Agricultural Development Center

Agricultural Extension Service
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"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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Progress Report 17 **July 2002**

A Message From the Acting Director

The ADC has been selected to receive the "Team Award" from Epsilon Sigma Phi. This award recognizes outstanding accomplishments by a **group** of extension workers. One of the things that has impressed me most about the folks working in the ADC is the willingness of each person to work hard to cooperate with others in accomplishing **team** objectives even though each individual comes from a different discipline and has many other responsibilities. The members of the ADC team richly deserve this award. I hope this recognition will encourage continued and intensified **team** efforts to assist our clientele. That's the only way we will be successful!

- - - Dan McLemore
Acting Director, ADC

ADC Plans "Statewide Journey" for Training Ag. Leaders:

The ADC was recently awarded a grant from the Southern Region, Sustainable Agriculture Research and Education (SARE) program. The grant will provide funding for an educational training program, titled a "*Statewide Journey*," for agricultural leaders in Tennessee. The program will carry participants to eight different training sites across the state and will include hands-on training with sustainable and value-added agricultural enterprises. The SARE program provides competitive grants funded by USDA and EPA to promote research and education about sustainable agriculture. Established in 1988, SARE has funded almost 1,900 projects that examine how to improve agricultural profitability, protect natural resources, and foster more viable rural communities.

ADC Receives Team Award: In a presentation on the Agricultural Campus in June, faculty members of the *Agricultural Development Center* (ADC) were presented with the annual "State Team Award" for their collaborative efforts in developing an outstanding Extension program in value-added agriculture. The presentation was made by the Mark Gately, President of the Omega Chapter of Epsilon Sigma Phi, the national organization of Cooperative Extension Professionals. Twelve members of the ADC team were recognized by the organization for their involvement in more than 70 farmer and agri-entrepreneur projects, hundreds of educational materials, and more than $275,000 in external grant funds. Members of the ADC receiving recognition were, Alan Barefield, Brian Bond, Clarke Brekke, Laura Curd, Mike Davidson, Rob Holland, Shasta Hubbs, Ray Humberd, Dan McLemore, Curtis Melton, Bill Morris and Kent Wolfe.

ADC Activities on Farmer-Initiated Projects Heat Up: Teams involving eight different specialists contributing to ADC projects have recently evaluated market opportunities for horticulture ground covers, conducted meat

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Teaching on the Road:

During the second quarter of 2002, ADC specialists provided training to just over 200 people at 11 outreach programs that emphasized value-added, market development, and e-commerce topics. Specific training locations and topics include:

- Sevier County: "Starting A Food Business" Seminar
- Knoxville: "Developing Value-Added Enterprises"
- Claiborne County: "Value-Added Agriculture in Tn."
- Multi-state: "Institute of Sustainable Development - E-Commerce Conference"
- White County: "Adding Value to Ag Commodities"
- Sevier County: "E-Commerce Workshop"
- Knoxville: "Training of High School Teachers in Developing Value-Added Enterprises"
- Montgomery County: "Developing a Farmers Market"
- Fayette County: "Small Business Marketing"
- Spring Hill: "Developing Value-Added Enterprises"
- Grundy County: "Small Business Development"

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curing trials, analyzed the affects of the Federal Milk Marketing Orders on on-farm milk processing operations, investigated the costs and price premiums for specialty soybeans, and developed tools to assist in evaluating the manufacturing of various dairy food products. Other teams are being assembled to address value-added projects such as specialty wood paneling and flooring, an on-farm bakery, on-farm retailing, drinkable yogurt, and developing new markets for sorghum, salsa, and vegetable products.

Strengthening Value-Added Enterprises and Markets in Tennessee: Thanks to funds made available from the sale of "Ag. Tags," new sets of educational resources are available across the state. The new educational centers were made possible through a year-long program developed and implemented by the ADC. Stanley Trout, Chief of Marketing Services with the Tennessee Department of agriculture said, "*This project is a good example of Market Development programs made possible through partnerships between the ADC and the Tennessee Department of Agriculture. The educational resources in these centers will make information on value-added enterprise development available in communities across the state*." The resource centers are stocked with educational materials developed primarily by specialists in the ADC. They feature information to enhance the growth of Tennessee's value-added agriculture industry.

Update on New "Value-Added Ag." Publications: As a result of progress on various grant-related projects, the ADC has made significant headway on several publications in recent months. Years of analyses and teaching about marketing value-added products in the ADC have contributed to the recent release of PB # 1699 "*Marketing For the Value-Added Agricultural Enterprise*." This 'general guide' to marketing was prepared specifically for value-added agriculture and is chock full of graphics, tables, and concepts specifically applicable to improved value-added marketing. Another publication, PB#1710 titled "*Adding Value to Tennessee Agriculture Through Commercial Food-Processing Enterprises*" has been developed with evaluation criteria, project development specifics, cost and return data, and general operational guidelines for commercial kitchen facilities as value-added food enterprises. Two other publications, "*Analysis of Grocery Store Market Access Opportunities for Small-farm and Value-added Products*" and "*Developing a Target Market for Hardwood Lumber: Results of a Woodworker Survey*,"are headed to print and present results of market survey data and provide direction on developing marketing plans for entrepreneurs in the wood and the food product segments.

An Update on Recently-Completed Projects

Market Evaluation for a Specialty Grain Business - Significant indicators point to an increased demand for specialty soybeans in recent and future years. Whether an intermediary contractor, handler, and/or broker will be needed to facilitate the movement and marketing of such beans from the farm to the processor is yet to be determined. Price premiums in recent years for low-saturate soybeans and organic soybeans have ranged from around a quarter ($0.25) to $15.00 per bushel, respectively. Most price premiums are less than $1.60 per bushel. Start-up costs for a complete grain handling facility and identity-preserved system is estimated at $10.00 per bushel and annual operating costs are estimated at more than the estimated price premium. Developing market contacts appears to be a significant obstacle for developing a profitable specialty soybean enterprise. A thorough investigation of potential buyers, product requirements, terms and conditions should be conducted.

Specialty Wool Craft Products - A small sheep farm in middle Tennessee currently sells craft items made from wool at livestock shows, fairs, craft shows, and via their website. In addition, they have explored the concept of allowing the public onto the farm to learn more about the care and management of sheep through their "Lamb and Wool Day." The family would like to decrease the travel currently required to generate sales and would like to change their website from an informational site to an e-commerce site. This change would entail the addition of shopping cart software and the opening of a merchant account to allow credit cards to be accepted as a means of payment. They would also like to focus efforts on a fee-based school-tour program that would allow students to visit the farm and learn about sheep, shearing, and spinning wool into products.

Specialty Lettuce Production and Marketing - Successful hydroponic lettuce production can provide steady supplies of locally-grown lettuce. In addition, the lettuce also offers labeling opportunities that target niche-markets interested in the "hydroponically-grown" products. Hydroponic greenhouse systems can support a 35-day floating-to-harvest window on a 400 heads-per-day harvest schedule. While a limited, local, niche, retail market likely exists, a large-scale production schedule such as 400 to 1,000 heads per day should include a sales agreement with wholesale buyers. While wholesale produce buyers are available in most areas of the state, informal survey results with a sample of wholesale buyers indicate only a *limited* market for hydroponic lettuce in Tennessee–a diversified hydroponic product line and a marketing plan with diversified sales channels should be considered.

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