

Chapter One: Share Types and Pricing

Types of CSA Shares

Before the grower can properly promote the farm or set prices, some decisions on how shares will be structured are in order. A few considerations include:

1. How long of a season do you think that you could handle?
2. When is your first and last frost, and how might this affect your season?
3. How many weeks do other CSA's in your area go?
4. Do you live in a resort area where a short intensive season might work best?
5. Do you have – or might you build – a high tunnel or greenhouse to extend your season?
6. Do you have a storage area/root cellar/cooler to store root crops for a fall or winter share?
7. How large is the share? How many people will it feed?

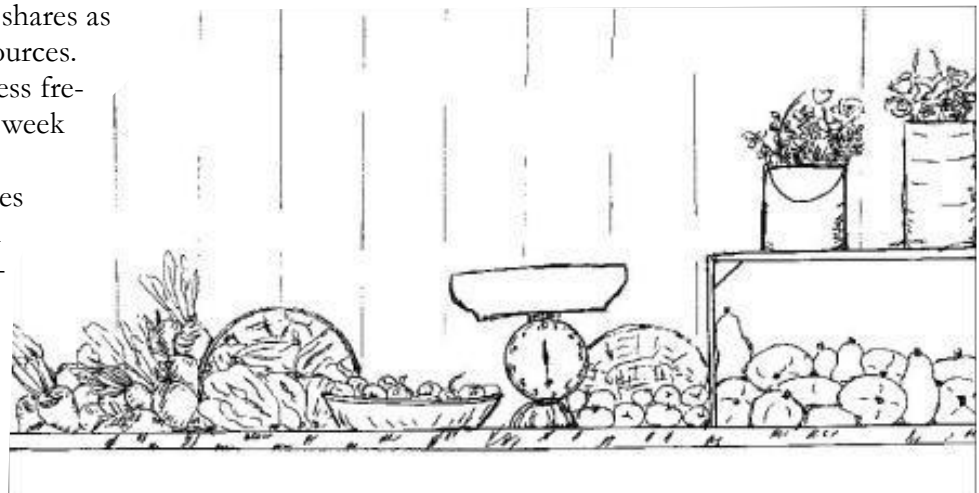
CSA is usually associated with a wide variety of veggies but it can include more:

- **Regular** shares might be described as a weekly veggie share starting in the spring or early summer and extending until fall.
- **Extended season** shares are often a separate share; some growers offer early season veggies from hoopouses, or fall shares from hoopouses or root cellars. Some offer winter shares as well, from those sources. These are usually less frequent: every other week or even monthly.
- **Short season** shares can have a place in the mix. For example, a **summer** share of 8 or 10 weeks at the

height of the season can be a way to handle mid-summer bounty. This is particularly useful where there are summer residents, who might not be in the area early or late in the growing season.

- **Half** shares or **Family** shares are strategies for giving the member some ability to customize the size of a share.
- **Flowers** are sometimes included in a regular share. Other growers prefer to offer a separate *bouquet* share.
- **Fruit, meat, eggs, or dairy** shares can be provided as separate shares; if available from your farm or you might incorporate these into your 'regular' share.
- Separate shares of products from other producers can be added: bread, honey, or anything else you can come up with. These other shares can add a level of complexity to the operation that might surprise you. Keep this idea in mind for later as you gain experience.
- **Working** shares: while some CSAs require the involvement of their members, making their 'regular' share into a 'working' share, more often this is an option offered at a lowered cost.

Keeping things simple for at least the first year or two makes sense. Venture into different shares and options as you gain experience and confidence.



Pricing the share — Dollars and Sense

Can you place a price on community? Of course not. And many members of CSA farms consider their association to the farm to be valuable beyond the cost of a share. But you still have to set a price. The University of California Cooperative Extension describes setting the share price too low as “the biggest contributing factor to CSA burnout and failure.” Remember: you are offering a unique product and should be paid accordingly.

Beginning CSA farmers often have a hard time pricing their shares that is fair both to their farm members and to themselves. More experienced farmers may find themselves uneasy with the price that they are charging but are reluctant to change. Here are some strategies for pricing shares that will help you to become more sustainable now and to help your farm flourish in the future.

The ‘Traditional’ Model

If a movement this young has a traditional model it is this: add up the cost of running the farm for a given year and divide that amount equally among the shareholders. This model is most common when there is a core group, especially if the core group started the farm in the first place.

Advantages

- This method should give the farmer a predictable wage and cover farm expenses based on actual costs.
- Shareholders pay for the full and true value of the food they receive.
- Shareholders know that they are supporting a local, environmentally sustainable farm and keeping open space for themselves and future generations to enjoy. The CSA farm

acts as a center—an oasis—for their community’s health.

Considerations

- It is important to include all of the costs involved. This includes fair wages for labor as well as hidden or indirect costs like depreciation of equipment, insurance, childcare, taxes, repairs and maintenance, and the like.
- The need for capital improvements should be taken into account.
- County extension offices can often provide budget examples to help you itemize all of the costs of farming.

Comparative Pricing

By researching what other CSA farms are charging, especially if they are in the same area as your farm, you can get an idea of what you might want or be able to charge. When doing this look beyond the share price and carefully evaluate the whole package. Check out prices from other farms. A visit to www.csafarms.org provides links to several farms with prices ranging from \$300.00 to \$600.00 per share.



Some considerations include:

- How many weeks are shares available?
- How large is the share? That is, do you consider it suitable for a family of 4 (something of a CSA “standard”) or for a couple (which some growers find more convenient than providing ‘half shares’ for the smaller family)?
- Do you have more or less products beyond vegetables to offer than the farms you are comparing yourself to? More or less varieties of vegetables? Soft fruits or other high-value produce?

- Do you have washed produce ready to serve or do your members clean field dirt off?
- Do you offer more or less amenities, like farm tours, special events, home delivery or others?

There are certain factors you can never know about other farms, such as debt load, that might influence share prices. We know of farms that charge considerably more than their closest neighbors but still have no trouble selling shares. They feel that the price is what is needed to stay in business and make every effort to impress their members with that fact. And the members keep coming back (or signing up on the waiting list).

By the Pound

When we attended the CSA conference in Massachusetts in 1997 we noticed that many farms had prices much higher than ours. Then we noticed that they also had much larger

Late Night Thoughts on Pricing a Share

Susan Sauter (Flying Ewe Farm in West Virginia) sent us these thoughts on pricing shares some time ago...

Initially I set a price by researching the going rate. In the East, prices ranged from \$400-450 for a share of 22-25 weeks. Fair to my actual costs or not, that's how I decided on my price for the first pilot season of 20 weeks for \$300. I didn't want to price myself out of the market in my first year even though this amount didn't cover my costs. This year I've raised it to \$400 for a 25-week share. Eventually, I'd like to figure in my average weekly hours plus seed and yearly garden paraphernalia costs. For example, if I average 25 hours/week for 30 some weeks (or more to include preparation before and cleanup after the season)= 750 hours. Multiply by \$10/hour (an unextravagant but decent wage around here), I should receive \$7,500 for my labor alone. Ha ha. But why shouldn't we as farmers expect a decent wage? Then add in the \$250 or so for supplies = \$7,750 divided by # of customers = share price. This year I'll have 10 customers but they all want half shares (and I don't want to add anymore customers than that right now) so \$7,750 divided by 5 full shares=\$1550/full share. Ha ha ha ha ha.

Geez this is depressing. Clearly, none of us are doing this just for the money, but I think we all are going to have to raise our prices ·

shares than we did. Many, it turned out, had share prices and estimated amounts of veggies that came to about one dollar a pound for a season's produce (remember, this is 1997). "Per pound" is an easy concept for your members to grasp and may give you a basis for adjusting the price of a share to match expected share sizes. Whatever value is set might seem a steep price for Swiss chard or kale, but a bargain for organically grown garlic.

Compare to Markets

Farmers Market

- If you already use other markets to sell your produce you have a good basis for setting prices. Prices at the farmer's market can become the basis for the price of a share. Some growers set a goal to provide a share that would be worth slightly less, the same, or slightly more than the actual price paid per week for a share, depending on how they consider the value of a share to compare to the market.

- The share price might be set higher than market price if, for example, the shareholders are getting delivery, something with added value like garlic braids, or other amenities.

- The price may be lower than market because the shareholder has less choice in the mix of veggies than the market shopper does.

- The share may be lower than actual price because the farm member has paid in advance.

- By checking the market periodically and keeping records of prices you could arrive at an average price per week.

- Another strategy is to set a goal to make each pick-up weigh a certain amount and set price according to the farmers market.

Conventional Food Market

A variation on this theme is to check the prices of what a typical year's share would cost at the supermarket or the natural foods market. Again a case can be made for charging more (organic, local, fresh), less (reduced choice, seasonality) or the same as the market.

Some research has suggested that food from

the CSA farm is usually lower in price than organically grown food from local markets and often less than conventionally grown food at the supermarket. While this may be a selling point for attracting farm members, it is also important to remember that CSA is *not* about cheap food.

Fair price for a Fair Value

No matter how you set prices you want everyone to be fairly treated (including, of course, yourself). Any pricing method can—and should—achieve this goal. When you are setting or re-evaluating your share price it should have these traits:

- You are happy with the price.

Here are some examples of share prices from a recent panel of growers

- In NW Michigan in a rural setting ½ share (2 people) for 16 weeks with no fruit but a small bouquet of flowers each week is \$300 for pick up at the farm and a \$35 delivery fee.
- On Long Island New York for a 24 week share of veggies for 4 people where the members come 2 x each week is \$700, ½ shares are \$360, winter shares are \$280.
- In an urban area of Northern Michigan with a 19 week share the cost is \$375. This farm has many shares including a deluxe share for the same 19 weeks for \$600, an every other week share for \$200, a flower share for \$150, a fruit share for \$100, a winter share for \$150 and a spring share for \$150.
- At a traditional core group led farm outside an urban area in SE Michigan the price for a 40-week share that feeds 4 people is from \$600 to \$1070.
- Another rural farm in Northern Michigan with a 20 week share of veggies plus eggs for 4 people for \$420.

- Your shares are not difficult to sell.
- You are satisfied with the number of members that return each year.
- You can keep farming indefinitely with the income you receive.
- You feel compensated for your work load – which is considerable!

Upshares, Downshares

Many farms have more than one type of share. Full shares, half shares, single-person shares, barter, work, winter, summer. You will need to apply your chosen pricing strategy to each category that the farm offers. To avoid confusion some farmers choose to offer

only one type of share, and ask the members to make their own distinctions. For example, if a share is too much for a couple, they would find another couple to split it with and divide the price and responsibilities themselves. Inexperienced growers or those new to CSA often set a low price for the first year or two, reasoning that they should discount their learning period. This made

sense to us in our first year. The danger, of course, is that it can be difficult to raise prices to a more reasonable amount without losing some of your members. If you do choose to begin with a low price make sure your members understand that you are discounting the price and why. Emphasize that it is only temporary. That first year we used every opportunity to remind our members of these points and had little trouble increasing prices. Better to get your system ready and launch the CSA at a price that does not need to be dramatically changed.

Some farms keep the price lower by requiring that their members work a certain number of hours on the farm or offering a lower price for a working share. Others find that the members will gladly pay a premium to avoid any work obligation. The bottom line is that each farm is different. You will have to tailor your price to your farm *and* to your farm members. •

