



Center for Profitable Agriculture

"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"

Agricultural Extension Service
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New Center Formed: In July, Dean of Extension Charles Norman and President of the Tennessee Farm Bureau Flavius Barker announced the creation of the **"Center for Profitable Agriculture"** – a formal partnership between the two organizations. Former Commissioner of Agriculture, Dan Wheeler, has been tapped to lead the new Center which will encompass UT's *Agricultural Development Center*. The Center will be located at the Middle Tennessee Experiment Station in Spring Hill and will rely on financial and technical support from both the Farm Bureau, the Extension Service and the Experiment Station. In introducing the Center, Dr. Norman assured that the Center's primary thrust will be in the area of "value-added agriculture" and that the Center's work with individual farmers and entrepreneurs will be a top priority. The Center will engage in a variety of strategic planning activities to identify and organize programs and initiatives for the coming years. Rob Holland, Extension Specialist with the ADC for the past five years will be relocating to Spring Hill and will continue in his role as Feasibility Specialist with the new Center. Short-term plans for the Center call for hiring an office support staff member; developing a new logo, mission statement and marketing materials; assembling a board of directors and an advisory board; and searching for two additional specialist positions. Plans are for the **Center for Profitable Agriculture** to be in full operation at the Spring Hill location by January 2003. The contact information for the Center is: **Center for Profitable Agriculture**, P. O. Box 1819, Spring Hill, TN 37174, telephone: 931-486-2777, fax: 931-486-0141.

Initiatives Kicked-Off:

Approximately 26 interested Extension, research and teaching faculty crammed a conference room on the Ag Campus on September 16 for the inaugural meeting of the **Center for Profitable Agriculture**. Dean Charles Norman introduced the new Center, discussed the partnership with the Tennessee Farm Bureau Federation, explained the expected role of UT faculty members and the role of the Farm Bureau and introduced the Center's director, Mr. Dan Wheeler. Then, Mr. Wheeler described plans for a board of directors and advisory board for the Center and his hope for Tennessee's continued success in value-added agriculture. Rob Holland, feasibility specialist with the Center, explained some of the short-term activities planned for the Center including, launching a new web site, development of a logo and a compliment of marketing tools for the Center, new faculty positions to be announced, the latest value-added projects under investigation, planned outreach programs and the latest publications set for release.

Comments from the Director:

The words "Profitable" and "Agriculture" have not been uttered together in recent times. That is unfortunate and not as it should be. As a result, farm families have suffered economically, the rural country side erodes and it's certainly not in the best long term interest of our national security.

In spite of the weak farm economy and our name, the **Center For Profitable Agriculture** does not exist to change the fundamental economics of commodity agriculture. I'm not sure that all the kings horses and all the kings men can do that just now.

It seems to me that our mission is rooted in the following basic facts. One, the farm value is only 19% of America's food dollar. Secondly, alternative uses of traditional ag commodities is greatly expanding if not exploding. Third, the presence of high quality, dependable agribusiness in Tennessee has provided—and will continue to provide—profitable business opportunities for farmers. Our mission is to aid and encourage farm families and agribusiness entities, in the context of the above facts, in their efforts to capitalize on solid business opportunities during both the highs and lows in the general farm economy.

I am excited about the U.T. - Farm Bureau partnership which will greatly enhance the Center and assure its future as a strong and viable entity to serve Tennessee agriculture and forestry. I am proud to be a part of this effort and look forward to working with everyone in the U. T. family, the Farm Bureau family, the Department of Agriculture and all the other cooperators who will be involved in this effort.

Dan Wheeler

Director - Center for Profitable Agriculture

Transitions for the new Center: During the next three months, the *Center for Profitable Agriculture* will be undergoing some substantial adjustments. Among these will be the re-location of the *Agricultural Development Center* from Knoxville to Spring Hill and continuation of value-added educational programs to Tennesseans. The complete relocation of Center faculty and all Center operations and communications is scheduled to be complete no later than January 2003. Between now and then, however, the following departmental development activities will be completed:

- Office Renovations on the grounds of the Middle Tennessee Experiment Station in Spring Hill
- Hiring a Principal Secretary
- Searching for a Marketing Specialist
- Announcing another full time Specialist position
- Developing the Center's logo and various communications materials
- Launching the Center's new web site
- Convening the Center's Board of Directors and Technical Advisory Committee

A bit of "old business" from the ADC: Despite the possible distractions of establishing the *Center for Profitable Agriculture*, the outreach programs and project evaluations initially started under the *Agricultural Development Center* have maintained a steady pace of progress in recent months – a few of our recent successes are listed below:

- Publication 1710 titled "Adding Value to Tennessee Agriculture through Commercial Food Processing Enterprises" was released in September – five other Extension publications are being developed
- Studies for seven value-added producer projects are currently being performed.
- A training program, which will include on-site teaching at 10 different locations in the state, for Extension agents and agricultural leaders is being coordinated by the Center.
- Targeted studies of "Hydroponic Lettuce" and "Fruit Demands by Tennessee Wineries" are being conducted.

An Update on Recently-Completed Projects

Preliminary Analysis for Drinkable Yogurt - According to the 2000 Health Focus Survey, 78% of consumers are looking for foods that boost the immune system, while 77% of consumers look for foods that enhance health. The cultured beverage category, *which includes drinkable yogurt, kefir, yogurt juice drinks and yogurt smoothies*, is a category that has had a tough time gaining consumer attention in the U.S., but Packaged Facts, a division of *MarketResearch.com* predicts that now is the right time for these drinks to become part of the beverage world. The market for these products grew from \$12.6 million in 1997 to \$86.2 million in 2001 and is forecast to reach \$220.7 million by 2006. Growth is expected to be strong in 2002 and 2003 as the many new products in the marketplace gain distribution. The ADC identified several potential limiting factors that should be analyzed and considered. These factors include but are not limited to recipe creation and scaling, determination of make procedures and needed equipment, and investigation into the impact of the Federal Milk Marketing Orders on such an enterprise. Further analysis and work with the Food Science & Technology department should be the next step in determining the feasibility of this drinkable yogurt enterprise.

Market Development for Hardwood Products - When positioned and marketed well, specialty hardwood products such as flooring, moulding and paneling can tap a niche market. If properly differentiated from competing products, adequately packaged for retail sales and competitively priced, these hardwood products have potential in the do-it-yourself homeowner and homebuilder marketplace. However, because there does not seem to be an under-supply of similar products, these speciality products must be "pushed" in the market with a variety of supplementary marketing materials, targeted market segments, strategically-developed marketing programs and well-communicated product features.

Evaluating A Dairy Processing and Retailing Business - The consideration of adding value to a Tennessee dairy farm by processing milk and marketing various dairy food products involves many factors including the affect of the Federal Milk Marketing Orders, an understanding of technical processes, marketing and cost analysis. Not only do the Federal Orders have implications on the milk that is used for processing, but they also affect the value of the farm's surplus milk that may not enter the farm's processing enterprise. A significant amount of equipment is utilized in the processing of dairy food products and numerous food safety issues must be exercised in each step of a dairy processing operation. While general consumer trends have recently moved toward a preference for fresh, safe and local food products; the specific trends; preferences; and number of consumers in the "targeted market" are most significant to the success of a value-added dairy business. The unique interactions of price, cost of production, sales volume and product volume production efficiencies directly impact the potential of a value-added business to break-even and therefore require close investigation.

THE UNIVERSITY OF TENNESSEE, U.S. DEPARTMENT OF AGRICULTURAL AND COUNTY GOVERNMENTS COOPERATING

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