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Farmers Owning the Value Chain: Can It Be Done? And exploring the Pros/ Cons of Scaling.

Andrew Rosychuk
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NUFFIELD CANADA

Scholar Profile



Andrew understands the challenges of starting a farm from scratch. Born and raised in Edmonton, he has always been drawn to the land, from his teenage years spent taking notes while watching gardening shows, to enrolling in Olds College for his applied horticulture degree. College is where he quickly learned that starting a farm requires hefty amounts of cash.

To afford purchasing land and the startup farm he dreamed of, Andrew pursued work in trades, the Alberta Advantage. Earning two Red Seal trade tickets in welding and boilermaking, he rose through the ranks to various supervisory roles and, since 2017, has been working as an Execution Coordinator. While working as a boilermaker, Andrew pursued his aspiration of becoming a professional triathlete, competing in five Ironman triathlons. In 2011, he competed in the ½ Ironman World Championship, placing as the third fastest Canadian and in 2012 placed 17th out of 12,000 at the Vancouver Half Marathon. This chapter of his life instilled in him the discipline and dedication necessary to achieve his dreams.

During his time at Olds College, Andrew discovered haskaps, began trialing them on his uncle's farm, and became Alberta's first haskap grower. In 2014, he purchased 76 acres, planting 27 acres of haskaps between 2016 and 2019, and 10 more in 2025. Along the way, he founded the Haskap Alberta Association and co-founded Vitalaberry Farms, a growers' co-op. He sells to a variety of markets, including wholesale, retail, farmers' markets, and U-pick. Educating customers about the superpowers of haskaps has been challenging yet incredibly rewarding.

His farm is unique, hosting three accredited research projects and a 25-acre wetland restoration. Andrew is committed to more than growing fruit; he focuses on building the industry and elevating his farm's reputation as an educational destination. Rosy Farms is Alberta's only certified organic orchard and is also B-Corp certified. The farm champions regenerative agriculture, cultivating ecosystems, nurturing soils, fostering biodiversity, and sequestering carbon, all while reducing costs. For Andrew, healthy soil creates healthy plants and the healthiest fruit.

In 2026, Andrew spearheaded Alberta's first haskap field-research initiative, supported by ARDAR and the University of Saskatchewan, involving 20 farms over three years to establish baseline plant needs. His ambition is to prove that small family farms can thrive and that starting your own farm is possible.

Acknowledgement

I extend my heartfelt gratitude to my family for their unwavering support throughout my journey, not just during my Nuffield experience, but through all my horticultural adventures. Initially, I believed I could start and manage the farm entirely on my own, only to quickly realize that farming is always a family affair.

Time and again, I've pulled my parents out of retirement to lend a hand on the farm. They claim to love it, knowing their golf and pickle ball game does not. Regardless, our hard work has forged a bond that only passion and effort can create.

I also want to give special thanks to my partner, Adelle, who has been my motivating push throughout this paper, occasionally a friendly buns boot, and her guidance with the farm and all its future successes.

Lastly, I would like to acknowledge the larger agricultural community, the interviewees, and my staff, for their openness in sharing their farms and lifetime experiences. Like this report, their willingness to assist others serves as a constant reminder of the goodness that exists within us all.



Sponsorship

My Nuffield Scholarship was sponsored by Nuffield Canada and I'm extremely grateful for the opportunity to represent the organization through this scholarship.

Figure x.1- Nuffield Triennial, Kings Truffles, New Zealand 2023

Executive Summary

The future of farming depends on more than growing great food, it hinges on whether farmers can survive, adapt, and capture more of the value they create. As Canada's farms shrink in number and grow in size, farmers face a critical question: Can owning more of the value chain make farms more resilient, profitable, and sustainable?

This paper explores that question through my own journey as a first-generation farmer, alongside dozens of interviews with producers, processors, and industry leaders across multiple countries. A clear pattern emerged: while owning the value chain can transform farm viability, it is also complex, intimidating, and often misunderstood.

This report is a practical, experience-based roadmap to help farmers answer:
Should I own more of my value chain? And if so, how much?

I have learned a tremendous amount through this process, applying it directly to my own farm and business decisions, and I want to share those lessons for everyone's growth.

To make the challenge approachable, the value chain is divided into seven layers: Production, Harvesting, Primary Processing, Value-Added Processing, Sales/Marketing, Distribution, and Paperwork. The first three relate largely to farm size, while the remaining layers are more about scale; especially processing.

Each layer introduces its own bottlenecks, risks, and decision points. As farms move from micro to medium scale, these layers shift dramatically in difficulty, labour needs, cost structure, and regulatory pressure.

Across interviews, four themes surfaced again and again: resources, planning, red tape, and time. These forces determine whether farmers thrive or burn out. They explain why some grow sustainably, while others collapse under complexity or ultimately sell the family farm. By categorizing farms as first-generation or multigenerational, and grouping them into micro, small, medium, and large operations, this paper reveals how different farmers navigate the value chain and why some succeed where others stumble.

A recurring insight was striking: Owning the value chain is both a source of farmer empowerment and a common point of failure. The stories behind success and collapse almost always linked back to how farmers approached, delegated, or misunderstood one or more of these seven layers.

By mapping real-world strategies, challenges, and case studies across scales and farm types, this paper offers actionable guidance to farmers seeking financial independence, operational clarity, long-term resilience, and a fresh, meaningful take on succession planning. It is not academic jargon, it is a grounded, farmer-first exploration of what truly drives success in modern agriculture.

This paper is intended to support farmers seeking to grow their businesses by moving from one scale to the next. It encourages producers to first reflect on their current operating scale, strengths, and constraints before considering future growth. By outlining the realities, trade-offs, and risks associated with different farm sizes and value-chain positions, the paper equips farmers with the insight needed to develop informed, realistic growth plans tailored to their unique business, resources, location, and personal goals.



Figure x.2- Andrew and Adelle at New zealand Nuffield convention 2023

Disclaimer

This report has been prepared in good faith but is not intended to be a scientific study or an academic paper. It is a collection of my current thoughts and findings on discussions, research and visits undertaken during my Nuffield Farming Scholarship.

It illustrates my thought process and my quest for improvements to my knowledge base. It is not a manual with step-by-step instructions to implement procedures.

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1. Preamble

During my degree program in horticulture at Olds College, all my classmates expressed their dreams of becoming farmers, with the class being divided into two groups:

1. Students with existing family farms.
2. Those without any family farm backing.

From that moment on, a fire was lit within myself, a burning question that persisted: “HOW CAN ONE START A FARM AND MAKE IT THEIR SOLE SOURCE OF INCOME?” In Canada, only a small portion of farmers live entirely off the land; 47.7% rely on off-farm employment to sustain their livelihoods[1]. That reality turned my question into a personal challenge.

Since graduating in 2005, I remain the only one from the second group still engaged in farming. Why is that? We all shared a similar passion, relatively similar financial backgrounds, education, and histories, yet many chose to give up the dream. What factors contributed to their decisions?

The archetype of "Farmer Brown" symbolizes this narrative, portraying a perfectly curated image of farming that evokes intimate feelings about food. These images, professionally shot, cropped, and edited, create a media landscape dominated by idealized representations of produce and livestock. But, do large commercial farms genuinely foster that same connection with the land?

These captured images are not exclusive to any farm size; they share similar characteristics, differing only in budget.

The larger operations recognize the need to cultivate intimate connections with consumers, emphasizing the importance of relationships with our food, ones that resonate with the masses. In today’s changing landscape, methods must evolve as well.

The newest trends in agriculture are often rooted in our oldest practices: the small farm. According to a report from Alberta Young Agrarians in 2016, 68% of new farmers in Canada lack a farming background[2]. This shift creates new perspectives, outlooks, and

[1] (*Canada's 2021 Census of Agriculture: A Story About the Transformation of the Agriculture Industry and Adaptiveness of Canadian Farmers*, 2022)
[2] (*2016 Census of Agriculture Results Are In!*, 2017)

avenues for innovation. Consider this: is it better to be the top 0.25% in one category or the top 10% in two distinct categories? It's a breath of fresh air.

Being in the top 0.25% means you are world-class at *one* thing. But being in the top 10% at *two different skills* often creates even more value, because the overlap of those strengths is far rarer and can lead to innovative approaches, new business models, and fresh opportunities in agriculture.

For example, a new farmer might not be the absolute best grower, but if they are in the top 10% at growing *and* in the top 10% at marketing, or processing, or technology, that combination can outperform what deep expertise in only one area could achieve. It's precisely this blend, common among first-generation farmers, that is reshaping the industry.

A 1941 article from *People of the Land*, titled "Farmers and the Future," opens with a powerful statement:

> "Two generations ago the average farm worker could manage 22 acres of improved land. Today, with the help of science, he can handle 79. More than twice as strong as our forefathers, he can say without fear of complacency: we are winning out in the struggle against nature.[3]"

This paper seeks to provide insights into the lived experiences of farmers, their trends, pitfalls, and the lessons they've learned to overcome challenges. It serves as a guide for those aiming to better own the value chain and improve their agricultural practices.

The inspiration for this paper stems from witnessing the heartbreaking stories of farmers who have quit or failed. I believe that people need to get their hands dirty, find purpose, connect with their communities, and share knowledge and lessons learned. Having grown up in the city and engaging with farmers over the years has revealed a fundamental difference between rural and urban populations.

This paper is a culmination of my own experiences, interviews, and lessons acquired from farmers of all sizes and backgrounds.

Initially, the goal of this Nuffield experience was to delve deeply into the journey of on-farm processing. While starting to research for this paper, a new updated question replaced the old, reshaping the entire paper's direction. The question was not about on-farm processing, it was about scaling, while owning the whole value chain, as a potential way to stay competitive in a marketplace that is expanding by volume, little by value. As themes

[3] (*People on the Land*, 1944)

emerged it was common to see large divides and consistent trends between various farm sizes, specifically hobby and micro, small, medium to large-scale operations.

Large-scale farming operations are referenced throughout the paper, but they are not the primary focus. Their unique characteristics warrant a separate exploration, as they differ significantly from smaller scale of operation.

These various levels of scale relate to profitability within the seven value chain layers I have defined as Production, Harvesting, Primary Processing, Value Added Processing, Sales/Marketing, Distribution, and Paperwork. The aim is for businesses to assess their position within the scale sizes, understand the challenges they face at each value chain stage, and ultimately find ways to overcome them while enjoying the journey along the way.



Figure 1.1.1- Sunbury Park Orchard, New Zealand. Cherry growth innovations.

2. Introduction

Before beginning this paper, readers are encouraged to pause and reflect on their own position within the agricultural system. Where does your business sit today? What aspects of your work bring the most satisfaction, and which ones create the greatest strain? Where do you hope your operation will be in five, ten, or twenty years? Approaching this paper with these questions in mind can help frame the discussion that follows. As the seven layers of the value chain are explored, readers may begin to see reflections of their own operations, challenges, and ambitions. This perspective allows the paper to serve not only as an analysis of farming systems, but also as a practical lens through which farmers, advisors, policymakers, and industry partners can evaluate the opportunities and trade-offs associated with different paths in agriculture. Now let's begin!

Agriculture stands at a pivotal crossroad, confronting the dual challenges of feeding an ever-growing global population while addressing the pressing issues of sustainability, nutritional value and climate change. The Canadian agricultural landscape reflects these broader trends, characterized by a diverse range of farming operations, from micro and hobby farms to expansive large-scale productions. Each category offers its unique opportunities and hurdles, shaping the way farmers approach the value chain, from initial production to the final product that reaches the consumer.

Farming in Canada has evolved significantly over the decades, with the number of farms decreasing, as the remaining farms increase their size to meet the demands of modern markets. In 1951, the average Canadian farm was 279 acres, in 2021 it was 820 acres. In the prairies an even more drastic change is apparent - in 1951 the average farm was 550 acres; in 2021 it was 1,786 acres per farm[4]. As farms consolidate, becoming fewer in number but larger in size, farmers are being forced to rethink their operational strategies. While the industry has traditionally emphasized continuous expansion, “Bigger is Better”, this model is becoming increasingly unsustainable for long-term farm viability. To secure their success, and increase family succession, more farmers are shifting toward owning and managing more of the value chain.

[4] (*Institute for the Advanced Study of Food and Agricultural Policy Department of Food, Agriculture, and Resource Economics University of Guelph*, 2019)

The modified value chain I have defined for the purposes of my research consists of seven distinct layers, each evolving in significance as a farm increases in size and scale. These layers are:

1. Production
2. Harvesting
3. Primary Processing
4. Value Added Processing
5. Sales and Marketing
6. Distribution
7. Paperwork (affecting each of the layers)

Each layer presents distinct challenges that vary according to farm scale, available resources, and market dynamics. For smaller farms, owning and mastering all seven layers can feel like an uphill battle, while larger operations often have the means to navigate these complexities more seamlessly.

As the agricultural landscape shifts, understanding these dynamics becomes essential for any farmer looking to thrive. This paper aims to explore the various categorizations of farm scale and their interactions within the value chain, providing insights into how farmers can better position themselves for success in a rapidly changing environment. By recognizing the interconnectedness of these elements, we can foster a more resilient and sustainable future for Canadian agriculture.

Thesis statement: Owning all seven layers of the value chain is difficult for small and medium-scale farms due to their resource constraints and their limited capacity to adapt to the demands of each layer. Managing production, processing, sales, and distribution requires capital, labour, time, and technical expertise, resources these farms often lack.

Micro and hobby farms, however, must own the entire value chain out of necessity. Their scale is too small for outsourcing to be efficient or affordable, so keeping as much of the margin as possible is essential for survival. Many also rely on off-farm income, which further limits the time and focus they can dedicate to building and refining each layer of their farm business.

Large production farms are the exception. With stronger financial backing, larger workforces, and established infrastructure, they can manage, outsource, or delegate different layers of the value chain far more effectively. Their resources allow them to absorb complexity in ways smaller farms simply cannot.

Travel Summary

I traveled to four different countries across two continents to study my topic[5], which I adapted due to disruptions related to COVID, which shifted both the timeline and the selected travel locations.
A welcome reconnection with the Nuffield community took place during the 2023 New Zealand Triennial Conference, reigniting the momentum behind this report and strengthening my research with fresh insights and renewed focus.



Figure 2.1.1- Andrew and Shinji in Corevalis Oregon

The countries I selected shared similar agricultural environments, farming cultures, and climates. Across all travels, one theme was consistent: many regions struggle to support new farms and new entrants. In some places, farmland almost never comes up for sale; one Irish scholar noted that less than 0.5% of farmland is sold annually. In other regions, high land costs create significant barriers for farmers starting from scratch. Canadian cultivated farmland averaged approximately $6,900 per acre in 2025, with values increasing another 9.3% during the year. Regional differences are substantial: cultivated farmland is approximately $3,600-$8,000 per acre in Alberta and $24,000-$34,000 per acre in Southern and Southwestern Ontario[6].

In addition, Andrew has found, government programs in many countries tend to favour large corporate farms, leaving small and emerging farms to navigate challenges on their own, greatly reducing them to capitalize on market trends. A South American Nuffield scholar shared that virtually no government support exists for farms in their region, and in New Zealand, most grants are reserved for innovation rather than farm establishment. For many farmers outside Canada, entering agriculture is rarely an option unless one is born into it, making farming a solitary journey with minimal government assistance.

Field research was based on key interviews with farmers and small to medium-scale food processors across the five countries visited[7]. Participants represented micro, small, and

[5] Australia, Canada, New Zealand, Poland, United States
[6] (FCC Farm Value Report, 2025)
[7] Australia, Canada, New Zealand, Poland, United States

medium-scale farms, both first-generation and multigenerational, working in horticulture, mixed farming, dairy, specialty crops, and value-added processing. It is worth noting that it was challenging to find value-added processors within traditional agriculture, such as annual field crops and livestock farms. This is because the barriers to entry are extremely high, the industries are long-established, and most players operate at a large scale, outside of this paper. In some cases, regulations make on-farm processing nearly prohibitive, such as with on-farm slaughter, which sharply limits scaling opportunities.

Interviews were supported by consultations with industry experts and informed by secondary literature, including government agricultural reports, land-value analyses, and value-chain research.

These experiences instilled a deep sense of gratitude for the Canadian agricultural landscape, which offers more opportunities for new entrants. They also directed my studies toward four specific countries, enhancing my understanding of global agricultural practices and policies.

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3. Definitions

3.1 Seven layers of the value chain

Typically, an owner can effectively manage up to three of these layers, even as the business reaches a medium scale. But as operations grow, the responsibilities within each layer expand, and it often becomes necessary to bring in managers, staff, or consultants to fill gaps and provide support, especially when new processes or systems come into play. No one can do everything alone. If you try, you will stay small, the road ahead will be longer, harder, and far less enjoyable

In agriculture, the value chain consists of seven distinct layers. As a farmer's operation grows, the significance of these layers evolves. The layers are as follows:

1. **Production**
   This involves typical farming activities, from seeding/ planting and crop planning to maintenance.
2. **Harvesting**
   This layer covers getting the crop out of the field, whether by hand or machine.
3. **Primary Processing**
   Here, raw goods are slightly modified to a more stable state, typically involving larger containers for storage or methods such as cleaning, drying, and freezing.. Food safety considerations begin to play a role at this stage.
4. **Value Added Processing**
   This step involves creating marketable products through processes like white labelling/co-packing (another company makes the products for you) or using facilities such as a commercial kitchen or incubator processor. It may include adding other ingredients or significantly altering the original product, such as distilling or extracting. Packaging becomes more refined for wholesale, retail, or direct-to-consumer sales, necessitating stricter food safety measures.
5. **Sales and Marketing**
   This layer involves direct interaction with customers, whether selling to consumers, wholesale, or retail partners. Educating customers about the products is essential.

6. Distribution

Getting products into consumers' hands is key, whether through direct delivery, fulfillment centres, or intermediaries.

7. Paperwork

As operations scale and grow, the volume of supporting work increases, including staffing, human resources, and compliance with regulations like Good Agricultural Practices (GAP), and the Canadian Food Inspection Agency (CFIA). Paperwork is not a stand-alone layer, more like a piece of each layer, but for the purpose of this paper, and to make it easy to understand, it is best to include it as a stand-alone.

Each farm scale will encounter unique challenges and opportunities within these layers, depending on their size and resources. Again think where your farm is at, and where you would like to go.

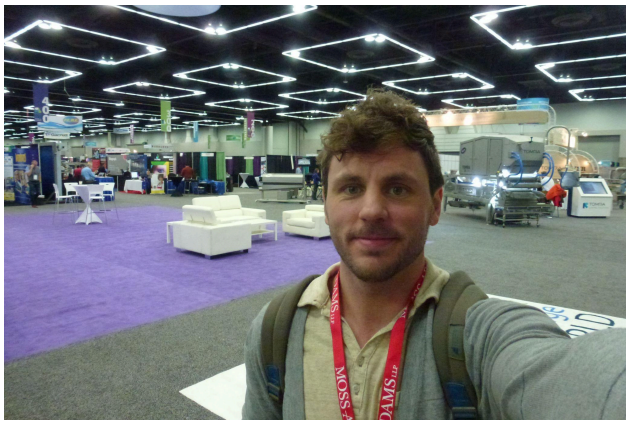


Figure 3.1.1- Andrew Rosychuk Portland Oregon, at a Food NorthWest Processing Conference

3.2 Scaling and Growth

For the purpose of this paper, the term “scaling” will refer to *the process of increasing a business’s size and capacity across the value chain***.** Although “growth” is often the more accurate term in agriculture and food processing**,** this paper uses “scaling” intentionally to stay consistent with its central theme.

In this context, “scaling” describes how a farm expands its role in the value chain, for example, moving from small-scale to medium-scale processing, adding new product lines, or adopting new market channels. This reflects not just getting bigger, but increasing the farm’s level of ownership, efficiency, and control within its value system.

While traditional business literature distinguishes scaling (increasing output without equivalent increases in resources) from growth (requiring proportional investments), this paper uses “scaling” as a practical umbrella term for the types of expansion relevant to diversified agriculture and value-added processing.

3.3 Where is farming size currently in Canada

The distribution of farm sizes in Canada has undergone significant changes, which carry crucial implications for the agricultural landscape. Notably, the largest 10% of all farms now generate over two-thirds of the sales revenue in Canada[8]. According to data from 2021, the number of medium-scale farms has shrunk by 59% since 1976[9].

2024 Farm Income Distribution (Canada)[10]

Percentage of farms by annual gross farm receipts

These figures reflect annual farm income, not total household income.

Annual Gross Receipts	Percentage of Canadian Farms
< $250,000	70%
< $1,000,000	10%
< $2,000,000	4%

Figure 3.3.1- Percentage of farms by annual gross farm receipts

The increase in farm size and sales can largely be attributed to the technological advances over the last 45 years, which have allowed people to manage greater areas with less people. Canadian farms have had to evolve and modernize to keep up with the shifting agricultural landscape[11].

Farms now must operate in a highly competitive market with slim margins and, as such, have had to increase in size, efficiency, and workforce to generate sufficient returns. Other farms have adjusted by creating value-added products or selling directly to consumers, allowing them to capture price premiums and remain viable at smaller scales.

This paper sheds light on the alternative option of value-added farming, where a farm can move away from commodity farming, a system that seems to be unsustainable for smaller farms. Not one value added farm interviewed came from a corporate farming background. This could be because large value-added operations were not a part of the interview process, because large corporate farms have the capital to build large-scale value-added processing facilities quickly. This has been seen time and time again, with these farms squeezing out smaller operations. Another paper could be written solely discussing their economy of scale and market penetration.

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[8] (*Overview of Canada's Agriculture and Agri-Food Sector*, 2024)
[9] (*'Average' Farm Size Is an Illusion*, 2021)
[10] (*Overview of Canada's Agriculture and Agri-Food Sector*, 2024)
[11] (*The Daily - Canada's 2021 Census of Agriculture: A Story About the Transformation of the Agriculture Industry and Adaptiveness of Canadian Farmers*, 2022)

3.4 How the definitions were created

The categories in this paper do not follow traditional agricultural size classifications.

To provide context, Statistics Canada defines business sizes by employee count[12]:

- **Micro:** 1- 4 employees
- **Small:** 5- 99 employees
- **Medium:** 100- 499 employees
- **Large:** 500+ employees

The categories for this paper sit outside typical agriculture setups. Value-added farming introduces additional layers of complexity, including greater administrative workload, costly and highly specific equipment, and different land-use and production scales. Additionally, most value-added farms interviewed had a significant intensive horticulture component. Because of these differences, custom scale ranges were developed for this paper, based on:

- **Revenue ranges** (interviewees were asked ballpark questions about profit data.)
- **Staffing and management structure**
- **Volumes sold**
- **Infrastructure and value-chain capacity**

These categories are designed to clarify, not redefine, how scale appears in diversified, growth-forward, value-adding farm operations.



Figure 3.4.1- Andrew and Mike, Steel Pony



Figure 3.4.2- A view of Steel Pony's vegetable crop located outside Red Deer

[12] (*Analysis on Small Businesses in Canada, First Quarter of 2022*, 2022)

3.5 Farm Sizes

Micro and Hobby Farms

Revenue (estimated): Under $250,000 annually
Staffing: Owner-operated; occasional part-time or seasonal help
Micro farms share the same characteristics as hobby farms, with the main distinction being that the micro farming owner is dedicated to full-time farming
Characteristics:

- Less than 50% of household income comes from the farm.
- Well-defined product stream and value chain, but possesses few plans and minimal infrastructure to support expansion.
- The owner usually manages the entire value chain, occasionally with help from a partner, but outsourcing is rare.

Example persona: A single grower selling at markets and online with no processing staff.

Small Farms

Revenue (estimated): $250,000–$750,000
Staffing: up to 10 employees (seasonal + part-time mix)
Characteristics:

- May have one or two owners; often no formal manager
- Early outsourcing begins, e.g., bookkeeping, small-batch co-packing
- Enough infrastructure to support basic value-added processing
- Owner(s) still carry most operational and administrative load

Example persona: A berry farm producing jam, hiring harvest crews, and outsourcing design or packaging.

Medium Farms

Revenue (estimated): $750,000–$2 million
Staffing: up to 20 employees, including at least one dedicated manager
Characteristics:

- Multi-owner or family-run with clearer division of labour
- Infrastructure supports larger-scale processing or multi-acre production
- May contract neighbouring farms to meet volume demand
- Often maintains an advisory group or informal board for strategy

Example persona: A farm with a processing kitchen, regional distribution, and a farm manager overseeing day-to-day operations.

Large Farms

Note: Large farms are out of scope for this paper, as this paper focuses on the scaling of small to medium-size farms.
Revenue: Over $2 million
Staffing: 20+ employees with departmental roles
Characteristics:

- Specialized management teams (farm manager, processing manager, procurement, logistics)
- Typically a formal board of directors

Example persona: A multi-generation enterprise producing at commercial scale, talking more about sections owned than acres. The owner is more of a CEO than a farmer who works the land.



Figure 3.5.1- Haskap Fruit Orchard, Amber, Vernon British Columbia.

3.6 Types of Farmers

First-Generational Farm

A first-generational farm is a newly established operation run by individuals or families entering agriculture for the first time**,** without a family legacy in farming. Since they are starting from scratch, these farmers often lack strong capital backing and may need to rent or lease land, relying heavily on their own hard work, or "sweat equity."

These farmers typically have a unique perspective on farming and modern techniques, prioritizing sustainability and environmental stewardship. See figure 3.6.1[13], which outlines different generations perspectives on climate change, giving a broader view on how each generation is different.

Hobby, micro, or small farms typically adopt a grassroots' perspective operation seeking to build strong ties with local communities through farmers' markets, local events, and farm-to-table initiatives.

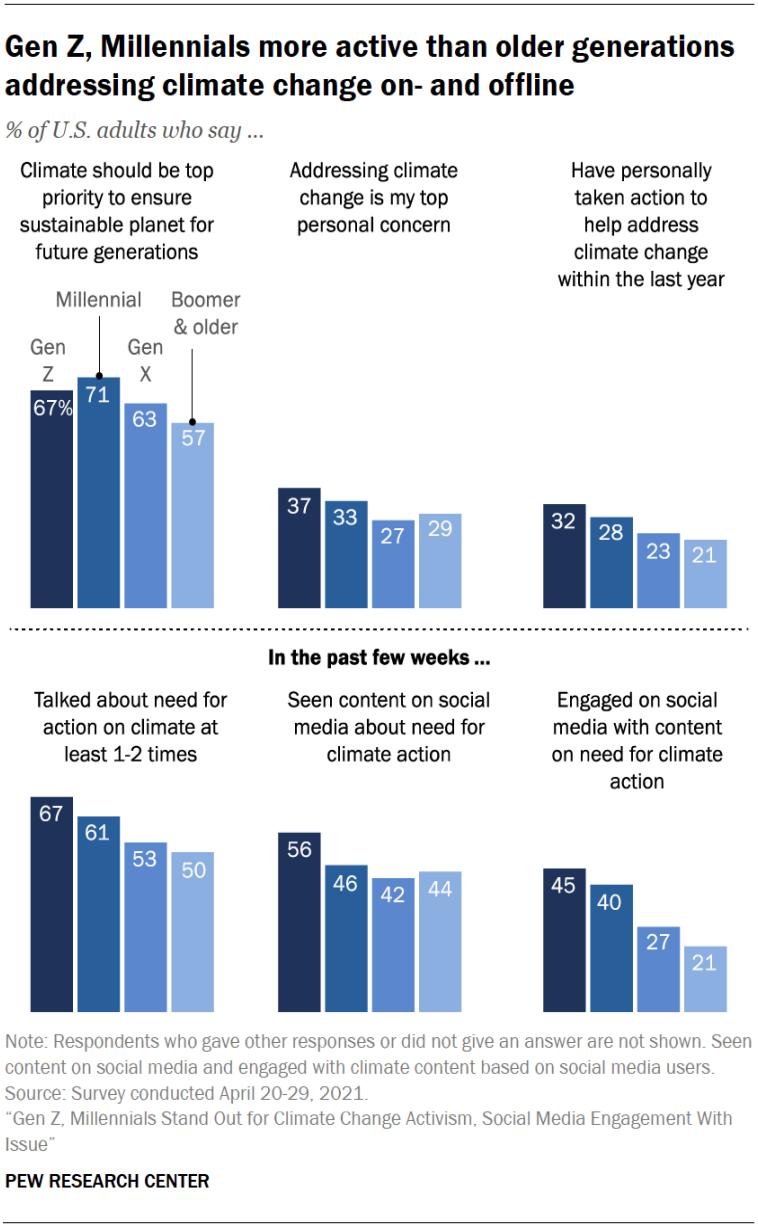


Figure 3.6.1- Generation comparison on climate change

[13] (*Gen Z, Millennials More Active Than Older Generations Addressing Climate Change On- and Offline*, 2021)

Multigenerational Farm

A multigenerational farm is a family-owned farm that has been passed down through generations, allowing family members to inherit and manage it. This practice not only preserves/ continues to build equity-capital, time-tested farming techniques but also fosters strong community connections.



Figure 3.6.2- Andrew and Darcy talking soil Fertility

The inherited knowledge from past generations facilitates informed decision-making and smooth transitions in management. Family members, including experienced farmers, provide insights and guidance, ensuring operational continuity.

Corporate Farm

A corporate farm is an agricultural operation owned by a corporation, rather than an individual or family, often focusing on large-scale production of crops or livestock through advanced technology and industrial practices.

These farms often have substantial resources and capital for investment in research and sustainable practices, though they may face more scrutiny regarding environmental impacts and community relations**.** Their size allows them to wield considerable influence over government policy, market prices, and crop availability on national and global scales.

In the United States, there has been a notable shift in ownership structure: in 2015, approximately 97% of farms were family-owned[14], whereas by 2023 that number had fallen to 83%[15]. Canada, by comparison, remains predominantly family-operated, with over 95-97% of farms still owned and run by families according to the latest Census of Agriculture[16]. This contrast highlights a significant change in the broader North American farming landscape, particularly the trend toward consolidation and corporate expansion in the U.S.

[14] (*97 Percent of All U.S. Farms Are Family-Owned, USDA Reports*, 2015)

[15] https://www.ers.usda.gov/publications/pub-details?pubid=105387

[16] (*The Daily - Canada's 2021 Census of Agriculture: A Story About the Transformation of the Agriculture Industry and Adaptiveness of Canadian Farmers*, 2022)

These definitions highlight the diverse landscape of farming today, from individual family operations to large-scale agricultural enterprises, each contributing uniquely to the field of agriculture. For the purposes of this paper, the focus is on first-generation and multi-generational family farmers, as they represent the backbone of Canadian agriculture and the primary group navigating the challenges and opportunities of modern value-added farming.

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4. Who is starting the value-add journey: First-Generation and Multigenerational

Farmers entering the value-added space are increasingly taking one of two distinct paths: starting from scratch as first-generation farmers, or expanding an existing operation as part of a multigenerational farm. Each group brings different histories, educational backgrounds, and resources, which naturally shape how they approach value addition. While both face similar challenges within their communities and markets, they engage with those challenges differently.

Readers are encouraged to ask themselves, *if I were to start a farm, what would that look like? If I were to join/take over an established farming operation, what would that look like?* To keep these questions in the back of your mind as you continue through this section.

The following comparison, 1st Generation Farmers and Multigeneration Farmers, outlines the shared themes and key differences that emerged throughout interviews and field research.

1st -Generation Farmers	Multigenerational Farmers
Education	
• Most have post-secondary education. (Note 1) • Many gained professional experience before entering agriculture. • Often test their interest by working on other farms first.	• All had at least one owner who has post-secondary education across diverse fields. • Many studied agriculture before gaining off-farm work experience. • Bring fresh ideas back to the family operation.
Starting Points	
• Often enter farming after careers elsewhere. (Note 2) • Common “partner/spouse/confidant” model, clear division of roles (farm side vs. business/marketing side).	• Begin with an established foundation: land, equipment, markets, and processes already in place. • “The Farmer's Partner, Spouse or Confidant" has emerged as a common trend in initiating and promoting value-added farming. Many come from non-farming backgrounds. Creating a power team, due to farm side vs. business/marketing side or yin/ yang

	relationship. • Returning family members frequently initiate value-added projects.
Where the Farm Starts & How It Grows	
• Most start as micro or hobby farms, occasionally **small farms**. • Scaling is slower due to limited capital. • To succeed, these farms need to maintain more ownership of the value chain, which involves fewer intermediaries. As a result, they often adopt a piecemeal approach to business management. This can lead to a lack of visual consistency in the brand over time, as various elements of the business, brand, and products may require reworking, resulting in delays.	• Can begin at any scale. • When families invest in value-added processes, the farm can scale up rapidly due to an injection of capital. This financial boost enables them to purchase equipment and resources, and most importantly, to address any gaps within the seven layers of the value chain by hiring staff or consulting firms for expertise. (For more info[17]) For example, they can engage a large firm for comprehensive branding and packaging solutions, facilitating growth in their operations. The younger generation, or family members returning to the farm, often bring fresh ideas and innovative approaches. Much of the on-farm processing has been driven by this next generation, who benefit from the fact that the family has already managed the initial three stages of business development, allowing them to focus on expanding and enhancing operations.
Deciding on a Finished Product	
• More likely to pursue niche crops (herbs, medicinal plants, culturally significant crops).	• Tend to focus on proven crops already familiar to the family. • Diversification often arises from surplus production.
Interpersonal Relationships	
• Typically a partnership with clearly defined	• Roles emerge from long-standing family

[17] (Farm Management Canada, 2025) fmc-gac.com/programs-services/research-analysis/#DS

complementary roles. • One partner focuses on farming; the other handles processing, sales, marketing, and admin. (Stated above in starting point: farm side vs. business/marketing side)	traditions and experience. • Younger family members introduce modern approaches and technical skills.
Business Stability	
• More volatile; operations often feel “on a knife’s edge.” • Vision is strong but pivots are common due to limited resources.	• Greater operational stability from established cash flow and infrastructure. • Vision supported by history, land base, and financial confidence.
Farm Diversification	
• Agritourism is often added to create new revenue streams. • By bringing customers to the farm they build customer loyalty and keep the margins, selling directly.	• They already have financial stability from preliminary farming. • Agritourism expands existing operations and community presence.
Processing Location	
• Opt to co-pack in urban settings, being convenient given their proximity to cities where they typically live. • Striving to process on farm, once the needed capital is obtained.	• Typically value add/ processing happens on their own farm. Due to access to capital necessary to invest in buildings, full processing lines, and the required food processing certifications.
Community Ties	
• It is often less about the immediate area in which they live and more about the community they actively create, organizations that helped them enter the business and the cohort of fellow entrepreneurs they started with. • May lack deep rural roots, limiting neighbor support during crises.	• Deeply rooted in their local communities. • Strong community support, though they often rely on consultants for specialized value-add knowledge.
Succession (More explained in the next section)	

• Most had kids, where many owners talked about their little ones wanting to participate in the farm. Taking pride in their upbringing, and the nutritiously dense foods they grow, but succession plans are uncertain or informal.	• Multiple family members commonly involved. • Value-added operations create diverse job roles, increasing the likelihood of successful succession.
Trends	
• Nearly all operations interviewed originated from horticulture backgrounds.Same trend: most medium-scale, multi-gen value-add farms are horticulture-based with multiple generations involved.	

Figure 4.0.1- Key Differences Between First-Generation and Multigenerational Value-Added Farms

Note 1- 80% had university degrees.
Note 2- Participants from British Columbia (BC) and California have worked on a multitude of farms, while this trend is less prevalent among those from Quebec, New Zealand, and the Prairie provinces. This discrepancy may be due to the higher density of farms in BC and California.

4.1 All medium scale operation had horticulture backgrounds

All medium-scale farms interviewed in this study were multigenerational, horticulture-based operations, with multiple generations actively involved in the business. This pattern raised an important question: *why does value-chain ownership appear more common in horticulture than in field-crop or livestock agriculture?* While further research is needed to answer this definitively, the following comparison highlights several structural and operational differences between horticulture and traditional agricultural systems that help explain why horticulture operations may be better positioned to own and retain more layers of the value chain.

Horticulture	**Agriculture (Field Crops & livestock)**
•High diversity in production. There can be a wider array of value and potential products, often requiring as little as a commercial kitchen. Being an easier entry point • Typically located in warmer climates and requires a larger workforce. • Products are highly perishable and must be processed quickly after harvest. • More processors tend to be located near urban centres due to stronger labour pools, closer access to markets, and better availability of specialized services that help farmers own more of the value chain or outsource specific functions (e.g., distribution, specialty staffing). • Significantly higher yield per acre, see figure 4.1.2, creating strong opportunities for value-added processing.	• Crops often have a longer shelf life, allowing production farther from processing facilities and enabling participation in global commodity markets. • Long shelf life and large-scale infrastructure increase the likelihood of large or “mega” businesses dominating processing. • Expansion is typically easier because agricultural land is more abundant and less expensive than horticultural land. Horticulture acres are limited and costly, reducing turnover and decreasing the likelihood of land changing hands. Making it easier to expand the business through production, not processing.

Figure 4.1.1- Horticulture, agriculture comparison.

Average yields per crop per acre (Metric Tons) 1 Ton = 2,000 lbs

Horticulture Crops (tons)[18]		Agriculture Crops (tons)[19]	
Apples: Potatoes: Carrots: Tomatoes field: Cabbage: Garlic:	8 12.5 13 15 15 2	Barley: Corn: Oats: Soybeans: Wheat:	1.37 4.56 0.99 1.27 2.30

Figure 4.1.2- Average yields per crop per acre

In conclusion, both first-generation and multigenerational farmers play essential roles in the evolving landscape of value-added agriculture. Their paths, however, are shaped by different starting points, resources, and community structures. First-generation farmers often rely on creativity, urban co-packing, and innovative problem-solving to overcome limited capital and infrastructure. Multigenerational farms, on the other hand, draw strength from established land bases, deep community roots, and accumulated knowledge, advantages that allow them to scale value-added ventures more quickly and with greater stability.

Each group faces unique challenges and opportunities, but together, they contribute to the diversification and sustainability of the agricultural sector, shaping the future of farming through their distinct approaches to value addition.

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[18] https://www.uvm.edu/vtvegandberry/factsheets/vegetableberryyields.pdf
[19] https://goodineverygrain.ca/2021/08/26/how-many-pounds-of-grain-can-one-acre-produce/



Figure 4.1.3- Comparison to show 1st generation and multi generation farms look the same

5. Farm Succession- Unforeseen learning!

Farm succession emerged as one of the most unexpected, yet significant, learning themes throughout this research. As farmers shared their stories and offered tours of their operations, it became clear that succession was deeply intertwined with how families structured their value-added businesses. This insight was reinforced by the prevalence of succession-focused sessions at nearly every agricultural conference attended, reflecting how deeply the issue is felt across Canada's farming community and confirming that succession remains one of the sector's most persistent and complex challenges.

At its core, farm succession is shaped by a mix of emotional, relational, and financial factors**.** Industry literature commonly cites communication breakdowns, reluctance to cede control, financial complexity, and the emotional weight of legacy as key barriers. The scale of the problem is striking: 88% of Canadian farmers[20] and 80% of American farmers[21] do not have a written succession plan, and of those that do, only 3%[22] transition successfully to the next generation.

[20] https://www.canadiancattlemen.ca/business-management/most-farms-lack-a-succession-plan/
[21] https://www.canr.msu.edu/news/farm_transition_and_succession_why_bother
[22] https://www.fcc-fac.ca/en/knowledge/how-the-next-generation-can-beat-transition-odds

5.1 Value-Added Farming as a Succession Strategy

A consistent pattern among successful multigenerational operations was the way different generations “owned” distinct parts of the value chain. This structure allowed each generation to carve out meaningful roles without competing for the same slice of an already lean financial pie. Instead of asking the difficult question *“Can one farm support two families?”* These families reframed the challenge through value addition: *“How can we create new profit centers that allow each generation to thrive?”*

In practice, this often looked like a layered evolution:

- **Gen 1 or Grandparents** mastered production and farming processes.
- **Gen 2 or Parents** introduced value-added processing, creating new revenue streams and new roles within the business.
- **Gen 3 or the next generation**, focused on marketing, branding, product development, or agritourism, building their own segment of the farm’s value chain. building their own segment of the farm’s value chain.

This approach gave each generation autonomy, ownership, and room for personal identity, an essential component of successful succession. When younger family members felt they had a piece of the business they truly controlled, their long-term engagement increased dramatically.

5.2 Why Horticulture Leads in Succession Success

Succession success is most clearly observed in horticultural-based operations.Horticulture naturally provides a broader range of job types and skills, production, packing, processing, branding, agritourism, and direct sales, which allows multiple generations to participate meaningfully.

In contrast, traditional field-crop or livestock farms often have fewer operational roles and longer, more rigid supply chains, making it harder for multiple generations to share decision-making or carve out independent business units.

Many of the farms interviewed had multiple family members involved in the business, each holding specific roles across the value chain. This structure drastically increased the likelihood of successful succession, something rarely seen in traditional agriculture. It suggests that diversification and value-added activities may be key mechanisms for improving generational transfer, resilience, and continuity.

5.3 Reframing Succession Through Value Chain Ownership

Given the extremely low succession success rates, a promising approach is to involve the next generation by expanding, rather than dividing, the farm. Instead of transferring the entire operation at once, families can create opportunities for younger members to manage their own branch of the business, built on new layers of the value chain. This gives them ownership, accountability, and purpose, while strengthening the overall farm enterprise.

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6. The 7 Layers: How they interact with farm sizes

6.1 Production

This stage represents the initial layer of the value chain and involves essential activities such as seeding and crop planning. At this level, regardless of the farm size, there is a prime opportunity to enhance profit margins.

For instance, in British Columbia, juice-quality raspberries and blueberries sell for 12- 19 cents per pound. Meanwhile, breweries may purchase a 20-litre pail of juice for $40. With approximately 2.75 lbs of fruit required to produce a litre of juice, this equates to roughly 73 cents per pound, representing nearly a 500% increase in value over the raw fruit price. (Referenced by Andrews personal experiences) Farmers need to keep more of that margin.

One crucial factor at this stage, particularly for first-generation farmers, is land ownership. Owning the land requires substantial capital investment, which can be a significant challenge. Multigenerational farmers may encounter this issue to a lesser degree. Land and labour are two of the largest expenses for farms at this level.

Hobby and Micro Farms

Over half of hobby and micro farm owners consulted in this study do not own their land, which creates significant challenges for expansion into value-added enterprise. As a result, banks perceive these farmers as riskier food producers than farm-processors with capital-backed operations. One first-generation farmer shared their experience of needing to acquire loans from the Business Development Bank of Canada (BDC), stating they didn't qualify for loans from Farm Credit Canada (FCC). They quickly realized that, even before planting a single seed, they were already facing a much tougher battle

As of October 2024, Canada's prime rate stands at 5.05% for fixed loans and 4.29% for variable loans[23]. Securing a $200,000 fixed loan through FCC, (see Figure 6.1.1) would cost the farmer approximately $3,268 less per year than with the BDC's rates see Figure *6.1.2.* For a variable rate, the savings amount to about $3,575 annually[24].

[23] https://rates.ca/mortgage-rates/prime-rate-canada#:~:text=Canada's%20prime%20rate%20last%20changed,2024%20and%20is%20currently%205.95%25

[24] https://www.mycalculators.com/ca/aloanm.html

Farm Credit Canada fixed and variable rate comparison- Nov 2024

FCC	Current CAN Prime Rates	FCC Rates- Prime Plus	Amortization	Amount borrowed	Yearly Payments	Total amount Payed
Fixed (5yr)	5.05%	**2.5%**	15 Year	200,000	**22,727**	**340,917**
Variable	4.29%	**1%**	15 Year	200,000	**19,648**	**294,719**

Figure 6.1.1- Farm Credit Canada fixed and variable rate comparison- Nov 2024.

Business Development Bank of Canada fixed and variable rate comparison- Nov 2024.

BDC	Current CAN Prime Rates	BDC Rates- Prime Plus	Amortization	Amount borrowed	Yearly Payments	Total amount Payed
Fixed (5yr)	5.05%	**4.75%**	15 Year	200,000	**25,995**	**389,929**
Variable	4.29%	**3.65%**	15 Year	200,000	**23,223**	**348,351**

Figure 6.1.2- Business Development Bank of Canada fixed and variable rate comparison- Nov 2024.

Age appears to play a significant role in farming dynamics. Among the older farmers interviewed, those who owned their land, expressed no desire to expand, instead finding contentment in their current operations as they focus on retirement and farm resale. In contrast, most of first-generation farmers fell within the age range of 30 to 45, while multigenerational farmers tend to be younger as well. This trend may be attributed to the fact that younger individuals often possess a higher risk tolerance[25] and more energy to drive their businesses forward.

For some, renting land is an alternative; however, this comes with the same concerns mentioned earlier, along with added difficulties, such as the burden of paying rent, landlords refusing to renew the land lease or managing loans. Fortunately, various land acquisition groups can assist with land sharing, rentals, or rent-to-own arrangements. As one interviewee,in Alberta pointed out, securing a long-term lease can be particularly challenging, leaving growers in a state of constant uncertainty. Even when a long-term lease is secured, it's wise to establish separate access points and utilities to prevent landowners from altering agreements in ways that could disrupt farming operations.

[25] (*Positive and Negative Risk-Taking: Age Patterns and Relations to Domain-Specific Risk-Taking*, 2022)

Starting a farming venture brings numerous challenges that can consume significant time. For those trying to take control of their value chain, these struggles can hinder expansion and even disrupt daily operations. Ultimately, this situation places the overall sustainability of the business in jeopardy.

Small-Scale Farms

Small-scale farms often operate within larger production plots, typically facing fewer obstacles in land availability for expansion. These farms usually have more equipment, which reduces manual labour and increases efficiency. During peak seasons, they often hire a substantial number of summer staff**,** many of whom are young individuals starting their first jobs or participating in programs like World Wide Opportunities on Organic Farms (WWOOF).

It was noticed that more advanced small-scale and medium-scale operations were less likely to hire short-term workers, WWOOFers, high school students, etc. They relied more on family and long-term staff, willing to pay a hired wage, as they saw the benefits of not having to continually train people and tying up the staff and the owners' time. As well, the quality of the job's outcome was low until the staff learned the task. Having such a short season, this quickly became not worth the lower staff wages, as the farmers could see the extra costs.

Medium-Scale Farms

At the medium scale, production becomes highly efficient and detailed. They can dive into agronomy and precision equipment, reducing fuel, fertility and labour costs. These farms are multi-faceted, maximizing their own crop production while often maintaining a strong, consistent purchasing network for items they do not grow themselves. Staffing typically isn’t a concern, as many operations rely on temporary foreign workers to meet seasonal demands. Additionally, these farms often operate across multiple sites and may even rent additional land to further enhance their capabilities.

6.2 Harvesting

The harvesting layer of the value chain focuses on collecting crops, a process that ranges from handpicking to fully automated machinery. Unlike production, where land ownership and input management are dominant, the key harvesting concerns involve quality of produce, securing sufficient labour and selecting equipment that fits within budget constraints.

Moreover, when processors grow their own produce, they gain the flexibility to harvest in ways tailored to their specific processes, which can streamline operations and reduce costs.

Hobby and Micro Farms

Hobby and micro farms, where the cost of equipment can be an issue, typically engage in small-scale harvesting which primarily relies on manual labour. Most of these farms rely on ownership doing the work, where they can call in friends and family, paying cash when need be. They are rarely able to hire staff, because at this stage they can not afford them, and they only need them for a short time, as the farm does not have enough tasks for full-time staff.

Small-scale mechanical harvesters do exist in Canada, but options are limited. In contrast, the United States has a wider range of equipment. Europe and Asia offer even more options. Platforms like Alibaba showcase an astonishing variety of small-scale machinery, and companies such as Jagoda JPS, one of Europe's largest horticultural equipment manufacturers, offer surprisingly affordable equipment with excellent build quality.

Small-Scale Farms

Small-scale farms utilize specific harvesting machines that go beyond basic tools like pitchforks and pruners. Although the equipment is often used, it is geared toward larger-scale operations; small-scale operations might not have enough acres planted to warrant the greater equipment costs. However, few farms choose to rent this equipment because of inconsistent availability, shipping costs, and a typical annual charge of 15-25%.

Because of larger field production, production staff often transition smoothly to the harvesting team. This creates less of a staffing issue than hobby and micro farms.

Medium-Scale Farms

Medium-scale farms typically employ larger and more specialized harvesting machines designed to efficiently handle their greater production needs and reduce labour costs. This allows for increased productivity and streamlined operations during the harvest season.

Medium-scale operations also benefit from having a larger, more versatile workforce. Staff can move between tasks throughout the seasonHarvesting is typically supported by mechanical assistance, making these farms even more efficient and productive.



Figure 6.2.1- Oxbo factory. Linden, Washington

6.3 Primary Processing

The primary processing layer involves slightly modifying raw goods into a more stable, storable state, or usable product. This stage requires labour and equipment for washing, drying, freezing, refrigeration, or other basic preparation methods.

Effective storage becomes a central concern in this layer. Goods may be stored raw, partially modified, or both, depending on the product and the farm's strategy. Common preparation steps include cleaning, drying, and freezing. It's important to note that raw and modified goods often require different storage environments, such as fridges, freezers, or modified-atmosphere storage, which can substantially increase costs.

For farms that struggle with temporary labour during harvest, expanding control over production and processing can help stabilize seasonal staffing. By redirecting employee labour into processing tasks once harvesting is complete, farms can reduce labour bottlenecks and make better use of their workforce.

Primary processing also introduces new food-safety requirements, typically involving regional health regulations or federal food-safety programs. Meeting these standards demands both time and administrative capacity, creating additional paperwork that directly impacts the "Paperwork" layer of the value chain.

Hobby and Micro Farms

Hobby and micro farms often skip primary processing steps and go straight to finished products. This is mainly due to limited storage capacity, resulting in a hectic harvest season and unstable product supplies.

Crop yields can significantly influence the stability of these businesses. In bumper years, farms may be forced to process far more than their limited equipment can handle. For example, making salsa simply because there are too many tomatoes to sell fresh. The focus remains on production, not processing, and the system becomes reactive rather than strategic.

Additionally, hobby and micro farms often avoid primary processing because it requires more labour, higher costs, and additional regulations and paperwork. As a result, they frequently choose the simplest path from harvest to finished product, even if it limits long-term scalability.

Small-Scale Farms

Small-scale farms typically have some form of processing equipment: trip lines, wash stations, sorting, grating belts, and produce storage. This can include a fridge, freezer, or dryer. However, they frequently struggle to secure off-farm storage, particularly freezer space. Few freezer storage companies are willing to work with small operations, and those that do often impose strict, costly rules, including pick fees, monthly minimum charges, and minimum pallet requirements. Such companies tend to focus on high volumes and quick turnover, making it even harder for smaller farms to find suitable options.

Medium-Scale Farms

Medium-scale farms prefer to be self-reliant, viewing any costs incurred by outsourcing as a hit to their already limited profits. As a result, they often invest in automation and on-site storage facilities, which can also be rented out to other growers, providing an additional revenue stream while optimizing their own operations.



Figure 6.3.1- Apple Storage, Oliver BC, photo provided by Steve & Dans BC Fruit.

6.4 Value-Added Processing

Value-added processing involves significantly modifying crops and creating and marketing specialized, refined products. This layer of the value chain requires specific equipment, often necessitating a regulated working space such as a commercial kitchen, along with the finesse to execute the processes effectively. Having the capital to invest or equity to borrow against, as well as a clear business strategy and a solid understanding of government regulations, is absolutely essential for success at this level.

As one progresses through the various farm sizes, the processing equipment used becomes increasingly specialized, like a cupping machine for icecream, where resizing the cups costs $5,000. Costs can quickly escalate to tens of thousands, if not millions, of dollars for custom machinery. It's remarkable how much care and attention must be invested in designing a processing system that meets both operational needs and compliance standards. The good thing is that, at this time, the Canadian and American governments love subsidizing and supporting processing equipment through grants.

There are two notable courses for the farms, as they scale, stay in the commodity marketplace, or create value-added products. Only four interviewees stayed with commodities as they scaled up: an apple orchard that sold apples but had a very diverse line of products, a grain farmer who sold ancient grains, and two vegetable growers who sell directly to customers. All growers found their niche. Every other company had to do research and development in creating their product(s). This part of business can be very costly, financially, and in time. The good thing is there are a lot of amazing government supports in Canada and in the USA. All farmers interviewed, talked about how their governments provided grants for innovation and product development, as well as incubator programs for new products, providing food scientists with financial support. These government supports make complicated diversification possible.

It is very important at all these levels to put product consistency as #1; local products have been known to have inconsistency, whereas large processors have little.

Hobby and Micro Farms

Many hobby and micro farms rely on borrowed or rented equipment, with owners typically having only one or two commercially automated machines to aid in product processing, such as a pasta maker, pierogi maker, or bladder juicer. All other tasks in the processing chain, such as labelling, filling, and boxing, are completed by hand.

These operations are often very small-scale, frequently using their own kitchens for processing. Some producers located near larger municipalities have the opportunity to rent space in communal kitchens. However, none of the businesses from the study are registered with federal food safety programs, typically operating with regional certifications.

It is noteworthy that many farms have established connections to incubator processing programs, like ventureparklabs.ca, capitalizing on regional ties and community support. Two main types of incubator programs exist: private sector and government-supported/ run. Those who participated in the latter expressed challenges in navigating rigid government regulations, costing them a lot and jeopardizing their business operations.

Small-Scale Farms

As farms transition to small-scale operations, food safety protocols become increasingly important. Most do not frequently interact with federal-level agencies such as the Canada Food Inspection Agency (CFIA) and the Food & Drug Administration (FDA) or other federal bodies, as their sales are primarily local and only require local food safety certificates. Typically, a food safety consultant is hired to ensure food safety compliance, but they do not have the money to hire someone full-time; a staff member needs to do the paperwork along with their other tasks. This will be better discussed in certifications in the paperwork layer.

At this stage, on-farm processing facilities are constructed. A common issue highlighted by a handful of interviewees is the financial hurdle of constructing an adequate processing facility with room for expansion. As one interviewee stated, “you can never build too big, more room is always needed and at the same time you can only afford so much”.

Processing on-farm can come with major efficiencies, such as labour diversification; staff can work the fields, harvest and process, creating a diverse job listing. Additionally, the cost of shipping produce to copackers or commercial kitchens reduces greatly. However, transporting produce can be difficult with new food safety programs. To compensate for the new food safety programs, a reefer truck may need to be rented, loaded, and paperwork documented often when the farm might not have the equipment to efficiently do so.

The interviews demonstrated that on-farm processing was one of the most difficult stages for the small business, “knowing when to increase production capacity.” As the cost of labour increases, the owner sees the inefficiencies of not being mechanical; at the same time, the cost of mechanizing becomes quite steep. Mechanising becomes a volatile cost based on if they buy local, used, or from China.

When asked when to mechanize, responses generally fell into two camps.

1. Mechanize as soon as the business can afford it.
2. One recommendation was to calculate the labour cost required to produce a product and compare it to the purchase and repayment cost of a machine over a two- to three-year amortization period. When the machine becomes cheaper than labour, it is time to mechanize. Farmers also stressed the importance of accounting for maintenance, breakdowns, and parts lead times when evaluating the true cost of equipment.

As an example, the cost of labour to make a 1lb bag of frozen haskaps is roughly $1.00. Purchasing a machine that weighs the frozen fruit, fills bags, vacuum packs, and seals them is $30,000 from China. A used machine is nearly impossible to find, as the mechanization needs rarely come on the market, or it costs $98,000 purchased locally. The mechanical upgrade would reduce the labor costs to 30 cents per bag. What is the best plan? Buying from China can be very risky, there is little to no troubleshooting supports, it might not have the proper stainless steel, or the motors are not CSA approved, even though they claim to comply. I learned this first hand. Good luck trying to get a refund…. If you buy local, yes you get the support, and you know that the machine is of the best quality. However, the price tag can be too high for a small business. There are often grants (Section 7.3) to offset the high price.

This common example across multiple industries shows that growth at this stage of production is challenging. A significant amount of planning, research and creativity needs to be put into this stage, as it is the most expensive one for a small-scale farm. Adding to this point, this increased production volume might mean you need to enter the wholesale market, which fetches low margins. Comparatively, entering the wholesale market would mean more products are sold, but much less money is made. But the company is at the mercy of selling wholesale to pay for the expansion, had they opted to remain their original size.

A significant emphasis is placed on creating efficient processing lines. Small-scale farms strategically invest in processing equipment, purchasing processing equipment, automated bag or bottle fillers, optical sorters, and large kettles, to better fulfill orders and drive productivity. Often this is when a consultant is hired, be it a professional or a business friend, as they can educate on best practices, break down the numbers for incremental scaling, advise on new marketplaces, and so on. This coaching is underrated because, depending on where you operate, it can be very difficult to find the knowledge you need. Think of it like this: a small company has seen successes from creating a new type of product, and its unique nature can create difficulties in finding a consultant who

understands it, whereas if it is a commodity or a mainstream product, it would be a lot easier to find someone. Additionally, hiring a consultant and buying equipment can be very costly; a multi-generational farmer might find the cost as just another expense to do business, while a 1st gen farmer, plain and simple, does not have the capital to hire or buy what is needed.

Medium-Scale Farms

Medium-scale farms typically employ designated food safety experts, which represents a substantial investment, especially when this type of staff doesn't have many transferable skills outside of food safety and traceability work. However, this expertise is crucial due to the extensive paperwork associated with food safety auditing and regulations.

The key focus remains on building efficient processing lines, as medium scale farms make calculated purchases of processing equipment that enable them to meet order demands effectively. Expanding on-farm space is essential to meet food safety needs and to best incorporate new equipment into the processing line, all to significantly boost processing efficiencies and overall operational productivity.



Figure 6.4.1- Juicing at Steve & Dan's BC Fruit

One company interviewed shifted their sales focus from farmers' markets to national retail, a decision they greatly regret. As the low margins, due to brokers, shipping and distributors, ate away most of their margins, they had to increase production. This came with its own issues: the supply chain. Canada does not produce glass bottles, or metal lids, they had to rely on buying from China. Nothing like needing to fill an order, but the sea can filled with bottles is held with customs for 6 weeks. They also talked about, as they put it, "the food safety race to the bottom", as retailers would demand for the latest and greatest food safety program, stating how important food safety is, which it is, but with each new program comes a new auditor, new auditor and a certificate that can cost between $10,000 to $100,000+. Due to some of these programs needing infrastructure changes. When asked if they could do it all again. They said they would have stuck to strategic farmers markets, as the net profit and lower stress made staying small-scale worth it.

Figure 6.4.1- Juicing at Steve & Dan's BC Fruit.

6.5 Sales and Marketing

At this layer, farms are educating their customers, building a clear brand, differentiating, and working with retail all in one swoop. This layer can be a huge time vortex and takes proper time management skills. Connections, customer experience and engagement are important but take time to build and maintain; additionally, customers are easy to lose.

Using technology and innovative apps and software can help at this layer by automating tasks and reducing time input. Time and skills to sell and market products are the focus in this layer. This is the easiest layer for modern technology to support: templated and timed automated emailing, social media calendars and editing apps, website AI-supported Q&A; the list can be long. At the same time, with every new application comes a new cost and learning curve.

A common misconception seen during interviews, is that a business first needs to put a product on shelfs, to then market. Thinking if a product is put on the store shelves it will just sell. The truth is you need to market your brand before you can sell. Look at any retail discount section, typically 1/4 is local products. Marketing is critical and must come before sales.

As illustrated in the picture to the right, like the roots of a tree, as a business grows, so do the complexities required to support it**.**



Figure 6.5.1- Diagram illustrating tree growth to compare business growth as increasing complexity.

In the early stages, sales and marketing can be relatively simple; direct conversations, small audiences, and limited channels.

Over time, however, growth brings added layers of coordination, systems, and cost. What begins as basic outreach evolves into structured branding, campaign planning, customer relationship management, and performance tracking.

At this point, owners must pause and ask whether further expansion is aligned with their skills, interests, and goals. Many farmers interviewed noted that while their passion lay in

production, as the business grew, their time and attention were pulled into the office, removing them from what they love most. While some functions can be outsourced, expansion still demands greater oversight, higher budgets, and ongoing investment in staff and training. The critical question becomes not just *can* the business grow, but *should* it, whether the additional complexity and responsibility are worth the trade-offs required to reach the next level.

Hobby and Micro Farms

Sales and marketing activities for hobby and micro farms are typically conducted personally, often by the owner or their spouse. This hands-on approach fosters a close connection with customers, allowing for personalized service and direct engagement.

Most of the interviewees had a great amount of pride in their voice when talking about who they sell to. When asked about their customer relationships, 2/3rds of farmers said interacting with their customers was their favorite part, the other third said farming was their favorite, working with customers being a close second.

Additionally when asked about their marketing budget they all stopped, paused, and replied, “What marketing budget?”

Small-Scale Farms

Small-scale farms showcase remarkable refinement in their sales and marketing efforts. Often with well-designed e-commerce websites and consistent branding across platforms, these businesses effectively communicate their unique value propositions. This success often stems from partnerships between spouses, who work together to find their niche and secure a comfortable position in their market. Not all farmers have spouses or partners; some hired friends to do the work, and a couple hired part-time people to run their social media outlets. They all highlighted the importance of building a team. Almost all focused on Facebook and Google marketing; a couple of farmers took online classes to better create ads. They all said this was the best use of money to bring in sales.

An additional vegetable grower talked about how social media initially started off as being fun, but it quickly became work, as they had to be on call posting and messaging nonstop. A handful of growers from British Columbia talked about setting aside specific time for social media. These people, when asked about their scheduling/ time management, were all extremely regimented. This regimentation seemed to be a key factor in moving quickly through the levels of scale, time, finances, and productivity, and it was always top of mind.

Once the relationship with the store or grocery manager was set up, a quarterly email was good enough to keep the relationship up. Roughly every 2 weeks, an email was sent to the store purchasing department, asking what the retailer wanted; numbers were tallied, invoices sent, and deliveries made. Though many went in and did in-store sampling. One in three companies used a distributor, they all had high margins, being able to afford such expenses. Saying they had to reach abroad as the products they make, like elderberry syrup, had good margins, and shelf life, but a customer's consumption rates were low. Needing to ship to many locations, due to low sales numbers. So customer throughput was extremely important in how a company was organized.

Medium Scale Farms



Figure 6.5.2- Rosy Farms Tours sign

Medium-scale farms usually employ dedicated social media staff on a part-time basis to manage their marketing efforts. However, some businesses expressed frustration about their social media expenditures, noting that they often spend too much on marketing without a clear understanding of the return on investment. This highlights the importance of developing analytics systems to better assess the effectiveness of marketing strategies and ensure optimal resource allocation.

They had a full-time sales team, as they all had multiple revenue streams: tourism, retail, on-farm products, courses. They had so many sales channels it was enough to make one's head spin. When one apple orchard was asked how they were able to do it, they paused, not really knowing what to say, and responded, “That is the person's job.” Which really highlights the importance of having staff expectations and creating streamlined systems.

6.



Figure 6.5.3- Long table dinner at Rosy Farms

The distribution layer of the value chain is critical for getting products into customers' hands. There are several ways to manage distribution, including direct delivery by the farmer, the use of fulfillment centres, or working with brokers, shippers, and other intermediaries. When not managed carefully, distribution can quickly become a major pressure point, as it is the most overlooked part of the 7 layers. Time, labour, and transportation costs must be closely monitored and intentionally organized. This section warrants a double read for all readers, as it is that much of a time suck.

To clarify terminology, a broker typically manages orders, invoicing, client relationships, and shipping coordination, while a shipper is responsible solely for transportation and delivery.

In many cases, brokers also act as distributors. In Canada, broker margins often range around 25% of gross revenue, while in the United States they can be closer to 17%, according to financial consultant Sara Delevan Consulting[26]. In addition to broker fees, farmers are usually responsible for getting products to distribution hubs, after which the broker handles billing and retailer communication. This model works more efficiently in the United States due to higher population density and more developed distribution networks. These margins must be carefully considered when expanding into new markets

One example clearly illustrates the “is it worth it” challenge. ABC vegetable farmer reported spending two full days each week delivering products to local restaurants, serving approximately 10-12 locations per day. This means one staff member is tied up for two days driving a depreciating vehicle while incurring fuel and maintenance costs.

In the industry, it’s generally accepted that all staff members must generate 2.6 times their wage to be considered profitable for the business[27]. Based on this benchmark, it’s unlikely that these delivery efforts are generating meaningful profit.

Conversely, hiring a distributor can be equally challenging, as broker fees of 17-25% significantly reduce margins and can materially impact overall profitability[28].

Therefore, careful management of the distribution process is essential. Since distribution rarely generates additional profit, any inefficiency missteps at this stage can jeopardize the viability of the business.

[26] sarahdelevan.com/food-buisness-consulting-free-resources
[27] (Davis & Brock, 2025) Formula for calculating revenue per employee-OnPay
[28] sarahdelevan.com/food-buisness-consulting-free-resources

Hobby and Micro Farms

Hobby and micro farms typically rely on personal delivery for all their products or sell directly at farmers' markets. Similarly stated in the marketing and sales section, each owner emphasizes the importance of building relationships with their customers. When discussing customer loyalty, they speak with pride about the connections they've fostered. However, maintaining these relationships can be time-consuming, presenting a scaling challenge for these operations.

The Community Supported Agriculture (CSA) model is often recommended as a direct-to-consumer sales strategy. Customers pre-order and pre-pay for a share of the harvest, typically picking up products throughout the season. The concept originated in Japan in the 1960s and later spread to North America, gaining popularity through early adopters in California.

In theory, CSAs create stable sales and strong connections between farmers and customers. In practice, however, they require significant time and customer interaction, including managing subscriptions, communications, and pickups.

As customer expectations grow beyond vegetables alone, some farms evolve toward a food hub model, aggregating products from multiple farms. While CSAs can help build loyal customer bases, they are not a silver bullet and can be difficult to sustain in today's consumer economy.

Small-Scale Farms

Among small-scale farms, only one has opted to hire a broker for retail distribution. Others prefer to sell directly to customers through online direct shipping, farmgate/on-farm markets, and farmers' markets, or deliver products to retailers themselves. None had a specific delivery vehicle; they used their personal vehicles and conducted deliveries on a scheduled basis.

All small-scale operators discussed the idea of hiring a distributor, but most were hesitant. Many expressed discomfort with having someone they did not know represent their brand. At the same time, several acknowledged that if sales volumes increased significantly, paying $30 per delivery stop could become more expensive than a 25% distributor margin.

Medium-Scale Farms

Similar to small-scale farms, only one medium-scale farm from the study has chosen to engage a broker for retail products. Most continued to deliver products themselves or sell directly to customers, again using personal vehicles rather than dedicated delivery fleets.

One notable gap in this section is the lack of discussion around online shipping and e-commerce distribution. As this topic was not raised during interviews, further research is needed to better understand how online fulfillment may change distribution dynamics for farms at this scale.

6.7 Paperwork

Of all the layers of the value chain, this one is often the most cumbersome or, conversely, the easiest route to costly overhead that can lead to a business's downfall. Stretching across: Food Safety, Human Resources, Inventory management, financial & tax compliance, licensing & Permits, Insurance & Contracts, Grants/ Funding, certificates and on and on and on.

Separate sections have been created to cover many of these topics. They are not linked so much to the size of the farm as to the target customer (e.g. u-pick or retail). This section ties them all together by outlining the issues for each farm size.
Topics talked about in greater depth: Food Safety, Insurance & Contracts, Grants/ Funding.

The reality is most farmers #1 love is working the land, or put simply, farmers want to farm. While as with any business the more it grows the more the production love has to move more towards management. From field to office. It is critical to know this progression, to best understand what part of the business you want to spend your time in. Scaling and growth is not always the answer.

Hobby and Micro Farms

Hobby and micro farms require relatively little paperwork, this is because, if they are mostly, if not all, doing it themselves, they can afford the time needed for much. Most do not hold certifications, as food safety regulations are managed at a municipal level, relying on help from public health units and inspectors. Accessing federal or provincial contacts can be challenging, so some farms turn to community business incubators (Zest Food Hub or Guelph Food Innovation Center) for advisory support with traceability, storage, and purchasing processes.

These operations often have few to no staff and typically pay in cash to simplify management and avoid payroll complexities. As with any successful business, margins are tight; the smaller scale of operations allows for streamlined paperwork processes, freeing up valuable time to focus on farming and value-added activities. For example, streamlining the paperwork process through clear SOPs, training and easy-to-understand tracking documents allows for efficient use of time. This efficiency enables owners to better manage other layers of their business.

Small Scale Farms

As small-scale farms grow, the need for certifications becomes increasingly important to accommodate a larger customer base beyond farmers' markets and farmgate sales. Certifications like GAP (Good Agricultural Practices) and local food safety programs may be required. This topic is greatly discussed in Food Safety, only brushed on here as a prep to dive deep into the specific food safety section. So if you want to know if you can sell your farm-made pickles at a local deli, and need to know what certifications you will need. The section will open your eyes.

Like their hobby counterparts, small-scale farmers are deeply invested in organizations focused on organic practices, B-Corp certification, regenerative agriculture, and community engagement. Farmers just need to know whether customers want these certifications to make a purchase. One farm owner who sells at farmers' markets looked into becoming organically certified, roughly a $2,500 per year price tag. In Canada, the USA and New Zealand, to say you're "Organic," you must be certified by a federally regulated organization. Conducting their own market research, talking directly with their customers, the best kind of market research, they learnt, the costly certification was not needed; that talking to their customers directly, they educated them on their practices, not needing the pricy organic certificate. If the farms don't need the certifications, that saves them big money. A good rule of thumb is that certifications are only needed when a farm is selling a product to customers; they do not directly talk with, like retail or e-commerce. As the Quick Organic or B-Corp logo on the product, website, or socials says what needs to be said.

One grower even managed to achieve their own CFIA (Canadian Food Inspection Agency) documents without incurring consulting costs. By seeking guidance from a fellow farmer, they successfully navigated the paperwork, submitted it for approval, and made final revisions. Another option is to work with a food hub (definition below); processing was essential to this success. However, federal food safety standards are often regarded as both costly and time-consuming, with expenses linked to hiring consultants and undergoing audits. There is some government support; BioEnterprise, CFIN, Food Processing Report, and local associations can assist, but often a consultant is needed because each operation has very specific needs, processes and products.

A "food hub" is a centralized organization that aggregates, stores, processes, markets, and distributes food from multiple local producers, making it easier for farmers to access

larger or more consistent markets (such as retailers, institutions, and food service) without each farm having to manage those logistics independently.

Medium-Scale Farms

Medium-scale farms face a distinct set of paperwork challenges. Unlike hobby and small-scale operations, these farms typically have more complex regulatory requirements due to their size and range of product offerings. Most medium-scale farms employ designated food safety experts to help navigate the extensive paperwork and compliance issues. Despite the added costs, this expertise is crucial for ensuring adherence to food safety regulations and industry standards, both national and international. One operation, which has a large focus on national retail, regrets getting into retail because of all the regulations. They say the system is set up for huge corporations, not for anyone else.

The level of scrutiny from certification bodies varies greatly depending on the nature of the commodity. Products classified as high-risk- meat & dairy, or those with complex ingredient compositions attract more attention than simpler, single-source items, dried grains, or high-acid goods, like haskaps. In essence, the fewer ingredients a product has and the longer its shelf life, the less oversight it typically receives during processing. These considerations are crucial when creating a processing facility.

While medium-scale farms usually engage more with provincial/ state and national inspectors than with federal bodies, they still benefit from established relationships with public sector agencies at all levels that offer guidance and support. Some even collaborate with business incubators, where dedicated staff assist with aspects like traceability and inventory management, further streamlining operations.

As these farms scale, maintaining accurate, comprehensive records becomes paramount. Many medium-scale farms invest in better systems for organizing paperwork and tracking compliance, like Icicle, using specific traceability programs, ones that can be very costly. Platforms such as ICICLE; a paperless, cloud-based system designed for food safety and traceability, are commonly used, despite their high cost. These systems simplify information sharing with inspectors and certification bodies, while also improving internal efficiency.

Across all farm sizes, from small to large, maintaining employee handbooks or staff manuals is common practice to reduce liability and clarify workplace expectations. In many

cases, farms have accessed grants to offset the cost of developing these essential documents.

Despite these systems and support, many farm owners, particularly those who entered agriculture out of a passion for growing food, find themselves increasingly overwhelmed by paperwork. As administrative demands grow, owners are often pulled away from the hands-in-the-soil work that initially drew them to farming, creating a disconnect between the business they now manage and the reason they fell in love with agriculture in the first place. When the focus shifts away from production and toward paperwork, both satisfaction and efficiency can suffer. For this reason, it is critical that farm owners structure their businesses and ownership of the value chain in a way that allows them to spend the majority of their time on the work they value most, while managing or delegating the rest.

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7. Obstacles & Opportunities: Bottle Necks/ Ideas/ Grants/ Farm Diversity/ Food Safety/ Insurance & Contracts

7.1 Bottlenecks

Hobby and Micro Farms

Many owners, even those who come from business backgrounds, struggle to envision their expansion or scaling potential. Their focus is so driven by keeping their business afloat and learning all the nuances of owning the whole value chain. Adding to the mental stresses, they often find their financial resources tied up in paying off loans, equipment & land, not thinking about the next purchase or move for expansion. They also feel pressure to prove the viability of their farm venture to a family group that does not understand farming or products. This mindset can keep hobby farms stagnant, highlighting the need for a paradigm shift to facilitate growth, a challenge existing farmers frequently encounter.

There were many conversations about new farmers and first-generation farmers having a high burnout rate, and relationships breaking up. While there are no clear statistics specifically tracking divorce rates among new, small-scale vegetable or first-generation farm couples, research shows that beginning and small farms have relatively low survival rates, 55.7% failure within 10 years of start-up[29], and that first-generation farmers experience higher stress and worse mental health outcomes than multigenerational farmers[30]. Farm stress has been directly linked to strain on marriages and, in some cases, divorce.

Fortunately, numerous incubator programs exist, primarily in Canada, like processing co-ops or government support programs. Most of these programs are catered to small to medium scale operations, few of these programs cater specifically to micro operations.

One of the most significant knowledge gaps growers identified is the scarcity of consulting experts: people who can guide, educate, and mentor an operation through expansion in a way that fits its unique circumstances. This may be the single most important finding of this paper. The operations need guidance where they are at.

[29] (*Beginning Farms That Sell Directly to Consumers More Likely to Survive*, 2016)
[30] (*Poor Mental Health Negatively Impacts Farmers Personally, Interpersonally, Cognitively, and Professionally*, 2024)

Growth isn't one challenge but a series of them, and each calls for different expertise. The advisor who helps a grower move from small to mid-sized production may not be the right person to strengthen financial resilience, refine process operations, or guide the adoption of AI. Growers should therefore look for help matched to the stage they are in and the type of growth they're pursuing, and expect that the right expert will change as the operation evolves. This is why a broad professional network matters. It takes years to build, but it's what allows a grower to find the right expertise when they need it.

Finding an expert is only half the equation. There are two types of consultants, a hired person or a volunteer mentor. A consultant can be easy as it is a transaction. The other half is a skill rarely discussed: knowing how to work with a mentor... It may sound odd to suggest that entrepreneurs need to learn how to be mentored, but the need is real. Andrew regularly receives emails asking for his time, often phrased as a request to "pick your brain." To him, that phrase signals that the person hasn't yet worked out what they actually need, and hasn't organized their thinking into questions that would give the conversation direction.

Entrepreneurs who know how to work with a mentor or a consultant arrive prepared. They bring an agenda, specific questions, and clear goals with timelines attached. That preparation does two things: it respects the expert's time and knowledge, and it makes sure the grower leaves with answers they can actually use.

In the United States, there is more support from agri-food experts[31]This is probably due to the diversity of farms, warmer weather, being able to grow more crops in a smaller space, and higher population density to help business owners expand.

The labour-intensive nature of farming slows down expansion efforts, as farmers generally only sell what they grow. Remarkably, only one of the micro- or small-scale farm interviewees mentioned purchasing products from outside their own fields. All of the medium-scale farms either purchased from other farms or had other farmers contract to grow for them. Which is super interesting as few farmers talked and liked the word contract. While in the city business world contracts are typically a business must. As they want to secure supply and take care of the local farm community.

Small-Scale Farms

A critical question facing many small-scale farms is how to develop processing infrastructure for future growth. How can they build for the future, and can they afford it? This inquiry weighs heavily on operations in areas with less focus on value-added processes or a smaller food manufacturing sector, such as the prairies. Similar concerns

[31] (*UC ANR Small Farms Network, Small Farms Advisors and Staff*, n.d.)

arise around food safety, where farmers struggle to find accurate, cost-effective advice. This mentality contrasts sharply with both smaller and larger farm operations.

At this growth stage, owners are often short on time and overwhelmed by daily tasks, which limits their opportunity to pursue expansion projects. Scaling requires significant time and concentration. A potential solution to these challenges is hiring a farm manager, which is discussed in detail in section 7. While this represents a leap of faith, it can prove beneficial. Most owners have experience managing staff but often hesitate to delegate critical responsibilities. Additionally, many businesses face seasonal staffing needs, with ample work in the summer but limited opportunities in the winter, complicating efforts to support year-round employment. Fortunately, especially in Canada, there are a large number of grant wage subsidies to assist with the initial costs; still, the owner needs to learn how to write a job description or expectations and delegate tasks, letting go, shifting focus from working in the business to working on the business.

In discussions with a few agriculture businesses, mostly horticulture-focused, many warned about the challenges of forming ag co-ops or sales consortiums. These initiatives often launch with the aim of selling products like beef but can falter within a few years. The pattern typically goes: a founder starts it all off, other businesses jump on, thinking they will have to put in little work for a large payoff. If the payoff is not quick, the founder does most of the work, burns out, and leans on leadership, as many of the members just want the outcome with little work. The co-op model was only seen to be successful in New Zealand, where large farmers would band together, quickly hiring someone to manage the co-op to then create a board of members to govern the staff and direction. These business structures tend to emerge primarily because traditional farmers are familiar with the model, rather than being driven by actual market demand.

Medium-Size Farms

There seemed to be no distinct bottlenecks. One could say the companies made informed decisions to stay this size. At the same time, more research could be done with large operations being included in this paper to fill this knowledge gap.
At this stage of their business development, each of the seven layers of the value chain typically has a dedicated staff member or manager. Interviewees demonstrated specific knowledge about their operations, even if they were not familiar with the intricacies of every layer. They knew whom to consult when questions arose, reflecting a well-organized structure.

Medium-scale farms also appear to have streamlined their ability to create marketing content, thus enabling them to reach customers through various channels, including markets, tourism, retail, and community engagement.



Figure 7.1.1- Talking at Electric Cherry, formaly Forest Lodge Cherries.

7.2 Ideas

Hobby and Micro Farms

One innovative approach suggested by a micro farmer is to create a staff scaling plan during the slow season. This plan would resemble goal-setting and include financial and government contacts to assist when needed but focus primarily on preparing the business to onboard additional staff. The farmer would compile a list of all business tasks, map them to the seven layers of the value chain, and highlight preferred tasks and those they'd like to delegate. This practice would help farmers identify areas where additional support may be beneficial, laying the groundwork for thoughtful scaling.

Small-Scale Farms

One effective strategy employed by a small-scale farmer is conducting an annual volunteer board review. This review helps set business goals and establish direction for the upcoming year. Staff members, regardless of the business size, organize quarterly sessions to evaluate the company's trajectory based on the initiatives proposed by the volunteer board.

Their volunteer board emulates the structure of a large corporation, comprising roles such as treasurer, marketing lead, sales manager, and secretary. However, the board members are volunteers or paid consultants, often compensated with a fine bottle of wine for their contributions.

Before each meeting, an agenda is distributed, detailing key business figures, finances, sales, projections, and campaigns. Volunteers review this information ahead of the meeting. During the meeting, the business owner presents the figures, allowing volunteers to provide recommendations and make key strategic decisions to guide the business throughout the year. This model has proven to be a significant cost-saver, something that all businesses, whether micro or medium, could benefit from.

Medium-Scale Farms

An interesting observation from interviewing medium-scale farm processors is that none of them are first-generation farmers; most belong to multigenerational farms with family involvement spanning several generations. This interconnectedness is a beautiful aspect of agriculture, where each family member understands their role and responsibilities. Importantly, they keep family dramas, inevitable in any family, away from the staff, which is a crucial piece of advice shared among these farmers: keep family issues within the family.

In discussions about business expansion, it was common to hear about the gradual growth achieved over multiple generations. One insightful saying emerged: “You need to take many steps to run a marathon.” This adage illustrates how difficult it can be for medium-scale farmers to provide specific examples of their growth, as their achievements are a collective effort that has evolved over many years. Earlier generations took the initial risks involved in pursuing value-added practices, which can complicate conversations for the current generation about scaling their operations.



Figure 7.2.1- Davidsons Orchard, BC.

7.3 Grants- The prosperity of paperwork

Grants are utilized across all scales of farming, yet the types and focus of these grants vary significantly by size. In Canada, the United States, and New Zealand, most big-money grants, or grants that cover 50%+, emphasize innovation, often targeting large-scale projects of $200,000 or more. Smaller grants typically cover 25-50% of the costs associated with specific items such as processing equipment, environmental initiatives, automation and staffing. Rarely is infrastructure included, but some green initiatives can be covered, such as renewable energy, increased insulation, power systems, etc. Land purchases have never been covered. In contrast, larger grants can cover 50-75%, and sometimes even 100% of project-based funding, including the aforementioned items plus necessary infrastructure. This is a substantial advantage for larger farms. Typically, for this to happen, more parties are involved, like politicians.

The companies that know how to use grants would fit all their expansions into a grant. Maximizing savings and increasing expansion. Wording their applications to fit in their government's prerogatives, like innovation, supply chain diversity, job creation, eco-friendly or green initiatives.

Hobby and Micro Farms

Grant usage among hobby and micro farms typically falls into two categories:

1: Those that extensively utilize grants, often dedicate considerable effort to writing grants for small projects/ big payoffs. Which, to them, adds up to a significant amount of funds over time. Conversely, a large amount of time can be tied up for a low return.

2: Those who cannot find the time to apply, or as many interviewed, frequently expressed a desire to pursue grants but lacked the knowledge of how to approach the application process. This is too bad because there is a lot of government support, mainly in Canada and less in New Zealand, to help guide applicants. From the grant curators themselves, provincial extension services coordinators, or municipal Ag Fieldmen/ Ag Services to county development officers. It seemed like the hardest part was getting business owners to open their minds to the possibilities of using grants.

Small-Scale Farms

Not one small scale operation hired a company to apply for grants. As most of the grants they applied for were too small for the grant writing companies, who typically require a 30% charge to research, and apply for grants. Plus, the use of AI has greatly helped in grant writing tasks. Interestingly enough two Alberta companies used grant writing companies web search tools to discover potential funding opportunities.

Medium-Scale Farms

Medium-scale farm processors generally have dedicated staff focused on researching and writing grants alongside other business development activities. Not one of the medium-scale farms contracted out grant searching and writing, saying it would be wasted money. Interestingly, while many of these businesses did not initially claim to use grants, likely because of how they perceive public optics, the interviews revealed that, upon closer questioning, they are indeed tapping into various funding opportunities. This highlights their savvy nature of understanding business. This shows how much they understand the importance of navigating the grant landscape to support their growth and operational viability.



Figure 7.3.1- Dorie, Canterbury Region, New Zealand, talking turnips

7.4 Farm Diversity

Farms are increasingly recognizing their most successful sales channels and identifying additional products or services, based on their specific operations. It was seen that the more the farm grew, the more sales channels the farm sold through. Tailoring their offerings to meet customer preferences, market demands, and better utilizing their grown ingredients for more products across more sales channels: direct to customer, u-pick/ agri-tourism, retail, wholesale. This diversity allows them to capture various segments of the market and mitigate risks associated with reliance on a single product line, like micro or hobby farms seemed to do more, the typical starting point. Inversely, large-scale farms, this is from Andrew talking to different businesses over the years, diversify through different sector companies: feedlot and grain processing or retail product lines and broadacre conventional farming. They have seemed to know what makes them the most money, become hyper focused, dropping unneeded revenue streams.

At the same time, one of the biggest things keeping farmers from using their money well is the almost endless list of opportunities they can grow into. Every new crop, product or sales channel pulls on the owner's time and resources, and as noted earlier in this paper, chores can kill an operation. One of the easiest ways to tell if a farm is stretched too thin is to look for what Andrew calls "shit piles": unfinished or unused projects sitting around the yard. Too many opportunities can leave a farmer scattered very quickly. This problem is fairly unique to farming. Most businesses are limited by the size of their building or operation, but on a farm, there is almost always more land to grow into. When those piles start showing up, it's a sign to slow down and refocus.

Hobby and Micro Farms

Diversity was mostly through financial diversity; one partner has their off-farm work to support the on-farm work.

Small-Scale Farms

Many small-scale farms have owners with either a farming background or family members who previously operated farms, allowing them to share family resources; as high-intensity horticulture does not require many acres, while broadacre crops do. This connection to agriculture often enhances their operational knowledge and adaptability.

As operations expand, farmers begin to invest in processing infrastructure. They often have the land space and farming tax incentives that support capital investments to build or modify existing structures. In contrast, city processors face a greater number of policy challenges and navigate costly compliance requirements.

Medium-Scale Farms

As businesses grow, so too does the diversity of their product offerings. It is a common trend for medium-scale farms to focus on a primary crop, the one that makes them the most money, while diversifying with other crops to support their main production. Over time, they have gradually added value-added products, allowing them to capture customers' spending desires across food, refreshments, condiments, and fresh or frozen goods.

Identifying medium-scale farms for interviews proved challenging; many did not respond to inquiries as requests often ended up in general mailboxes. However, those we did manage to speak with consistently highlighted the importance of tourism in their business models. This aspect should not be understated, as tourism often serves as a focal point of their operations and requires at least one dedicated manager to organize and oversee activities. Especially as a big part of tourism is called “Taste of Place”, where customers want to experience what the specific farm has to offer. This is super easy when the farm has a production and processing history. All the farm needs to do is tell their story and organize their farm to allow guests on. Ok there is a lot more to it, but it is not as difficult as getting into retail. As well, there are many consultants or organizations who can assist: Tourism Industry Association of Canada, and almost all cities and provinces/ states have dedicated tourism sector support.



Figure 7.4.1- Dorie, Canterbury Region, New Zealand, regenerative farm

7.5 Food Safety- Know what you need

This section is intentionally separated from the Paperwork layer. Unlike many administrative burdens, food safety requirements are not driven by farm size, but by who the final customer is and where the product is sold. A micro-scale farm selling nationally can face greater food safety demands than a medium-scale farm selling locally.

The purpose of this section is to act as a roadmap, helping farmers understand:

- *If I sell to X, what food safety certifications will I likely need?*
- *What do those certifications cost?*
- *How long do they take to implement?*

This section is designed to briefly spin your head, before screwing it back on. Food safety can feel overwhelming because requirements stack quickly, and paperwork cuts across nearly every layer of the value chain. Without a clear understanding of end-market requirements, farms often over-certify, under-prepare, or build facilities that later require costly retrofits.

A critical step before scaling is identifying the end customer first, then working backward. Selling at a farmers' market, supplying a local retailer, shipping across provincial borders, or exporting internationally each trigger very different food safety expectations. In some cases, meeting these requirements can escalate into the equivalent of a full-time administrative role, particularly for small and medium-scale farms attempting to access national retail markets.

The table below illustrates this progression.

Required Food Safety Certifications, depending on your Customer

End Market / Customer Type	Primary Oversight	Food Safety Certifications / Approvals Needed	Why These Are Required	Relative Cost & Complexity
Direct-to-Consumer (Farm gate, roadside stands, farmers' markets, CSA)	Local / Regional Health Authority	Local health inspection, food handler certification, municipal permits	Ensures basic food safety, sanitation, and public health compliance for direct local sales	Low
Local Wholesale (Primary Products) (Selling unprocessed produce to retailers, distributors, processors)	Third-party audit + provincial alignment	CanadaGAP (Good Agricultural Practices)	Required by buyers to ensure on-farm food safety, traceability, and proper handling of raw products	Low–Moderate
Local Value-Added Sales (Jams, sauces, frozen or dried products sold within province)	Local Health Authority or CFIA (product-dependent)	Facility approval, Good Manufacturing Practices (GMP), Preventive Control Plan (PCP)	Confirms that processing methods, facilities, and controls meet food safety standards	Moderate
Interprovincial & National Retail	Canadian Food Inspection Agency (CFIA)	Safe Food for Canadians (SFC) licence, PCP, CFIA facility registration	Legally required to sell food across provincial borders or into national retail supply chains	High
Export, Institutional, or High-Risk Foods (Meat, dairy, export markets, hospitals, schools)	CFIA + international / buyer alignment	HACCP, GFSI-benchmarked certifications (SQF, BRCGS, FSSC 22000), export permits	Required for high-risk products or to meet international and major buyer food safety expectations	Very High

Figure 7.5.1- If You Sell to This Customer, You Need These Food Safety Certifications

Food Safety Is Customer-Driven, Not Size-Driven

The food safety standard required depends almost entirely on where the product goes next, not how big the farm is.

A useful way to think about food safety is as a shopping cart:

- Add a new customer → add a new certification
- Add a new market → add cost, audits, and time
- Add interprovincial or international sales → add federal oversight

It is Best to Consult Early

Before you start building, make sure you check with a consultant. One medium-scale apple processor interviewed learned this lesson after constructing a facility, only to discover that CFIA certification required a separate change-room that then needed to be constructed. The resulting retrofit was costly but unavoidable, as CFIA approval was necessary to access large retail customers, selling now at over 125 retail locations. This experience reinforces the value of doing inexpensive research early, before concrete is poured and walls are built.

Food Safety Acronym Key (Canada & International Context)			
Acronym	**Full Name**	**Mandatory or Buyer-Required**	**Key Distinction / Purpose**
CanadaGAP	Canada Good Agricultural Practices	Buyer-required (industry standard)	On-farm food safety program covering primary production (traceability, worker hygiene, field sanitation). Commonly required by retailers and wholesalers; does not apply once products are value-added.
CFIA	Canadian Food Inspection Agency	Mandatory (regulatory)	Federal regulator enforcing Canada's minimum legal food safety standards for processing, interprovincial trade, and import/export.
SFC	Safe Food for Canadians License	Mandatory (regulatory)	Required to sell food across provincial borders or internationally under the Safe Food for Canadians Regulations.
PCP	Preventive Control Plan	Mandatory (regulatory)	A documented hazard-control system required under CFIA/SFC for federally regulated food businesses.
HACCP	Hazard Analysis and Critical Control Points	Mandatory for high-risk foods; buyer-required for others	Science-based system identifying and controlling food safety hazards. Required for meat, dairy, and many export markets.
GFSI	Global Food Safety Initiative	Buyer-required	Not a certification itself; a benchmarking framework used by major retailers to recognize food safety standards.
SQF	Safe Quality Food	Buyer-required	GFSI-benchmarked certification combining food safety and quality management; common in large retail and institutional supply chains.
BRCGS	Brand Reputation through Compliance Global Standards	Buyer-required	GFSI-benchmarked standard widely used for packaged foods and private-label retail products.
FSSC 22000	Food Safety System Certification 22000	Buyer-required	GFSI-benchmarked certification based on ISO standards, often used by larger processors and exporters.

Figure 7.5.2- Food Safety Certifications and Regulatory Framework: Mandatory vs. Buyer-Required

The Real Cost of Food Safety

It is not as simple as applying, doing a little paperwork and receiving certification in a timely manner. Many expenses come with the process. These expenses can prove too costly for a company. Even with government grant assistance and 50% coverage, the cost and time needed can cripple a company. Adding the time to achieve certain certifications can take up to a year; often, for CFIA, it is 6 months, that is, with a consultant.
Each certification or licence typically carries:

- Audit fees of approximately $2,000 per audit
- Renewal cycles ranging from annual to biennial (e.g., SFC)
- Potential for spot audits, adding further cost
- Consultant fees often required to develop programs:
    - $20,000–$80,000, depending on complexity

Avoiding Unnecessary Certification

Over-certification is a common and expensive mistake.

A local retailer asked one farmer to obtain both provincial and federal food safety certifications. The combined cost of audits and consultant time was estimated at $9,000$–11,000. After further investigation, the farmer learned that only local health inspection and compliant federal labelling were required. Once clarified, the retailer accepted the simplified approach.

This pattern emerged repeatedly throughout interviews: retail managers often ask for more certification than is legally required, either out of caution or misunderstanding. Farmers who ask questions, speak with peers, and consult industry associations often save significant time and money.

Food Safety Timeline and Cost Ranges

Food Safety Stage	Typical Timeline to Compliance	Typical Cost Range (CAD)	Key Notes
Local Health Approval	2-6 weeks	$0 - $1,000	Required for farm gate sales, farmers' markets, and local direct sales; inspectors often provide guidance.
CanadaGAP Certification	3-6 months	~$2,000 per audit (annual)	Buyer-driven requirement for primary production; focused on traceability and on-farm practices.
GMP + PCP Development	3-9 months	~$2,000 per audit	Applies to value-added processing; paperwork and facility workflow become critical.
CFIA / SFC Licensing	6-12 months	~$2,000 (biennial)	Mandatory for interprovincial and national sales; includes CFIA oversight and preventive controls.
HACCP / GFSI Certification	9-18 months	$20,000 - $80,000 (consulting) + audits	Required for high-risk foods, exports, and major retail buyers; highest documentation burden.
Facility Modifications	Project-dependent	$10,000 - $250,000+	Often the largest and least anticipated cost (change rooms, workflow separation, drainage, air handling).
Spot Audits (Any Stage)	Unscheduled	~$2,000 per visit	Can occur at any level once certified, adding unexpected cost and time.

Figure 7.5.3- Food Safety Timeline and Cost Ranges by Market Access

Practical Advice from the Field

- Identify your end customer first
- Confirm minimum required certification, not “best possible”
- Speak with other processors before hiring consultants
  Build facilities to the standard you need now, with room to expand later

As several farmers noted: “If you lead, you bleed.” Creating a new niche often means educating regulators, buyers, and consultants along the way. While costly, those who take the time to understand the system and challenge assumptions are better positioned for long-term success.

Key Takeaway

Food safety is not a one-size-fits-all requirement. It scales with market access, not farm size. Knowing what level of certification is required, and when, is critical to avoiding unnecessary costs, delays, and facility redesigns. The most successful farms approach food safety strategically, aligning certification decisions with clearly defined end customers.

7.6 Insurance & Contracts

One could argue that talking about insurance and contracts is even less enjoyable than talking about food safety. And much like food safety, most farmers would rather not think about it, until something goes wrong. The uncomfortable reality is this: if a farmer doesn't have their butt covered, it doesn't take long before there may be no farming buns left at all.

These topics rarely come up at the coffee shop or over the tailgate, but they should. As farms grow, diversify, and move further along the value chain, exposure to legal and financial risk increases. Insurance and contracts are not signs that something has gone wrong, they are signs that a farm is taking its future seriously. So, let's wade into the mud and talk about the things most farmers would rather avoid.

7.6.1 Insurance

Understanding insurance begins with understanding risk: who the customer is, how the public interacts with the farm, and what worst-case scenarios could realistically occur. As farms move further along the value chain; adding U-pick experiences, agritourism, on-farm processing, or direct sales, their exposure increases substantially.

One haskap grower interviewed, who has a U-pick component, had taken the precaution of carrying liability insurance. During the season, a visitor rolled her ankle in the parking area, left without notifying staff, and filed a legal claim against the farm a week later. This gets even crazier, as one of the components to the legal tort was the effect of the rolled ankle on their sex life. Despite clear signage, verbal warnings, and signed customer acknowledgements stating that the property is a working farm with uneven ground, the farmer was still required to respond legally. Without liability coverage, the outcome could have been financially devastating. This case illustrates a difficult reality: even when best practices are followed, liability risks remain.

Beyond insurance coverage itself, business structure plays a critical role in risk management. One vegetable grower operating a Community Supported Agriculture (CSA) program structured their business into two separate entities: a land-holding company and an operating company. The farm assets were placed in a "HoldCo.," which owns the land and infrastructure but does not directly sell products. The operating company manages sales, distribution, and customer-facing activities. This separation ensures that if a legal or food safety issue arises within the sales operation, the land and core farm assets remain protected. While this structure introduces additional administrative complexity, it significantly reduces personal and operational risk.

Insurance is not a sunk cost, it is a form of risk transfer that protects the farm, the farmer, and the future of the business. As farms add value, invite the public onto their land, or expand sales channels, liability exposure increases. Understanding risk, choosing appropriate coverage, and structuring the business accordingly are foundational steps toward long-term resilience.

7.6.2 Contracts

“The only thing harder than farming is reading the contract about farming.”
Farmers are often reluctant to embrace written contracts, preferring handshake agreements and the belief that being “good on your word” is enough. Historically, this approach worked in smaller, slower-moving communities where relationships were long-standing and expectations were shared.

Today, farms operate within complex, multi-layered value chains involving landowners, growers, processors, distributors, retailers, lenders, and regulators. In this environment, contracts are less about mistrust and more about clarity, stability, and risk management. As operations scale and relationships multiply, written agreements become essential to ensure continuity, accountability, and shared understanding.

Contracts are particularly critical for first-generation farmers and land-access or succession arrangements. Many new farmers are eager to enter agriculture but cannot afford land, while established farmers may want to continue farming, gradually step back, or mentor the next generation without a clear successor. This dynamic is becoming more common as the farming population ages. In Canada, the median age of farmers is 58, with 60.5% over the age of 55[32]. In the United States, the average farmer is 58, while the average age of a new farmer is 47.1[33].

New farmers often seek security, knowing that if they invest time, capital, and infrastructure into land they do not own, their position is protected. At the same time, some landowners resist formal agreements, stating they “don’t deal with lawyers.” This mismatch creates significant risk when roles, timelines, and exit conditions are not clearly defined.

One vegetable farmer interviewed had operated for years without a land contract and experienced ongoing conflict with their landlord. The absence of a written agreement left the farm vulnerable to immediate closure. Compounding the risk, the landowner, now in their 80s, has children who live out of province and have no interest in farming, offering

[32] (*Canada's 2021 Census of Agriculture: A Story About the Transformation of the Agriculture Industry and Adaptiveness of Canadian Farmers*, 2022)
[33] (*USDA National Agricultural Statistics Service- 2017- 2022*, n.d.)

only verbal assurances that “everything will be fine.” For the farmer, this represents a substantial and unresolved risk.

Contracts are equally important for production and supply relationships. Farmers seeking to increase output without expanding their own acreage often rely on grower or supply contracts. These agreements clarify pricing, quality standards, delivery schedules, and risk-sharing, reducing uncertainty for all parties involved.

Importantly, contracts do not need to be complex or intimidating. Many effective farm agreements are simple, written in plain language, and focused on core elements: responsibilities, expectations, duration, and exit options. Across Canada, growing support exists to help farmers navigate this process. Organizations such as Young Agrarians provide land-matching services, sample lease agreements, and practical educational resources, reducing barriers to entry and reframing contracts as tools for collaboration rather than conflict.

Contracts are not about replacing trust; they are about protecting it. They allow farmers to spend less time resolving disputes and more time focused on production, innovation, and growth. As farms move further along the value chain, written agreements become not only beneficial, but essential to long-term stability and resilience.

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8. Game Changer- The Manager

Freeing up time to work on the business, rather than in the business, is crucial for progressing through the business scales. Another way to explain this is to ask: when is the right time to act like a CEO rather than just the owner? A CEO makes business decisions and guides direction, while an owner tends to work every layer of the workload. Hiring a manager bridges those roles, and it is often the moment real growth becomes possible. A manager becomes the turning point when the business needs leadership more than labour.

Medium-scale farmers and many small-scale operators emphasize the importance of having a dedicated manager, a staff member who owns the responsibilities for a sector of the business. Common examples are;

- Production Manager to oversee the day-to-day farm operations. The production, harvesting, primary and secondary processing and staff organization,
- Business Manager to oversee marketing and sales, client relations and delivery coordination for commercial partnerships.
- Food Safety Manager to oversee all traceability, food safety paperwork and audits.
- Marketing Manager is becoming more and more complex and a dedicated expert is becoming more and more common. Covering detailed and quickly evolving responsibilities: search engine optimization (SEO), AI optimization, digital targeted ads, tending to social media accounts, to name a few.

It is not always easy to understand the importance of a hierarchy. As mentioned earlier, many first-generation and multigenerational farmers have post-secondary education and off farm professional experience, which has exposed them with insights into large organisation structures. Additionally many have previously worked in supervisory roles themselves. Teaching them the importance of a strong company structure and to be a leader.

Initially, the responsibility of managing often falls to a spouse as the business. Which you can imagine is not the best idea, especially not as a long-term idea. However, proper manager training is essential. Ultimately, the goal for owners is to transition from being a farmer to adopting a CEO mindset. A wealth of resources supports this transition, mirroring the journey from owner to CEO in the broader business world. The hardest part, told by a farmer in BC, is making the time and giving yourself permission to say this can be done, and understanding that for company growth this needs to be done.

A manager can take on various projects and responsibilities, allowing the CEO to focus on strategic planning and business expansion. An interesting conversation went over how much talk there is about having a strong business plan- used for starting a business- but there is little talk about a company strategic plan once the business is running. One company shared insights about their work and expansion cycles, explaining that people often operate on a two-year cycle: one year for building and the next for evaluation. To then talk about the more managers you have the more big projects can be taken on, allowing for broader business growth.

8.1 Misconceptions about bringing on a manager

- **They take more time to train than they're worth**
  Owners must invest quality time training a manager before they can fully assume responsibilities. Although this initial investment can seem daunting, it ultimately pays off, freeing up valuable time for the owner.

- **I can't afford a manager.**
  Many small and medium-scale farmers see a manager as a cost rather than an investment. In reality, the opposite is often true. A well-trained manager takes on operational responsibilities that currently depend on the owner's time, reducing burnout and freeing up time for higher-value activities such as business development, scaling distribution, and strategic partnerships. Many owners report that once a manager is in place, staff retention improves, systems become clearer, and inefficiencies are reduced. While grants and wage-support programs can ease the transition, the primary return comes from freeing the owner to work *on* the business rather than *in* it. For most farms interviewed, the question was not whether they could afford a manager, but how long they could afford to continue without one.

- **I don't have enough tasks for a manager**
  To use a manager effectively, document all tasks and responsibilities they could handle. An owner can start by outlining their own job responsibilities and aspirations for the business. By turning this information into a bulleted list, the owner can quickly identify which tasks they want to delegate. Next, draft job expectations for the manager to review and sign off on, serving as a governing document for staff roles, and develop a comprehensive job description and offer letter.

- **What if they leave?**
  To attract and retain talent, owners must ensure their company is a desirable workplace, offering not only competitive wages but also a positive culture and additional benefits.

During discussions with one of the companies interviewed, the importance of Standard Operating Procedures (SOPs) was emphasized. These SOPs outline job tasks for eventual managers. If staff have questions about a procedure, it indicates that the SOP was not clearly defined. Implementing these procedures aligns with the employee handbook, covering important aspects like Occupational Health and Safety (OHS). Writing SOPs during slower seasons, and taking notes during busy periods, ensures that essential practices are documented and refined.

Starting off: taking on all the layers of business→

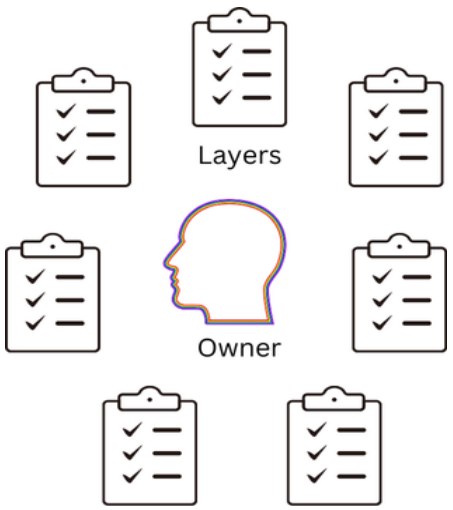
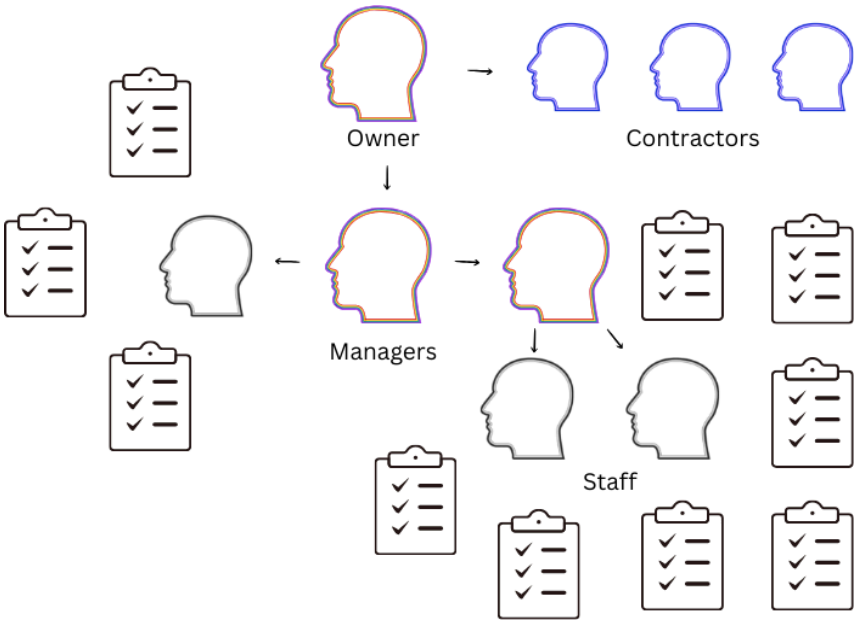


Figure 8.1.1- *Starting off*



←The Goal: having a direct point of contact, who manages the day-to-day

Figure 8.1.2- The Goal

9. Scaling is not always the answer

It might seem simple to think that bigger is always better. One would assume that the more successful and sustainable a farm is, the further it must scale up. However, this belief can often lead to a financial trap. As one medium-scale grower pointed out, they could pocket more money as individuals and experience less stress by focusing solely on key farmers' markets with lower overheads, no larger distribution facility, no staff costs, and so on. A small-scale grower evaluated the value of scaling from CSA (Community Supported Agriculture) to wholesale root vegetable production for retail. The initial capital investment included a harvester machine, upgraded storage facility, and a cleaning line, which came to $80,000. He decided it was not worth competing in the low-margin marketplace, especially when he would only be able to supply one or two large retail customers, creating a volatile sales situation.

9.1 Scaling is not always the answer

Typically, as scale increases, profit margins tend to decrease and sales volume increases. This happens because the company needs to take ownership of or manage larger parts of the value chain. Across scales of operation, many business owners have shared insights from experience, particularly about the financial and time costs of scaling.

Let’s explain a scaling financial trap, using a bookend comparison.
To properly illustrate this, we need to establish some costing standards.

1. $45,000 annual wage for the owner
2. Salsa is the name of the game: Tomatoes, onions, peppers, spices
3. $10 per product is the standard product sales value.
4. Each jar is 500 grams.

Hobby and Micro Farms

Production volume on these farms is typically small, leading to lower upfront equipment costs. Many rely on hand harvesting and small-scale equipment. Cost of Goods Sold (COGS) is often higher because these businesses do not buy jars in bulk. They usually have minimal paperwork and food safety compliance because they cater to a smaller customer base, and most operate with few or no staff. They sell directly to customers through drop-offs or farmers' markets with limited to no farm-gate or commercial sales.
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Because of their small operations, they have minimal overhead costs, using their own kitchen or a rented commercial kitchen, which reduces their administrative paperwork and food safety paperwork, allowing them to focus on farming or value-added activities.

Small-Scale Farms

For a proper bookend comparison, we will be leaving small-scale farming out. This scale has more staff and equipment overhead costs, putting it in the middle of the cost spectrum.

Medium Scale Farms

In contrast, medium-scale farms require larger production capabilities, which necessitate more equipment, from larger buildings to specialized processing equipment for handling a high volume of jars. While their farming costs may be lower due to scale efficiencies, they still face the challenge of investing in depreciating equipment and hiring staff for processing. Ideally, they can employ staff year-round, but they often encounter the challenges of fluctuating workloads, having ample work during the summer but less during the winter, making it difficult to find year-round employment solutions.

One financial factor not included in the analysis is the capital cost of farm equipment, estimated at approximately $100,000. None of the medium-scale growers interviewed were first-generation farmers; the added debt burden of initial machinery purchases would have made scaling and this cost comparison unrealistic. In practice, multigenerational farms benefit from equipment that previous generations have already paid off. Their longevity in production creates a cumulative resource base that supports growth. This is a structural reality of agriculture, not an exception; it is simply how farming works.

All this work is in pursuit of an annual owner wage of $45,000. See Figure 9.2 for an approximate product-costing breakdown for hobby and medium-scale farms.

9.2 Product costing breakdown- bookend

Farming is a numbers game, it all has to add up.

	Micro Scale Farms	Medium Scale Farms
Raw goods- Farming costs	$ 2.50	$ 1.00
Processing	$ -	$ 0.35
Packaging	$ 1.25	$ 1.00
Labour	$ -	$ 0.50
Logistics- Delivery, office work, storage	$ 0.75	$ 0.50
Operations - Marketing, utilities, insurance	$ 0.75	$ 1.25
COGS- Cost Of Goods- Per Jar	**$ 5.25**	**$ 4.60**
	Direct to Customer or Market Sales	**Retail Sales**
Product Retail Sales Price	**$ 10.00**	**$ 10.00**
25% Brokerage/ Distribution Margin		$ 1.75
30% Retail Margin		$ 3.00
Profit	**$ 4.75**	**$ 0.65**
Profit Margin	**54.0%**	**12.4%**
Initial processing equipment investment Amortize over 10 years - Micro $5,000 Medium Scale $80,000	$ 500	$ 8,000
Desired Annual Wage	$ 45,000	$ 45,000
Annual needed revenue	$ 45,500	$ 53,000
Number of units that need to be sold	9,579	81,538

	Direct to Market: On Farm Sales, 3 Farmers Markets	**Retail Sales:** 40-50 stores
KG of produce is needed @ 500 grams per jar.	4,789	40,769
Assumption 8,000 lbs of tomatoes per acre; an industry standard		
Total acres needed	**0.60**	**5.10**
	More Acres needed	**851%**

Figure 9.2.1- Product costing breakdown- bookend

9.3 There is no magic bullet; Retail and farmers' markets are different

There is no perfect sales channel. Every route to market carries both opportunity and risk, and my experience interviewing farms across scales consistently reinforces one lesson: entering a new market without detailed planning is one of the fastest ways to erode margins**.**

Whether a farm is launching a new product or expanding into a new channel, the fundamentals stay the same. A clear business or strategic plan, defined exit criteria, and ongoing tracking of key performance indicators (KPIs) are essential. Without these, it becomes difficult to determine whether a market is genuinely profitable or simply consuming time, labour, and capital.

One medium-scale apple producer interviewed described their approach as “slow growth”, intentionally testing only one or two new ventures per year, then evaluating performance before scaling or shutting them down. While this approach is easier for medium-scale farms with more buffers and staff, the principle applies equally, if not more critically, to small, micro, and hobby farms, where mistakes carry greater consequences.

Two dominant sales channels consistently emerged throughout the interviews: retail and farmers’ markets.

- **Farmers’ markets** are often viewed as the most accessible entry point, offering higher margins and direct customer interaction, but are difficult to scale.
- **Retail**, by contrast, offers scale but introduces significant margin compression, regulatory complexity, and operational risk.

9.3.1 Retail: It can sound good for the right farm operation.

This section outlines the potential pitfalls of selling into retail, challenges that *can* be navigated, but only with clear-eyed planning. Read on, raise an eyebrow of disbelief if needed, and then find your own path forward. A simple starting exercise is to walk through any large grocery store: a significant portion of the discount racks are filled with Canadian or in-state products. This section exists to help ensure your product doesn't end up there.

Across Canada, government incubator messaging often promotes a simplified narrative: *“Get into retail. More stores mean more sales.”* In reality, retail is one of the most competitive and demanding channels a farmer can enter, particularly when operating beyond their home province or state.

Retail success requires far more than a good product. Margin pressure from brokers and distributors, marketing spend, food safety compliance, packaging requirements, and logistics infrastructure all compound quickly, as seen in section 8.2. Each additional layer reduces the producer's share of the final retail dollar.

Large retailers have increasingly opened their shelves to local products[34] largely because they have identified a strong opportunity to capture customers who traditionally shop at farmers' markets. In response, many retailers have deliberately redesigned stores to resemble farmers' markets, emphasizing freshness, local sourcing, and storytelling. Local is defined here as within one's province or state, and up to 50 km beyond[35].

At the same time, these local products often function as informal test markets for retailers' own private-label brands. When a local product gains enough traction and scales nationally, retailers may replicate successful offerings, treating their initial support as a trial run for future self-branded items. This can result in near-identical products competing directly with established brands such as Manitoba Harvest and Pura. In practice, enforcing intellectual property protections for ingredient-based products remains extremely difficult.

Programs such as Sobeys' local supplier initiatives, a very strong program[36]-, provides meaningful support for new entrants, including incubator programs, assistance with labelling , in-store displays, distribution, customer education, and food safety compliance[37]. These programs are valuable and often necessary for first-time retail suppliers.

As a business scales into retail, new and potentially costly demands emerge. These include investments in larger equipment and processing facilities, ongoing adaptation to retailer-driven food safety requirements, and increasing reliance on brokers and distributors, all of which further compress margins.

The cost of securing premium shelf placement is another often-overlooked factor. Large brands may spend hundreds of thousands of dollars to secure eye-level placement or end-cap displays, opportunities that are largely inaccessible to farm-based businesses.

This complexity helps explain why many small and medium-scale farms are refocusing on farm-gate sales, direct online marketing, and agritourism, where they retain greater control over pricing, branding, and margins.

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[34] (*Fresh Grocers Are Winning the Battle, Placer.ai Report Says*, n.d.)
[35] (*Local Food Engagement Gathered Input on Ways the Government Can Encourage Growth in the Local Food Industry.*, 2020)
[36] (Sobeys *Support Canadian Vendors*, n.d.)
[37] (*Sobeys Local Supplier Supports*, n.d.)

This section is not meant to discourage retail participation, but to highlight the realities of scaling into it and emphasize the need for detailed planning, realistic financial forecasting, and clearly defined success and exit criteria for sustainable growth.

9.3.2 Farmers Markets: attendance is not what it used to be.

Put simply, it is becoming harder to make a living selling exclusively at farmers' markets. While these markets remain culturally important and valuable entry points, vendor interviews and sales data consistently indicate stagnating or declining returns.

Rosy Farms provides a representative example. Between 2019 and 2023, the farm sold at five farmers' markets. By 2024, this was reduced to two, as sales no longer justified the time and labour required. Learning that if a market did not have at least 2,600 attendees the market would be a loss. One remaining market saw a 27% decline in attendance over two years, while overall vendor sales remained flat. His observation was that many market vendors are selling more for fun than for a livelihood.

At the same time, local governments continue to actively promote the creation of new farmers' markets, a different kind of push than with retail, and typically at a different level; regional compared to provincial/ state. From an optics perspective, this is logical, touting to their voters: markets are highly visible symbols of food security, local economies, and agri-education. However, more markets do not guarantee sufficient customer volume.

The section above 9.3.1, outlines the retail evolution: more consumers are buying "farmers'-market-style" products at grocery stores instead of at actual farmers' markets.

In Alberta, a population of approximately 5.2 million people is served by an estimated 290 farmers' markets and 145 registered farmers' markets[38], similar number of unregistered markets, equating to about 16,700 people per market. By comparison, there are approximately 1,600 grocery retail stores in the province[39], or roughly 3,250 people per store.

Despite farmers' markets serving a much larger potential population per outlet than retail stores, attendance has not kept pace. As a result, many Alberta markets are simply not capturing enough customers to support consistent vendor sales.

Market density further compounds the issue. In Edmonton's 124 Street area, four farmers' markets operate within a six-block radius. Vendor attendance at these markets dropped from approximately 2,400 customers per market to fewer than 1,200, effectively diluting customer traffic across locations.

[38] (*2025 Alberta Approved Farmers' Markets Now Open*, 2025)
[39] (*Grocery Stores - 4451- Businesses - Canadian Industry Statistics*, 24)

When farmers' markets proliferate faster than population growth, or when broader cultural shifts reduce event attendance, as seen since COVID, vendors absorb the financial risk, not market organizers. While markets continue to expand in number, customer demand has not increased at the same pace, resulting in thinner attendance spread across more locations.

Several factors contribute to reduced market attendance:

- **Uneven population distribution**, particularly outside major urban centres
- **Market oversaturation** within small geographic areas
- **Increased consumer preference for convenience**, including one-stop shopping
- **Direct competition from retailers** offering "local" and farmers'-market-style products
- **The time and labour burden** of attending multiple weekly markets

Together, these forces reduce per-market sales and place increasing pressure on vendors to attend more markets simply to maintain revenue, often at the expense of profitability and quality of life.

The Edmonton 124 Street corridor illustrates this clearly. With four markets operating within a six-block radius, customer traffic was diluted, reducing attendance per market by roughly half. In such environments, simply "showing up" is no longer sufficient. Vendors must differentiate clearly, understand their target customer with precision, and evaluate whether market participation aligns with their broader business strategy.

Farmers' markets remain valuable entry points and play an important cultural role in local food systems. However, they are no longer a guaranteed pathway to financial sustainability. As with retail, success now depends on strategic selection, careful cost–benefit analysis, and an honest assessment of where time and effort generate the greatest return.

9.3.3 The Conclusion: Retail sales, Market sales, or something else- what is best for you.

Farmers' markets peaked in the 1990s, particularly across the Prairies, when small-scale producers were more numerous and retail consolidation was less advanced. Since the early 2000s, two major shifts have reshaped the landscape.

1. **Market saturation** has reduced vendor profitability. More markets do not automatically mean more customers; instead, attendance is spread thinner, making it difficult for producers to sell sufficient volume to justify participation.
2. **Retail consolidation** has altered procurement structures. Large retailers increasingly work with fewer, larger suppliers. A walk through any major Canadian grocery chain's apple section illustrates this shift: more than half of apples sold are imported, despite Canada producing high-quality domestic fruit.

Retail, however, is far from a guaranteed solution. Scaling into retail introduces substantial financial and operational burdens: larger equipment investments, expanded processing facilities, evolving food safety requirements, broker and distributor margins, and fierce shelf-space competition. Major brands routinely spend hundreds of thousands of dollars to secure premium shelf placement, an option unavailable to most farm-based businesses.

Even small pricing changes can have outsized impacts. A $0.25 increase in retail price may require selling 30,667 additional units, equivalent to cultivating an additional 1.2 acres of tomatoes (Section 9.3), just to maintain margins.

It was difficult to find specific papers quantifying the decline in attendees going to farmers' markets. Consumer behavior further complicates the picture. Statistics Canada reports that 82% of Canadians shopped online in 2020, up from 77% in 2018, with online spending increasing from $57.4B to $84.4B[40]. Over the same period, direct delivery rose in prominence as a farm sales channel, while farmers' markets declined in relative importance compared to 2016[41]. Although national attendance counts are not consistently tracked, these trends suggest that convenience-driven purchasing is reshaping direct-to-consumer food sales.

As a result, many small and medium-scale farms are refocusing on farm-gate sales, online direct marketing, and agritourism, where margins are higher and customer relationships remain direct.

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[40] (*Online Shopping in Canada in 2020: Results From Canadian Internet Use Survey*, 2021)
[41] (*The Daily — Canada's 2021 Census of Agriculture: A Story About the Transformation of the Agriculture Industry and Adaptiveness of Canadian Farmers*, 2022)

The purpose of this section is not to discourage retail or farmers' markets, but to emphasize that neither path is inherently "easy." Sustainable growth requires careful market selection, realistic financial modeling, and a clear understanding of where value is gained and lost, across the value chain.

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10. Timing- Is it the right time?

10.1 "Timing is everything: The secret sauce for farm success!"

One of the most crucial factors in a farm's scaling success is notoriously difficult to quantify, as it relies on insights from interviews with active companies. Spoiler alert: It's not just the idea, the team, the business model, or the funding dollars!

Based on success ratios from over 200 companies[42], here are the five key reasons behind startup success, which is a direct crossover to Farm success or failure:

5. Startup Funding: Surprisingly, well-funded companies accounted for only 14% of success.
4. Business Model: You can still succeed without a solid business model; 24% ratio of startups proved this true.
3. Startup Idea: Ideas matter, but only 28% of success can be attributed to them.
2. Startup Team: The strength of the team comes in at 32%.
1. Timing: The number one reason for startup success or failure 42%!

Timing is everything! It could be said that a true visionary recognizes the right moment. Or, as the saying goes, "an overnight success takes 10 years." A farm must weigh its options and develop its strategy until the timing aligns just right for explosive growth.



Figure 10.1.1- Eric Gerbrandt, Langley BC

42 https://www.forbes.com/sites/bernhardschroeder/2019/09/23/what-is-the-most-important-element-of-a-successful-startup-hint-its-not-the-idea-team-business-model-or-funding-dollars/

11. When is it a good time to scale

Scaling or growing a farm is not a simple process. It requires a lot of future insight, and a company that makes $100,000, $500,000, $1 million, or $100 million needs a very different structure. It ultimately comes down to a few key factors: **money, expertise, desire to scale, and market demand.**

11.1 Market Demand and Timing

One of the biggest reasons new products fail is a lack of market research. Understanding customer personas, identifying the right time for a product (as discussed in Timing Is Everything, 10.1), and it is critical for a company to truly know their target customer [43],[44]. Many new businesses create generic products with messaging that resonates more with the owner than the target customer(s), wasting significant resources before pivoting to a more effective approach.

Agriculture's seasonality offers a unique advantage. A slower season is the perfect time to plan business growth, conduct feasibility studies, and refine customer personas. While this process might seem daunting, many resources- such as YouTube tutorials, library resources, community support, and AI- can help simplify complex tasks. As one grower put it, “The off-season isn’t downtime; it’s when you build the next season.”

11.2 Expertise

This might seem straightforward, but it is one of the biggest challenges, for particularly farms in rural areas away from larger urban centers. For example, a medium-scale apple product company reported that they hired a self-proclaimed apple juice food safety consultant, only to later discover the consultant had no experience with apples. The company spent thousands of dollars while the consultant learned alongside them.

Even with incubator programs, a producer with a novel idea may find that food scientists must first familiarize themselves with the product, which can lead to unnecessary equipment purchases before determining the right process.

The takeaway? Do your research. Ask lots of questions and seek out vetted experts.

[43] https://www.sethgodin.com/#this-is-marketing
[44] https://terryoreilly.ca/books/this-i-know/

Consulting barriers often limit farm scalability. Government support, such as rural extension to help farmers find the right experts, could significantly ease this burden. Scaling a food-safe production process requires more than just a few advisors; it demands a structured and well-supported approach.

11.3 Money

For larger operations, funding innovation and expansion is often less of a challenge, often thanks to more generous funding/ grants, and access to capital. However, since grants come and go quickly, staying informed about availability is crucial. Banks and incubator programs also offer financing solutions, but interest rates vary widely. In Canada, agricultural-specific lenders often provide better rates than traditional banks. Growers must research their options carefully.

11.4 Desire to Scale

Scaling requires a fundamental mindset shift. Many farmers are used to having their hands in every part of the business. This type of management can be destructive to the company and value chain. Bringing on a manager or expanding the team is a difficult task. The good thing is that many great hiring incentives and training programs can offset the initial labour costs of expanding and upskilling the workforce.

Farmers are natural entrepreneurs. They tighten their boots before stepping waist-deep into a problem. All with no complaints and a deep desire to succeed. This was common with all interviewees. It is important to keep in mind that scaling or owning the value chain comes with a very different set of skills, ones that might take the farmer away from what they love: getting their hands dirty and growing food. Because of this, farmers need to do their research to see whether scaling and keeping all the margins is right for them.

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12. Conclusion

Deciding whether to own more of the value chain and implement on-farm processing is a critical consideration for the future of agriculture, especially regarding farm succession.

As the industry evolves, integrating on-farm processing is not just beneficial; it's essential for many farmers looking to ensure sustainability and seamless generational transitions.

Through my Nuffield travels, I've observed a diverse range of farming environments and firsthand challenges. Some key takeaways include:

Owning the value chain and incorporating on-farm processing makes sense for many farmers, whether they are first-generation or multigenerational operations. Each background presents unique starting points and specific challenges.

Transitioning from a micro to a small-scale farm is easier than moving from small to medium-scale.

Hiring a manager can significantly impact farm efficiency and scalability.

Scaling requires careful consideration of money, expertise, market demand, and the desire to grow.

Retail is not always the best option for farm expansion.

Farming environments vary greatly by country, state, and province, with different grants, government policies, climates, and land availability. However, community and resource support are universally important.

First-generation farmers often struggle with capital and scaling, while multigenerational farms may face succession, knowledge/ consultant expertise, and location limitations. They both can face the same knowledge limitations of not understanding how to own the whole value chain, how to act like a CEO, less of a working the production line, to grow and scale, the classic; you don't know, what you don't know. So having an open mind and a support network is critical. Owning all 7 layers is hard to mentally take on.

Scaling and owning the value chain can be key to successful farm succession.

By owning the value chain, farmers gain greater control over production processes and profit margins. Processing products on-site allows them to transform raw goods into finished products with higher price points, becoming price-setters rather than price-takers.

This strategy also enables farmers to differentiate their products in competitive markets, aligning with consumer demand for freshness and sustainability.

However, this model requires a deep understanding of scaling trends, operational pitfalls, and the specific challenges each farm type faces. With the right insights, farmers can make informed decisions about their value-added journey.

With the number of small and medium-sized farms decreasing[45] and farming costs rising, capturing a greater share of the consumer goods margin is essential for survival. Without this approach, the chances of sustaining a successful multigenerational farm diminish significantly. The future of agriculture hinges on these decisions, emphasizing the importance of strong value-chain strategies.

For further discussion, feel free to call or email me. As is customary in Nuffield tradition, knowledge sharing is always a delight.

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[45] (*Institute for the Advanced Study of Food and Agricultural Policy Department of Food, Agriculture, and Resource Economics University of Guelph*, 2019)

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14. Appendices

These organizations provided valuable information and insight in a variety of ways.

- New Zealand Tri Annual (New Zealand)
- Forest Lodge (New Zealand)
- SanDiego County- Small Farms & Agriculture Economics Advisor (United States)
- Dragon Delights Farms (United States)
- Sarah Delevan Consulting (United States)
- Jagoda JPS (Poland)
- Blue sky Research (Canada)
- AgSmart (Canada)
- Indigo Valley Farms (Canada)
- Elderberry Grove (Canada)
- Adagio Acres (Canada)
- Young Agrarians Alberta (Canada)
- Young Agrarians British Columbia (Canada)
- Northern Roots Family Farm (Canada)
- Chickadee Farm Herbs (Canada)
- Wild Country Gardens (Canada)
- Holistic Management Canada (Canada)
- Reclaimed Organics (Canada)
- Stoke the Fire Hot Sauce (Canada)
- Steel Pony (Canada
- Potager Mont-Rouge (Canada)
- Piccolo Farms Organics (Canada)
- Davidson Orchard (Canada)
- Regenerative Farming Canada (Canada)