

# UpFlip Chesed Farms Client Asset Portfolio

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Chesed Farms

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From gourmet mushrooms to popular microgreens, Chesed Farms has made a name for itself as a premier mushroom farming grower and distributor located in Walla Walla, Washington. Now, Sundown Hazen, Chesed Farms' founding partner, is here to tell us how he turned a garage startup and a passion for growing mushrooms into a lucrative business bringing in \$200K per year.

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With a diverse background that involved minimal farming experience, Sundown felt drawn to mushrooms due to an emphasis on local food sources and the lack of significant mushroom farming in the area. Today, he incubates his mushrooms in a controlled environment where the mushrooms consume nutrients and are harvested for food.

Five years ago, Sundown launched his business with just \$5,000 from a carport and a three-car garage. He kept working his day job at an Apple store to stay afloat while getting his mushroom business off the ground. Collaborating with his business partner Jonathan, enabled them to harness Jonathan's agricultural knowledge to develop a business plan. Soon, they landed their first customer: the Walla Walla Pasta Factory. Since then, 50% of Chesed Farms' revenue has come from direct-to-consumer sales and 50% from wholesale business.

Before long, Sundown's innovative mushroom farm grabbed the attention of a locally focused lender. This lender provided the financial backing that enabled Sundown and Jonathan to trade the garage for a larger, leased space.

A lightbulb moment occurred when Sundown found that "ugly" and "tasty" mushrooms are a hit in the mushroom business. They sell out fast at farmers' markets and spark customers' interest. As Sundown discovered, "People who love mushrooms don't care what they look like." Now, they've increased production and expanded their farmers' market presence to include more product across multiple markets.

Cornering this target market has paid off. Sundown met his revenue goals by making \$1K in bigger markets and \$300 to \$500 in smaller ones. In 2023, Chesed Farms had a monthly overhead of \$3.5K and generated \$200K in sales. Most expenses come from leasing a controlled warehouse environment where utilities, insurance, and an incubation room. Last year, they harvested a whopping three and a half tons of mushrooms. This year, they're projected to turn \$250K in revenue.

Sundown credits his success with building strong local relationships and a dedication to attention-grabbing and health-promoting mushroom cultivation.

According to Sundown, farmers' markets represent just one way to sell mushrooms. He leveraged his digital background to create a website that gained local media coverage during

the COVID-19 pandemic. He also engages with the community via a YouTube channel, particularly on Fridays and Saturdays, for six months out of the year. Additionally, Sundown hosts special events like Master Classes at wineries and restaurants to pair mushroom-focused dishes with wine in an immersive and educational experience.

Sundown credits his success to his straightforward approach, making contacts with decision-makers like chefs and managers, and tailoring his pitch based on a restaurant's menu offerings. They also use a tech-heavy system with QR codes and a customized coding system to offer detailed batch information and track each mushroom's origin and stage in the production process.

Sundown shares his straightforward approach, often starting with a simple inquiry about their interest in mushrooms. He typically seeks out decision-makers like chefs or managers, tailoring his pitch based on the restaurant's menu offerings. Cultivating local relationships with the same care that he cultivates his mushrooms has boosted Sundown's entrepreneurial career.

Thanks to their face-to-face interaction with local contacts, an informative website, email newsletter, and social media platforms like Facebook and Instagram, Chesed Farms has not spent anything on traditional advertising in over four years. Recently, a local TV station approached them to feature their local operation, which helped them gain more coverage in the area.

Sundown's advice for those looking to start a mushroom farming business is to start with the fruiting stage, establish a clean area for packaging and harvesting, an organizing space to keep mushrooms cool, and to avoid overbuilding or investing in infrastructure until further down the road. It's crucial to adjust a business plan based on customer feedback and provide clear communication about timelines, deliveries, updates, and availability to keep customers satisfied and engaged.

Sundown credits his subscription program with generating effective and consistent sales because it offers customers a wide variety of mushrooms within the scope of what is available every week. This helps mediate delivery costs and has enabled them to expand their customer base with diverse delivery options. As his business has evolved during the past five years, Sundown recognized that focusing on mushroom products adds value and helped boost sales.

His three-step plan for success involves researching the competition and identifying potential customers, setting up mushroom cultivation infrastructure, and communicating and engaging with customers during the cultivation process.

Whether you're looking to start your own six-figure agricultural business or want to watch more videos like this, check out some of UpFlip's past videos here:

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