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HORTICULTURAL SERVICES

article

Ten steps to help you decide whether organics is for you

Alison MacGregor, January 2010

In the early stages of considering organic certification, many growers feel uncertain about what is involved in the process. There are three big and obvious questions; '*can I grow it?', 'can I sell it? and 'will I make a profit*?'.

The more detailed questions seem overwhelming if we are unsure of what we should be considering first. The complexity of it all leads to uncertainty, which paralyses decision-making.

Seeing the components of any complex decision in a sequence of steps can be helpful.

Scholefield Robinson developed a sequence of steps (shown in this article) to help our clients in their decision making about 'going organic'. The steps were modified from a flow chart published by Blakeney (2008).

We have noticed that clients tend to want to rush straight to Step 11, then 10 and only aspects of Step 4, without having considered the other steps.

A decision to proceed with conversion to organics has a high likelihood of success if the whole sequence has been followed. Considering all the steps is very valuable; the order is just a suggestion that seems logical. Note that for some growers, an appropriate decision after Step 2 or 4, or a later step, might be *not to proceed* with certification.

Step 1. Review several years production data (yield and net return) for each patch

It is important to know which of your patches are returning the best (and worst) because a low-yielding patch may be slow to achieve returns that cover the costs of conversion. Use a farm financial tool such as *VineBiz* or *Agrigator* to compare the performance of each of your patches.

Step 2. Identify how many years it will be before you can claim organic status for each patch

Develop a matrix to display how long it will take each patch to achieve organic status. The matrix will help you to set priorities among your patches, or between sectors of your business. The time delay depends on how long it has been since each patch was last treated with inputs that are unacceptable under the standards. Is this delay realistic? Can you wait that long before you get returns?

Step 3. Prioritise your patches and set time frames for conversion

Use Steps 1 & 2 to prioritize the order of conversion of patches, and to set time-frames for conversion of each patch. Aim to maximize your returns as quickly as possible, so that overall property income is not compromised.

Step 4. Assess your current inputs and identify additional input requirements

List all your current inputs, and be class each according to whether it:

- Complies with the organic standards
- Can be sourced from an accredited organic supplier and can be supplied locally and reliably
- Will be sufficient to maintain yield potential
- Represents an opportunity or a threat to your business, (eg setting land aside for a buffer zone, to reduce the risk of drift contamination, may represent a 'threat' to yield potential).

You must find alternatives to any unacceptable inputs, and may also need additional inputs or equipment.

Step 5. Review the constraints on organic production and marketing

What constraints present the greatest challenge? Can you afford to and do you wish to address these? Your business can only be a success if all constraints have been removed/resolved. You must identify ways to address all the obstacles to conversion and to organic production.

- How will you control weeds?
- How will you maintain organic matter?
- Can you access and afford inputs permitted under the standards?

- Are you at risk from drift from a neighbour, or contaminated water supply?
- Is there good demand for an organic form of your crop?
- Will the market pay premiums for an organic for of your crop?
- Do you need to maintain year-round supply to meet the needs of a buyer?
- If you subcontract winemaking, is the winemaker certified or able to clean their equipment according to the standards?
- Do you have a reliable way of reaching the market? If you use an agent, they must promote your product and be reliable.
- Does the agent have a sustainable business?

Step 6. Sensitivity Analysis to test the effects of varying operating costs, prices and yields

A small change in cost or return can have a huge impact on your profit. Costs of production are likely to increase under organics, and yields may decrease. Prices can be variable. What minimum returns will you need to remain profitable? Ask your accountant or advisor to run the 'sensitivity analysis' to see the effect of different price/yield/cost scenarios. Can you remain profitable across all the scenarios?

Step 7. Opportunities and Risks

Conduct a SWOT analyses for your enterprise (Strengths, Weaknesses, Opportunities, Threats). How do the opportunities compare against the risks? Do the opportunities outweigh the risks? The SWOT analysis should include:

- A sensitivity analysis, to be clear about the effects of price fluctuations on profit
- Issues around market access and sustainability

Step 8. Develop a 3-year budget

3-year budget projections will show whether your returns and cash-flow will be adequate while you are in conversion. (*If you develop the budget yourself using farm budget software, get it checked by your accountant before you make any major decisions*).

Will you remain viable for the conversion period and afterwards?

Step 9. Test soil fertility and residues

Although soil testing is a critical step in achieving organic certification, comprehensive soil testing can be expensive. Wait until you have resolved other constraints. First decide whether it is feasible to go ahead with conversion, and then get your soil tested.

Step 10. Develop Organic management plan

Get in touch with an accreditation group and complete an 'Organic Management Plan (OMP)'.

Reference: Blakeney M. (2008) Managing the Change to Organics to Commercially Viable Organic Systems. Publication No. 07/134. Project No.RFR-1A. Rural Industries Research and Development Corporation 2007.