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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"**

## Progress Report 40

April 2008

### Update on Vacant Position (Extension Specialist, Financial Analysis)

The search committee for our vacant Extension Specialist position met during March and identified candidates to interview. Interview schedules are being developed for tentative dates in May. Candidates will be interviewed on the Agricultural Campus in Knoxville and at the Farm Bureau headquarters in Columbia -- candidates will present a seminar at both locations.

### Center Submits Grant Proposal to USDA Rural Development

The *Center for Profitable Agriculture* recently submitted a grant proposal to USDA Rural Development, Rural Businesses Enterprise Grant. The proposal outlines a program to be implemented in a 10-county area in Middle Tennessee. The program will focus on providing entrepreneurs of small and emerging value-added businesses with technical assistance and educational information. The program seeks to develop new educational resources to assist, foster and develop value-added small business enterprises. Technical assistance (market studies, feasibility analysis, product development etc.) will be offered through individual consultations. One goal of the Developing Rural Businesses: Phase II (DRB II) is to provide in-depth technical assistance to 25 producers. Group outreach efforts at conferences, county meetings, multi-county meetings and/or educational tours are expected to reach at least 350 entrepreneurs. If funded, the DRB II project is expected to launch in January 2009.

### A Message from the Director

The *Center for Profitable Agriculture* experienced an eventful year in 2007. Nine producer project applications were submitted to the Center during 2007, six projects were accepted from four counties and 4 project evaluation/analyses were completed (three of the four completed projects in 2007 were carried over from projects accepted in 2006). Educational information was distributed by CPA specialists at 68 teaching events in 23 counties with 3,401 contacts. Twenty-two new teaching presentations were developed by four different specialists and five new publications were released and two publications were reprinted. Eighteen fact sheets were written and seventeen news releases were developed and distributed. In addition, 11 other creative tools were developed. Nine proposals for external funding were developed during the year requesting a total of \$474,000. Four proposals were funded bringing some \$242,000 in external funds to the Center. CPA Specialists participated in 65 committee meetings and other non-teaching events and logged 159 hours of additional (professional development) training through 22 events. The CPA educational exhibit was displayed at 10 different events across the state. CPA Specialists also conducted 25 farm visits in 14 counties and provided educational information and direct consultations through 132 phone calls with clients in 49 counties, through 154 e-mails to 56 counties, through 31 direct letters to 23 counties and through 22 information packets to 18 counties.



Rob Holland

Director - *Center for Profitable Agriculture*

**Tennessee Farmers Market Forum** – The fourth annual Tennessee Farmers Market Forum sponsored by the Tennessee Department of Agriculture was held March 31, 2008 in Smith County. The conference focused on regulatory requirements for farmers who direct market products through farmers markets, success stories from farmers who direct-market meat and milk, and an overview of the new Tennessee Farm Fresh marketing program. Megan Bruch presented an overview of the Center's farmers market publications and results of a CPA study of Tennessee farmers markets. The event was attended by 144 farmers market leaders, vendors and Extension agents.

**Dutton Speaks at Tennessee Cattlemen's Association Annual Convention** – *Center for Profitable Agriculture* marketing specialist, Jennifer Dutton discussed different issues pertaining to value-added beef, including natural, grassfed and organic production claims at the TCA convention. Her presentation also included information on regulations and requirements for retailing beef products. She provided producers with an example of "Farmer Fred," outlining expected costs of a value-added beef enterprise. The Tennessee Cattlemen's Association (TCA) Annual Convention was held in Pigeon Forge on January 24-26, 2008. There were a record number of attendees, with approximately 350 participants. Dutton said, "this was a great opportunity to meet and educate beef producers from across the state about value-added options that are available."

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**Annual Southern SAWG Conference Reaches Many Tennesseans** – The annual conference of the Southern Sustainable Agricultural Working Group was held January 16-19 2008 in Louisville, Kentucky. With a total attendance of 1,150, the Tennessee delegation included approximately 145 farmers, service providers, educators and others. Peggy Hamlett served in multiple functions, including two days of sessions facilitation, for the conference and organized the Southern SARE Scholarship efforts for 23 Tennesseans to participate in the conference. The Southern SAWG conference provided a forum for producers, researchers, information providers and consumers to learn about sustainable farming techniques, marketing strategies, community food systems and federal farm and business policies and programs that promote and/or affect the sustainable agriculture industry.

**Highlights of the 2008 Agritourism Cultivating Farm Revenue Conference** – The third statewide agritourism conference was held January 17-18 at Paris Landing State Park with a total of 249 people attending from 14 states. Agritourism operators and farmers interested in agritourism accounted for 84 percent of respondents, tourism industry professionals accounted for 5 percent, and agricultural industry professionals and/or educators made up 7 percent. Impacts of the 2008 conference included:

- ▶ 74% of participants reported the conference increased awareness of agritourism as an opportunity to add value to farm resources
- ▶ 43% of participants reported they gained knowledge and/or skills to manage risk
- ▶ 74% of participants reported they gained knowledge and/or skills to market their enterprise
- ▶ 73% of participants reported they gained knowledge and/or skills improving returns from their agritourism operation



Conference participants were asked to describe how they planned to use the information learned at the conference. The most responses were received on two topics related to “*improving, expanding and operating an existing enterprise*” and “*planning, evaluating or starting a new enterprise.*” Participants also planned to use the information learned to “*share information or educate others.*” The Center’s Megan Bruch served as co-coordinator for the conference along with Pamela Bartholomew of the Tennessee Department of Agriculture.

**Overview of the CPA Role in the Recent Fruit and Vegetable Agent Training** – Two-day in-service trainings for Extension agents on fruits and vegetables were conducted in Knoxville, Jackson and Spring Hill in March. More than 50 agents participated in the trainings. The Center’s Megan Bruch taught a session titled “Adding Value to Fruits and Vegetables.” Megan also invited Tiffany Mullins from Farm Bureau to introduce the new Tennessee Farm Fresh marketing program to agents.

**UT Extension Priority Program Team Defines Value-Added Agriculture** – During the fall of 2007, the Tennessee Extension Priority Program Team for Value-Added Agriculture assembled a sub-committee to develop wording to describe/define value-added agriculture enterprises. The primary purpose of developing a definition was two-fold – to guide the programs of the priority team and to guide the programs of the CPA. After significant study, discussion, debate and deliberation, the following definition was finalized: *Value-added agriculture enterprises allow producers (or growers) to earn a greater portion of consumer expenditures by processing, packaging and/or marketing crops, livestock or other farm resources.* The deliberation process of this committee worked very well and resulted in two primary points of concern: does the implementation of high-value production practices constitute a value-added enterprise and should the final definition developed include wording specific only to Tennessee agriculture? The sub-committee recognized that numerous production practices exist which potentially generate higher returns to growers, but focused on post-production enterprises and settled on a final definition that follows the thought that production of crops and livestock (including production of specialty crops, high-value commodities and niche products) does not alone constitute a value-added enterprise. This includes the implementation of various production practices such as organic systems and season extension which may in-fact result in a higher priced product or premium being paid to the producer. It should be noted that the value-added ideas and projects submitted by farmers and entrepreneurs to the CPA for analysis and evaluation must utilize Tennessee commodities and farm resources and must show promise for increased net revenues to Tennessee producers. However, for the purpose of the definition, the priority team decided to assume a general understanding that the definition applies to Tennessee agriculture and did not specify Tennessee commodities nor Tennessee farmers in the final definition.

## UPDATE ON COMPLETED PROJECTS:

**Niche-Marketing Farm-Fresh Milk:** Successful value-added milk enterprises achieve a balance of critical processing and niche-marketing characteristics. Niche marketing can include characteristics such as farm fresh and organic, targeting a specific group of consumers. Although the organic market has been experiencing extreme growth nationwide over the last decade, demand potential in some geographical regions of the United States is somewhat less than that for conventionally produced fluid milk products. Start-up costs, including those for processing equipment, are a major source of concern for producers who are considering a value-added milk bottling and marketing enterprise. If start-up costs, labor costs and packaging costs can be controlled, an improved opportunity for a successful milk bottling enterprise exists.