federal regulations that affect your farm business, then record any licenses and certifications needed to satisfy these regulations. Requirements may be different for transition and for certification. Space has been provided for each. Finally, describe your plans for addressing the regulations and note any outstanding questions or follow-up required. Be sure to include all relevant regulations related to production, handling and processing, and your timeline for meeting them.

Regulatory issue	Regulations	TRANSITION	CERTIFIED ORGANIC	Strategy for addressing regulations
		Licenses, conditions and fees	Licenses, conditions and fees	
Planning				
Zoning				
Waste management				
Health and safety				
Buildings				
Environmental				
Crop production				
Livestock production				
Processing				
Handling and storage				

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Worksheet 4T.11: Operations Risk Management (<http://misadocuments.info/4T.11OperationsRiskManagement.pdf>)

**OPERATIONS RISK MANAGEMENT**

Use the space below to identify production risks for each enterprise during transition. Examples might include weather, cross contamination from non-organic fields, yield penalties, weeds, etc. Next, brainstorm risk management strategies that can be used to avoid or mitigate each risk. In some cases, you may not have a risk management solution. Leave these spaces blank and return to them later. Blank spaces will be a reminder of where strategy holes may exist or of issues that may need a little research. Ask experienced organic farmers about any uncertainties or visit with a certifier to begin exploring risk management options. Finally, develop some recovery strategies in the space provided to address anticipated worst-case scenarios.

**Enterprise:****Transition Risks:****Risk Management Strategies:****Recovery Strategies:****Enterprise:****Transition Risks:****Risk Management Strategies:****Recovery Strategies:****Enterprise:****Transition Risks:****Risk Management Strategies:****Recovery Strategies:**

**Do any of the risks and risk management strategies identified here alter your operations strategy? If so, how?** (Revise your operations strategy summary on **Worksheet 4T.2: Operations Strategy Summary** and in AgPlan if applicable.)

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**DOWNLOAD THE PDF**

Worksheet 4T.12: Marketing Strategy Summary (<http://misadocuments.info/4T.12MarketingStrategySummary.pdf>)

**MARKETING STRATEGY SUMMARY**

Use the space below to describe your marketing strategy for crops, livestock products and processed products or services. If your strategy varies by crop or product—as it likely will—make a copy of this worksheet and complete one for crops and one for products and services.

Begin by summarizing marketing trends and opportunities. Provide information from your research (e.g., information obtained during conversations with buyers and others). Next, in three to four sentences, describe your buyers and your plans for accessing markets. List your competitive advantage in each market and then briefly describe your whole-farm marketing strategy for crops and products. If using AgPlan, include this information in the *Marketing Strategy* section.

**Opportunities** (List industry-wide opportunities and those that are unique to your business):

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**Strategy Description:**

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**Buyers and Terms of Sale:**

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**How will you gain access to buyers or markets?**

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**TASK 4**

**Competitive Advantages:**

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**Legal Obligations** (Will you require an OSPH?):

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**Feasibility** (Does your marketing strategy seem viable?): \_\_\_\_\_ (If “yes,” prepare your business plan input statements below. If “no,” list the problems or hurdles below, then revise your marketing strategy accordingly. If there are significant problems, you may want to return to the strategy alternative(s) listed on **Worksheet 4T.1: Whole-Farm Strategies** and begin again.)

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**Business Plan Input - Marketing Strategy Summary:** (Summarize operations opportunities, your strategy and how it addresses opportunities, resource needs, resource acquisition plans and legal obligations. Record in AgPlan when ready.)

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**Does this strategy still look like the best option, or should you consider an alternative?**

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Worksheet 4T.13: Projected Enterprise Sales (<http://misadocuments.info/4T.13ProjectedEnterpriseSales.pdf>)

**PROJECTED ENTERPRISE SALES**

Use the space below to estimate sales revenue for each field or enterprise. Total output numbers come from production estimates developed earlier (**Worksheets 4T.7-4T.9**). Calculate revenue only for products that you plan to sell. Do not include revenue for products that will be utilized on the farm, such as livestock feed. Prices come from your own market research, price reports (see the Resources section) and contracts. Add the revenue from each enterprise to arrive at total projected enterprise sales. Make additional copies of this worksheet, if needed, to capture income from all enterprises. An electronic spreadsheet is available to help with these calculations at [http://misadocuments.info/OrganicTransitionPlanner\\_spreadsheets.xlsx](http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx).

	← TRANSITION →			← CERTIFIED →	
	Year 1	Year 2	Year 3	Year 4	Year 5
Field/enterprise	_____	_____	_____	_____	_____
(a) Output for sale	_____	_____	_____	_____	_____
(b) Price per unit	_____	_____	_____	_____	_____
<b>(c<sub>1</sub>) Revenue (a*b)</b>	_____	_____	_____	_____	_____
Field/enterprise	_____	_____	_____	_____	_____
(a) Output for sale	_____	_____	_____	_____	_____
(b) Price per unit	_____	_____	_____	_____	_____
<b>(c<sub>2</sub>) Revenue (a*b)</b>	_____	_____	_____	_____	_____
Field/enterprise	_____	_____	_____	_____	_____
(a) Output for sale	_____	_____	_____	_____	_____
(b) Price per unit	_____	_____	_____	_____	_____
<b>(c<sub>3</sub>) Revenue (a*b)</b>	_____	_____	_____	_____	_____
<b>Total projected enterprise sales</b>	_____	_____	_____	_____	_____
<b>= (c<sub>1</sub>+c<sub>2</sub>+c<sub>3</sub>)</b>					

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Worksheet 4T.14: Marketing Risk Management (<http://misadocuments.info/4T.14MarketingRiskManagement.pdf>)

**MARKETING RISK MANAGEMENT**

Use the space below to identify marketing risks for each enterprise during transition. Next, brainstorm risk management strategies that can be used to avoid or mitigate each risk. In some cases, you may not have a risk management solution. Leave these spaces blank and return to them later. Blank spaces will be a reminder of where strategy holes may exist or of issues that may need a little research. Ask experienced organic farmers about any uncertainties or visit with a certifier to begin exploring risk management options. Finally, develop some recovery strategies in the space provided to address anticipated worst case scenarios.

**Enterprise:****Transition Risks:****Risk Management Strategies:****Recovery Strategies:****Enterprise:****Transition Risks:****Risk Management Strategies:****Recovery Strategies:****Enterprise:****Transition Risks:****Risk Management Strategies:****Recovery Strategies:**

**Do any of the risks and risk management strategies identified here alter your marketing strategy? If so, how?** (Revise your marketing strategy summary on **Worksheet 4T.12: Marketing Strategy Summary** and in AgPlan if applicable.)

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**DOWNLOAD THE PDF**

Worksheet 4T.15: Human Resource Strategy Summary (<http://misadocuments.info/4T.15HRStrategySummary.pdf>)

## HUMAN RESOURCE STRATEGY SUMMARY

Use the space below to describe human resource opportunities (e.g., a family member wants to join the business) and your human resource strategy. Next, list your management and labor needs during the five-year planning period and summarize general strategies that you will use to fill these human resource needs. For example, will your labor come from family, hired seasonal help or custom-hire service providers? Pay specific attention to management experience, training and qualifications that will help you address human resource needs. Next, list human resource-related expenses in the space provided. Examples of human resource expenses include wages, salaries, benefits, taxes, insurance and training. You will use this information when estimating projected cash flow and profitability for the whole farm. Finally, summarize your whole-farm human resource strategy under “Business Plan Input.” Enter your summary under *Human Resources* in AgPlan, if you are using it.

**Human Resource Opportunities:**

**Strategy Description:**

**Human Resource Needs:**

**Management Experience and Qualifications:**

**Human Resource Expenses:**

**Business Plan Input—Human Resource Strategy Summary:**

**Does this strategy still look like the best option, or should you consider an alternative?**

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Worksheet 4T.16: Acquired Knowledge  
 (<http://misadocuments.info/4T.16AcquiredKnowledge.pdf>)

## ACQUIRED KNOWLEDGE

What knowledge, skills or experience do you bring to the farm business? Answer this question in the space below by describing your farming experience, efforts you have already made to learn about organic management, and anything else that feels relevant. Next, document how you or others involved in the business intend to fill knowledge gaps in production, marketing and other areas of management. Will you develop new management skills by attending events such as field days, conferences, workshops or networking groups, or through on-farm experience as hired labor, an intern or a volunteer? This exercise will give you and your lender confidence in your management strategies and overall business plan. Include this information on your human resource strategy summary (**Worksheet 4T.15: Human Resource Strategy Summary**) or in the management section of your business plan.

### Farming Experience:

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### Efforts Made to Learn About Organic Management:

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### Plans to Fill Knowledge Gaps:

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# TASK 4

## WORKSHEET 4T.18

### DOWNLOAD THE PDF

Worksheet 4T.18: Recordkeeping Strategy  
(<http://misadocuments.info/4T.18Record-keepingStrategy.pdf>)

## RECORDKEEPING STRATEGY

Briefly describe the type of records needed for organic certification, handling and marketing. (See *Text Box 4T.3: Examples of Records Needed for Organic Certification*.) This may vary depending on whether you will maintain a split operation or plan to custom hire some of the activities. Be sure to note who will be responsible for recordkeeping tasks! Finally, summarize your recordkeeping strategy under "Business Plan Input." This can be added to the *Management and Organization* section of AgPlan.

**Records needed:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Research you have done to learn about organic recordkeeping, audit trails and lot numbers:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**System you intend to use for recordkeeping (e.g., computer software, three-ring binder, shoe box):** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Person(s) responsible for recordkeeping:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Business Plan Input - Recordkeeping Strategy Summary:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**DOWNLOAD THE PDF**

Worksheet 4T.19: Human Resource Risk Management (<http://misadocuments.info/4T.19HRRiskManagement.pdf>)

**HUMAN RESOURCE RISK MANAGEMENT**

Use the space below to identify human resource risks for each major task or job during transition (e.g., field work, calving, marketing, recordkeeping). Next, brainstorm risk management strategies that can be used to avoid or mitigate each risk. In some cases, you may not have a risk management solution. Leave these spaces blank and return to them later. Blank spaces will be a reminder of where strategy holes may exist or of issues that may need a little research. Ask experienced organic farmers about any uncertainties or visit with a certifier to begin exploring risk management options. Finally, develop some recovery strategies in the space provided to address anticipated worst case scenarios.

**Task:** \_\_\_\_\_

**Transition Risks:** \_\_\_\_\_

**Risk Management Strategies:** \_\_\_\_\_

**Recovery Strategies:** \_\_\_\_\_

**Task:** \_\_\_\_\_

**Transition Risks:** \_\_\_\_\_

**Risk Management Strategies:** \_\_\_\_\_

**Recovery Strategies:** \_\_\_\_\_

**Task:** \_\_\_\_\_

**Transition Risks:** \_\_\_\_\_

**Risk Management Strategies:** \_\_\_\_\_

**Recovery Strategies:** \_\_\_\_\_

**Do any of the risks and risk management strategies identified here alter your human resource strategy? If so, how?** (Revise your human resource strategy on **Worksheet 4T.15: Human Resource Strategy Summary** and in AgPlan if applicable.)

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### DOWNLOAD THE PDF

Worksheet 4T.20: Projected Family Living Expenses (<http://misadocuments.info/4T.20ProjectedFamilyLivingExpenses.pdf>)

## PROJECTED FAMILY LIVING EXPENSES

Use this worksheet to estimate future family living expenses and your necessary income contribution from the farm business. Space has been provided to allow for expense estimates during transition and the first two years of certification, if you anticipate annual changes in family living expenses (e.g., college). If you expect family living expenses to remain unchanged from your current expense estimates, you can skip this worksheet. An electronic spreadsheet is available to help with these calculations at [http://misadocuments.info/OrganicTransitionPlanner\\_spreadsheets.xlsx](http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx).

FAMILY LIVING EXPENSE (\$/year)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Food and meals	_____	_____	_____	_____	_____
Medical care and health insurance	_____	_____	_____	_____	_____
Cash donations	_____	_____	_____	_____	_____
Household supplies	_____	_____	_____	_____	_____
Clothing	_____	_____	_____	_____	_____
Personal care	_____	_____	_____	_____	_____
Child/dependent care	_____	_____	_____	_____	_____
Gifts	_____	_____	_____	_____	_____
Education	_____	_____	_____	_____	_____
Recreation	_____	_____	_____	_____	_____
Utilities (household share)	_____	_____	_____	_____	_____
Nonfarm vehicle operating expense	_____	_____	_____	_____	_____
Household real estate taxes	_____	_____	_____	_____	_____
Dwelling rent	_____	_____	_____	_____	_____
Household repairs	_____	_____	_____	_____	_____
Nonfarm interest	_____	_____	_____	_____	_____
Life insurance payments	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
Total cash family living expenses	_____	_____	_____	_____	_____
Farm assets used for personal/ family consumption	_____	_____	_____	_____	_____
<b>Total family living expenses (sum of all above) (a)</b>	_____	_____	_____	_____	_____
<b>OTHER NONFARM EXPENSES</b>					
Income taxes	_____	_____	_____	_____	_____
Furnishings and appliances	_____	_____	_____	_____	_____
Nonfarm vehicle purchases	_____	_____	_____	_____	_____
Nonfarm real estate purchases	_____	_____	_____	_____	_____
Other nonfarm capital purchases	_____	_____	_____	_____	_____
Nonfarm savings and investments	_____	_____	_____	_____	_____
Other nonfarm expenditures	_____	_____	_____	_____	_____
<b>Total other nonfarm expenditures (b)</b>	_____	_____	_____	_____	_____
Total cash family living investment and nonfarm capital purchases (c) = (a+b)	_____	_____	_____	_____	_____
Nonfarm income (d)	_____	_____	_____	_____	_____
<b>Necessary contribution from farm business (c)-(d)</b>	_____	_____	_____	_____	_____

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Worksheet 4T.21: Financial Strategy Summary (<http://misadocuments.info/4T.21FinancialStrategySummary.pdf>)

**FINANCIAL STRATEGY SUMMARY**

Use the space below to document financial opportunities (e.g., list potential investors, low interest rates or a recent gift of land). Next, summarize your financial strategy for reaching farm business goals and implementing other transition strategies related to operations, marketing and human resources. Will you rely on financing to make any needed investments that are required for the transition? Will you build wealth (assets) and reduce debt over time? Then in the space provided, document how income, profits and cash flow will change over time as your transition strategy is implemented. Much of this information can be found on **Worksheets 4T.24-4T.26**. Next, describe any capital needs (start-up, operating, intermediate, long-term, real estate). Then, identify a source for addressing these finance needs (e.g., guaranteed loan from FSA, borrowed funds from bank, angel investor). Record how you will organize the business (e.g., sole proprietorship, corporation). Finally, draft a brief summary of your whole-farm financial strategy and include it in the *Financial Plan* section of AgPlan or in your own word document.

**Financial Opportunities:**

**Strategy Description:**

continued →

# TASK 4

	← TRANSITION →			← CERTIFIED →	
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Projected Income	_____	_____	_____	_____	_____
Projected Cash Flow	_____	_____	_____	_____	_____
Projected Total Assets	_____	_____	_____	_____	_____
Capital Requests	_____	_____	_____	_____	_____
Capital Source	_____	_____	_____	_____	_____

**Business Organization:**

**Business Plan Input—Financial Strategy Summary:**

**Does this strategy still look like the best option, or should you consider an alternative?**

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Worksheet 4T.22: Projected Farm Expenses (<http://misadocuments.info/4T.22ProjectedFarmExpenses.pdf>)

**PROJECTED FARM EXPENSES**

Estimate direct and overhead expenses for transition and the first two years after certification. If you are considering more than one whole-farm strategy, copy this worksheet or download a blank copy from the MISA website. Be sure to estimate and include: 1) annual ownership costs of machinery, equipment and buildings (i.e., depreciation, interest, repairs, taxes and insurance); and 2) start-up costs as either one-time cash expenses or as part of annual debt or lease payments (depending on how you decide to finance these costs). Note that we have included a line for “chemicals” to be consistent with other worksheets, but this expense item will likely remain empty during transition and upon certification. If you prefer, an electronic spreadsheet is available to help you with these calculations at [http://misadocuments.info/OrganicTransitionPlanner\\_spreadsheets.xlsx](http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx).

DIRECT EXPENSES	← TRANSITION →			← CERTIFIED →	
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Seed	_____	_____	_____	_____	_____
Fertilization	_____	_____	_____	_____	_____
Chemicals	_____	_____	_____	_____	_____
Irrigation energy	_____	_____	_____	_____	_____
Other direct crop expenses	_____	_____	_____	_____	_____
Feeder livestock expenses	_____	_____	_____	_____	_____
Feed and forages	_____	_____	_____	_____	_____
Pasture	_____	_____	_____	_____	_____
Breeding	_____	_____	_____	_____	_____
Veterinary	_____	_____	_____	_____	_____
Other direct livestock expenses	_____	_____	_____	_____	_____
Crop insurance	_____	_____	_____	_____	_____
Custom hire	_____	_____	_____	_____	_____
Fuel and oil	_____	_____	_____	_____	_____
Repairs and maintenance	_____	_____	_____	_____	_____
Storage	_____	_____	_____	_____	_____
Processing	_____	_____	_____	_____	_____
Certification fees	_____	_____	_____	_____	_____
Professional fees	_____	_____	_____	_____	_____
Education	_____	_____	_____	_____	_____
Office supplies	_____	_____	_____	_____	_____
Marketing	_____	_____	_____	_____	_____
Seasonal labor	_____	_____	_____	_____	_____
Interest on operating loan(s)	_____	_____	_____	_____	_____
Sales taxes	_____	_____	_____	_____	_____
Other operating expenses	_____	_____	_____	_____	_____
<b>Total Direct Expenses (a)</b>	_____	_____	_____	_____	_____

continued →

# TASK 4

	← TRANSITION →			← CERTIFIED →	
OVERHEAD EXPENSES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Utilities	_____	_____	_____	_____	_____
Rent and leases	_____	_____	_____	_____	_____
Hired labor	_____	_____	_____	_____	_____
Owner wages	_____	_____	_____	_____	_____
Depreciation	_____	_____	_____	_____	_____
Farm insurance	_____	_____	_____	_____	_____
Taxes (property, payroll taxes)	_____	_____	_____	_____	_____
Interest on intermediate loan(s)	_____	_____	_____	_____	_____
Interest on long-term debt	_____	_____	_____	_____	_____
Other overhead expenses	_____	_____	_____	_____	_____
<b>Total Overhead Expenses (b)</b>	_____	_____	_____	_____	_____
<b>Total Farm Expenses = (a+b)</b>	_____	_____	_____	_____	_____

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Worksheet 4T.23: Projected Income Statement (<http://misadocuments.info/4T.23ProjectedIncomeStatement.pdf>)

**PROJECTED INCOME STATEMENT**

Use the space below to record projected farm income and expenses for the first five years of your whole-farm strategy. These numbers come from your projected enterprise sales (**Worksheet 4T.13**) and projected farm expenses (**Worksheet 4T.22**). Then calculate the net farm income for the strategy being considered by subtracting total expenses from total revenue and adding in any inventory changes (you can use **Worksheet 2T.16: Calculating Depreciation and Inventory Changes** to estimate these numbers). How does projected net farm income under your transition and organic certification strategy compare to your current farm income (**Worksheet 2T.14**)? Note that if you are considering more than one strategy, you should copy this worksheet and complete it for each strategy, or download additional copies from the MISA website. Electronic spreadsheets are also available to assist with these calculations at [http://misadocuments.info/OrganicTransitionPlanner\\_spreadsheets.xlsx](http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx).

	← TRANSITION →			← CERTIFIED →	
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Enterprise sales (a)	_____	_____	_____	_____	_____
Cooperative distributions (b)	_____	_____	_____	_____	_____
Government payments (c)	_____	_____	_____	_____	_____
Crop insurance proceeds (d)	_____	_____	_____	_____	_____
Custom hire income (e)	_____	_____	_____	_____	_____
Other income (f)	_____	_____	_____	_____	_____
<b>Gross cash farm income</b>	_____	_____	_____	_____	_____
<b>(g) = (a+b+c+d+e+f)</b>					
Farm expenses (h)	_____	_____	_____	_____	_____
Inventory change (i)	_____	_____	_____	_____	_____
<b>Net farm income</b>	_____	_____	_____	_____	_____
<b>(j) = (g-h) +/- (i)</b>					

How do your farm income projections compare to your current farm income (found on **Worksheet 2T.14: Current Income Statement**)?

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Worksheet 4T.24: Projected Cash Flow  
 (<http://misadocuments.info/4T.24ProjectedCashFlow.pdf>)

**PROJECTED CASH FLOW**

Use the space below to calculate cash flow during transition and your first two years of certification. If you are exploring more than one transition strategy, make a copy of this worksheet and complete it for each. Begin by estimating total cash inflows and outflows. Then subtract outflows from the inflows. If the projected net cash flow is positive, then you should have enough cash on hand to cover expenses each year; you will be able to make debt payments on time. (Keep in mind that month-to-month cash flow may still be an issue.) If, on the other hand, net cash flow is negative, the farm business will have trouble repaying short-term debt. Compare this transitional cash flow plan to your current cash flow plan (found on **Worksheet 2T.15: Current Cash Flow**). An electronic version of this worksheet is available at [http://misadocuments.info/OrganicTransitionPlanner\\_spreadsheets.xlsx](http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx)

	← TRANSITION →			← CERTIFIED →	
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>CASH INFLOWS</b>					
Gross cash farm income (a) (g) from <b>Worksheet 4T.23</b>	_____	_____	_____	_____	_____
Nonfarm income (b)	_____	_____	_____	_____	_____
Capital sales (c)	_____	_____	_____	_____	_____
New borrowings (d)	_____	_____	_____	_____	_____
Grants (e)	_____	_____	_____	_____	_____
<b>Total cash inflows</b> <b>(f) = (a+b+c+d+e)</b>	_____	_____	_____	_____	_____
<b>CASH OUTFLOWS</b>					
Total farm expenses (g)	_____	_____	_____	_____	_____
Depreciation (h)	_____	_____	_____	_____	_____
Total cash farm expenses (i) = (g-h)	_____	_____	_____	_____	_____
Living expenses (j)	_____	_____	_____	_____	_____
Taxes (income, social sec.) (k)	_____	_____	_____	_____	_____
Capital purchases (l)	_____	_____	_____	_____	_____
Principal payments (m)	_____	_____	_____	_____	_____
<b>Total cash outflows</b> <b>(n) = (i+j+k+l+m)</b>	_____	_____	_____	_____	_____
<b>Net cash flow (f-n)</b>	_____	_____	_____	_____	_____
<b>Cumulative net cash flow</b> <b>(current year + previous years)</b>	_____	_____	_____	_____	_____

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Worksheet 4T.25: Projected Balance Sheet  
 (<http://misadocuments.info/4T.25ProjectedBalanceSheet.pdf>)

**PROJECTED BALANCE SHEET**

Construct a projected balance sheet for your transition strategy. Then, calculate your overall change in wealth earned from farm and nonfarm income after adjusting for living expenses and owner withdrawals. Compare the change in wealth (total assets) after certification is complete to current wealth (calculated on **Worksheet 2T.17: Current Balance Sheet**). If you prefer, use the spread-sheets found at [http://misadocuments.info/OrganicTransitionPlanner\\_spreadsheets.xlsx](http://misadocuments.info/OrganicTransitionPlanner_spreadsheets.xlsx) to process the information needed for your balance sheet.

	← TRANSITION →			← CERTIFIED →	
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>ASSETS</b>					
<b>Current Farm Assets</b>					
Cash and checking	_____	_____	_____	_____	_____
Prepaid expenses and supplies	_____	_____	_____	_____	_____
Growing crops	_____	_____	_____	_____	_____
Accounts receivable	_____	_____	_____	_____	_____
Hedging accounts	_____	_____	_____	_____	_____
Crops and feed in storage	_____	_____	_____	_____	_____
Crops under government loan	_____	_____	_____	_____	_____
Market livestock	_____	_____	_____	_____	_____
Other current assets	_____	_____	_____	_____	_____
<b>Total current assets (a)</b>	_____	_____	_____	_____	_____
<b>Intermediate Farm Assets</b>					
Breeding livestock	_____	_____	_____	_____	_____
Machinery and equipment	_____	_____	_____	_____	_____
Other intermediate assets	_____	_____	_____	_____	_____
<b>Total intermediate assets (b)</b>	_____	_____	_____	_____	_____
<b>Long-Term Farm Assets</b>					
Farmland	_____	_____	_____	_____	_____
Buildings and improvements	_____	_____	_____	_____	_____
Other long-term assets	_____	_____	_____	_____	_____
<b>Total long-term assets (c)</b>	_____	_____	_____	_____	_____
<b>Total farm assets (d) = (a+b+c)</b>	_____	_____	_____	_____	_____
<b>Nonfarm assets (e)</b>	_____	_____	_____	_____	_____
<b>Total assets (f) = (d+e)</b>	_____	_____	_____	_____	_____

continued →

# TASK 4

	← TRANSITION →			← CERTIFIED →	
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>LIABILITIES</b>					
<b>Current Farm Liabilities</b>					
Accrued interest	_____	_____	_____	_____	_____
Accounts payable	_____	_____	_____	_____	_____
Current farm loans	_____	_____	_____	_____	_____
Principal on CCC loans	_____	_____	_____	_____	_____
Principal on term loans	_____	_____	_____	_____	_____
<b>Total current farm liabilities (g)</b>	_____	_____	_____	_____	_____
<b>Intermediate farm liabilities (h)</b>	_____	_____	_____	_____	_____
<b>Long-term farm liabilities (i)</b>	_____	_____	_____	_____	_____
<b>Total farm liabilities (j) = (g+h+i)</b>	_____	_____	_____	_____	_____
<b>Nonfarm liabilities (k)</b>	_____	_____	_____	_____	_____
<b>Total liabilities (l) = (j+k)</b>	_____	_____	_____	_____	_____
<b>Net worth = (f-l)</b>	_____	_____	_____	_____	_____

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Worksheet 4T.26: Financial Needs and Capital Requests (<http://misadocuments.info/4T.26FinancialNeedsandCapitalRequests.pdf>)

**FINANCIAL NEEDS AND CAPITAL REQUESTS**

Use the space below to identify and develop a plan for all finance needs associated with your transition strategy. Begin by listing finance needs such as one-time start-up costs, annual operating expenses, and longer-term capital and real estate borrowings. Next list the approximate value of these needs and your strategy for financing them. Finance strategies might include savings, a private investor, grants, contract for deed, or credit.

	Finance Needs	\$ Needed	Finance Strategy
One-time start-up needs	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Transitional needs (1-3 years)	_____	_____	_____
	_____	_____	_____
Intermediate needs (4-6 years)	_____	_____	_____
	_____	_____	_____
Long-term needs (7-10 years)	_____	_____	_____
	_____	_____	_____
Real estate needs	_____	_____	_____
	_____	_____	_____

**Finance Options.** If you plan to seek outside financing (including government cost share payments), research the interest rates and other financing conditions from up to three sources for each need identified. Record your findings here. Once complete, we suggest talking with a lender, accountant or Extension educator to evaluate finance alternatives that best fit your personal criteria and transition needs.

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Worksheet 4T.27: Financial Risk Management  
 (<http://misadocuments.info/4T.27Financial-RiskManagement.pdf>)

**FINANCIAL RISK MANAGEMENT**

Use the space below to identify different types of financial risk during transition (e.g., profitability risks, liquidity risks, solvency risks). Next, brainstorm risk management strategies that can be used to avoid or mitigate each risk. In some cases, you may not have a risk management solution. Leave these spaces blank and return to them later. Blank spaces will be a reminder of where strategy holes may exist or of issues that may need a little research. Ask experienced organic farmers about any uncertainties or visit with a certifier to begin exploring risk management options. Finally, develop some recovery strategies in the space provided to address anticipated worst case scenarios.

Type:

Transition Risks:

Risk Management Strategies:

Recovery Strategies:

Type:

Transition Risks:

Risk Management Strategies:

Recovery Strategies:

Type:

Transition Risks:

Risk Management Strategies:

Recovery Strategies:

**Do any of the risks and risk management strategies identified here alter your financial strategy? If so, how?** (Revise your financial strategy summary on **Worksheet 4T.21: Financial Strategy Summary** and in AgPlan if applicable.)

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Worksheet 4T.29: Scoring and Deciding on a Final Transition Strategy (<http://misadocuments.info/4T.29ScoringandDeciding.pdf>)

## SCORING AND DECIDING ON A FINAL TRANSITION STRATEGY

Assess your whole-farm transition strategy by comparing it to your current situation. You can do this by giving the transition strategy and current plan a grade, so to speak.

Rate your current plan and new strategy using a score from one to five, with five being the highest. Refer to the strategy tests on page 102 (*Figure 4T.11: Best Fit Tests*) for a description of the scoring criteria. Once your transition strategy and current plan are scored, add the scores. It is natural to look for the strategy with the highest score, and this will be important to consider. However, realize that the total score is based on the assumption that all tests are weighted equally (i.e., of equal importance to you). You and your planning team should look at score sums as well as scores for individual tests when making a final decision about which direction to take the farm business.

	CURRENT SITUATION	TRANSITION STRATEGY
Proposed Strategy	_____	_____
<b>STRATEGY TESTS</b>	<b>5 = highest score; 1 = lowest score</b>	
Vision Consistency	_____	_____
Goodness of Fit	_____	_____
Building for Future	_____	_____
Importance	_____	_____
Feasibility	_____	_____
Resources	_____	_____
Confidence	_____	_____
<b>Total Score</b>	_____	_____

Based on the scores and discussion with your planning team, how does your whole-farm transition strategy compare with your current plan? Are you ready to implement the new strategy?

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