



"Increasing the value of Tennessee's economy through new, expanded and improved processing and marketing of agricultural, aquacultural and forestry products as well as home-based industries"

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Program Highlights:

During the first three months of 2002, ADC specialists emphasized value-added, market development and e-commerce topics through the following seminars, workshops and training sessions:

- ▶ "Developing Value-Added Extension Programs" a two-day training for Extension agents from the University of Kentucky.
- ▶ "Marketplace for Ideas" various break-out sessions for the value-added conference at UT Martin.
- ▶ "Marketing & E-Commerce Considerations for Value-Added Enterprises" presentations in Nashville, McMinnville, Henderson and Sneedville.
- ▶ "Evaluating Value-Added Enterprises" ADC Exhibit and presentations in Cleveland, Nashville, Chattanooga, Orlando and Gatlinburg.

Upcoming Activities:

- ▶ "Pick Tennessee Products" *Tailgate Party* for value-added food enterprises, Nashville, April 2.
- ▶ A Workshop for Value-Added Food Enterprises in Sevierville.
- ▶ "Considering Value-Added Enterprises" various presentations in Knoxville, Sparta and Sevierville.
- ▶ "Considerations for E-Commerce" various presentations in Sevierville and Jabez, Kentucky.

Progress Report 16

April 2002

A Message From the Acting Director

Obtaining funds from sources **outside** the University is a necessity if the Ag Development Center is to grow to accomplish its intended mission. Funding proposals developed by our staff are intended to help fund ADC activities that fit within and contribute to our regular program of educational assistance to value-added enterprises in Tennessee. Within the last year, the ADC has been awarded more than \$58,000 in outside funding to develop materials and conduct activities that will strengthen our educational programs. Without these funds, we would be substantially less effective. While these funds are very difficult to get, we must continue and increase our efforts to acquire this valuable resource.

- - - Dan McLemore
Acting Director, ADC

Grant Projects Provide Data & Educational Resources: Our activities on two grant projects really picked up steam in the first quarter. Teams of specialists put the finishing touches on and finalized analyses for two value-added publications and resources funded in part by federal and state grants. "*Marketing for the Value-Added Agricultural Enterprise*" and "*Adding Value to Tennessee Agriculture Through Commercial Food Processing Enterprises*" have been developed to enhance the growth of Tennessee's value-added agriculture industry. These two documents provide direct educational assistance to readers, especially those considering or developing a value-added enterprise. In addition, both publications will be valuable in direct training programs, one-on-one project analyses by ADC specialists and county agents. Collectively, these two projects involved seven contributing authors from four departments in two states.

ADC Contributes to "Non-Projects": Specialists in the ADC find it routine to record and report on various projects that result from producer-initiated applications or those funded by grants. However, ADC specialists also contribute to projects and enterprises on a less-formal and instant-contact scale, often making it more difficult to report impact. Along these lines, ADC specialists have recently assisted in the evaluation, consideration and/or analysis of wild raspberry marketing, bio-diesel production, community development planning, on-farm markets, specialty crop marketing, tax issues, evaluation of patent procedures, pricing farm-retail milk products, increasing sales for niche-market produce and funding opportunities.

ADC Web Site “Features” Educational Resources: A new feature has been added to the ADC web site. Four different resource categories are now listed on the site’s “Educational Resources” page. Visitors to the ADC web cite can now find “Publications,” “Fact Sheets,” “Presentations and Slide Shows” and “Other” resources much more easily. The most significant contribution this change offers is the viewing and printing capabilities of most public presentations made by ADC specialists. The “Presentations and Slide Shows” category already features 20 presentations that were made to various groups on current value-added topics.

Grant Proposals Take Priority in First Quarter: The old adage, “when it rains, it pours” may best describe the activities in the ADC regarding grant proposals during the first quarter. Proposing collaborative efforts from approximately 45 individuals, ADC specialists recently submitted seven grant proposals for \$105,200 in state and federal funds. The proposed projects would develop educational resources and implement training programs in agritainment and sustainable agriculture, conduct investigations and analysis for specialty crops and provide hands-on marketing investigations.

Interesting Projects on the Horizon: Producer- and entrepreneur-initiated projects that will be taking priority in the ADC during the coming months include on-farm milk processing, developing a specialty soybean industry, niche-market produce and bio-diesel production and marketing. Investigations for these projects will involve a team of specialists from various subject-matter backgrounds collectively focused on the overall feasibility of well-planned and well-implemented businesses.

An Update on Recently-Completed Projects

Specialized Wood Furniture Components: In the wood products industry, corporate manufacturing facilities may consider outsourcing specialty services with smaller, private woodworking firms. Such specialty services often include assembly, specified cuts and specialized configurations. While such opportunities for the private woodworker likely bring a contracted market, with a pre-arranged sales price, the cost of production and additional investment should be carefully considered. Labor, equipment, delivery and raw product and end product specifications should be considered and the costs evaluated carefully. The term and conditions of the contract should also be considered and evaluated with respect to the payback period for specialized or additional equipment that is needed to fulfill the contract.

Bottled Water: Springs, wells and caves on Tennessee farms often are considered an opportunity for farmers to tap the consumer interest in bottled water. Since the mid 80s, the bottled water market has grown to a \$6 billion industry in 2000 with an annual growth rate of 15 to 30 percent and a 9.3 percent increase in sales from 1999 to 2000. Per-capita bottled water consumption in the US totaled 18.2 gallons in 2000. However, it seems as though a source of water is far from the only limiting factor for a successful bottled water farm enterprise. Regulatory oversight of the water source and bottling facility require numerous, usually costly, analyses. In addition, the most effective filtering and bottling systems are rather expensive. These costs tend to increase the number of bottles of water that must be sold in order to make a profit. While the national bottled water industry is indeed significant and continues to expand, opportunities for new companies with new products should be carefully planned.

Developing Markets for a Lavender Enterprise: Lavender is growing in popularity across the globe. Not only are people once again discovering the homeopathic and aromatherapy uses of its essential oils; it is being widely used in arts and crafts and home decorations. The majority of lavender is not grown in the United States; however, the trend is changing. Pockets of lavender growers are popping up in the Pacific Northwest and New England areas as well as other areas across the U.S. The ADC assisted a family currently growing this non-traditional agricultural crop in addressing issues associated with marketing channels. The family had previously sought to sell the lavender fresh-cut on the wholesale flower market with no success. Alternative marketing channels such as direct to the florist, to an oil distillery, and a pick-your-own enterprise were considered.