

marketshare [mahr-kit shair] -noun

1. Is a program of marketumbrella.org, which works to cultivate the field of public markets for public good.
2. These free documents (called "shares") are the best of "lessons learned" from public markets everywhere.
3. Employ as needed, & please feel free to tell us about your results, so that we can share those with other markets.



Organizational Details: Market Budget Scenario I

SCENARIO I: seasonal, stall, sponsor

It's going to happen. Your funder, board or a vendor will ask: When will this market pay for itself? Or the day will come when you must estimate your projected revenues and expenses for a proposal. In other words, there are many reasons that markets are asked to project costs and income for diverse audiences. Although the specifics differ from market to market, there is a simple method for anticipating income and outflow that is applicable to all markets, which we'd like to Share.

The first step is to identify which type of market you operate and to find the similar Market Budget Scenario template for that market type. Marketumbrella.org used the budget assumptions based on its own market experiences in New Orleans, Louisiana, and by using the results of the USDA 2005 Market Manager Survey. Each scenario is meant to detail one market budget for a 3-year period. Each scenario is distinguished by staff size, organizational structure and vendor fee structure. For example, one scenario is for a seasonal market with a flat stall fee and no paid staff. Another has paid staff, collects flat stall fees, and operates under the auspices of a fiscal sponsor. A third supposes paid staff, a flat stall fee vendor structure, and runs its own back office and bookkeeping operation. The last scenario examines a market with paid staff that charges a percentage of vendor sales for its income and also has its own office.

Income vs. Expenses

This simple budget shows the stall fee or sales percentage fee as Income and the market costs as Expenses. There are two additional modules to account for EBT/Token Systems and Drink Sales. Ideally, your income from all sources should be greater than the total of your expenses. However, if you complete this budget and have a shortfall, you have just documented a need you can present to a local funder for assistance.

Income

On each of the Market Budget Scenarios, we forecast income solely from vendor stall fees and/or from membership

SCENARIO II: stall + annual fee, sponsor, staff

SCENARIO III: stall, staff, stand-alone

SCENARIO IV: stall percentage, staff, stand-alone

(sometimes called application or annual) fees. The income is forecasted to increase by 15% each year for the first 3 years. It's important to remember that these are projections—you project a number and then work to meet it. If, in your first year, you increase your vendor size by 30% and project that will happen in Year 2 and Year 3, then you can adjust your budget accordingly. (Please download the 4M Share and the Markets as Business Incubator Share for additional information on growing your markets.)

Expenses

We estimated expenses using the USDA's Agricultural Marketing Service's Farmers Market Promotion Program budget template, which is the source many markets turn to for their first grant funding. The line items in this budget template are simple enough they should be applicable for other funders, as well.

All the scenarios estimate costs for a single market that runs one day per week. They include only the expenses required to operate the market, such as signage, tents, seating, and supplies like garbage bags. Marketing is assumed to be low-cost, such as flyers, plus maybe a paid advertisement or a permanent sign. However, any additional marketing campaigns would require a separate budget.

We've also provided two additional "modules" for the initial costs of adding a centralized Token/EBT system and for adding drink sales that benefit the market. Each is based on a system we have at our markets in New Orleans.

We hope these are useful to new market managers, to share with board members or when meeting with a city official to explore the possibilities of a market. However, knowing that every market is unique, we have also created a tool to enter your own data for your own budget. We do encourage you to read through all of the Budget Templates first before using the tool.

Market Scenario I: Seasonal Market, Stall Fee, Unpaid Staff, Fiscal Sponsor

This scenario covers a market with a volunteer (unpaid) market manager. However, as soon as income allows, we recommend that a staff person be paid to work at least one day per week. This recommendation is based on the expectation that growing the market is one of your goals. A dedicated staff person who can work to achieve that goal for an extended period of time is ideal. This is a seasonal market, running 25 weeks each year.

Income

All of the scenarios begin with 12 vendors in the first year with the vendor base increasing 15% each year for the next 2 years.

This template is based on a \$25.00 per week (per stall) fee per vendor. This is a median rate calculated from markets using flat fee rates. Some markets have vendors reserve their spaces by paying ahead of time; some have them pay afterwards monthly, or weekly, or even daily. For the markets that reserve spaces ahead of time, some have a slightly higher daily rate to discourage vendors from waiting until the last minute. This scenario assumes that the market will run 25 weeks per year, and that the vendor base will increase by 15% each year. We based this on USDA Market Manager Surveys (2005) and our own technical assistance for new markets. Beginning with 12 vendors and a part-time staffer has been a successful model for many markets.

Expenses

- All line items expenses are based on the USDA's AMS Farmers Market Promotion Program grant proposal form.
- **Marketing:** Includes signs, flyers, paid advertisements and educational materials for market.

- **Travel:** Allows market staff to visit other markets or managers or vendors to attend conferences.
- **Equipment:** Is distinguished from supplies by being non-consumable items such as computers, printers, hand trucks, tents or trailers. As a result, the amounts in this line item go down in Years 2 and 3 because equipment typically lasts more than one year.
- **Supplies:** Items such as garbage bags, pens, paper. (We recommend conducting regular, frequent inventories to control costs.)
- **Contractors:** This line item can be used for hiring marketing professionals, writers, web designers, or other personnel with skills for meeting short-term needs. It can also be used to hire someone to work on a seasonal basis for event-heavy days. Do research the rules for contractors if you are working under a fiscal sponsor or using this for a proposal. Many funders have very specific criteria for using contractors, sometimes including (in the USDA's case) applying the going rate for that specialty and sometimes even getting bids before hiring.

This scenario also calculated 9% of the market's annual budget as an expense paid to a fiscal sponsor. The 9% estimate comes from USDA's maximum allowance for fiscal sponsor fees of no more than 10% of the total budget. A fiscal sponsor is a third party that agrees to offer office space, phones, perhaps IRS nonprofit status, and perhaps administrative or bookkeeping services in exchange for this fee. Since this market scenario does not have a paid market manager, we assume that it does not run its own back office system.

Scenario 1. Seasonal market (25 weeks), Stall Fee, Unpaid staff, Fiscal Sponsor

	Year 1	Year 2	Year 3
Revenue			
Rent Income	\$7,500.00	\$8,750.00	\$10,000.00
Total Revenues	\$7,500.00	\$8,750.00	\$10,000.00
Expenses			
Staff Salary	\$-	\$-	\$-
Marketing	\$5,000.00	\$2,500.00	\$2,500.00
Travel	\$450.00	\$450.00	\$450.00
Equipment	\$1,000.00	\$275.00	\$275.00
Supplies	\$80.00	\$80.00	\$80.00
Contractors	\$500.00	\$1,500.00	\$3,000.00
Fiscal Sponsor Fee	\$675.00	\$787.50	\$900.00
Total Expenses	\$7,705.00	\$5,592.50	\$7,205.00
Net Income (Loss)	(\$205.00)	\$3,157.50	\$2,795.00



mission | management | marketing | measurement

Thank you for using a share document. This 4M worksheet below is to help you think through what you just read and how to apply it to your situation. Read the share titled “The Strategy of the 4Ms” to learn more about this marketumbrella.org teaching tool.

Is this issue or strategy covered in your current mission (or values)? _____

Does your management structure allow you time to handle this, or is there another organizational partner to help? _____

How will you communicate to others about this issue or strategy (marketing)? _____

When and how will you measure the impact of this resolution of this issue or the completion of this strategy? _____



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