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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 44

April 2009

### Update on GROW-10 Program:

The GROW-10 program has been fully launched and is progressing favorably by meeting and exceeding several benchmark opportunities. GROW-10 has been introduced to Extension personnel in each of the targeted counties.

Goals to prepare and distribute informational and educational materials were achieved. GROW-10 is receiving both positive feedback and encouraging participation numbers through personal contacts and at group events.

Success of the GROW-10 program is dependent upon educational outreach initiatives via producer meetings and workshops. GROW-10 program information was presented at seven events including informational sessions, producer meetings and workshops during the first quarter of 2009 reaching a total of 252 participants.

In February, GROW-10 was introduced at two agritourism related workshops in Wayne and Perry counties and at a producers meeting in Lawrence County.

In March, program details were presented at a regional direct farm marketing workshop in Maury County, farmer's market meetings in Stewart and Hickman counties and to staff members of the Farm Bureau main office in Maury County.

Additionally, planning for a multi-county agritourism workshop is underway and is scheduled to be hosted in Lewis County the first week in May.

### A Message from the Director –

*We are pleased with the results of the 2007 Census of Agriculture, which showed a 33 percent increase from 1997 to 2007 in the number of Tennessee farmers participating in direct farm sales to consumers. In addition to this sizeable increase in value-added agriculture through direct marketing, the total value of agricultural products sold directly to consumers from farmers increased by 83.5 percent. That is, in 1997, the value of agricultural products sold by Tennessee farmers direct to consumers was \$8,380,000. In 2007, the value was up to \$15,380,000. These are impressive numbers for the growth of value-added agriculture in Tennessee.*



Rob Holland

Director - Center for Profitable Agriculture

### Center Celebrates 10-year Anniversary –

We in the Center for Profitable Agriculture have recently celebrated the tenth anniversary of UT Extension's educational program for value-added agriculture. Over the past decade, this new idea, started within UT Extension, was created, fostered and developed into a successful educational venture. Originally called the Agricultural Development Center, the former UT program is now known as the Center for Profitable Agriculture and is a formal partnership with the Tennessee Farm Bureau Federation. The Center is dedicated to one-on-one analysis with Tennessee farmers, outreach education and development of Extension educational materials. The Center has recently written a publication titled "The Center for Profitable Agriculture: Our Story, The First Ten Years." This publication documents and highlights the activities, people and many of the successes of our Center since 1998. Tennessee's value-added agriculture industry has made strong and positive progress in the past ten years. This publication helps document some of the supporting efforts and impact.

### Second Round of Direct Marketing Workshops Conducted in March –

Direct Farm Marketing for Success Workshops II were held in White Pine, Cookeville, Jackson and Spring Hill in March with a total of 168 participants. The workshops were developed by the Center in coordination with the Tennessee Farm Fresh (TFF) program. The program featured two main speakers. Sarah Potter Aubrey of Aubrey's Natural Meats conducted sessions on marketing ideas and tactics, pricing and liability as well as sharing information about her business. John Sanford from the Tennessee Department of Agriculture Regulatory Services discussed regulatory issues of relevance to direct farm marketers. In addition, Tiffany Mullins from the Farm Bureau provided an update on the Tennessee Farm Fresh program and Pamela Bartholomew provided information on the 2009 Tennessee Agricultural Enhancement Producer Diversification Program. The workshops were funded in part from the TFF Program through an agreement among the Farm Bureau, Tennessee Department of Agriculture and the Center.

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**Agritourism Conference Conducted in Chattanooga During January** – The 2009 *Agritourism: Cultivating Farm Revenue* conference was held January 25-27 at the Chattanooga Marriott and Convention Center. A total of 164 people attended. The conference provided an opportunity for participants to learn through pre-conference tours, educational sessions, a trade show, networking opportunities and educational materials. Evaluation form respondents were asked to signify whether or not knowledge or skills were gained in several areas as an indication of short-term conference impacts. Results included the following:

- 63 percent reported that the conference had increased their awareness of agritourism as an opportunity to add value to farm resources and foster rural economic development
- 64 percent reported they gained knowledge and/or skills to manage risk
- 84 percent reported they gained knowledge and/or skills to market their enterprise
- 59 percent reported they gained knowledge and/or skills improve returns from their agritourism operation

Respondents were asked to describe how they would use the information learned at the conference. The most responses, 15, were received on two topics related to *improving or expanding an enterprise* and *marketing*. Eleven respondents planned to use the information learned to evaluate business ideas. Respondents also planned to use information for *safety and risk management considerations* and to *assist clients*. The conference was planned by Megan Bruch of the Center and Pamela Bartholomew at the Tennessee Department of Agriculture.

#### UPDATE ON COMPLETED PROJECTS:

**Considering a Restaurant with Tennessee-Only Products** - Many farmers seek new ways to market products to consumers. Every once-in-a-while, farmers look for new products to market to consumers. The Center was recently involved with a project where a farm family acquired a local restaurant with the thought of a menu of products grown and produced in Tennessee. While the restaurant does appear to offer a way to market meat from the family's livestock operation, the market analysis for this project revealed skeptical results from the targeted consumers regarding a strong-enough willingness to pay and a strong desire for "all-Tennessee" foods. Possible menu features and weekly/daily specials of "Tennessee" products seems more plausible for the particular location considered. In addition, the process and cost of procuring all menu items from Tennessee sources was somewhat prohibitive. A restaurant venue does offer opportunities to market value-added farm products, but sourcing only Tennessee products may not always be a perfect match for local and targeted consumers. Market planning and product sourcing are important parts of the overall business planing for such a venture.

**Considerations for On-farm Retailing** – All costs should be carefully considered in the planning phase of new on-farm retail enterprises. Oftentimes, start-up costs for retail facilities and furnishings exceed initial estimates. Renovations of existing farm resources such as barns and old out-buildings may help create a favorable marketing environment but may also have hidden costs. Annual operating costs should also be carefully evaluated -- recurring costs that do not contribute directly to sales often stress business success. After first evaluating start-up and operating costs, sales can be estimated with a break-even analysis. The break-even analysis is an effective starting place for evaluating sales levels. Many times, looking at necessary sales levels on a monthly and/or weekly basis is an extremely helpful planning tool. Other considerations for on-farm retailing include products/services planned for sale, profit margins, marketing, waste/loss, labor, hours of operation, parking and maintenance.

**Preparing to Market Grass Fed Beef** – Understanding regulations, permits and the proper regulatory agencies involved with harvesting cattle and labeling meat products is essential for farms that seek to add value by marketing beef. In addition, a variety of marketing activities should be planned including development of a marketing brochure. Regarding regulations, a retail meat permit from TDA should be acquired if sales direct to consumers will be conducted and an application to USDA should be prepared regarding specific label claims. Finally, significant study, communication and contact should be invested with considerations of sales to restaurants.

**Marketing Farm-Raised Beef** – Cattle producers who market beef direct to consumers should make sure that all regulatory requirements are met and that all label claims are properly registered (if required) with USDA. Adequate signage and effective printed materials oftentimes increase sales. Development of a newsletter often provides a good way to stay in touch with previous buyers and fosters repeat sales.

**Retail Pork Marketing** – Hog producers considering adding value to their production enterprise may give consideration to possible markets for pork products. If slaughtered and processed under the correct inspection/regulatory authority, pork products may be marketed direct to consumers from a number of different retail venues such as an on-farm retail store, a farmers market booth and door-to-door sales. Other enterprise planning considerations for retailing pork include consumption trends, product characteristics, label claims, pricing considerations and target consumers.