

A Little Honey Money

Small, solvent, and happy — personal observations about turning a hobby into a business

by Shelley Stuart



Ken Stuart

You started your first hive two or three years ago. You may (or may not) have nursed your bees through your first winter, may (or may not) have started over and faced the hard facts of varroa and monitoring and treatment. You watched in dismay as your beautiful, booming colony flew off into the sunset, becoming someone else's free bees. You went through the "I know nothing" to "I know everything" to "What do I really know?" phases of skill development.¹ Perhaps you're now on that long (gradual) uphill path of learning how much we don't know about our winged partners. (Welcome to the club!)

Chances are you've also invested more than a little bit of cash into your hobby.² If you dare to add up your total expenditures for each box of bugs, and then measure it against the enjoyment you feel and the value of the honey you've eaten, brewed with, gifted away, or stashed in mason jars in the basement, that tally might not be as sustainable as you would like. When you approach a harvest of 40 pounds of honey per hive per year, that devil on your shoulder starts whispering that maybe you could make a little back. (*You know, you really hate hand-cranking honey frames. If you had a motorized extractor ...*)

This is right about where I was in 2015 when I decided to go for-profit. My apiary hovered between six and eight hives, I had more honey than I could turn into mead every year, and far more than a family of four eats.³ I could let all that honey accumulate in the basement, queued for the next

open carboy, or I could start moving it and pay for my beekeeping passion. Now I own a microbusiness with a balance sheet that finally let me buy a new motorized extractor.⁴

I've had plenty of second thoughts and regrets, U-turns and successes on my entrepreneurial journey. Before your own little devil gets you thumbing through the supply catalogs (*Mmm, check out that spiffy uncapping tank!*) I recommend asking yourself a few questions.

Why did you start keeping bees?

This presumes that you did not have commercial aspirations to begin with⁵ and it might be the most important question for you to answer. You're keeping bees, you plan to keep bees for a while, you love the hobby for some reason. That joy or satisfaction is at the core of your beekeeping. If you lose that, there's an emotional bankruptcy that you may always regret.

What do you want to accomplish by selling your honey?

Your answer may be as simple as "make my hobby cost less." Equally valid answers might be "to buy more bees" or "get [fancy equipment here]" or "maintain domestic harmony." Maybe you have loftier goals: Make enough income to qualify for an agricultural property tax exemption. Have your bee income fund your vacations. Use the surplus to supplement your savings for unexpected life events. Whatever your reason (or reasons), have a goal, something you can aim for, focus on, and measure.

Every year, assess your operation. How close did you come to meeting your goal? Why or why not? Did you have fun? Can you do something differently next year? What do you need to change to increase income, decrease expenses, or feel happier about the business?

A note about income taxes: The rules differ for a hobby business and a for-profit endeavor.⁶ I won't dive into those murky waters here; I'm not a tax professional. My recommendation: Do your research and go in with realistic expectations.

What kind of business skills do you have (or want to learn)?

You talk splits and swarms with the best of 'em. Varroa? Psht. Those little buggers don't stand a chance against your IPM. Carniolan versus Saskatraz? Let's go to the mat, mate! How about market research? Ad revenue? Loss leaders? Capital write-downs? Owner draw-downs? Is lunch with the state beekeeping inspector a legitimate business expense, or is that likely to flag you for an audit? What's a standard profit margin? Recognize that you're entering a world just as skill-demanding as beekeeping. Unlike beekeeping, business has very little patience for students attending the School of Hard Knocks.

People show up at your door for honey, but is that enough to meet your profit targets? How do you get more customers knocking on your door? Candles and wood butter sound like a great idea for your market table, but can you price them where they will move and still give you a comfortable



I've never regretted paying a professional graphic artist to help me realize a brand image.

profit margin? How can you differentiate your product from that beekeeper who's been at the market for umpteen years already? How do you value your labor?

Can you tap and dance for the public, smiling until your cheeks feel like they'll crack, while deep in your heart you know that smile is a total fake? How much do you need to get out there, be "on" and sociable? Is the

hustle in your blood or does it make you want to gouge your eyes out?

Do your bees have desirable traits? Are your queens beautifully fat but way too sassy? Can you make enough nucs and still maintain strong hives? Do you have a plentiful and diverse drone population for your queens? When can you offer nucs or queens? How many hive beetles and mites are you selling with your bees?



Know your customers: Two-ounce bears sport crowns and decorated "shields" to appeal to different "factions" of attendees at a medieval event.

Do you have the discipline to stay on top of your accounting? Should you hire a farm accountant? You can run a business by throwing all your receipts in a drawer and then dealing with them at tax time—

Wait — was I supposed to pay quarterly sales tax on my candle sales?!?!?

Again, every year, reassess and then act. You thought you'd love market but you (or your partner) miss having your Saturdays free. After braving a one-off festival, maybe you found an inner soul that thrived on being with people (who then go away). If you're honest, your home-designed ads belong on mom's fridge, not to the right of this article. You could have sold twice as many nucs this year, so you need to rebalance the supply/demand equation.

Are you set up to sell food?

There's a good chance that you'll start out by selling your surplus honey — a commodity that random strangers will put into their bodies. A suite of rules and regulations exist about things like that, thanks to the pioneering ne'er-do-wells who inspired *The Jungle*⁷ and *Poison Squad*.⁸ These rules exist at the federal, state, and sometimes local levels, but often Cooperative Extension will have "get started" handbooks. For example, New York has the excellent brochure "From Honeycomb to Consumer: Marketing Local Honey in New York State." So before you dive into 7CFR§1212.10⁹ tap into your local Extension offices and look for human-readable publications to get you started. An internet or library search using the terms "selling honey in [your state]" will get you started.

As you research remember that not all rules may apply to you. (One example: Most small-scale beekeepers don't need to put nutrition labels on their honey.) The regulations may differ in your area for small start-ups versus farms versus a homestead business. You may not need a commercial kitchen (yet). If your honey goes from hive to bottle, your product might be considered a raw farm product. Changing that raw farm product may involve additional regulations; for example if you cream or infuse your honey. Personal products like balms, creams and lotions may or may not have another set of rules to consider.

Of course, you can ignore all of this and still sell honey. Many people do. That's a risk analysis that I'm not going to conduct for you.

Ken Stuart

DID YOU EVALUATE THE NUMBERS?

Bees

You have no bee business without your bees. Look at your apiary records (you keep them, right?). How many times have you had to purchase queens or packages? Compare your best harvest year with your worst (honey, pollen, wax, propolis). Your hardest winter and your easiest. How successfully have you grafted queens? How many nucs can your hives produce without sacrificing other potential goals? Make worst- and best-case projections — in short, what kind of supply can you reasonably count on?

Cash

Sit down with your favorite number-crunching tool. Tally all expenses you can imagine, then have a partner look for things you forgot. You'll have direct costs (bottles, labels, queen cups, EZ Nucs, replacement frames, etc.) and indirect costs (insurance, market fees, phone bills, advertising, website hosting, shipping, credit card fees, accountant). Let's say that you don't want to count the sunk costs (your bees and current beekeeping equipment). Fair enough — for now. If you start to get bigger because you want to expand your sales, the new purchases will fall under the business side of things.

Factor in startup costs — for example, branding. When someone sees your label, they should see your store, not a generic label anyone can pick up from a bee supply company. What's it going to cost to have a brand image that you're proud of? An accessible website? How expensive is a business license? Do you need to invest in some dedicated office equipment (for example, a color printer to print labels on demand)?

Now for the green: If you can sell honey at a market-competitive \$X per pound, and you anticipate bringing in X00 pounds of honey this summer, what's your potential income? The same goes for nucs or value-add products you will sell. How does that total compare to your expenses? Is that enough to accomplish your goals? What do you need to add (or subtract) to meet those goals? Depending on your startup costs you can see only red for the first year, maybe two, so keep in mind that it might take time to start showing a profit. You should see less of a loss than you have in the past — which may be all you want in the first place.

Your state may provide guidelines to help you get started and stay legal. Here is the go-to guide for New York state beekeepers.

From Honeycomb to Consumer

Marketing Local Honey in New York State



Time

Do the same exercise for your time. You got into beekeeping for the joy of it, and let's presume for the moment that you'd keep on keeping for the joy of it. Then it's fair to say that your time in the apiary is mostly to the side. You could even apply that to extracting — you'd have to do it anyway. So, what's left?

How long does it take to put a bottle of honey up for sale (cleaning to health code specs, bottling, reliquifying, labeling, etc.)? How about your value-adds (candles, balms, pollen)? With queen grafting, splitting, inspecting and possible treatments, how much time does it take you to get a nuc ready for sale? How long does it take to sell your products or nucs (marketing, selling, your roadside stand, wholesaling to a local market, interacting with nuc clients)? How long is it going to take you to do the books every month?

You may know of more line items, so add those in as well. Budget another hour or two to accommodate bumps in the road. If you end up with free time, great — not allowing enough time can add unnecessary stress. Once you have this new tally you can have a more realistic expectation of how your business will impact your non-sleep hours.

Don't run away yet!

Your honest answers to these questions are meant to guide you toward a path to the business you can live with, not away from making money in the first place. If you love interacting with people and fielding their endless questions, that may be the outlet for you. If your ideal Saturday takes place behind a veil (and veil of bees), then you may need to explore other ways to sell your goods — wholesale, an honor-system roadside stand,¹⁰ or maybe you'll be happier selling queens and nucs. If you get queasy at the thought of bookkeeping, find a competent accountant. ("Hey honey ...") Know your weaknesses and play to your strengths.

When I hung out my shingle for HoneyApple Hill, I probably didn't do nearly enough of the above — not consciously, at least. I do the household taxes so how much different can business accounting be? I'm not the greatest at marketing, but viral's a thing. Besides, I can sell goods at a table, no problem. As it turns out I don't mind the bookkeeping, but I don't love face-to-face market days, and I kinda hate marketing. But I learn and evaluate, work toward my personal goals, and I still love beekeeping.

And this year I'm going to enjoy the heck out of my shiny new motorized extractor.



I dove into a niche market selling honey and brewing kits to medieval reenactors. A variety of products encouraged prolonged browsing, and gave me the opportunity to offer honey samples, which increased honey sales.

ENDNOTES

- 1 **Burlew, Rusty.** “Beekeepers and the Dunning-Kruger Effect: Unskilled and Unaware” *American Bee Journal*, Volume 161 No. 4, April 2021, pp. 381-383
- 2 Definition: a pursuit outside one’s regular occupation **engaged in especially for relaxation.** (Merriam-Webster, emphasis mine.)
- 3 The average annual honey consumption is just under 2 pounds per person per year. *Sugar and Sweeteners Outlook: June 2022*, SSS-M-406, June 16, 2022 USDA, Economic Research Service
- 4 After funding startup costs, woodenware replacement, small power equipment, doubling my apiary... my own little devil’s been busy.
- 5 *American Bee Journal* has printed articles about going big with a beekeeping business. Here’s one: “Taking Your Hobby to the Next Level,” by Grant F.C. Gillard, Volume 160 No. 4, January 2020.
- 6 **Jones, Larry.** “Is It a Business or a Hobby?” *Journal of Tax Practice & Procedure* February-March 2015. See also: Scott, Howard. “Taxes for Beekeepers” *American Bee Journal*, Volume 143 No. 4, April 2003, and “Should I File or Not?” *American Bee Journal*, Volume 160 No. 1, January 2020.
- 7 **Sinclair, Upton.** *The Jungle*. CreateSpace Independent Publishing Platform, 2014.
- 8 **Blum, Deborah.** *The Poison Squad: One Chemist’s Single-Minded Crusade for Food Safety at the Turn of the Twentieth Century*. Penguin Publishing Group, 2019.
- 9 Which, as it turns out, is just the definition of “Honey Products.”
- 10 Not a great option if you live on a rural, dead-end road, instead of a well-traveled road that offers a safe pull-out.

Shelley Stuart has kept bees in the Finger Lakes, NY, region since 2009. Under the HoneyApple Hill label, she markets honey into DIY kits for budding mead makers and beer brewers. Her experiences range from screenwriting to medieval reenacting, with an occasional volleyball league thrown in for good measure. She earned her Master Beekeeper certificate from Cornell University in 2015, and now facilitates the Master Beekeeping program and Beekeeping Essentials course offered by eCornell. You can contact her via HoneyAppleHill.com.

