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Exploring Economic Viability in Social Farms
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Introduction

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Social Farming in Czech Republic

Lavender farm

Sady sv. Prokopa

Social Farming in Hungary

Fébé Evangelical Charity Service
1. UNDERSTANDING THE BUSINESS CONCEPT

This chapter deals with the basic principles of “business thinking”: generating the business idea, creating a business plan, financial management, economic specifics to work with selected target groups, organization of the work, production procedure and capacity.

What is Business Thinking?

Each individual possesses certain qualities and talents to be shared with the outside world. To achieve the goals and optimize the desired results, certain steps must be taken that affect all aspects of human life and shape its future success. It is your way of thinking that determines your actions and both these will greatly influence the results you will achieve. So, what does a prospective entrepreneur need to understand in order to increase the probability of success?

Learn to take responsibility for your results

Every entrepreneur must realize that some decisions made may not be the best ones. However, it is necessary to take responsibility for any decisions and most importantly, to learn from the mistakes.

Understand the difference between short-term and long-term goals

When looking for results, most people will focus on daily tasks but an experienced business person thinks on the long run. In other words: Plan what you need to do today, but never lose track of the long-term goals.

Learning to make decisions

Every business is made of everyday decisions. It’s essential to focus and make quick/concise decisions. The decision may not always be right, but there’s nothing worse than not taking initiative, even when the best decisions are not immediately available.

Finance overview

It is necessary to have a complete overview of income, costs, total cash flow and projection for the next period. It is an area that needs to be given enough attention, because it can finish a business, especially in the early years.

Manage time effectively

It is fundamental to acquire time management skills to handle the necessary activities during the day, with focus on effectiveness. It is necessary to learn what tasks you must and should spend time on, be able to prioritize and work on predetermined plans.

1.1 Generating a business idea - How will we proceed?

In this chapter, the main goal is to find and identify the business opportunity or product/service we want to provide, effectively. Firstly we need to find a suitable product or service to offer, secondly, we need to assess its impact on the market.

What is a business idea and how to write it? Creativity and innovation are important. It is necessary to have an open mind and enough time to decide in which field to start a business.

When is the right time to start a business?

It is quite common to have doubts about when is the right time to start a business. However, two basic rules apply.

1. Time to launch a new product/business in a strong economic period is never bad. People have money and are looking for ways to spend it.

2. On the other hand, in times of economic uncertainty, customers are more likely to notice a new product. This is because in this period, far fewer people are trying to do business.
How can we find the right business idea?

To help clarifying this question, we propose using the following method:

Divide a piece of paper in two. On one side, write 5 (or more) business ideas you see yourself able to develop. These should be topics that you feel passionate about or have some previous knowledge on. Naturally, the ideas should be realistic and somehow feasible within a business context.

On the other side of the paper, write a similar amount of ideas but this time, focus on the opposite principals, that is: business concepts that you are really not interested in for any reason, and would not feel motivated to develop.

Hopefully by the end of this simple exercise, you should be able to understand your motivations and aspirations a lot better and this way evolve to a more detailed stage of business planning.

However, if this is still not the case for you, do not worry! There are several other methods to establish a business idea, as we will demonstrate below.

a) Brainstorming

For this process you’ll need a group of individuals willing to contribute with valid business ideas. People with experience on the subject are welcomed but often even inexperienced people have great ideas. The important aspect is to generate as many realistic business concepts as possible.

It’s important to understand that a group process will most likely bring new business perspectives in comparison to an individual process.

If brainstorming has provided interesting and realistic ideas, it is time to look for existing companies already offering a similar product, with the view of offering a better service. In this case, products could be:

- faster
- cheaper
- more modern
- more attractive

However, if Brainstorming was still not effective for finding your new business idea, it is time to try the so-called World Café™.

b) World Café

World Café is another method that supports co-creation; that is, finding new ideas and sharing them among different stakeholders. Based on the understanding that conversation and dialogue is the core process that drives personal, business, and organizational life, the World Café is more than a method, a process or technique - it’s a way of thinking together to find innovative solutions. This involves identifying an interesting group of people willing to help with this task and discuss some relevant questions in a creative and stimulating way. All the answers should be compiled clearly by the end of the World Café (even if you only use bullet points for each topic), so you can easily establish your new and unique findings.

Examples of these questions can be:

One can ask: „what can I improve?“ or „what trends would I like to follow?“

We can focus on existing successful trends, systems and methods that a new business could follow and adapt, for example: Corporate Social Responsibility; Social Economy; Circular Economy

Research and be creative

In other words: offer solutions that solve the needs of your own new business - Is the product you are trying to create already available on the market? If so, how and why will you improve it?

Look for new ways to develop a product

Get inspiration abroad. Try to find similar productions to the idea you wish to create and get inspired by their history of “successes and mistakes”. Ask the other participants if they know of any examples.

Apply your skills to a whole new area

Are you able to offer something completely new? Can you excel in it? Is there a guaranteed clientele for it? Why and how will you develop the new product?
Create a cheaper version of an existing product
Ask yourself: Is it definitely possible and economically effective?

Talk to customers
There is no better way to establish the needs of your future clients than to speak directly to them. This means that you need to find your potential customers and not be afraid to reach them. Can the other participants help you identify these?

Play the “mix and match game”
This consists in offering a new product that combines the qualities of 2 already existing ones. Does anyone in the group have an interesting idea on this?

c) Product selection
It’s fundamental to find a suitable product or service, as this will be the main purpose of your business and determine the steps you need to take to make it successful.

If on the previous steps, you have already identified a suitable product or service for your company then it is necessary to consider from what position will it start. Each of the directions below have advantages and disadvantages but more importantly, they all have a significant impact on how the business will develop, which may affect public perception of your intention.

1) Creation and introduction of a brand-new product: establishment of a new company and everything related to it.

2) Taking over an existing business with the view of improving its service, implying a significant restructure or improvement of the core ideas and products offered.

3) Buying a franchise: this is a popular way of starting a business under an existing and well established brand. This may also involve making special arrangements with the brand chosen, to offer a specific and innovative product.

4) Transformation of an existing organization or service - this can happen, for example, when a government service is taken over and transformed into a different type of business, which can offer a similar or a very different service, managed by a private initiative.

You may also have an idea not listed in the example above. However, it’s essential to make a clear choice in terms of the overall nature of the business, as this will determine the next steps. For example, when buying a franchise, there is almost no need to prepare a business plan, because this is already provided within the franchise package. The opposite happens when a new company is established, since all ideas and strategies will have to be created from the beginning. It’s also important to realise that this initial decision will form the identity and operations of the business, so it’s fundamental to make a well informed and pondered decision.

1.2 Business Plan - How to create one?
Firstly, we need to focus on the general structure: the purpose and the reasons for its creation. We should clearly explain why this new business is important, what market needs it will respond to, and how this will unfold in the course of the business operation. This is a document that should be constantly updated.

It’s important to note that the motives for starting your own business are an integral part of the business plan. The idea should be strong enough to bring new benefits to the business market. In this sense, the motive must be strong not only to start the business, but above all, to sustain it. A business plan will help weigh all the possible pros and cons and verify that the concept created is appropriate for the new business.

a) How to create a business plan?
Writing a business plan will also help identify the pitfalls that accompany the start of a business. This should allow you to find out if your business idea is inconsistent and has no promising future. That is why it is so important to create a plan, test various business options and prepare for the challenges that will arise.

The business plan should be elaborated in detail and based on real possibilities. It should also be made up of sub-steps that overcome foreseeable obstacles that can gradually be fulfilled and avoid problems at the outset.

It also provides an objective view that helps set realistic and achievable goals. In addition, a well-designed and elaborated business plan will help to attract not only customers but also investors in the future.
What should not be missing in the business plan?

**Title page, a plan summary and above all, a managerial summary.**

A good strategy is also to use an inverted pyramid method, highlighting at the beginning the most important things for the reader. The details should be followed in the main text.

It’s important to be aware that maintaining reading attention is not always easy for a person unfamiliar with the subtle business nuances (and these may be the majority of the readers, or perhaps even the investors), so the information needs to be clear and captivating.

Any reader will appreciate the managerial summary, briefly answering basic questions and referring to specific details described further along in the plan.

Professional and personal information about the people involved in the plan is usually relevant.

It’s also important to briefly describe the business’s story and motives. This includes mentioning business partners, vision and goals, as well as all the necessary prerequisites to make it happen. This information should be brief and to the point.

Other essential information must also be provided:
- Business description (legal form, addresses, description of the premises, location, etc.).
- Basic facts, such as: Description of the business opportunity.

It’s essential to state clearly what we are asking for and what is the plan’s goal. Below there are a few questions to help make this point clear:
- Is the attention to attract an investor or a bank loan?
- Are we simply wanting money, contacts, information?
- Why is this necessary?
- What is the investment going to be used for, how will it help and what will it enable?
- What will this new investment give back as a return?

Nothing is free in the business world and the primary interest of any investor is the return of the investment. The plan should also make it clear that all sorts of risks have been thought of, and efforts will be made to minimize them.

A simple lesson applies: the greater the risk, the greater will the investor’s resistance be; or at least a much higher reward will be expected.

What products or services will be offered?

Describe simply and clearly what the product or service is and what it is about. Nothing more, nothing less. If there are images, or even prototypes, or any other form of visualization, make them available with the plan. A good picture is worth a thousand words and helps other people form a much more precise idea.

**b) Basic points**

It’s important to establish the basic aspects related to the new product demand and divide them as follows:

1. Where will the business be based and how much do you know of the market where we will insert our new product?

Will it be a wholesale, shop, personal selling or online business? Each has its own specificities. They differ not only in the business model, but also in marketing and distribution channels. It’s necessary to make a clear and structured decision about this.

Ideas such: “Competition? We don’t have any!” often have a negative effect on investors. There is competition for 99.9% of products and services. Therefore, it is important to do your homework, look around and try to clearly explain why the customer should buy your products and not from the competitors.

Even when we think that a unique market niche has been identified that does not guarantee financial success. The absence of competition may also mean that a particular business does not have the necessary conditions to generate a profit. All the more reason to elaborate a business plan identifying a clear customer group, in order to convince the investors.
(2) Who are our customers?

It is necessary to be clear about who the target customers are, their characteristics, how many might they be and where they can be found.

In an ideal scenario, the customer group has already been identified and there will be some guarantees that they want to buy our new product/service. Even if this business transaction cannot be formalised yet because the new enterprise has not been established.

However, this could be a very significant indicator of success and needs to be highlighted in the business plan.

(3) Why should customers buy our product?

The main reason should be because our product is unique and of great quality. But is it enough to state that? A business concept needs to be easy to describe, stating its greatest added value or the benefit it will bring to the customer.

But be aware that a great idea is easily lost in lots of technical details and other descriptions. Therefore, opt for less complex details and highlight the positive impact it will create.

(4) How much will we sell and how much will we earn?

By definition a business implies an activity carried out for profit. If it does not start making profit over time, it’s not a business but a charity. It’s natural for a business to be subsidised at the beginning, however, it’s fundamental to evidence the turning point within a timeline, where the red numbers change to black.

To make this possible, it will be necessary to calculate costs, determine margins, set good prices, take into account seasonality and other potential hindrances and make precise calculations.

All these conclusions need to be identified and summarized in the plan.

1.3 Financial management

An example of a financial plan is divided into 4 sections, which provides basic information on costs, revenues, cash flow and product price calculation.

On the cost section it is advisable to accentuate staff costs and other regular expenditure indispensable to running the business. Variable costs should also be given due consideration, as they will increase in relation to production volumes or other external factors such as market inflation, etc.

The revenue section needs to show miscellaneous variations in the overall calculations. It’s important to determine likely revenue estimates for each product that will be sold to customers and to maintain a realistic calculation.

The cash flow tables monitor the probable figures and, if done properly, they should clearly show when the company will make profit.

Product price calculation must include all aspects affecting the total production price of the product, from which the final price for customers will be derived.

1.4 Employing workers with special needs: business strategies

In this chapter, we will focus on the idea of employing workers with special needs, basic methods for determining working efficiency and the overall impact this will have on productivity.

We will also discuss job descriptions to meet common specific needs of this target group, including guidance for creating appropriate working conditions.

Let’s start by answering a basic question: Why employ a person with disabilities?

This could bring a personal sense of achievement for the employer and a unique identity or selling point for the company.

Another reason could be privileging the element of humanity by helping people in need instead of just focusing on profits.

It could also be due to wanting to ensure a company’s prestige and good image, in terms of the so-called Corporate social responsibility and the need to meet local expectations.
Or simply because there is a personal attachment with someone with special needs, resulting in the idea of creating meaningful employment for others in a similar situation.

As an example and note of interest, in England there is a program that can be adopted by any company, called:

**Disability Confident Employer** - meaning that a company will encourage disabled people to apply for all of their vacancies and support them when they do, and it also has governmental help at various levels. This happens because many employers are recognising the talents disabled people bring. Disabled people are a hugely diverse group of people, with many amazing skills and experience. Employers that look at disabled people in terms of having valuable skills (employing people who think differently) and qualities that their organisations need, and focus on accessing diverse talent as a core business activity could get that competitive edge that’s key in business.

This can lead to a very positive impact on the business and potentially on the bottom line profit.

a) **Work productivity**
There is a huge diversity of workers with disabilities on the labour market, making it really important to define the specific needs of these employees, in relation to the tasks that they will perform in the organisation.

The work productivity of people with special needs can be viewed in two ways:

One way is through the understanding that these people are generally expected to be less productive than other employees, based on the typical problems encountered with such workers:
- higher difficulty in problem-solving for some individuals
- employers ignorance and prejudice of hiring “different” people
- difficulty in recognition the potential of these employees
- difficulty in identifying job satisfaction
- unsuitable workplaces
- problems with transport to work
- inability to compare economic benefits and disadvantages
- lack of suitable production programs and workloads
- concern with low performance of people with learning difficulties
- fear of lack of productivity compared to other employees
- fear of low adaptability to work environment and new situations

These possible problems have an impact on hiring individuals with special needs and particularly in ensuring continuous productivity; but in most cases this can be resolved by focusing on each individual’s needs and creating a suitable working strategy as we will describe next.

This takes us to the other way of looking at this topic, which is by understanding that there are ways of motivating employees with special needs. The biggest obstacle to motivating these workers usually comes up with the difficulty of determining their realistic achievable performance. Especially in professions where there is a need to exercise more physical work, health risks may increase when trying to achieve an unreasonably high performance; or, when certain performance expectations cannot be achieved, it can generate frustrations for the employer and the worker.

It is therefore necessary to carefully consider appropriate forms of motivation for each individual case.

Motivation can also emerge when:
- allocate an appropriate workload to individuals workers depending on their ability
- create mixed work teams and look for optimal team performance
- work group results are regularly evaluated and published
● promote non-working cultural, sporting and social activities
● promoting personal development and growth alongside a rehabilitation plan to cultivate success. This can significantly increase self-confidence and have a positive health impact.

It is equally important for an organisation to cultivate corporate environment, corporate priorities and image by:
● continuously create and publish efforts to build a social environment within the enterprise
● to build good-will principles and a corporate culture aimed at creating the right conditions for the full employment of people with disabilities
● purposefully create new job opportunities, enabling employment of PWD and diversify the company’s activities
● seek an individual approach to employees and apply diversity strategies

b) Job descriptions

In this chapter, we would like to describe the necessity of creating very specific job descriptions for all employees and, if necessary, to provide further support for the disadvantaged employees.

Job description

In order to satisfy mutual expectations in the selection and subsequent employment of persons with disabilities, it is very important to precisely identify all the tasks to be performed within a job to help prevent mutual disappointment and negative experiences. Detailed job descriptions include:

● Job title
● Work activities - detailed definition of each task necessary to execute the job
● Usual working conditions - whether and how the worker is exposed to any type of stress (e.g. increased load on upper limbs when repeatedly lifting objects, hearing hazards in noisy environments, psychological strain, etc.)
● Working environment - in which environment the work is mostly performed (e.g. office, assembly hall, outdoor environment; dusty, noisy environment, etc.)
● Qualification requirements - includes the following three levels:
  ● Training (educational achievements) and certificates
  ● Professional skills (relevant experience for the job)
  ● Other specific knowledge that can be useful for the job
  ● General competences
  ● Personality requirements (if relevant)
  ● Health requirements (if relevant)

Working out a detailed job description can be challenging, but it is definitely a good work policy and may preempt future obstacles and tensions.

1.5. Operation

In this chapter, we will describe the importance of health and safety aspects in the work environment. Naturally this varies according to the type of business in question and the national law of each country.

When preparing an health and safety plan, it is necessary to start by determining the physical structure of the building or working space. Ideally, this should be designed following hygiene and safety practices, particularly if this involves raw food materials, which are more subjected to contamination. A plan needs to explain what specific measures have been put in place to prevent this, for example, what will be the arrangement of the production machines, storage of raw materials, where the air supply will come from, etc. It is also important to think of external sources of pollution between and during the production, and especially that raw materials and products are not contaminated by the environment.

In case of a food operation, this must have external official approval, which will include complying with HACCP standards. In such cases, a new company will need a certificate following a rigid health and safety assessment criteria before being allowed to begin the operation.

Below follows some examples of the measure that need to be put in place to comply with this assessment.

1 Hazard Analysis Critical Control Points (HACCP) is a system which provides the framework for monitoring the total food system, from harvesting to consumption, to reduce the risk of foodborne illness. The system is designed to identify and control potential problems before they occur
Manufacturing operations need to be divided into the following areas:

- production facilities
- storage space for raw materials and finished products (possibly cooling spaces)
- dedicated area for preparing raw materials
- appropriate waste collection and waste storage space
- sanitary facilities and other auxiliary equipment for staff, i.e. toilet, cloakroom, cafeteria
- Hygiene products storage

Other essential aspects to ensure an effective operation include, having a production space that is spacious, complying with the health and safety requirements (including appropriate lighting and air ventilation) to the nature of the production in question.

Once again, these must include different areas for cleaning (both for staff and materials) cooling, working and waste collection. All rooms and production areas must also follow the necessary conditions for the effective movement and overall activities of the employees.

1.6. Production procedure and capacity

In this chapter, we will describe the production activity and divide it in individual steps. It is very important to make strategic decisions regarding the manufacturing processes according to the capacities of the employees hired. Above all, we must know the specific needs and limitations of our staff and whenever necessary, find solutions to adapt them to the workplaces and that way ensure a positive workflow.

The first step we need to take is to understand that when we consider a production process we must clearly establish the total volume of the production we are trying to achieve, since this will be closely linked to the productivity expectations given to the employees. In this sense, it is very advisable to always take into account that in the initial production stages the staff will need time to test and practice the various activities, such as:

- operating machines
- knowing in details what the production involves and being able to execute it
- making adjustments to the activities in order to improve efficacy, etc.

An employer must also understand that some individual workers may have less ability to remain focused and professional with their allocated tasks, so it’s important to create various tests or training exercises of the various production activities to identify any adjustments that might be necessary to make, i.e. some individuals may perform better if working alone, whilst others need support from colleagues. This sort of test provides the employer with relevant knowledge about the staff and will always be very useful when future unexpected situations emerge (staff absence, equipment failure, work accidents, etc.)

We will now discuss how production planning should look like, including the introduction of risk areas and situations, and describe the operations associated with a specific example:

- handling raw material (cleaning, sorting, washing, storing, etc.)
- processing, description of the technological aspects of this activity
- packing and dispensing to customer or warehouse
- distribution and sale

The activity of fruit processing (depending on what the final product will be) in the most typical cases, consists of the following phases:

**Input:** raw materials and products packaging will be delivered to the handling area outside the company premises. From there, raw materials will be stacked by hand pallet truck and transported across the main corridor with a weight scale to the fruit processing area, where the raw materials will be weighed and then transformed before being transported to the next area.

The preparation of fruit for further processing takes place in the following stages:

- cleaning of coarse impurities (to supply the feedstock) with a high-pressure fruit cleaner, usually in an external area of the premises
- sorting fruits - first picking of fruits and removal of natural impurities (leaves, branches) on a sorting table in the washing area
- fruit washing with a second pick of fruits - manual washing in case of smaller fruit volume or automatic washing in case of large volumes (electric washing system with tub and feeder leading to the shredder);
- storage of fruit for later processing or freezing (counter freezers, freezing and slow thawing, monoclimatic refrigerator).
Following these examples of activities, the next stage takes place and could look this:

- Pressing the fruit to transform it into juice, which is then packed into bottles or plastic bags accommodated in boxes.
- Dispensing the final product to be supplied in palates to customers or in a factory shop (usually in small quantities).
- Product distribution to local stores will be run twice a week (in the morning) by a company delivery with towing equipment and roof rack (for the possibility of transporting a sales stand, raw materials, products, etc).
- Sales: will be realized from the factory court or shop; at sales events - own stand; via e-shop; or deliveries to customers by using a delivery company (once a week in the afternoon and on different routes).

We must also consider the production capacity of each machine and other manufacturing processes. Another important aspect will be to learn how to compare production capacity and workflow of disadvantaged employees. We will learn to create a calculation that includes a comparison between ordinary employees and others with physical or mental restrictions.

### Tab. 1 – Production capacity

<table>
<thead>
<tr>
<th>Machine productivity</th>
<th>Labour productivity of an ordinary employee*</th>
<th>Labour productivity of disabled employee**</th>
<th>Correction/reserve***</th>
<th>Day total</th>
<th>Month total ****</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pressing</td>
<td>50kg/hour</td>
<td>45kg/hour</td>
<td>35kg/hour</td>
<td>30kg/hour</td>
<td>90kg/hour</td>
</tr>
</tbody>
</table>

From a manufacturer’s parameters, usually it is the maximum production capacity. It is a normative per real unit of productivity of labour per ordinary employee without health restrictions.

* This is a qualified reference (or determined on the basis of pilot operations) of the employee’s labour productivity with a disability.
** This is a specification of labour productivity, which takes into account possible fluctuations in productivity of work with disabilities.
*** It is taken into account 0.75 and 0.5 hours for employees with disabilities, i.e. 6 hours (at 0.75), when 5 hours of direct work in production is assumed at different time intensities and 4 hours (at 0.5 hours), which corresponds to 3 - 3.5 hours of direct work at different time intervals.
**** Plan on average 20 working days/month.

### Work assistant

A work assistant has an important role in dealing with core activities and providing support, particularly for workers with disabilities.

The assistant helps workers that need support by practicing the necessary work tasks alongside them so that they can gradually become independent and well integrated in the working environment.

The advantage of onsite support is that the assistant can monitor and respond to challenging situations as they emerge, help mediating communication and shaping relationships with other colleagues. This may prevent a problem from escalating and require a more serious intervention by managers or company owners.

Equally, the work assistant can support a disabled worker with their personal tasks such as hygiene, eating, moving to different locations, or any other task that would be too complicated for the disabled worker to perform alone.

The involvement of a work assistant will vary according to the specific needs of each individual with disabilities, being the most important factor to encourage as much autonomy and development as possible.
2. ECONOMIC PROFITABILITY IN AGRICULTURE

This chapter deals with the basics of economic viability in agricultural activities and methods for calculating profits.

ACCOMPANYING ACTIVITIES RELATED TO SOCIAL FARMING

Social Farming (SF) is a local development practice and an innovative approach that brings together two concepts: multifunctional farming with social services and health care at the local level. It makes a contribution in the ambit of agricultural production to the well-being and the social integration of people with particular needs. Throughout Europe there are a wide range of social farming activities operating with different incomes and type of financing such as: public, private, mixed; durability of financing (long-term, short-term), nature of financing (disposable, permanent), financing sector (agricultural/rural, welfare, labour, health/care, educational sector), part of solidarity economy or market economy, etc. There are also varied types of residential arrangements, ranging from day-care to living and working communities in which service-users and service-professionals live together. There is also plenty of diversity in the professional background of people working on the farm and the institutional and financial basis of the farm. These range from private farms or NGOs to different church and anthroposophical initiatives. One of the most urgent needs, which farmers all over Europe face, are income uncertainties due to climate change and fluctuating prices for farm products. Social Farming can serve as a possibility of income diversification and reduce income fluctuations. However, the financing of SF is often complicated and differs in each country, region and concerning different user groups. Regulatory measures differ as well and the advisory structures are weak. In most countries, SF is a domain of organic farms; and also on conventional farms “many helping hands” lead to a diversification and more environmentally friendly ways of farming management. Social Farming is based on a multitude of activities carried out in the different business contexts, which can be expanded and articulated through business diversification processes that allow people to find an appropriate working placement not only in the production cycle but also in related activities such as transformation, direct sales, catering, hospitality, etc. This integration between agricultural and social activities can provide farmers with new sources of income and enhance the image of agriculture in the ‘public eye’. The economic sustainability of a social farm is the result of an increasing connections between agriculture and societal issues and by linking, in an innovative way, farm economic production and social inclusive services, which are clear priorities in current Europe. SF is mainly based on small to medium scale farms, characterized also by high employment and a variety of new opportunities and tasks for people in need of support, opposite to conventional farms whose overall aim is to reduce labour and to industrialize the farm to become more efficient. Furthermore, SF has an important potential to contribute to landscape development and nature protection.

Regardless of the size of the farm or holding, the agricultural entrepreneur can focus on so-called multi-source financing. Income from agricultural activities can thus represent only a part of the total budget of the project or company. Other income may come from non-agricultural activities - such as social farming activities. Finances can be obtained, for example, in the following ways:

Within the framework of various employment policies of the states of the European Union, it is possible according to the legislation to obtain different amounts of financial contributions to the wages of employees who work on a farm or other operations and are somehow at work or socially disadvantaged.

Another possibility of obtaining funds is the method of financing through various subsidies and grants which are focused on the support and creation of working places and employment (including acting social entrepreneurship), and also it is possible to obtain funds for investments, in the form of non-repayable subsidies.

Another option is to join the so-called regional brands, which already are well known and thanks to which it is possible to implement easier market entry (e.g. the Regional quality label, BIO certification, etc.).

PROMOTING SOCIAL ASPECTS

Promoting of Social farming and incorporating social aspects into conventional farm practices can have a number of positive effects. These include, for example:

More accessible social, therapeutic and rehabilitation services in the rural areas. Due to their connection to agriculture and the countryside, social farms offer employment to people with special needs, disabilities or social disadvantages, thus filling the space created by high migration to cities in this area.

Promoting employment and social integration in rural areas: social farms offer jobs for people with reduced working capacity and thus support their work and social integration. Due to greater diversification, social farms also
offer additional jobs for people without disabilities or disadvantages. And it’s not just about social work positions. The farm employs a farmer, gardener, maintenance worker, technical staff, chef, accountant, project manager and a number of other jobs are filled, making it possible for local people to work on the farm.

Development of rural communities: each social farm functions as a certain synergistic organism in which dependency relationships are built. This happens not only inside but outside the farm, for the people who live in and around the farm; with the local government, other organizations and companies. In a social farm, more than in the classic examples, it is assumed that the farmer is sensitive to his surroundings, is interested and engaged in a specific locality, tries to take advantage of the opportunities of the place and also wants to make the place more attractive for visitors.

Development of the local economy: Social farms are in their vast majority small and diversified economies that establish economic relations with other regional entrepreneurs and companies. They also target their products more specifically to local markets, creating communities of customers and consumers. They exchange services on site, rent machinery and help each other in smaller geographical areas.

Diversification of agricultural production and non-production activities: Social farms generally do not support agricultural monocultures or narrowly focused animal husbandry due to the type of their activities, the offer and recipients of the services, the nature of the employees or the smaller size of their holdings. These are often small mixed farms with a wide range of focus and own processing capacities. We often find a farm shop on the farm. Social farms often offer accommodation and agrotourism services, education for children and adults. Farmers engage in cultural activities or renew themselves and create traditions that are tied to a specific place. Some social farms are involved in community-supported agriculture, appear on the list of host farms in the WWOOF system, offer volunteer stays, work camps, etc.

Sustainable rural development and agriculture are primarily linked to the farming system, responsibility for the land, the environment and future generations. At the same time, it should aim to make the rural area more attractive to both its inhabitants and the urban population.

**ADDED VALUE OF SOCIAL FARMING**

Above all, it is about the added value of the product, which is actually the basis of all thinking about economic sustainability. In this context, it is primarily a matter of selecting such a product, where this added value may be. This means trying to come up with a product that can make as much money as possible by selling it. Typically, the product of primary production is followed by other processing and production activities, before it reaches the customer in its final form.

Example:

Plum orchard: plums can be sold on the market for 2 Euro/kg. If plum jam is made, it can be sold for 2 Euro/100g. If plums are crystallised, they can be sold for 0.4 Euro per piece. This consideration is absolutely crucial for all farmers.

If the farm has 150 ha of grain, direct sale of grain is a logical choice. But if the farm has only 1 ha of orchard or 1 ha of field, etc. then it is more advantageous to consider the added value of the product.

However, having a good idea and breaking through the market is a matter of chance and success is not always guaranteed.

### 2.1 Agriculture and economy

In this topic we will define basic economic terminology and specify agricultural activities linked to production activities of the entire sector, as well as the parameters for the selection of suitable activities. This information may be particularly useful to farming consultors, farm managers and social farming workers.

a) **Agricultural economy - basic terms and activities**

To begin with, we must highlight the importance of having a financial plan and balance sheet for selected agricultural activities. Among other things, it contains an analysis of personnel strengths and weaknesses in the development of agricultural activities, and basic knowledge specificities concerning plant production planning and for predicting economic efficiency. The chapter also describes selected production activities in agriculture that bring financial benefits concerning traditional and non-traditional agricultural activities.
An agricultural enterprise is a set of many factors (mainly production factors) used to supply products or services, which may include social services. It should be established and developed on the basis of its place and social environment, creating therefore a working, economic, technical and organizational unit of production. Production factors include:

- work - main activity of the entrepreneur or farmer, family members and permanent or seasonal employees
- agricultural land - own or rented, arable land, permanent grassland or permanent crops such as orchards and vineyards
- capital - personal investment, subsidies, loans, etc.

Figure 1 – production factors

For the proper operation of the company it is necessary to rationally manage capital and to predict the costs associated with business, usually by means of calculations. Cost calculation is an essential basis in planning the company's production program. It calculates either total real costs or incomplete costs. Calculation of incomplete costs is a common method in developed market economies. This is based on the fact that large amounts of money have already been invested in production (e.g. buildings and structures, machinery, land purchase and improvement), certain loans have been received, and so the company is burdened with a relatively large share of fixed costs. Therefore, it is important to know if the implementation of a certain business is able to obtain a sum sufficient to cover previously incurred fixed costs and still make a profit.

This sum is determined by subtracting the actual (variable) production costs incurred from the total of the funds received by the sale of the products (= profit from sales - actual costs incurred). In this context, the term “contribution margin” or “gross margin”, which is common in many western countries and used in the EU under the common agricultural policy, is being promoted.

Variable (flexible) costs are incurred repeatedly in the execution of all operations related to the running of the business. Generally, they increase as production volume increases; they decrease as production volume decreases. Variable costs in agriculture include:

- seeds and seedlings (purchased and previously owned)
- feed (purchased and owned)
- natural fertilizers
- plant protection products
- medicines and disinfectants (for animal production)
- wages and other personnel costs
- other direct costs (including variable service costs), such as: in crop production, energy and fuel consumption, repair and maintenance of machinery, animal production, energy and water consumption, repair and maintenance of buildings, technological equipment, veterinary procedures, insemination, etc.

Fixed costs arise as a result of an investment of a certain volume (construction of a stable, purchase of a machine, etc.), which will increase the company's production. Fixed costs are usually spent on a one-off basis, in agriculture they may not have a direct link to the production structure of the current year - but the amount is stable for the duration of the investment. Fixed costs in agriculture include:

- depreciation of tangible fixed assets
- other fixed costs, such as land rent, real estate taxes, interest, other operating expenses not included in variables
- costs of ancillary activities (e.g. building groups), if not included in variable costs
- costs for administrative management

Calculation of costs and revenues and follow-up of their actual development are one of the most serious forms of management activity, which supports the creation of a positive business atmosphere on the farm. Cost and profit calculations can help you achieve better business results. After acquiring these calculations (which must be repeated regularly), company executives can create their own normative base, which will greatly facilitate their work.

b) Parameters for selection agricultural activities
The agricultural activities are selected on the basis of feasibility and profitability in the given field and in response to the demand and future market development. The chapter describes the criteria that can be used to determine the most suitable agricultural activities in terms of profitability.
Type of farm organisations
There are multiple types of farm organisations found across most countries with market economies. Often, we encounter four basic types of organizational structures.

- **Family business**: production belonging exclusively to a family, where the work is organised by the farm heard and family members
- **Capitalist enterprise**: consists of a complete separation of capital and labour, with the exception of small family capitalist enterprises. The size of the company is very variable, from small to a medium-sized enterprise or a multinational company
- **Cooperative**: in this enterprise, its members bring together labour resources, means of production (part or all of them), capital and know-how as needed. This type of business is widespread in agriculture, not only in post-communist states, and is characterized by surprising diversity in terms of business goal, dimension, vision or strategy
- **State-owned enterprise (sometimes referred to as a public-owned enterprise)**: is used by the state in certain important sectors and can be understood as a form of state capitalism

A large farm is significantly structured compared to a small farm. The various productions and other activities are carried out by relatively separate units, which are combined into an organizational structure. The results of their activities can be easily measured by expended costs and by economic results (this creates the economic structure of the company), and their activities are controlled by people with knowledge and responsibility (which result from the management structure of the company). From the organizational point of view, the company should be modelled around two axes - horizontal and vertical. For horizontal decomposition, the following functions must be included into the corporate structure:

- Technical (production of goods and services)
- Sales (ensuring tasks and relationships related to products and markets)
- Administrative (ensuring management and supervision)
- Logistic (additional or rather ensuring production)
- Financial (charged with managing capital flows)
- Social (in charge of care for employees and people with specific needs)

![Figure 2 – Horizontal corporate structure](image)

The vertical structure is based on the types of decisions that are taken at different levels of the hierarchical pyramid. There are usually four levels:

- Strategic (long-term decisions)
- Tactical (mid-term decisions defining ways to achieve previous goals)
- Operational (short-term decisions that ensure the right direction of a defined path)
- Executive (performing the necessary operations on a defined path towards the goal)

![Figure 3 – Vertical business structure](image)
The development of agricultural holdings has been taking place for a long time according to different strategies in different economic conditions. Finding ways for their successful development is then one of the most difficult but also the most important steps. However, it is not possible to start creating business structures in a ‘greenfield’ way, but to transform them into forms that are suited to the current market economy. Every farm is a complex system. Business management must be very flexible, i.e. it must respond as quickly and effectively as possible to market and demand developments. So quickly and efficiently that concrete steps make sense. Then the company can be managed rationally and effectively.

To select the appropriate organizational and management structure of a company, it is useful to take into account three criteria - the size of the company, the degree of innovation and the strategy of the company. From these perspectives, it is necessary to find the most suitable solution for enterprises oriented on agricultural primary production (the production of agricultural products, crop production, harvesting, milking, animal husbandry (pre-slaughtering), fish keeping, resulting in products which, after slaughtering or harvesting, do not undergo any operations other than simple physical processing.

Objective assessment of its operation is quite difficult, but within companies it is possible to help by finding out what are the innovative possibilities of companies resulting from their economic situation. In general, the larger a farm, the higher its economic weight and stability (amount of capital, extent of assets, etc.), and vice versa. As a rule, a large farm is able to acquire and use state-of-the-art technical means and operate appropriate technological processes. Even in this area, a small business is usually in a more difficult position. At the same time, the pressure on innovation from the external environment affects businesses of all sizes in the same way (currently, for example, the requirement to achieve competitiveness within the EU in terms of both production costs and quality and assortment).

The first criterion is usually the size of the enterprise (micro, small, medium, large).

- **Micro-enterprises**: Micro-enterprises are defined as enterprises which employ fewer than 10 persons and whose annual turnover or balance sheet total does not exceed EUR 2 million.
- **Small enterprises**: A small enterprise is an enterprise which employs fewer than 50 persons and whose annual turnover or balance sheet total does not exceed EUR 10 million.
- **Medium-sized enterprises**: These are enterprises that employ fewer than 250 people and whose annual turnover does not exceed EUR 50 million or whose balance sheet total does not exceed EUR 43 million.
- **Large enterprises**: If an enterprise is not a micro, small or medium-sized enterprise according to the above parameters, it is a large enterprise.

For companies belonging to the small and medium-sized group, a simple organizational and management structure with a small vertical and horizontal structure can be recommended. For enterprises focusing on a single market production, a hierarchical structure by function and depending on the size of the enterprise with the relevant staff can be recommended. The horizontal division respects the time factor (according to this point of view, the phases of planning, organization and operational management are recognized in the process). The vertical division is based on factual content (meaning stages of information, decision-making, influencing and control). In very complicated companies of the combined type, the combination of horizontal and vertical structure (so called flat structure) can be chosen.

![Hierarchical structure (example)](image-url)
The second criterion is the degree of innovation. If the environment is stable, organizational structure by task and centralization of management is generally recommended. A stable environment may then be related, for example, to regular sales of products or services, a stable economic situation, or regular and predictable economic growth.

If the surrounding environment is evolutional (unstable), it is advisable to select structures on the basis of projects with decentralized management. Another option is to manage according to objectives and create so-called profit centres within the area structure.

The third criterion is the strategy of the company. The following options are offered here. If the company manages to increase production (production expansion), the number of competences in the hierarchical structure by function (= functional structure) can be chosen. There is room for increasing the number of employees in the company. Example: When a business as a whole thrives (or only certain areas of business), the hierarchical structure can be easily expanded (see Chart 4). There may be more technicians, or a project manager may be hired, ... etc.

If the company manages to expand its acreage, i.e. to expand territorially (also geographically), it is necessary to address the issue of regional structure. This may involve thinking about the development of a distribution network or new production sites. In the event of diversification of business activities, it is advisable to move to so-called corporate divisional structure. This creates autonomous units for each industry. In the innovation of a company, its division among autonomous departments is considered the most advantageous structure, even with regard to possible project activities.

The criterion of knowledge and strategy creation is based primarily on the market environment (e.g. food market). Based on its knowledge, it is necessary to choose a company strategy in a competitive environment and subsequently to create or change an organizational and management structure in the company. It is therefore clear that structures are not static but dynamic and must be changed in line with market - strategy - structure.

The approach to ensuring the third criterion (business strategy) will be different for a small business than for a large one. A small farm will seek territorial expansion (by acquiring additional agricultural land either by renting or buying it), but will only exceptionally grow into a large farm, i.e. multiplying its base area - not only because of the limited land resources (other reasons can be: limited production - focus on primary crop production only; lack of mechanization; number of skilled workers - in the neighborhood, region; missing processing unit, etc). An exception could be taking over land from a failed large entity. While a large farm may also seek territorial expansion (by merging with another large farm, etc.), it is likely to be more oriented towards increasing the quality of production, improving sales opportunities (e.g. by engaging in sales centres), or introduction of new types of products. At present, however, the opposite trend cannot be excluded; reducing the production base (either by limiting the area of farmed land – e.g. by restoring it, or by reducing the number of products - only by abolishing certain sectors, such as dairy farming). Apart from the market aspects, the corporate strategy will be influenced not only by large agricultural enterprises, but also by social and political aspects (necessity to bring agricultural policy closer to the common agricultural policy of the EU member states).

If there is much to be learned from the EU experience in the organization and management of so-called small farms, this is not the case with so-called large farms with multispectral production. Because of multispectral production, different socio-political arrangement, other grant policy, complex business plans divided between different management positions, it is always difficult to follow some huge agricultural corporation, which has many sources of incomes and big market power. A number of concepts can be adopted from small businesses (business plan, crop rotation, management plan, arable land and landscape management, access to regional varieties or animal breeds, etc.). In addition, all this is in line with the EU’s agricultural strategy - supporting small and medium-sized enterprises as well as family businesses. And there is the pursuit of as much diversity as possible.
COMPANY ADAPTABILITY

Adaptability is an essential success factor. Paradoxically, the increasing complexity of the economic environment and technological processes is forcing businesses to return to simplicity as much as possible: mobilizing capabilities and prioritizing customers (clients). The greater the complexity of the production process, or the more complex the structure of the business, the worse the reaction to adverse market developments. In a difficult economic environment, there is a greater bureaucratic burden. Why try to break into a supermarket when it is better to sell directly from the yard or on the farmer’s market (but that is also hard because it takes a long time and it is difficult to create a network of direct buyers).

“Simplicity is often the most complex thing to do for a business”

Each organizational form has its advantages and disadvantages. By making the most of the benefits and avoiding the disadvantages, a hybrid alternative can be achieved, which should have the following characteristics:

- Efficiency in terms of basic business principles (e.g. production of quality products, social services, short supply chain)
- Regular innovations
- Reducing the risk of stagnation by responding quickly to greater threats to the business (in this respect, the outputs of the SWOT analysis can be used).

Figure 6 – Company adaptability

2.2 Methods of profitability calculation for agricultural commodities

The chapter deals with the calculations of profitability of agricultural commodities. It addresses in shortcut how to calculate the profitability of cultivation of selected commodities (and include the financial profitability plan in which work operations are crucial, the riskiest stages of the cultivation cycle, the costliest operations, etc.).

For the rational management of the operation, use and renewal of equipment and for the planning and evaluation of the production plan, it is necessary to know a number of normative data. Basic data relate to operating costs of machines, technical support of agrotechnical operations and especially the technology of growing selected crops and their economics.

MACHINE OPERATING COSTS

For managing the operation and machinery renewal, it is necessary to use data about machine utilization, operating costs and costs of maintaining operational reliability, as well as data on the market supply of agricultural machinery and their technical and economic parameters. Agricultural technology renewal is often marked by a lack of quality information for decision making, and its management is often intuitive.

In the output information of the machines there is a division of operating costs into two different groups: Fixed costs, which are depreciation, taxes and fees, insurance, machine storage, capital interest. These costs are constant from year to year, so they are incurred even when the machine is not working at all. However, they are variable in terms of unit per unit of machine deployment and decrease as the rate of deployment increases. Example: If the farmer has a tractor standing in the garage all year, he/she pays some fixed costs (e.g. insurance) for it, but it’s not effective. Then the difference is if the tractor works: 1000 hours / year or 100 hours / year. And the more it’s used, the better. From this point of view, they are changeable variables.

The second group is Variable Cost, i.e. the cost of fuel and lubricants, maintenance and repair.

In terms of operating costs, the following should be taken into account:

**Fixed costs**:
- depreciation costs
- the cost of garaging the machine (storage)
- road tax - is determined in accordance with the applicable law
Variable costs include:
- fuel costs
- oil and lubricant costs (10% of fuel price)
- repair and maintenance costs

- **Recommended annual utilization of the machine** - the resulting operating costs of the machines are determined for the recommended annual machine use
- **Machine performance** - reported only for self-propelled and attachable machinery and represents average performance per 1-hour shift time
- **Personnel costs of machine operators**

**Figure 7 – Machine operating costs**

**TECHNICAL ASSURANCE OF OPERATIONS - MACHINERY**

It is a set of working operations, including crucial operations for crop production.

- The fixed cost of the set includes:
  - Fixed cost of power equipment and attaching machinery (i.e. depreciation costs, machine storage costs, road tax)

- The variable cost of the set includes:
  - Variable cost of power equipment and attaching machinery (i.e. fuel and repair and maintenance costs)
  - Personnel costs of machine operators

**CULTIVATION TECHNOLOGY AND CROP ECONOMY**

The calculation of costs and benefits is based on model technological procedures of growing individual crops, i.e. recommended sequence of production operations (fertilization and preparation of soil, sowing, treatment during vegetation, protection of plants against diseases and pests, harvesting, removal of production and field adjustment after harvest). Their processing is usually based on average conditions and production intensity. Certain crops (e.g. vegetables, fruits or hemp) can represent a significant proportion of handwork in some cropping activities. This is an opportunity for social farming entrepreneurship. From the point of view of market production we can then talk about:

**A. Market crops:**
Crops with market production (relations). It is about plant production that is directly sold and brings direct profit. For example: Cereals, potatoes, rapeseed, cabbage, etc.

**B. Non-market crops (fodder crops, energy crops):**
Crops without market production (relation). These are for example forage crops - these are fed in livestock production for example to produce milk or meat. Therefore, it does not bring direct profit. It also includes energy plants (specifically grown biomass) - e.g. for energy production or water heating.

**SIGNIFICANCE OF ECONOMIC INDICATORS**

Evaluation of crop economics using the calculation of variable costs and contribution to the payment of fixed costs can be considered as an advantageous criterion for optimizing the production program, especially in terms of
short-term decision-making. The disadvantage of this method (method of profitability calculation for agricultural commodities) is that it does not consider the proportion of the fixed cost of the manufacture/product and therefore does not evaluate the resulting profit per unit of the manufacture/product and does not allow to determine its price. This can lead (especially from long term planning) to making wrong decisions. From the point of view of planning and evaluation of production intent it seems more appropriate to use other mentioned indicators (profit, profitability, yield threshold), which include both variable and fixed costs (rent, taxes, depreciation and repairs of buildings, production and administrative overheads, interest on loans, etc.)

For the evaluation of the resulting economic indicators:

- if the fixed cost contribution is negative, it is not appropriate to grow the crop under the given conditions at all
- if the contribution to fixed costs is positive and the overall profitability of the crop is negative, the cultivation of the crop can be economically advantageous only in the short term
- In the long run, it is economically advantageous to grow only those crops that are prerequisites for profit and the overall profitability of production is positive.

2.2.1. Financial analysis of crops with market realization

Calculation of profitability of market crops on the basis of yield parameters and their prediction, calculation based on material and non-material inputs of the cultivation cycle; inputs including variable, fixed and total costs per area unit, yield of main product, and costs of unit of main product.

Economic analysis is usually based on modelling of individual growing technology operations and costs. It includes an economic evaluation of variable, fixed machine costs and total area costs (1 ha), yield of main product, cost of unit of main product and profit in market production.

The main costs are the costs of plantation, fertilization, harvesting, field and road transport, weed control and overhead costs. Many of these cost items include labour and machinery costs. Also envisaged transport distance or other cost-related aspects may be included.

Example of cost calculation: Cannabis cultivation - prediction of cultivation cost

<table>
<thead>
<tr>
<th>(A) Growing of dual-purpose hemp (for fibre and seed production)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Index</strong></td>
</tr>
<tr>
<td>1. Fibre yield</td>
</tr>
<tr>
<td>2. Stalk price, estimated selling price (as bast and hurd)</td>
</tr>
<tr>
<td>3. Estimated revenue from the sale of the stalk</td>
</tr>
<tr>
<td>4. Rate of insurance against natural disasters</td>
</tr>
<tr>
<td>5. Fixed cost normative / fixed costs</td>
</tr>
<tr>
<td>6. Seed yield</td>
</tr>
<tr>
<td>7. Selling price of hemp seed</td>
</tr>
<tr>
<td>8. Profit from possible sales of hemp seed</td>
</tr>
<tr>
<td>9. Seed counted in sales (as forage)</td>
</tr>
<tr>
<td>10. Fibre yield of stalk</td>
</tr>
<tr>
<td>11. Subsidies (if available)</td>
</tr>
</tbody>
</table>

* All values in the table are indicative and variable depending on the technology used, management system and current prices (adjusted according to: Standards of agricultural production technologies for the Czech Republic, suitable for organic farming systems)
### B) Prediction of costs linked to cultivation (agrotechnical support)

<table>
<thead>
<tr>
<th>OPERATION</th>
<th>Work [h/ha]</th>
<th>Diesel [l/ha]</th>
<th>Date</th>
<th>Variable cost (EUR)</th>
<th>Variable cost + fixed cost of machines (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Chiselling tillage, immediately after the pre-crop (e.g. wheat) harvest</td>
<td>0.30</td>
<td>8.0</td>
<td>Autumn</td>
<td>20</td>
<td>26</td>
</tr>
<tr>
<td>2. Solid manure fertilization - that includes loading, fuels, machine costs, transport, work</td>
<td>2.80</td>
<td>32</td>
<td>Autumn</td>
<td>490</td>
<td>570</td>
</tr>
<tr>
<td>3. Ploughing with soil levelling</td>
<td>0.70</td>
<td>20.0</td>
<td>Autumn</td>
<td>45</td>
<td>60</td>
</tr>
<tr>
<td>4. Manure fertilization (liquid manure, if needed)</td>
<td>1.35</td>
<td>13.3</td>
<td>Spring</td>
<td>108</td>
<td>128</td>
</tr>
<tr>
<td>5. Sowing</td>
<td>0.40</td>
<td>4.2</td>
<td>Spring</td>
<td>272</td>
<td>280</td>
</tr>
<tr>
<td>6. Roll</td>
<td>0.20</td>
<td>3.4</td>
<td>Spring</td>
<td>7.5</td>
<td>10</td>
</tr>
<tr>
<td>7. Harvesting (double cut - seed and fibre)</td>
<td>0.70</td>
<td>6.0</td>
<td>Summer</td>
<td>18</td>
<td>26</td>
</tr>
<tr>
<td>8. Turning matter in the field (in order to help ventilation, as needed)</td>
<td>0.36</td>
<td>3.8</td>
<td>Summer</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>9. Preparation (in rows) of hemp straw (fiber) in order to simplify baling with a baler (as needed)</td>
<td>0.36</td>
<td>3.7</td>
<td>Summer</td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>10. Baling and wrapping of fibre</td>
<td>0.65</td>
<td>6.0</td>
<td>Summer</td>
<td>38</td>
<td>63</td>
</tr>
<tr>
<td>11. Transport and storage of bales</td>
<td>0.92</td>
<td>10.6</td>
<td>Summer</td>
<td>21</td>
<td>40</td>
</tr>
<tr>
<td>12. Or: Collection and storage of bales on the field (as needed)</td>
<td>0.50</td>
<td>4.6</td>
<td>Summer</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>13. Controll of stored biomass</td>
<td>0.03</td>
<td>0.0</td>
<td>Summer</td>
<td>0.07</td>
<td>0.1</td>
</tr>
<tr>
<td>14. Shallow soil cultivation that can be calculated as part of the next crop soil cultivation</td>
<td>0.60</td>
<td>7.5</td>
<td>Summer</td>
<td>21</td>
<td>30</td>
</tr>
</tbody>
</table>

* All values in the table are indicative and variable depending on the technology used, management system and current prices (adjusted according to: Standards of agricultural production technologies for the Czech Republic, suitable for organic farming systems)

### C) Economic evaluation

<table>
<thead>
<tr>
<th>Growing technology</th>
<th>Work [h / ha]</th>
<th>Diesel [l / ha]</th>
<th>Variable cost (Eur)</th>
<th>Variable cost + fixed cost of machines (Eur)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.87</td>
<td>123.1</td>
<td>1077.6</td>
<td>1259.1</td>
</tr>
</tbody>
</table>

* All values in the table are indicative and variable depending on the technology used and management system (adjusted according to: Standards of agricultural production technologies for the Czech Republic)

### Final costing calculation

<table>
<thead>
<tr>
<th>Index</th>
<th>1 ha</th>
<th>1 tonne of product (Stem/Fibre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance against natural disasters in EUR / ha</td>
<td>38.9</td>
<td>-</td>
</tr>
<tr>
<td>Total variable costs in EUR</td>
<td>1077.6</td>
<td>215.5</td>
</tr>
<tr>
<td>Total market output in EUR</td>
<td>1595.0</td>
<td>319.0</td>
</tr>
<tr>
<td>Payment allowance (= total market output - variable costs) in EUR</td>
<td>517.4</td>
<td>103.5</td>
</tr>
<tr>
<td>Normative fixed costs in EUR</td>
<td>256.4</td>
<td>51.3</td>
</tr>
<tr>
<td>Technological costs (= variable total costs + fixed machinery costs) in EUR</td>
<td>1295.1</td>
<td>259.0</td>
</tr>
<tr>
<td>Technol. contribution to the payment (= total market output-technology cost) in EUR</td>
<td>299.9</td>
<td>60.0</td>
</tr>
</tbody>
</table>

* All values in the table are indicative and variable depending on the technology used, management system and current prices (adjusted according to: Standards of agricultural production technologies for the Czech Republic, suitable for organic farming systems)
3. MARKETING

The chapter deals with marketing and various ways to improve the effectiveness of the production sales. In addition to the basic terms and brief introduction to the basics of marketing, the chapter is focused on the creation of a marketing plan, while the final part of the chapter examines the specifics of marketing in social farming and social business.

3.1 Marketing - Importance of marketing in social farming

Marketing is defined as a process of management that systematically focuses on the market, and not merely on the immediate sale of goods. While sales require an effort to get customers to buy goods at a given moment, marketing is a comprehensive set of processes and activities that aim to create a comprehensive system of long, medium and short term strategies, plans, goals and procedures, reflecting customers’ wishes, market conditions, and with the aim of securing sustained sales and profits. This process is generally similar both in classical business and in social activities, including social agriculture.

A definition recognized by the American Marketing Association explains: “Marketing is the process of planning and executing concepts, pricing, promoting and disseminating ideas, goods and services to induce exchange that will satisfy the needs of individuals and organizations.”

Another definition says: “Marketing is the social and management process by which individuals and groups acquire what they need and demand through the creation, supply and exchange of products and values with others.” (Philip Kotler), or “Marketing is a management process that results in knowing, anticipating, influencing, and ultimately satisfying the customer’s needs and wishes in an efficient and cost-effective way to meet the organization’s goals.” (Jaroslav Svetlik). Thus, almost all definitions capture marketing as a long-term process that is continually shaping and changing as it responds to external factors (such as the immediate market situation), but these changes take place in order to fulfill and achieve the overarching plan set at the beginning. From the outset, there is a need to develop a specific model of social agriculture in such a way that the goals we want to achieve are clear, and work towards the main long-term goal by meeting the short- and medium-term goals.

Given that social agriculture is a relatively young discipline, there are a number of changes that affect, for example, the market situation, rules for own production, distribution, etc; therefore, it is necessary to allow for a certain degree of flexibility in the chosen marketing practices.

In this view, the marketing aim is not only to sell, but to sell again, because only repeated sales to satisfied customers ensure the sustainability of the business in the long term. Especially in social agriculture and social entrepreneurship, attracting loyal customers who buy products regularly is a key factor. In order to achieve a state where the business is stable and customers are returning, it is necessary to plan the right marketing strategy and choose a suitable business concept that will help meet the set goals.

The business concept is essentially a definition of the vision that a business should have in order to be successful in the long run. This vision should directly follow (or should be part of) the business plan, and be based on real market and demand analysis, and serve as a basis for establishing its own marketing strategy. This is meant to define marketing objectives in more detail, and the approximate framework of the path that the business entity plans to achieve. The actual marketing strategy should describe several basic parts, which include:

- allocate an appropriate workload to individuals workers depending on their ability
- target market - selection of end users for the product, description of target customer
- positioning - definition of the position against the competition, definition of the uniqueness of the product
- price - determination of product value and determination of pricing strategy
- distribution - choice of optimal forms of distribution and sales channels
- promotion - advertising, sales promotion, promotion costs and timing

Marketing strategy can take many forms; the choice of the most suitable form is conditioned by the initial situation of the company, planned changes and long-term goals to be achieved with the help of the strategy. The basic forms of strategy include:

a) Market penetration strategy: the farmer seeks to better meet the needs of the current market with existing product offerings. In addition, it seeks to prevent competitors from gaining market access, which could lead them to a negative financial impact.
b) Market development strategy: the farmer seeks to find new markets for his current products, hoping to uncover new consumption opportunities, or other customers in new markets for his current products.

c) Product development strategy: involves developing new products for customers in the existing market. There are a number of ways to take advantage of this strategy, for example: product improvement can mean inclusion of new crops, varieties or breeds, and thus replacing the existing ones that are not successful in the market.

d) Diversification strategy: the farmer is trying to reach a new group of customers in completely new markets with a new product type. This may include supplying a new crop or variety on the market where the producer has not yet delivered.

The basic strategies mentioned above also apply within the social agriculture framework; however these tend to be developed in more specific and alternative markets, in comparison to mainstream ones.

3.2 Marketing plan - How do we sell it?

A marketing tool that enables the implementation of marketing strategies is the creation of a marketing plan. It is basically a detailed methodology that covers all marketing strategies for all products of a given subject, and creates a kind of step-by-step guide through which to proceed to the goal. A farmer can have several different strategies for different segments of his production, included in the initial marketing plan. This may include target group and product diversification in order to address different consumer needs.

Creating a marketing plan is not only important for the actual implementation of strategies, it can at the same time, serve to present business intentions in an effort to attract ideal partners or additional financial resources, e.g. in the form of grants. Equally, a printed or electronic version of the marketing plan will make it easier to identify vulnerabilities that can otherwise be easily overlooked. Particularly in the case of social agriculture, the material for external presentations must be very consistent, with an emphasis on the ethical dimension and the specific added value that this type of management/business entails.

Within the marketing plan, for each marketing strategy and product specifics, milestones should be added. These milestones make it possible to better monitor the progress of the main plan, and to create key notes where additional changes need to be made in the framework of existing strategies. Milestones also form the basic axis of the timetable in which the marketing objectives are to be realized, where the following applies:

A shorter time scale requires very precise and concrete dates for reaching the initial objectives.

Within social agriculture and social entrepreneurship in general, certain obstacles should always be expected, particularly in terms of productivity related to working with disadvantaged target groups; so it’s important to consider using extra time and alternative production methods in relation to the original plan. In this case it’s fundamental to identify specific individuals who will be responsible for implementing such changes.

Before starting an agricultural business, we should have a clear overview of the relevant market situation. This must be based on a business analysis, including a detailed summary plan of the procedures and objectives for its individual products. It should of course, be based on the specific product we are intending to penetrate the market with.

The advantage of selling a product derived from raw material is the possibility of obtaining a premium price for its value. The premium is understood as the difference in income for raw material and end product after deducting manufacture and production costs. Comparing the value of each raw material and the products made from it, can help farmers choose the optimum product, and focus on a particular direction of farming and production. The added value can be created in a number of ways and is a kind of bonus to the basic product offered. This could be made through an information leaflet, a free sample of another product, a voucher for another purchase, etc.

However, it’s important to clarify that the true added value of each social farming product is intrinsic but invisible if the consumers do not know about it. One of the main goals should be informing the customer about the product components and why and how it was created. In addition to high quality parameters, a social agriculture product must be perceived as having a very high value, for all the important social values it represents.

a) Product - What do we sell?
A basic step would be to describe the product as accurately and detailed as possible. In addition to the normal technical description, it’s important to include a whole range of other information that explains and describes the
product’s features and benefits, while capturing its uniqueness. At this stage, it is also advisable to put the product in context and compare it with competitors. This can often lead to changes, for example, in the packaging of the product, detecting insufficient production capacity, etc. It’s also important to emphasize the social agriculture aspect and prepare external presentations according to the specific interests of the audience.

b) Marketing goals - What do we want to achieve?
The next step is to set the marketing goals necessary for planning. Marketing goals are typically determined for profit, sales, market share, pricing, and promotion. These goals should clearly indicate where and when you want to go in your business. The objectives should be as specific as possible, as well as the date by which they are to be implemented, including the person responsible for the implementation and the potential success rate in measurable terms.

Assigning responsibility is important for self-planning and minimizes the risk of delays or non-achievement of sub-goals (ex: situations where it was not clear who was responsible for a particular goal). Measuring the potential of goal achievement is very important for getting feedback and judging whether the planned goals are realistic or not.

Here again, it is necessary to recognize the characteristics of the individual groups we work with in the frame of social agriculture to preempt future obstacles.

The objectives should also include a description of how the goals will be achieved, and this description may take the form of a methodological guide. Examples of goals include increasing profits by a specific amount, attracting new customers, launching a new product on the market, etc. As mentioned before, it’s advisable to create certain time reserves and alternative procedures for meeting the goals, and alternatives in case of failure or other great complications. If possible it’s convenient to have backup options of other (ideally simpler) ways of processing the direct sale of the raw material.

c) Competition and market position - With whom do we compete?
An important part of the marketing plan is the monitoring of the competition. An overview of who offers a similar product on the market can be crucial when choosing marketing strategies. However, it is important to monitor not only other retailers and manufacturers but also the procedures they apply in the market, advertising, price, their forms of distribution, etc. Moreover, it is not always necessary to treat the competition as an opponent; in some cases, cooperation on the activities with other market players may prove to be the optimal way.

Even if the effort is placed on targeting specific customers groups who understand the real value of social agriculture products, it is good practice to keep the mainstream market as a reference.

Along with the knowledge of competitors, it is important to know your position on the market. This is an indicator of how customers perceive us and how they evaluate our product in comparison with competitors and other products on the market. As a simple rule of thumb - if our product is perceived as being better, our market position is good. In order for them to be able to perceive our product this way, it must have some added value over the competitors, thus gaining competitive advantage. If customers perceive our product as comparable with competitors, it’s necessary to improve the market position, in order to attract the customers. If our product is worse than the competitors, it’s important to re-evaluate the entire product and the procedures we are trying to apply.

d) Competitive advantage - Why are we exceptional?
It’s fundamental to have market advantage in relation to our competitors. This can be anything from: lower price, longer warranty period, using ethical and natural ingredients to unique or traditional preparation processes, special recipes, or simply, the absence of a similar product in the market.

These benefits should be consistently presented to customers, as they will often be a motivating factor driving them to buy your product.

Within the framework of social agriculture, it is necessary to place an increased emphasis on the added value associated with this type of farming, meaning: the social and ethical dimension of employing disadvantaged people. It can be said that the very focus of social agriculture products is a strong added value, but at the same time we have to realize that this value is only perceived by some very specific customer groups; it is therefore important to combine this added value with others. This is when sales and product distribution becomes a key for informing customers of the real value of the enterprise.
Given that the ethical dimension plays a greater role in social agriculture, it is advisable that other added values such as adopting eco values, regional sourcing of materials, recyclable packaging, etc. are also considered. Most social farming consumer groups are also aware and willing to support the combination of these different values.

e) Risk analysis
Risks are always present. When building a new company the risks may be: leakage of information to competitors, technology crash, bank interference in the operation development, technical changes in the production system, failure to comply with suppliers, etc. Every risk may have further implications in the overall project success, Hence why it’s so important to use a risk analysis to identify and assess risks.

Determining the significance of risks is an important step in risk analysis. Each risk will have different impacts on the overall outcomes. To evaluate the impacts or consequences we can use the five-point scale demonstrated below.

Tab. 2 - The significance of the risks

<table>
<thead>
<tr>
<th>Points</th>
<th>Impact of risk</th>
<th>Description of impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>CRISIS</td>
<td>The situation will substantially limit or close down the business (e.g. bankruptcy, loss of life, etc.).</td>
</tr>
<tr>
<td>4</td>
<td>IMPORTANT</td>
<td>The situation significantly affects the internal and external operation of the company (e.g. serious financial losses - 100% above the budget, time, litigation, injuries, etc.)</td>
</tr>
<tr>
<td>3</td>
<td>MEDIUM</td>
<td>The situation considerably affects the internal and external operation of the company (e.g. losses will arise, but the company is able to continue operating, financial losses of up to 30% of the budget will occur, etc.)</td>
</tr>
<tr>
<td>2</td>
<td>NOT IMPORTANT</td>
<td>The situation limits the internal operation of the company (e.g. there are time delays up to a maximum of 30 days)</td>
</tr>
<tr>
<td>1</td>
<td>NEGLIGIBLE</td>
<td>The situation negatively impacts the operation of the company, but does not cause losses of more than 5%</td>
</tr>
</tbody>
</table>

In addition to the impact of individual risks, the probability of risk is also determined. We again evaluate the occurrence on a five-point scale as seen below.

Tab. 3 - The probability of occurrence of risk

<table>
<thead>
<tr>
<th>Points</th>
<th>Probability of risk</th>
<th>Description of occurrence</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>GUARANTEED</td>
<td>Risk almost always occurs, or with a probability of 90-100%</td>
</tr>
<tr>
<td>4</td>
<td>PROBABLE</td>
<td>The risk is likely to occur</td>
</tr>
<tr>
<td>3</td>
<td>POSSIBLE</td>
<td>The risk can sometimes occur (e.g. under specific conditions)</td>
</tr>
<tr>
<td>2</td>
<td>UNLIKELY</td>
<td>The risk may sometimes occur, but it is unlikely</td>
</tr>
<tr>
<td>1</td>
<td>EXCLUDED</td>
<td>The risk occurs only in exceptional cases and under specific conditions</td>
</tr>
</tbody>
</table>

Naturally, high risks need to be addressed first, and then medium to lower risks. It should be noted that risks cannot never be totally eliminated and only occasionally it is possible to completely prevent their occurrence. In most cases, we should always expect and work alongside the risks. Such risks may be significant human errors that can be eliminated by constant supervision, training, tests, etc., but unfortunately one can never be certain that everyone will follow the set procedure.

The preparation of the risk analysis itself consists of several steps. Its purpose is to analyse and detect hazards or undesirable conditions that may arise during the business operation. The preparation steps are as follows:

Entering and describing the environment - firstly, it is necessary to clearly define in which environment the work is carried out, to clarify what belongs to the analysed system, and what are external factors. Once the system and environment are clearly defined, it is necessary to describe the task - why and under what conditions is the analysis carried out.
Team formation - the analysis should be carried out by an experienced team familiar with the system in place. It is definitely not appropriate for the analysis to be carried out by one single inexperienced individual; collective work will help eliminate errors.

Defining risks - to define risks, the specialist team must analyse the system. They can use visual modelling, brainstorming or other forms of studying the problem. They should ask questions such as:

- What dangerous conditions can arise?
- Could the system in place crash?
- What could cause a crash?
- Under what conditions could the production stop?

Division of risks into sections - each risk is written in a pre-created template. Risks for further evaluation and detection of risk areas can be assigned to defined areas, sections or even processes.

Calculation of the degree of significance of the risk - each defined risk is evaluated by the team with the probability of its occurrence (let’s say on a scale from 1 to 5), and the impact of the risk (again using the same scale). After evaluation, the degree of significance is multiplied and the risks are categorized into individual bands.

Selection of risks and sections to address - from the whole analysis, risks that can be solved are selected and their occurrence and impacts eliminated. Another option is to select the sections with the highest number of risks, or sections with the most risks in the highest band.

Defining risk elimination measures - the analysis can only end after the team has defined appropriate measures to eliminate the risks.

Repetition of risk analysis - the risks may change over time, so it’s important to know if the previous measures have been effective. That is why it’s relevant to repeat the risk analysis after a certain period of time (every 6 to 12 months), and to compare it with the original analysis.

**f) Product diversification - How to create ten products out of one basic material?**

An important element in the marketing plan is product diversification. This can also be used to create alternative approaches to meet marketing goals, and is generally a very important part of sustainability within social agriculture, and even general business knowledge. Product diversification enables us to create a broader portfolio of products, both by diversicating the base product itself and by offering accessories or services linked to it.

Regarding the creation of the product portfolio of one basic product, it is necessary to start with the basic raw material itself for its production, and consider what other products can be produced out of it by using the existing technological possibilities. Milk can be sold as the final product or it can be turned into cheese, yoghurt, cream, it can be used in cakes, etc. However, even a more advanced product can also be diversified. In the case of cheeses, for example, they can be matured for various periods of time, and so we can create several varieties with different characteristics.

The classic method of product diversification is the choice of package size, which allows you to recreate the full range of packages, from a small sample to a few kilograms in multiple packs. Different target groups of customers tend to prefer different sized packages, the size of the package is often considered by the customer in relation to the reason or occasion the product is being purchased, example: normal daily consumption, as a gift, etc. The durability of the product also plays a role here, and generally, larger packages are not usually suitable for fast perishable products.

In addition to the size (volume) of the packaging, it is also possible to work with the packaging format. This includes the packaging itself, its printing, etc. and also the use of various packaging materials. If you want to create a luxury product, it’s necessary to choose the appropriate way of packaging (e.g. pâtés or marmalades in jars instead of plastic packaging, placing cheese and wine bottles or in a wooden box, etc.) On the other hand, for daily consumption products and other cheaper products, we are looking for packaging that only minimally increases the price of the final product (e.g. degradable plastics, paper, etc.)
In social agriculture, it’s important to communicate directly with the consumer in all forms available, so it’s also appropriate to use packaging as a way to convey relevant information. In addition to the actual printing on the product packaging, an information leaflet can be attached.

Another possibility of product diversification is its modification with natural additives, whereby the basic product can generate a whole range of varieties by adding natural flavourings (e.g. herbs, salts, sweeteners, spices, etc.) These natural additives can also modify the colour or smell of the product, which can be very useful for targeting different customer groups.

Another very useful marketing diversification is the possibility of changing the product’s shape. This could happen by a practical reason (e.g. grated cheese as a cooking ingredient, or small-sized pasta for children), or purely for aesthetic reasons, e.g. hard cheeses cut into different shapes and animals can be very attractive to children and can also add value to traditional packagings. Some of the above modifications increase the need for manual labour, which provides a wider possibility for users to engage in the production process within the social agriculture model.

As a note of interest, we can also apply the idea of diversification not only to the basic products, but in the creation of other activities/services offered. Examples of this could be environmental activities from which the product originates: agrotourism and therapeutic/relaxation stays in an eco/social-farm, offering team building events on the farm, professional photo taking with a countryside background, organizing celebrations such as weddings, etc.

g) Target market choices - Who should we sell it to?
Whether we are entering the market with a new product, or intend to expand the sales of an existing one, the necessary step is to choose the target market. By segmenting the market, we need to divide the potential customers into groups and choose the groups we intend to sell our product to. According to the choice of the group, we then adjust not only the product itself, but also its packaging, promotion, forms of distribution, and more importantly, the price. Unsatisfactory sales of a particular social agriculture product may not be due to poor quality, high price or how unattractive it may look; often this is only due to an ineffective target of the ideal market segment.

Regardless of the product we sell to appropriate market segment, it is always necessary to follow basic rules when communicating with the customer, such as seeking feedback and trying to motivate the customer to repeat purchases not only by bonuses, rewards and the actual quality of the product itself but also by promoting dialogue with the customer, which provides a sense of partnership and participation in shaping of the product.

In general terms, the clients for social agriculture products tend to be groups of people reasonably well educated, concerned with environmental and social issues and with a medium to high economic autonomy.

h) Price - How much should we sell it for?
The appropriate pricing based on production costs and expected profit margins is described with more detail in the business plan section; however, pricing is also an important marketing tool and is often the main and only criterion customers take into account.

Another important notion is that prices vary not only for individual products, but also for one according to their “life cycle”. The life cycle is different for every product, but there are usually four phases: Marketing, growth, maturity and decline.

When pricing new products, different strategies can be adopted; the decision is often based on selecting the target group for which the product is intended.

In this sense the product pricing scale can be:

Higher - this strategy is appropriate if our target group is looking for market novelty. In the case of social farming products, this most often includes customers who see these products as a fashion trend and look for special, luxury products based on excellence. This will not be the case of the wider and most common market.

Comparable to competition - if similar products already exist on the market, customers already expect a certain price and the seller does not need to engage in a price war with the competitors; it is possible to adjust the price to competing products, and try to attract customers using creative strategies.

Lower - usually used in high market competition, the seller is trying to attract the maximum number of customers, even if it creates a temporary revenue loss, which will be compensated later, as part of the product cycle.
This strategy can be used when there is the need to gain customer confidence but it is not suitable for products with high production costs and luxury products. With this type of pricing policy, the seller must be ready to immediately meet a very wide demand.

One of the most common strategies is to set a price ending in nine (9, 90, 99, 199, etc) or close to the actual price but “rounded” to a more attractive amount (1490, 2990, 9900, etc).

Customers tend to observe the first digits and therefore believe the price is in a lower category than what it actually is. Given that many consumers already know this trick, another option is to make the change for multi-digit prices in the penultimate digit (189, 1180, 2489, etc). This strategy should not be applied to products where we want to create an impression of luxury. The price of the product should not change too often, optimally only when the product life cycle changes.

In the case of social agriculture products, higher prices can be justified by its added value, as perceived by the usual target customers with higher economic power than the average, who wish to support social agriculture initiatives. However, even within social agriculture, we usually find products where the pricing strategy does not differ from conventional products in marketing terms.

i) Brand, communication promotion - How do we present it?
This chapter describes the creation of a brand, its importance, possibilities of communication with customers and other market participants, as well as product promotion; it also describes social trends and the possibilities of exploring these as part of marketing strategies.

j) Brand
Branding is a very important factor in the marketing of social agriculture products, as it creates a link between the customer and the producer and serves as a kind of quality standard guarantee. The brand distinguishes the product from other similar products, facilitates product identification and contributes to the creation of an image. Knowledge of the brand and its positive perception is one of the basic steps towards gaining loyal customers.

However, the promotion of a brand is very costly, so it is not suitable for every product, and in some cases it is more cost effective to choose anonymous sales of raw materials, semi-finished products to traders who place their own brand on the final product. This will reduce marketing and logistics costs but at the expense of the possibility of creating a new and attractive brand and direct link with the consumers.

It’s important to consider that a well-established brand can in most cases justify a higher value for its products.

k) Communication
The concept of marketing communication includes all ways and means of direct and indirect interaction with customers. The aim of communication is to support products, services or company image. There are many forms of communication, it is important not to be limited to one or a few of them, but to use different areas of communication. The most common communication tool is advertising, other options are sponsoring, organizing various events, selling information, indirect promotion through the media (informative articles, reports), sending information about products, services or company by post or electronically, etc. All these forms of communication should aim to create a positive impression of the company and serve for its promotion. Communication is particularly important in the case of social agriculture because only a well-informed customer can understand and appreciate the added value that social farming products bring.

l) Use of sales trends in communication
Customers who buy social farming products are generally within specific groups. It is worthwhile to follow trends and adapt the promotion and sale of these products accordingly. Although the trends themselves may not have anything to do with social agriculture (or any form of agriculture or production), they can be very skilfully useful for selling products. The following text will describe some of these trends in detail.

Need for change: Today’s consumers are looking for alternative ways of life in every way - from choosing holidays, clothes or eating. The products of social agriculture bring this change or difference, and therefore it is fundamental to highlight the different in relation to common, mainstream products.

The wish of individuality: Many consumers are willing to pay a higher price for products that are distinguished from the common market. In addition to the production characteristics, social farming products need good packaging and sales techniques, if the intention is to create a luxury brand for selected types of products (e.g. cheese, wine, meat). Social agriculture commonly uses high volumes of manual labour, which can be ideal to offer
custom-made products to specific customers. As a rule, the price paid is much higher than mass production, which may be an optimal way to strengthen economic sustainability.

**Removing anonymity:** Urban lifestyle, market globalisation and increased automation of services are among the cause of increasing anonymity and depersonalization of many activities, including sales. Certain consumers still search for personalised shopping experiences: where they are addressed by name, goods are prepared according to their wishes, get recommendation for use and they can be present during production or processing. This means they know who they are buying from (knowledge of the story behind a product), and can see its origin in a broader context. The elimination of anonymity is also one of the principles of social agriculture. Entities involved in social farming should communicate openly with the consumer and emphasize the origin of the product. This is best achieved by direct distribution.

This trend, which is also taken up by conventional production, is one of the most useful in promoting and selling social farming products.

**Need to save time:** Especially among working-age consumers, there is an increasing need to purchase as many products as possible in one place. In addition, they want to have products available at all times (extended opening hours, 24/7 operation, including weekends). This trend can include social agriculture products being sold in supermarkets. However, if sales happen directly in the social agriculture premises, it’s necessary to consider the physical limitations of the people working there, particularly people with disabilities. In this case it might be useful to make these products available in different locations, such as other partners with shops open to the public and use other strategies such as online shopping.

**Convenience:** A lot of consumers want food products that are easy and quick to prepare. Examples of such products are washed and chopped vegetables, freshly pressed fruit juice, sliced cheese or salami. In these cases, a slight complexity increase in the production can be compensated by a slight higher price that is still worth it for the consumer. At the same time, these additional adjustments are often a good activity for social agriculture workers with some form of disability.

**Pack size:** The rise of individualism led to a decrease in the traditional sharing of family meals. Each family member usually has a different time schedule and different dietary requirements. The number of households with one person is increasing. Small, “snack” portions are increasingly in demand. The manufacturer and retailer must therefore present different pack sizes. Different package sizes can actually be an advantage for the producer since larger quantities offer better value.

**Eating away from home:** Many organisations offer a canteen, cafe or dining room in the workplace. Many staff also bring prepared meals from home. It is important for food producers to establish contact with large kitchens or to associate with other manufacturers and sellers so that the customer’s requirements (canteen, school kitchens, hospitals, restaurants, etc) are satisfied. Even large companies require modified products (washed, peeled, sliced, etc). Another option is to prepare ready meals, which can be unwrapped or heated individually.

Some companies, often large corporations, actually choose to support social initiatives in their region which is a great advantage for social farming producers offering small services and products.

**Globalization in catering:** the same Big Mac on almost the entire planet is the perfect example of the need for change (as mentioned previously). Along with the increase in leisure time, travel is more frequent and recreation in rural areas (agrotourism, ecotourism, light tourism) is also experiencing a significant increase. The combination of accommodation and catering is the main source of income in rural areas in a number of countries (Austria, Switzerland, etc). Delivery of local specialities to restaurants in the region or direct preparation of traditional meals is a very effective way of directly realizing the production of social agriculture. In addition, the principle of regionalism can be very useful in promoting these products.

**Influence of children:** The decline in childbirth and the change in traditional education has increased the importance of children in the household. Especially when shopping, they often co-decide the type of goods purchased and from an early age they receive funds to buy goods, especially snacks. Therefore, the direct seller must offer products that match children’s expectations (varied textures, small pieces, smaller packaging, flavour, colourful and attractive packaging as well). When selling directly on a farm shop, it’s possible to attract customers through children’s interest in pets, plants, production aspects, outdoor games and other activities easily available on a farm.
Healthy seniors: Aged populations bring an increased proportion of pensioners in society who need to eat healthy food and enjoy visiting green/eco areas. This can be another great opportunity for social farms in terms of diversification of the client group.

Purchase and enjoyment: When purchasing agricultural products through direct sales, the consumer expects other experiences in addition to the goods. Possibility of tasting, advice, familiarization with the production process and the possibility of children activities. Many sale forms may easily meet this requirement, such as: self-harvesting of vegetables and fruits by the customer to „self-production“ on the farm’s land. It is often possible to get people together and create a group of people with similar interests (e.g. for leisure time or children activities). At the same time, this trend is a good opportunity to link promotions and sales of other related products and services. Especially in the case of social agriculture, there is often a great tendency for customers to support this kind of enterprise in the long term, or more precisely, the group of users working there.

Home delivery: Reducing number of shops in the countryside makes it particularly difficult for older people. But even working age people are increasingly interested in home delivery of goods, including food and ready meals. Accuracy, reliability, choice, quality (especially freshness) of products is important for home delivery and mobile sales. Phone orders are almost completely replaced by products offered via the Internet. Another way is to create a relatively permanent network of customers regularly picking our pre ordered products (potatoes, fruits, vegetables and other seasonal goods, etc.). Targeting the trend of home delivery, if possible to implement, is another positive form of promotion and sale of social farming products.

m) Distribution - How do we get the product to our customers? The key step that often determines the success or failure of a given product is the choice of form of distribution. Distribution does not only solve how to technically get the product from the producer to the customer, but also when, in what quantity and form it does so. Distribution forms are usually made through direct and indirect channels. Each has their advantages and disadvantages and are suitable for different types of producers. It’s important to highlight that distribution can also be seen as a form of communication and a testimony to the overall ethos of a social farm, whilst simultaneously helping create an informal way of advertisement.

The advantages of direct distribution generally includes creating a direct link with customers, and thereby building their loyalty in the long term, the ability to better organize the sale and not entrust responsibility for success to someone else. This creates the possibility of higher profits while maintaining a relatively low price and better link between sales and other services, as it happens in agrotourism. Direct distribution also offers the customer the possibility of visiting the social farm and obtaining better information about the context of the products. The main disadvantage is that direct distribution is time consuming and the time devoted to sales and communication with the customer cannot be used for production. This format can also have significant costs such as: staffing, purchasing market stalls or creating and maintaining a farm shop for regular sales.

Market sales are one of the most common forms of direct distribution. With more vendors in one location, the customers have greater choice, while vendors may have the disadvantage of direct competition and limited options of showing the customers the link between the product being sold and the social farm where it came from. Another advantage is the high probability of customers in one location, many of which may be interested in buying products with a specific added value. This method is equally suitable for products offered seasonally that complement the usual range offered. Such distribution formats may happen outside markets or in busy places, such as road intersections, tourist excursions destinations, etc.

Mail order and online stores are a form of distribution currently gaining huge momentum. Customers increasingly prefer this convenient, time-saving form of purchase, while producers find new fields of activity on the Internet and the possibility to reach large numbers of potential customers who would otherwise not be able to know about them. This sale method can take many forms according to the ordering system in place and can include delivery to homes designated places. Depending on the type of goods, price range and customers type, it is also possible to arrange for seasonal deliveries, e.g. before the holidays (for products like turkey, goose, fish, etc.), before winter storage (cabbage, potatoes, etc), or at regular intervals (e.g. daily: milk, bread; weekly: meat, cheese). The main disadvantage of online and mail order forms is the additional cost of transportation which inevitably increases the final price. Therefore, this form should not be used to sell small quantities, especially cheap goods. Partial solutions to solve this could be supplying boxes schemes, with larger amounts of varied goods, usually within a long-term contract. This offers higher seasonality, the possibility of delivering fresher products and often attractive prices. In addition to the option where the shipment content is determined by the customer demand, it is also possible to sell a great range of tinned/preserved products that haven’t been purchased in other regular sales.
Another direct distribution method is **farm sales**. Having a farm shop makes sense if it can be regularly supplied with a wide range of products: eggs and vegetables are frequently offered as the basic assortment (which tend to be what customers look for more frequently) but it can be complemented with meat, fruit, processed fruit, marmalade, dried fruit, honey, pasta, etc., whenever available. Other complements can be non-food items (e.g., dry bouquets and flowers for year-round occasions, animal skins, wooden handmade products, etc.). The variety and quality of the assortment will stimulate consumer interest but it also requires a bigger production (processing and packaging) effort, unless we also supply goods from other producers.

**Farm sales** can also take place without a physical shop, which tends to happen seasonally and when there is an excess of produce (usually fruit and vegetables). For this reason, customers expect to buy products at much reduced prices.

Farms sales are the ideal distribution channel for introducing the consumer to the production origin which could lead to selling many other products and services. Another advantage is the reduction of transport costs; but as mentioned before this also implies a significant time investment since the priority is to create a dedicated customer experience.

Another direct sales model is **self-picking**, where the customer picks certain products directly from the land. This saves manual labor efforts and transport to supply the consumer (one of the most basic costs), which could result in lower product prices. Picking and harvesting could apply to many crops such as: strawberries, beans, peas, potatoes, gooseberries and currants, as well as fruit directly from the trees, or flowers. This can also be a leisurely activity for the customer, used as a family event, acquainting children with agriculture and rural life. It can also be an incentive for planning a family holiday in the countryside or other recreational activities. In addition, the benefits for the farmer include, a reduction in costs (sorting, packaging, storage, etc.), direct cash payment and establishing a link between the farm and the customer. On the other hand, the farmer can be responsible in case of customer injuries, long “opening hours” are required, as well as being subjected to the influence of external factors, such as bad weather or lack of customers, which can significantly affect revenue.

However, this form of distribution is very suitable for social agriculture and can contribute to increasing customer loyalty.

**Community shares** are another form of direct distribution very suitable for social agriculture. Partially similar to mail order services, this is a system whereby local consumers subscribe to yearly or all-season fresh produce. This offers farmers the certainty of selling their produce but it implies the need to build up the right amount of clients and trust in the quality of the products offered.

**Indirect forms of distribution** in general provide lower profits, rely on the end-sales success, and provide no ability to build customer relationships. On the other hand, it has the advantage of being less time consuming and having less costs, associated with paying employers, buying market stalls or upkeeping a permanent shop for instance. This also provides an opportunity for dedicating more time to the production process itself and more importantly, transferring sales responsibility to another organisation.

It’s also important to realise that wholesaling keeps growing in many countries, especially when selling raw products through **intermediaries** to processors and manufacturers. In this case, the “brand” identity is lost since there is no personal link between the product of origin and its final consumer destination. For this reason, indirect sales may not be the ideal scenario for many social farms.

Within the **indirect distribution method** it might be possible however, to make certain transaction agreements where for instance, **restaurants**, **large capacity kitchens**, **wholesalers**, **health food or specialised stores** and **hotels** advertise the origin of the produce (often organic and of top quality), which is a popular solution for social farms supplying high value products like wine, meat, cheese, etc.

Another possibility of **indirect distribution** is the sale in supermarkets and grocery stores. A large part of consumers (not only from cities) buy in supermarkets because it is more convenient (more choice, saving time) and cheaper. Supermarkets usually buy larger quantities of food stock, so there is a particular interest in products with a longer shelf life. On the other hand, there is also interest in finished or semi-finished products with a high degree of processing and preparation. Many supermarkets choose to expand their product range and selling social farming products creates a good image for consumers. This provides great sales opportunities for social agriculture products but at the same time there are a number of issues in the philosophy of multinational chains. This includes a very strong focus on the lowest possible price, which suppresses core farming principles, including regionality.
Social farmers are also harmed by the persistent efforts of large chains to sell goods under their own brand, or the preference for durable products over fresh but perishable ones. Connection to supermarkets is mainly possible only for wholesalers (continuous supply of large volumes) but entails constant pressure to reduce prices and adapt to their tough requirements. In this environment, it is usually difficult for social farming products to break through, even if large chains meet the Corporate social responsibility requirements, for example, and are more flexible with social farming products in relation to conventional producers.

There are certain outlets that include specialized stores selling local products with added social value. They often provide basic product information and enable links between producers and customers interested in supporting social farms. These outlets tend to be very specialized and offer a smaller product variety, making them only a complementary activity to purchases made in larger supermarkets. Another clear disadvantage is usually higher prices for the end customer, which can discourage some consumers from supporting social agriculture and its products in general.

3.3 The specifics of social business marketing - What works differently?

As a rule, social farming products cannot compete with conventional production in the most obvious element: price. This means marketing is really important. New customers, who are not aware of social farming, are often people concerned with environmental values. It’s usually these groups that are willing to pay extra for the immaterial value of products. The sub-strategy varies from one product to another, but in the first phase, the added value of social farming products needs to be sufficiently emphasized, and clearly formulated information needs to reach the consumer to encourage this product over a conventional one.

Advertisement and adjusting the appearance of the final product is also crucial.

In addition to these marketing strategies, another important element is finding ways to inform the consumer of the range of services offered within social farming, particularly social and environmental ones. In other words, this is using marketing as an effective way of educating the consumer. This way, the consumer will feel empowered by supporting regional values, communities and other important causes.

Hopefully, this will lead to satisfied, and more importantly, loyal consumers, which is vital for guaranteeing the sustainability of a social farm enterprise.
4. FUNDRAISING AND PLAN TO OBTAIN RESOURCES

The chapter briefly summarizes strategies for obtaining resources for social farming initiatives. This includes dealing with organizational aspects, timing and evaluation of the proposed achievements.

Fundraising means the systematic acquisition of financial and non-financial means to ensure the sustainability and development of organizations and initiatives, following principles and rules subjected to the context of each situation.

Every organisation or activity is “unique” in its specificities, aspirations and limitations. The same applies to a fundraising strategy. What should be part of it depends, among other things, on who is involved in fundraising within the organization: is there a fundraising director, program implementer, economist, an external fundraiser, or is it someone’s extra task?

Choosing the right approach will affect how developed an organization is, its long term sustainability, its mission, where and how it implements its activities, how many professional employees and volunteers it has and what experience they have. In any case if we seek success, fundraising requires a team of dedicated people.

In sum, fundraising is part of a strategic plan that addresses the fundamental issues of an organisation, including its position, ambitions, opportunities, and response to challenges.

4.1 Why plan and implement a financial system?

In simple terms: to make an organization financially stable and to develop further.

Planning presupposes defining projects, its content and the target group, which helps establish the organisation’s identity.

Having a clear mission, intention and statutes will provide professional rigour, essential for fundraising activities. In this sense, fundraising captures the essence and provides a useful tool to summarise the organisation’s values to external stakeholders.

Without a clearly defined mission and programs to be implemented, it is not possible to create, within a deadline, an annual budget from which the fundraiser will know how much, for what and when, the necessary funds must be obtained.

In this type of operation it is advisable to have a triangular team, consisting of a fundraiser, a PR and a manager. In smaller organizations, these three functions may be held by only one or two people but still implying a ‘three-function’ thinking.

In either case, this is a demanding task; nevertheless essential for financial stability and development.

Fundraising is crucial to the overall economic management and will determine the movements and priorities of the organisation. It therefore needs to follow deadlines related to funding, and maintain active and positive partnerships. All of which naturally implies having excellent working practices such as record keeping and seeking new connections with other external initiatives and donors or awarding bodies.

4.2 Fundraising and financial plans

Every organisation has an annual budget usually containing the planned expenditure and revenue items for the following calendar year. When compiling it, the financial expert in long-standing organizations draws on experience from previous years and complements the budget with new facts and knowledge.

The expenditure part of the budget consists of staff wages, insurance, taxes, energy, services, operations, events, etc.

The revenue should be determined in cooperation with the fundraiser, as this will provide a clear picture of what areas of the budget need to be adjusted. It might be necessary to find extra funds or reinvest in certain areas or departments.

A budget needs to be prepared according to all other relevant deadlines with financial impact, such as application for funding or grants.
It is fundamental to monitor, assess and innovate revenue and expenditure aspects of the budget on a regular basis and preferably across different departments, such as management, finance and fundraising.

The most common tool used is the Microsoft Excel program, making it easy to track, share and make budget presentations.

A well structured, long-term fundraising plan usually includes Public Relations (PR): media, promotional materials, working with volunteers, social events, deadlines for funding application, donor campaigns, etc.

The fundraising plan that covers operating costs and wages is based on the overall budget and mostly on guaranteed resources.

The fundraising plan to cover the cost of an investment project is based on the investment budget and requires specific or even extra resources. In most cases, it is necessary to adopt a multi-source financing strategy: pooling of funds from several different sources.

4.3 Obtaining and managing financial resources

We will now briefly discuss possible resources that a fundraiser can focus on. The aim is to provide a general idea without naming specific financial sources, as these change over time and continue to evolve or decrease. The amount of funding available from the sources listed below very often depends on the specific mission of an organisation, the individuals involved or the policies of different governments or regional powers.

In the case of individual or private donors, charity events and public collections, etc. positive relationships and communication skills are very important since often donations derive from an emotional impulse based on the personal criteria. It is easier to establish positive connections with donors when adopting a friendly but focused attitude.

Corporate sponsorships also often rely on good relationships and interpersonal skills. In this situation, donations could happen as a free gift or within a formal contract. It is up to the fundraiser to negotiate the terms that best suit both parties.

Public administration, governmental, regional and local powers, this is where effective lobbying pays off.

Government grants are also a popular choice but have strict rules and conditions. It’s important to skillfully adapt our project’s intention to the application requirements; however it’s also necessary to keep the original idea and intention intact, otherwise the project will take a completely different trajectory.

When completing formal application forms, we should provide clear and concise answers instead of overwhelming and irrelevant information, even if we consider it important.

EU programs represent a great chance for obtaining large fundings but they also imply a great deal of compliance, bureaucracy and rules. It is important to ensure there are enough resources to respond to this demand, including appropriate staffing numbers and effective communication lines within the organisation.

The EU offers a huge variety of funds across most sectors, from education to business entrepreneurship and agriculture. The first step should be to undertake a good degree of research to identify the correct platform for the relevant funding of our enterprise.

Foreign grants and sponsorships can be obtained from many wealthy countries, either by official or private entities. Usually these funds apply to specific sectors, e.g. social and human development. It is advisable to attend international conferences or other events in order to establish connections and obtain useful information from relevant people and organisations. Equally, online research is usually a good form of finding attractive international funding, but this requires persistence and ideally reasonable or good computer skills.

Whichever choice we make to obtain funding, monitoring income sources is always important. It is recommended to monitor and record income sources and their development over the last three years. If the ratios of individual resources remain unchanged, this indicates long-term financial stability of the organisation. If there are considerable discrepancies, it is necessary to identify the cause.
When undertaking an income sources evaluation, it is recommended to identify the flow increase causing extraordinary income, this can often be one-off situations from unexpected and should not be considered the norm.

In general terms, not having appropriate records and evidence, will generate accountability chaos.

A fundraiser must have an effective system for the long-term monitoring and registration of resources. Here’s some examples of how to record this data:

*Donor database*
Name of donor; address; donation amount; date of acceptance; acknowledgment of receipt.

It’s highly recommended to maintain positive communication with the donor.

*Copies of sponsorship letters*
Date of dispatch; name and title of the person that authorised the funds; name of any other staff involved; record with dates of all follow-up communication.

*Grant application tables*
The list of applications should include the name of the organization addressed; the name and contact details of the contact person; the closing dates for the submission and dispatch of the application; the purpose (program, project, activities, etc.) for which the funds were requested; who within the organisation will be responsible for overseeing and manage the budget; date and specifics of the donation contract; deadline and final reports, etc.
5. GOOD PRACTICE MODELS IN SELECTED COUNTRIES

Examples of Social Farming in Europe

The purpose of this annex is to provide some examples of Social Farming (SF) in Europe, including: Social Farming’s main purpose, types of target groups and more importantly, financial constraints. We focus on four different countries, from Revitalist consortium. Our hope is that we can provide a useful reference for anyone who wants to start or improve a Social Farming practice in Hungary, considering its economic viability into the future; understanding that the financial limitations are usually the biggest impediment for initiatives of this kind to flourish.

We will start with a case study of a well-established education provider in the UK, that despite not being a SF has provided the inspiration for this project, which ultimately proposes to find a more rigours alignment and structure for SF and its development in Europe. Following that we will turn to Italy, where we will briefly introduce one of the oldest Social Farms in Europe. We will then give two very different examples of SF in Czech Republic. This will culminate with a look at a successful enterprise in Hungary, which is the country of our training program and prime focus of this project. Where possible we have tried to provide some historical background to these different Social Farms; from our perspective, the context and history of any social initiative is highly relevant for its economic flow, as it provides a more comprehensive understanding of its reality, in terms of potential benefits and constraints. Hopefully you will also gain a clear picture of the particular individual key assets of each enterprise as well as the foreseeable obstacles that exist into the future.

Introduction

Today, across most European countries we still find a very free and wide concept of Social Farming (SF) in the sense of how these operations unfold in various scenarios. There are many completely different target groups and core values in these initiatives. These can range from small-scale farms that focus mostly on farming activities but offer some kind of social activity to establishments where the social aspect is far more important than the farming itself. To highlight the diversity of SF models, we chose enterprises in four countries that focus on specific activities and that therefore have different business approaches.

As we will demonstrate further along, it is very common to find organisations that depend mostly on national funding, meaning that the priority is to provide a service to the local community. This tends to be related to activities with children or youngsters who are in care or being supported by the government at various levels. It is relevant to mention that usually in these cases, fundraising is a crucial strategy as this will fill any financial gaps. This is particularly the case in our first (Ruskin Mill - UK) and last case study (Fébé - Hungary).

In terms of fundraising and donations, it’s important to understand that these can happen in many ways: land donations, rent free use of farming or gardening spaces, agricultural tools and materials, etc. In all cases, these donations will have a positive impact on the financial balancing of the activities.

In other situations, we can also find farmers using their own land (often under a mortgage) to provide a social or community service; this can simplify the operations since it gives the farmer direct control of the economic aspects.

Essentially, it is up to each SF to thoroughly identify its strengths and weaknesses and to find (multiple) creative solutions in order to move forward successfully.

This is surely the case on our second example (Capodarco - Italy), where we find farm that obtains most of its revenue from the crops grown, sold through community agriculture schemes or directly in local gardens for instance, whilst simultaneously utilising an income supplement usually from the government or local authorities.
Description of the organisation

Purpose: providing education for people aged 16-25, with learning disabilities and special educational needs. The main goal is to encourage the students to become independent and make a positive contribution to the community.

Brief history:
Ruskin Mill started over 30 years ago. Aonghus Gordon (founder) inherited a derelict textiles mill in desperate need of repair.

The old mill was rehabilitated in the 1980’s using a bank loan to create an art & culture centre. Different craft masters were invited to take residency and develop their activities for the local community: pottery, glass design, jewellery, etc.

A student with learning difficulties living nearby became very interested in the project and decided to stay at Ruskin Mill to learn the different craft activities. The same student helped with the task of rebuilding the old mill. Later on more students joined, which created the need to acquire more land and offer a wider range of craft activities as part of their education. Gradually, this evolved into a more formal educational concept and the first Ruskin Mill College was born.

About 20 years later, multiple colleges and education centres were created in the UK, under what became Ruskin Mill Trust (RMT). Nowadays, RMT accommodates hundreds of students and employs more than a thousand staff members.

In 2015, RMT started developing work in the USA (Sacramento), and collaborated in many different initiatives all over Europe (Russia, Germany, Czech Republic, Hungary and Italy), as well as Malaysia and China.

The name of the organisation derives from the influence it draws on John Ruskin, who extensively talked about the importance of nature and natural materials in education.

Main business concept

Ruskin Mill’s enterprise started with a bank loan but was supported in parallel by government funding for students with learning difficulties. This enabled money to enter the accounts, pay back the bank loan and at the same time, drastically improve the infrastructure, as well as buying more land and properties across the country.

The success of RMT is much due to the creation of a unique education method called Practical Skills Therapeutic Education. This is the most important aspect of the service provided, as well as the quality of the facilities and very high number of staff ratios. In some special and complex cases, the support level could be of 2 or 3 staff members per student.

PSTE is a holistic education method based on the teachings of Rudolf Steiner, William Morris and John Ruskin (mentioned above).

It’s important to mention that PSTE’s method is constantly under research and innovation in order to follow the constant political and social demands. RMT has a dedicated research centre for this purpose, that also offers cultural and academic events to the public.
Financial strategies

In the present structure, RMT offers the local authorities (who are government funded) an individual package according to the students’ needs. In basic terms, the more support a student requires, the more expensive the package will be, because this will require the use of more resources: In some complex cases one single student may require three staff members working permanently alongside him or her, or they may need special facilities, equipment, activities or diets to ensure their balance and progress.

Beyond the education provision, RMT also offers a 52 week residential service for students that require it. This substantially expands the income generated and it creates more jobs for staff with these specific skills. More importantly, it ensures a continuity in terms of the quality of the service provided to the students, who this way receive a more consistent approach from the educational and residential settings since both these services are offered by the same organisation.

Profits are constantly reinvested in new land and properties.

All land and properties are safely protected under a Trust (Ruskin Mill Land Trust), meaning that under the law, they can never be sold but equally they cannot be lost or repossessed by external companies.

The different colleges receive money from the government for each students’ placement. Every college then pays a rent for hiring land to Ruskin Mill Land Trust. This creates an internal economic flux.

A dedicated fundraising department seeks to obtain funding for equipment, such as new school buses, and polytunnels.

This department can also apply for grants to develop and restructure old buildings, using for instance, the National Heritage Fund for preservation of protected and historical buildings.

Other relevant information

Ruskin Mill operates an “open to the community” policy. This means that the colleges do not have gates or great walls and are always open to the public. This is important so the students do not feel alienated from society and equally the local community members can witness with their own eyes the invaluable work being produced with the students.

There are several farms shops selling organic produces, including biodynamic5 vegetables, fish, eggs and meat produced by students and tutors in the different farms.

The same happens in all the cafes of the different colleges, which are open to the public (also on weekends) selling organic and biodynamic food.

Both the shops and cafes provide students with professional experience in real life contexts, which is a crucial aspect of the education values of Ruskin Mill.

Each student has a food allowance, included in the price for studying at the colleges. This individual allowance is transferred to the colleges’ canteens and cafes, where the students have their meals. The same happens with the shop, where the residential carers that look after the students use their food allowance to buy produce from the shop. These different sectors (shops, cafes and farms) have separate accounts, and this system ensures that each sector has a guaranteed source of income (through the students’ individual allowances), which removes financial pressure overall.

RMT funders are particularly interested in the fact that the colleges teach practical activities that respect and promote environmental and sustainability values.

Staff training is another essential aspect. On one hand, because this is a national requirement, since Ruskin Mill is an official education provider subjected to the regulations on this field; on the other hand, because it is important to keep staff updated with relevant information that goes beyond the national requirement. This includes the latest internal research outcomes on Ruskin Mill’s educational method, as a way to ensure that all staff is updated with the main goals of the organisation.
RMT is solely dependent on national funding. This can create a vulnerable position for the organisation. The effects of the last recession were visibly noticed within the Ruskin Mill. There were several governmental cuts on education and care, which meant that it became harder to get the ideal number of students for each colleague, that guarantees a viable operational level. This has caused staff dismissals and the restructure of certain internal sectors.

This also drastically increased the competition between education and care providers. In the end, Ruskin Mill had to start accepting students with serious behavioural disorders, which are much harder to contain within an educational setting and cause more disruption to other (less complex) students, as well as staff.

Diversification of funding in the Social Farming context is a very wise and widely encouraged advice for other organisations, particularly newly created ones.

One of RMT’s greatest skills is the ability to transform itself under economic challenges and pressure - the capacity to reshape the organisation’s operations in order to adapt and give a positive response to the challenges encountered.

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Social Farming in Italy - Agricoltura Capodarco (AC)
https://www.agricolturacapodarco.it

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Agricoltura Capodarco Società Cooperativa Sociale “ is an organic multifunctional farm on the outskirts of Rome, founded in 1978 by Don Franco Monterubbianesi, Milly Luska and Domenico Mezzani (wife and husband).

Capodarco belongs to Type-B cooperatives*, which is focused on providing occupation for ‘disadvantaged workers’, who must constitute at least 30 percent of their employees. Capital of the cooperative society is raised from members through share capital. Profit coming from activities is reinvested in the farm.

The main purpose of this organisation is to provide adults with mental and physical difficulties, as well as of all the professionals involved, a balanced and harmonious life-style, integrated with meaningful, professional and cultural activities.

The internal organisation is democratic and horizontal. Decisions are made in a general assembly, where each member has a vote and the right to get access to all information about Agricoltura Capodarco.

*B Type social cooperative integrates disadvantaged people into the labour market. The categories of disadvantage they target may include physical and mental disability, drug and alcohol addiction, developmental disorders and problems with the law. In type B cooperatives at least 30% of the members must be from the disadvantaged target groups.

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Capodarco was born as a specific type of social cooperative, which aims to include disadvantaged people in active employment or placements, whilst simultaneously supplying varied social services. The farm has progressively reinforced links within the local area, answering several needs and requests expressed by local health and social services or directly by families. Agriculture activity has also been developed throughout the years, including conversion to organic production and certification.

Presently, AC is a multifunctional farm that includes disabled and socially excluded people as employees, trainers or volunteers engaged in occupational therapeutic activities. The farm focuses on mentally and physically disadvantaged people, psychiatric patients, former drug-addicts and former prisoners, people affected by depression, immigrants, political refugees and asylum seekers. The aim of the activities is to promote the social inclusion of disadvantaged people and to improve the quality of life of the local community.
Training is one of the core activities in A.C. since its foundation in the 1978. Inside the farm there is a training centre named “Capodarco Formazione” opened 40 years ago and one of oldest training centre in the Lazio Region for mental disable and psychiatric people. Training could be a personalised pathway activated by the Health Budget or a training course for a class of students in different field such as: agriculture, computer licence. Training activities for service users are one of the most crucial activities of Capodarco and are carried out in cooperation with local administrations and are partially funded through different social programs.

Agricoltura Capodarco is a pioneer in the implementation of new services, particularly in trying to understand what a Social Farm can offer as an answer to the dramatic problems of parents with children with complex social and physical needs, such as: what will happen to the children after the parent’s death?

Agricoltura Capodarco is a mixed farm with onsite residential accommodation, a restaurant, shop, winery and fruit growing areas. End-users live on site in shared or independent accommodation and they work on the land growing fruit and vegetables, in the restaurant and shop or in the local village’s market, which happens regularly.

The farms production is highly diversified including: Honey from 200 bees; daily production of over 1000 eggs; 40 hectares of vegetable garden; olive oil from 13 hectares of olive trees and quality branded wine from the 9 hectare vineyard. There is a dedicated activity for marketing and distribution of organic products; 2 shops; 2 restaurants offering excellent catering and multiple events. In parallel, Capodarco is constantly focused in the Management and collaboration with other services offering social inclusion in the local area.

Besides production and commercial activities, there are other social services delivered to the local communities, which are supported through different economic sources using public and private funds, including donations at a national and local level.

In addition to this, the Cooperative also uses different national programs such as National Civil services and the Health Budget to support the social activities, work and social inclusion of vulnerable people. For instance, the shelter laboratories called “Viva Io” is a service started in 2008 in collaboration with the Mental Health Department of the Municipality of Frascati and included within the local services policies.

“Viva Io” is a shelter laboratory where people with mental and psychological disabilities are principally engaged in floriculture activities (mostly in a greenhouse) in synergy with the agricultural context in the farms.

This specific project creates an experimental process with a strong social, therapeutic and rehabilitation significance, which facilitates increased autonomy, perfectly integrated in the daily agricultural and commercial activities of the cooperative itself. “Viva Io” offers external maintenance of private gardens, as well as decoration of weddings and special events.

All farming activities are certified as organic. This is a trademark of this organisation, making a stance in relation to ecological concerns, as well as political and social ones. Moreover, AC sees this approach as a very valuable concept to be passed onto their residents, workers and communities.

**Financial strategies**

In Rome AC permanently stocks a shelf in one of the main national supermarket chains selling a variety of produce. These are not only labelled as organic but also as a product of Social Farming giving the consumer a chance to support a social and ecological cause. Simultaneously, this provides a chance to enter into a very special market niche.

**Other relevant information:**

Since AC is in effect a cooperative, you have to pay a fee to join in (if you decide to leave your fee will be reimbursed). The main advantage is that most staff involved are not only employers but they can make relevant decisions on the future of the organisation. This money is used to invest in activities carried out by the Cooperative and to secure the financial mechanism of the operation.

AC is not a profit-oriented company, the emphasis is on generating work for its members and community integration.
### Description of the organisation

This environmental and social business focused on cultivation of lavender and its processing into products such as floral waters (hydrolates), syrups, lavender tea, bath salts and lavender sachets for the wardrobe to repel insects. Currently they are working on other cosmetic, decorative, floral and food related products made from these crops. At the beginning of 2012 they had rebuilt an old farmhouse (it includes a big hayloft, which is perfect for lavender and herb drying) with a big garden and a barn. In the big garden, they have planted lavender seedlings, which can tolerate frost at this altitude. In January 2015, they added a meadow to the property, which has almost 10,000 m², and is connected directly to the original garden.

When working with lavender the tasks are done mostly manually or with small machines (small tractors with weeder, rotavator). Planting and harvesting are only done manually. During the season the field is planted with approximately 10,000 – 15,000 plants. This number is achieved through cuttings. Currently they are preparing the construction of a greenhouse, which is important for controlled growth. They are also using horses to plough the field to avoid the use of heavy machinery.

### Main business aspects

The main goal of the business is to cultivate the plants and use them to make products in an ecological way. They plant a 5-hectare field with lavender, herbs and flowers. Their business provides them with the basic commodity for their production, because they cultivate and dry their own plants and use them to make floral water by steam distillation, syrup or other products. Since they are focused on being independent from suppliers, they manage to be self-sufficient.

Their product portfolio is:
- Floral waters made by steam distillation
- Lavender syrup
- Lavender tea in gift boxes
- Lavender bath salt
- Lavender sachets to repel insects
- Lavender wine
- Lavender chocolate

Most of their customers also support local cultivators and producers who endorse ecological agriculture. The main client group are typically women interested in natural products, healthy lifestyles, and in the process of committing to the ecological footprint. Apart from production, they also have a portfolio of services connected to the beauty and calm of lavender fields: agritourism, relaxing retreats, lavender field photoshoots, lavender processing courses and workshops, etc. They employ people with disabilities at the farm and are trying to build a team spirit within the company where the focus is on the individual employees and their specific needs. They offer help solving staff personal issues and provide them with psychosocial support and supervision. The company is not dependent on regular working hours. The hours can be flexible, and some tasks are possible to do from home (manual product making, e-shop servicing, packaging).

### Financial outcomes

The company had received the amount of 130,000 EUR as a financial aid from European Social Fund, which helped them in the first two years to start the project. After approximately 2.5 years the company is running without any subsidies with the exception of income contributions for some of their employees provided by the Department of Labour. However, the company is making a profit even without these contributions.
Sady sv. Prokopa
https://www.facebook.com/sadysvprokopa/

Description of the organisation
Sady sv. Prokopa (St. Prokop’s orchards) was established in 2012, by the parent company Pomoc Týn nad Vltavou, o.p.s., to fully develop ecological agriculture. Besides maintaining the orchard, Sady sv. Prokopa provides work for a couple of local long-term unemployed individuals, as well as several people living with disabilities. Labour in the orchards and the product making also serves as a therapeutic activity for members of a day care centre, providing them with safe housing. The company is mainly focused on social agriculture and their primary activity is retail as well as wholesale of their products. The company’s activities go hand in hand with sustainable development, ecological approach and humanistic cooperation, beyond commercial purposes, meaning that they handle the animals and the land with care.

They provide staff and employees (some are residents living onsite) with a chance to actively participate in the decision making of the company. Their business has a significant social outreach and is considered as exemplary social farming.

Main business aspects
Sady sv. Prokopa are managing 10 hectares of orchards, where every year they produce over 11 kinds of organic fruit. They also breed small livestock, cows, pigs and bees, which are a significant part of the ecosystem. Part of its production supplies its parent company which helps the employees financially. Most of their products are sold within the region, products are distributed through community-supported agriculture and health food stores. The same platforms are used for selling in České Budějovice, where the produce is sold in number of wholesale stores which distribute their products into smaller retail stores.

Their BIO orchards are mainly focused on the cultivation of apples, pears, plums and strawberries. Lately they have also started cultivating pumpkins, cucumbers, tomatoes and raspberries.

The company’s motto is: “Integrity and originality.” While processing the fruit they try to create original and unique products with a taste that the customers will remember.

They supply the market with:
Apple juice – which is made of ripe apples.
Dried fruit – originally cut manually with knives, currently with a special slicing machine.
Marmalades – part of the orchard’s production is used to make purees and marmalades. Currently they are working on making their own bio-pectin and sugar substitutes. Some of the purees and marmalades are already sugar free.
Compote – the fruit is also used to make compotes and pulp. They are working on making and selling their own ice-cream.

They also sell potatoes, thanks to a high-quality root vegetables storage, all year round. Part of the potato production is focused on peeled and vacuum-packed, in a unique way of peeling without using lye or pre-cooking.

Financial outcomes
The outcome from the 2018 financial year is positive and the revenues from sold products reached almost 80 000 EUR. During the first few years they had to go through a systematic development, which took the company to the current economic condition. During the developmental years the company was in a financial loss.

Apart from maintaining the orchard ecologically, making products, and other activities connected to social agriculture, the company is also rebuilding the old farmhouse - the headquarters of the parent company.

The company manages to keep a stable financial situation. In the past three years neither its profit nor its loss has exceeded 10 000 EUR. Currently, the company’s profit includes 20% social subsidies (income contributions for some of the employees, paid by Czech Republic’s Labour Office), 30 % agricultural subsidies (standard agricultural contributions) and 50 % production. However, maximization of the profit is not the main objective of the company but rather realising the social farming while keeping financial stability and prosperity.

The company is cooperating with an external advisor and developer, who is helping with an up-to-date manufacturing practice and with the development of new products. This enterprise is currently using an external product quality assurance specialist, to guide them on how technology affects the quality of their products. They are also consulting with a number of other specialists on how to work successfully with their target group, as well as how to manage people with disabilities within the food industry.
Social Farming in Hungary
Fébé Evangelical Charity Service
https://lutheran-febe.simplesite.com/

Description and history of the organisation
The history of Fébé dates back almost a hundred years. In 1924, a small hunting castle was bought by the deacon of the Lutheran Church, Irma Pauer, who moved in with her associates and at the same time, started helping the local people in need, in every possible way. The institution operated in this format until 1951, and the new chapter only began after the change of regime. At that time Pál Gadó - one of the most prominent representatives of people with disabilities in Hungary, who was also disabled - and his wife built an organization based on the modern principles of self-determined life, including housing and jobs, especially for disabled people. The organization has grown steadily, expanding its activities.

Currently, the target group is formed of people with hearing and visual impairment, mentally and physically disadvantaged people, as well as people on the autistic spectrum.

Main business aspects
Fébé carries out occupational rehabilitation tasks and is also involved with child protection services, employing around 150 staff. There are approximately 20 service users in temporary care, and 40 others are provided with home support. There are also 14 small children in the two nurseries.

Fébé printing workshop employees publish 4 community pamphlets and church publications per month. There are 25 employees working in a packing department which produces thousands of daily outputs, such as assembling 8 different construction tools.

There are 13 carpenters working in the carpentry workshop, producing garden and indoor furniture, as well as cognitive-development games. In the garden there are 6-8 employees working in a size of 2000 m2, which include a shed and two small greenhouses. The work has been chemical-free for the last four years.

Their newest activity is running a small swimming pool. There are two swimming pools and a sauna, these are mainly used by children. There are baby-swimming, school and out-of-school swimming lessons, many therapeutic and gym activities and massage.

Financial outcomes
The Fébé is an accredited institution that receives – beyond the income from its own sold products and services – the yearly grant from the state, which is based on the clients and employees number. In addition, there are complementary sources of funding and support from the central institution (church) that oversees Fébé, ensuring the budget’s positive balance. In the current operation, this support is still needed but the goal is to cover the full cost of the product and service revenues independently. In sum, Fébé receives state and church support for the services provided, striving to keep the budget balanced, which is usually successful.

Strengths and weaknesses of the organisation
The organization is embedded in its surroundings, in terms of local and surrounding communities, maintaining good relations with the population, with the institutions that represent them and with the municipalities.

They take part in organised programs but also initiate them and have several cooperation agreements with municipalities, schools, kindergartens and social institutions.

Fébé has positive capacities and are able to perform their activities in suitable buildings with a good environment. The staff has a wide range of expertise and the organisation maintains a wide network of contacts with customers and suppliers.
Areas to be developed:
- changing the ratio of own products and staff wages
- raising the level of the work culture
- improving the organizational infrastructures
- strengthening cooperation with similar organisations carrying out similar activities
- improving business activities (marketing, sales, pricing)
- adherence to deadlines and quality assurance
- ensuring continuous developments
- internal investment, starting by improving staff qualifications.

Lessons learnt from the past

Fébé started only two years ago working in the current maintenance of the internal structure. Before that, several maintainers (in the form of associations and foundations) operated as a unity of the current organisation. These activities were not coordinated with each other.

The complex was built between 1992 and 1996, with significant parts underground and unfortunately with many technical problems. There were years when the maintenance of buildings was neglected. These have been slowly refurbished in the framework of an ongoing energy efficiency tender.

The institutions are located in the Central Hungary region, so they were excluded from a significant part of the development tendering, which means, no developments, asset purchases, investments or renovations have taken place for a long time, which leads to think that in many cases there was a lack of planning from the founders.

Plans for the future

Designing an internal program that provides training and work experience for the staff, which will enable a more efficient service provision. There will be an investment to preserve the swimming pool and eco-gardening as a health asset for end-users.

Plans are being made for the carpentry workshop to produce tools used for the internal horticultural activities.

The packing workshop will focus mostly on packing healthy food.

(Footnotes)

4. www.thefieldcentre.org.uk
5. https://www.biodynamic.org.uk/