

Three keys for family farming success through value-added activities

Neil C. Doty, Ph.D., N.C. Doty & Associates

1. Desire

Family farmers are encouraged to have the desire to engage in value-added activities. A number of farmers who were engaged in value-added processing of commodities were interviewed in a USDA SARE (Sustainable Agriculture Research and Education) Value-added Agriculture study. All of the farmers stressed the importance of having a strong desire to do something that you love to do. All successful value-added ventures on and off the farm begin with a passion for their product. Those who engage in value-added activities just to increase income and do not have a strong desire or passion about their product will eventually run out of motivation in their search for success.

2. Expertise

Once a Family farmer has identified a strong desire to add value to their commodities or to produce a product from their commodities, the farmer must determine how much expertise is required to successfully produce, market, and distribute their products. Sole proprietor value-adding works well for farmers who are comfortable running all aspects of their value-added business and have expertise in doing their own marketing by dealing directly with customers. Most farmers have demonstrated that they can quickly gain expertise in production and distribution of their products. However, marketing activities account for the largest share of the food dollar and can contribute the most to Family Farm income.

3. Capital

The decision to engage in value-added activities almost always requires an increased need for capital. Capital is needed for a wide range of increased expenses. A very important factor that influences the direction and level of any Family Farm profit-seeking venture is the amount of capital available for the venture. Even though Family Farms in Maryland have, in general, good financial balance sheets due to the high valuation of their primary asset: land, capital in the form of cash equity is often in short supply due to the nature of farming economics. Changes in commodity production, methodology, or marketing focus generally require increased capital funding for the short run in value-added activities.

Developing the Combination of Desire, Expertise, and Capital

Many Family farmers have come together in associations, such as LLCs and Cooperatives, to pool their capital and to find marketing expertise to achieve the critical mass that is required to properly market their products. In Lee Egerstrom's landmark book, *Make No Small Plans: A Cooperative Revival for Rural America*, Mr. Egerstrom supports the concept of Family Farmers banding together to create bold plans to accomplish significant economic revival of rural America. Throughout America, hundreds of farm-related groups have formed associations to market their commodities and value-added products. Even though their desire is high, many Family Farmers do not have abundant cash reserves to capitalize profit-oriented ventures nor the expertise to market their products. Any additional business activity to farming is in many cases limited to modest investment of using cash or borrowed funds and is limited to modest marketing efforts. These are significant reasons why forming Family Farmer associations is one of the most effective forms for increasing profitability in rural America.

Regional meeting to showcase small farm success, provide new network opportunities

Bruce Mertz, Future Harvest—CASA

Future Harvest-CASA announces a "Shore Small Farm Forum" at Wor-Wic Community College in Salisbury, MD on March 9, 2002. This event is being sponsored by Future Harvest -CASA, Maryland Cooperative Extension, Delaware Cooperative Extension, Henry A. Wallace Beltsville Agricultural Research Center, and Northeast SARE.

Looking for profitable options for your farm? Don't miss this Forum, a regional meeting that will showcase small farm success, provide new network opportunities, and highlight innovative education programs for small farmers.

Keynote speaker, John Ikerd, will describe his vision of what it takes to make a living on a small farm in 2002. "Literally thousands of small farmers today, all across the land, are putting more of themselves into their operations and are getting more for themselves in return," states Ikerd. "Each is doing something different, but one by one they are finding ways to make a good living on a small farm."

Farmers from the Eastern Shore will talk about their strategies for success and Extension educators from Maryland and Delaware will discuss small farm education programs for 2002. The cost of this one-day event is \$5.00, and includes a catered breakfast, lunch, and snacks. Registration is limited to 95 people, so please sign up early. The registration fee may be paid at the door.

To secure your spot, please email, fax, or mail your name, farm/organization, address, phone number and email address to:

Bruce Mertz
Future Harvest-CASA
106 Market Court
Stevensville, MD 21666
Fax: 410-604-2689
Email: fhcasa@umail.umd.edu

If you have any questions, need directions, or if you would like a more detailed agenda for the meeting, please contact Bruce Mertz at (410) 604-2681.



To be held at the Marriott Wardman Park Hotel in Washington, DC., the Food Safety Summit is the conference and expo for food safety professionals in QA, QC, HACCP, Microbiology, Lab, and Sanitation at Food Manufacturers, Food Processors, Chain Restaurants, and Food Retailers.

Our focus is on giving you practical, hands-on advice and methods you can use in your own operations, as well as the very latest updates on regulatory, scientific, and news issues that affect your food safety effort.

This year's speakers include top names from the food industry. Past presenters include Kraft, Borden, General Mills, Pillsbury, Tropicana, Marriott, M&M Mars, Disney, Harry and David, and many other leading firms. Check back at this site for complete speaker information soon.

Produced by Eaton Hall Expositions, this conference is being sponsored by The National Food Processors Association, the National Restaurant Association, the National Restaurant Association Educational Foundation (NRAEF), and NRAEF's International Food Safety Council.

For more information on attending or exhibiting, call (800) 746-9646 (9am-6pm eastern time). Also, for more information, visit: www.foodsafetysummit.com

A funny thing happened on the road to CFI

Bill Quigley, Member of the Chesapeake Fields Institute Board of Directors

About a year ago, my wife returned from a curriculum meeting at Washington College Academy of Lifelong Learning (WC-ALL). She asked if I knew anybody in agriculture education. The committee felt there was an interest in a course on agriculture on the Eastern Shore, specifically Kent County.

I said I had met John Hall, Kent County Agriculture Extension Director, through a few meetings at Chesapeake Fields Institute (CFI), where Tom Beckett had peaked my interest in this new initiative. I went to a CFI general meeting and expressed the WC-

ALL interest. John Hall and the Board of Directors were very interested in an opportunity to explain the CFI vision to a new venue in the business and general community.

By the time the meeting ended, I was asked if I would lead a taskforce to integrate the WC-ALL request with CFI's interest, and involve the Washington College regular student course curriculum. **How could I refuse? John Hall is very persuasive!**

That is when I met Dr. Wayne Bell, Director, Center for the Environment and Society, Washington College. He liked the idea and after a few meetings with John Hall, Dr. Bell and others (and some 15 drafts of Dr. Bell's syllabus), a course was developed which has some very interesting aspects.

As of this newsletter, that course is underway that intertwines college students and seniors from WC-ALL. Some say it is the first such course to bring an "intergenerational" landscape to the Washington College campus.

The "regular students" began their studies on January 17, 2002; the WC-ALL "seniors" join on March 19. The combined course includes lectures, discussion and field trips. It will be interesting to see what the students will present on alternatives to present day agriculture in Kent County and the Eastern Shore.

We will let you know the results in a future newsletter.

Food for thought

Tom Beckett, Member of the Chesapeake Fields Institute Board of Directors

Last issue, I promised that I would discuss Earthwise, LLC, a company near Fargo North Dakota with a business concept that might work here in Maryland.

While our visit to North Dakota last summer was to learn about Co-ops, Earthwise is not a co-op. It's a private, for profit, limited liability company owned by six local partners.

Earthwise is in the business of buying, certifying, cleaning, sorting and packaging organically grown, non-GMO grains and beans and selling these products to food producers in Europe and the Far East. We asked one of the owner-operators of the Earthwise plant how much he profited on a bushel of grain between the farm gate and the customer. He wisely wouldn't tell us, but his inability to stifle his smile told us he wasn't unhappy with his investment. Later, we learned from another source that the value of a bushel of non-GMO soybeans grown to certified organic standards and cleaned, sorted and bagged sold for four to five times the commodity price of soybeans grown and marketed under traditional standards.

The Earthwise plant occupied about three acres in an industrial area outside of Fargo, across the Red River in Minnesota. The plant was built a few years ago by Anheuser-Busch as a state of the art computer controlled grain handling operation. Anheuser-Busch sold the facility to six local businessmen about two years ago who created Earthwise, LLC and began seeking out customers for identity-preserved grains and beans for use in production of food for human consumption.

The entire facility can be operated by one individual assisted by one or two others to load pallets with sacks of grain at the end of the processing line. The facility consists of about twenty grain bins, some high speed, high technology cleaning and sorting technology, and a sophisticated bagging machine.

Earthwise contracts with Fargo area grain producers to grow Non-GMO crops under standards of organic certification. These crops are delivered to the Earthwise facility via truck where they are collected in dedicated grain bins. To protect the integrity of Earthwise products, under no circumstance is any crop containing GMO grain or grown under non organic conditions permitted on the Earthwise property. The crops are processed and bagged to the specifications required by the customer and then shipped by truck, usually to seaports on the West Coast.

Why do we think the Earthwise business concept might work in Maryland? First, unlike sugar beets or ethanol, it does not exceed our ability to capitalize as a co-op through investment by area farmers. Second, it is an environmentally friendly industry. Third, we do not have to ship the product across half the country to reach a seaport. And finally, it appears that growing and processing identity preserved grains and beans to select customer's specifications adds considerable value, value that can be captured and returned to farmers on the Eastern Shore through a farmer owned non-profit co-op.

Profitable poultry: Raising birds on pasture

Andy Clark, Ph.D., SAN Coordinator at the National Agricultural Library

"Profitable Poultry: Raising Birds on Pasture" features farmer experiences plus the latest research in a new guide to raising chickens and turkeys using pens, movable fencing and pastures. A Maryland farm family who market their chicken and turkey by investing in a new farm sign and "sampling" poultry products at community events have seen a steady pay-off. A Kentucky family nets between 90 cents and \$1.50 per pound from Louisville customers for birds raised on pasture. A New Mexico producer who rotates birds across his property year-round has seen dramatic improvements to his desert soil. A Wyoming producer was able to quit a full-time, off-the-farm job to stay home and raise pastured poultry with help from her school-age kids. With those examples and more from around the country, the bulletin touches on the system's many opportunities to improve profits, environment and rural family life. With original ideas for marketing poultry products and a page of additional, expert resources, the bulletin offers a jumping-off point for new producers. The 16-page color bulletin by USDA's Sustainable Agriculture Network (SAN) is free. Call (301) 504-6422 or see: www.sare.org/bulletin/poultry

CHESAPEAKE FIELDS UPDATE:

A few steps closer to value-added products and our educational center

Eric Johnson, Director of Grants Administration for the Chesapeake Fields Institute

It was just two short months ago that CFI was reporting on the possibility of implementing an identity preserved zone and it was just three months ago that CFI held its successful Annual Meeting and announced some ambitious goals for the years ahead. If where we are just two months into 2002 is any indication of our momentum and potential for success, then CFI is just steps away from achieving a farmer-owned value-added association that is sustained in part by an innovative and interactive educational center.

Actions speak louder than words. Benjamin Franklin once said, "Well done is better than well said." CFI talks of great and wonderful things, so can it put its money where its mouth is? To what tangible evidence do we point when we say we are so close to achieving a profitable agricultural community and a preserved "sense of place"?

CFI has submitted numerous grant proposals over the last six months and many more proposals are in the works for the year ahead. As a result of 2001 grants from the Town Creek Foundation, the National Fish and Wildlife Foundation, and the Kent County Commissioners, it has been possible for CFI to hire a full-time Director of Grants Administration to evaluate and apply for grant funded projects. With the assistance of an active Board of Directors, the Director of Grants Administration has worked to develop funding proposals totaling in excess of \$400,000 to fund agricultural economic development research initiatives (value-added) as well as planning for the educational center. The FORVM for Rural MD has just announced a CFI grant in the amount of \$50,000 to fund a formal market study, a project that will be critical to the successful organization and implementation of a locally-owned value-added farmer association.

At the Annual Meeting held in December of 2001, CFI announced a goal of raising \$100,000 for 2002 overhead expenses. The response from various funding organizations and the local community has been incredible. Well on our way to reaching this goal, CFI wishes to acknowledge awards from the following individuals and organizations:

National Fish and Wildlife Foundation
Just Cause Consulting
L.J.P. & Sons – Louis Palmatary
Michael M. Thielke
Nina R. Houghton
Frances O. Moore
Carl Plummer
Louisa C. Duemling
The 3 M's – Charles and Kevin Miller
Hem-Mar Farms – Jim Miller
Stuart M. Elsberg
Ann H. McLain
Tidy Island Farms – Oryst Mandycz
Schmidt Farms – Hans Schmidt
William L. Susen
Kilby's Inc. – Bill & Phyllis Kilby

Ken and Helen Noble
 Thomas K. Beckett
 Todd Vigland
 Francis J. Hickman
 Neff & Son – Tony and Donna Gibbons-Neff
 Bill Cooper
 Allan J. Hill
 Robert W. Bennett
 James S. Maffitt
 Grayce B. Kerr Fund
 Ann Wilmer Hoon
 Russ and Jody Morrison, WCTR
 Horizon Organic Dairy
 Kent Soil and Water Conservation District
 Christian Havemeyer
 Caroline D. Gabel

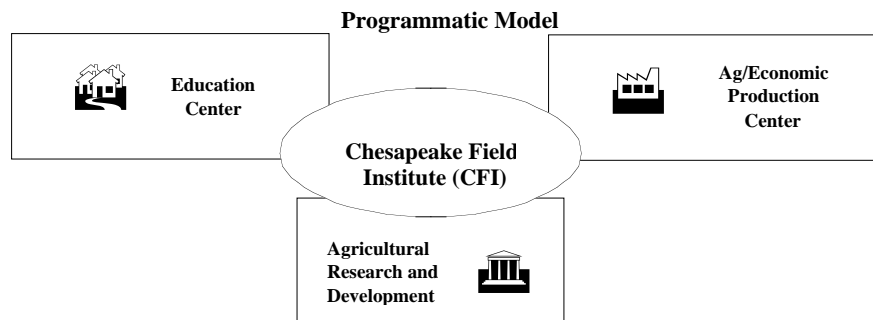
Thanks again for helping us get closer to achieving our goal for FY 2002! Anyone interested in helping us achieve our fund raising goals should contact the CFI office at (410) 810-2081.

CFI has been collaborating with Washington College on a comprehensive agricultural course called “Agriculture, Environment, and Society.” Students taking the course will be joined by participants of Washington College’s Academy of Lifelong Learning (WC-ALL) and will examine past, current, and alternative agricultural practices, while also investigating ecology and sustainability, marketing and related economic issues, food delivery, and options in land conservation. The response to this course has thus far been overwhelmingly positive. As such, the course will likely serve as a foundation on which CFI’s future educational programs will be built.

With respect to the educational center, CFI has submitted a grant application to the Town Creek Foundation, which had provided seed funding in 2001. Additional education center-oriented grants are in the works.

The mid-March arrival of Dr. Neil Doty’s final report on the preliminary market study will enable CFI to take the next steps toward achieving a farmer owned value-added association that is invested in locally. Preliminary market study results will guide the next steps: formal market analysis/feasibility, regional manufacturer survey, and business structure development. In addition, more intense farmer outreach efforts will be initiated to promote participation in the value-added association.

We’re even closer to value-added—thanks to your support!



CHESAPEAKE FIELDS CALENDAR

March 2002

27th—CFI Board Meeting at the Kent County Public Works Building. 8:00 am closed Executive Session, 9:00 am open General Session.

April 2002

12th—Marketing Workshops: Growth and Trends of the Organic Market, Developing Regional Marketing Partnerships, Keys to Successfully Forming and Operating Value-Added Cooperatives (8:00 am to Noon, Chestertown Fire Hall, Registration Required—Call 410-778-1661)

15th—Deadline for email submissions to the next CFI newsletter (May edition)

24th—CFI Board Meeting at the Kent County Public Works Building. 8:00 am closed Executive Session, 9:00 am open General Session.