Farm Marketing and Finances
Finding Profits in Agriculture

Nathan Moomaw
Moomaw Family Farm
Oregon City, Oregon
Overview

• About Moomaw Family Farm
• How I Went About Creating a Farm
  ○ My Background
  ○ The Planning Stage
  ○ Putting my Plan into Action
  ○ Adapting for Growth
• Q & A
Moomaw Family Farm

Nathan and Amanda Moomaw
Moomaw Family Farm
Pastured Meat CSA

- Pork, Chicken, Lamb and Rabbit
- 17 acres Pasture and Woodland
- Located 10 miles south of Portland, Oregon
- Started in 2012
- Currently producing meat year-round for 150 families
- Per year: 1,200 broilers, 36 pigs, 60 lambs, 40-80 rabbits
- Annual Sales: $120,000
- Net Income: $30,000
Moomaw Family Farm

Red Ranger Chickens
Moomaw Family Farm

Katahdin Sheep
Moomaw Family Farm

Gloucestershire Old Spot Pigs
Moomaw Family Farm

American Chinchilla Rabbits
My Background

- Not from a farming family
- Went to college for Film, Video, and Audio Production
- Involved in starting two audio companies
  - One worked. One did not.
  - Traditional Studio: Huge costs, little income
    No profit = Closed after a few years
  - Mobile Recording Company: Few costs, good income
    Good profit = Succeeded, still going a decade later
My Background

- Left the city to live on a farm
- Saw farming as a chance to be involved in making important changes in the world
- Also saw that making a living from farming is exceedingly difficult
- Spent 10 years working in and around agriculture - 4 different farms, farmers markets, grocery stores, community gardens
The Planning Stage

- First step is to observe and research
- Look for high demand, low supply opportunities
- This is what Marketing actually is: finding and/or creating a market.
- Marketing should be the main driver of any business idea.
  - Suggested Reading: Marketing that Matters
The Planning Stage

Marketing is a lot like Fishing:

- Some folks go fishing by just grabbing some worms, getting in a boat, picking a random spot in a lake, and just hoping for a fish to bite. This can work, but it's pure luck, and you're likely to go home empty-handed and discouraged.

- Other folks might take the time to talk to some locals or read a guide about what kind of fish are in that lake, what time of day they bite, what kind of bait they prefer, where in the lake they can be found, etc... If your prepared, you can head out and start catching fish within minutes.
The Planning Stage

- I saw at farmers markets and in grocery stores that good meat was hard to find (Low Supply)
- I was hearing from lots of people who wanted access to better, local meat (High Demand)
- I was noticing the increasing popularity of grass-fed, pasture-raised, humane meat, especially in and around certain cities, like Portland, OR.
- The overall US trend for meat consumption has been steady or rising for a long time, with chicken increasing, beef dropping, pork steady, and lamb dropping
The Planning Stage

• I observed, and confirmed with research, a generally good opportunity to start a profitable farm business, that I would also be happy doing - pastured meat

• Now to find a niche that my business can fill...
The Planning Stage

- Chances are that if you have noticed an opportunity, others have as well, this is when you scope out the competition and see where you might fit in, aka your Niche.

- In the case of pastured meat, there were only a few other local farms and they were primarily selling at farmers markets and to restaurants.
The Planning Stage

- Who buys the meat for a family?
- What are their values and priorities?
- How would they prefer to get it?
- How much would they want?
- How do they find meat to buy for their family?
The Planning Stage

- Who buys the meat for a family?
  Women, age 25-50
- What are their values and priorities?
  Safe, nutritious, local, ethical, sustainable
- How would they prefer to get it?
  As convenient as possible - Home Delivery
- How much would they want?
  5-10 lbs a month
- How do they find meat to buy for their family?
  Word of Mouth, Farmers Markets, Internet Research, Facebook
The Planning Stage
The Planning Stage

- I've figured out who, what, where, and why, now I just need to figure out how...

- Lots of Spreadsheets!
  - I ran figures to calculate every aspect and cost of production of chicken, pork, lamb, and rabbit
  - I calculated that it would cost me around $6/lb to produce, so I used $8/lb as my retail price, 25% profit margin.
  - I also calculated how many customers I would need the first year to support myself, 60 members = 600 lbs per month =
The Planning Stage

- I also calculated how many customers I would need the first year to support myself:
  - 60 members = 600 lbs of meat per month
  - $2 profit per lb x 600 lbs = $1,200 per month
  - $1,200/month = $14,400 per year
    - Not a ton of money, but it's a start!
The Planning Stage

- The basic idea had good potential to scale up:
  - 300 members = 3,000 lbs = $6,000 per month
  - $6,000/month = $72,000 per year

- When setting prices for your product:
  - Use your cost per pound!
  - Start higher than you think people will pay
  - Higher prices have additional benefits
    - Better customers, less need to get costs down right away
The Planning Stage

- Keep costs to a minimum
  - Use the advantages you have available to you...
    - My family is nearby and willing to help
    - My good friend is a carpenter
    - I have computer, photography, and design skills
    - Portland has a thriving farmers market scene
    - Portland also has a CSA coalition
    - There are free farm listings for CSAs and Pastured meat on the internet
    - Portland's urban growth boundary means farm-land is available very close to the city
Putting my Plan into Action

- I started with pastured rabbits in my yard in Portland
Putting my Plan into Action

Before actually starting production:

- I created a website and listed our farm all over the internet
- Went to farmers markets as a vendor, just to pitch my CSA subscriptions - no product
- Sold $57,000 in CSA Shares before the farm was going, used that money as start-up capital
- Bought minimal equipment, just freezers to store the meat and portable electric fencing for animals
- Built custom mobile pasture shelters
- No fixed buildings, no machine purchases, no infrastructure
- Used the landowner's tractor and ATV. Rented trucks and trailers when needed
Putting my Plan into Action

- Once I had land leased and started getting animals, I took tons of pictures for use on the website, facebook, brochures, newsletters
- It's good to use the feedback from your actions to continually hone your approach. I kept redesigning our website and brochure based on feedback from people.
- I consulted with free SCORE advisors to get feedback and suggestions
- I kept in touch with all of the people who had signed up by sending newsletter updates
Adapting for Growth

- Continually consult with experts, especially if it's free!

- Keep consistent records in a format that works for you

- Do analysis of your records to see if things are going as planned, this lets you make smart adjustments
Adapting for Growth

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12,000 Lbs of Meat</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Beef</td>
<td>Rabbit</td>
<td>Chicken</td>
<td>Lamb</td>
<td>Pork (Bag)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Purchase</td>
<td>$39,000</td>
<td>$42,000</td>
<td>$10,200</td>
<td>$37,900</td>
<td>$11,500</td>
</tr>
<tr>
<td>5</td>
<td>S/P</td>
<td>$11,000</td>
<td>$0</td>
<td>$12,900</td>
<td>$27,000</td>
<td>$19,300</td>
</tr>
<tr>
<td>6</td>
<td>Feed</td>
<td>$0</td>
<td>$800</td>
<td>$23,500</td>
<td>$13,300</td>
<td>$29,000</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Total</td>
<td>$50,000</td>
<td>$42,800</td>
<td>$46,600</td>
<td>$78,200</td>
<td>$59,800</td>
</tr>
<tr>
<td>10</td>
<td>Basic Per Lb</td>
<td>$4.17</td>
<td>$3.57</td>
<td>$3.88</td>
<td>$6.52</td>
<td>$4.98</td>
</tr>
<tr>
<td>12</td>
<td>Total Per Lb</td>
<td>$6.81</td>
<td>$6.21</td>
<td>$6.52</td>
<td>$9.16</td>
<td>$7.62</td>
</tr>
<tr>
<td>15</td>
<td>Other Expenses Total</td>
<td>$31,700</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Other Expenses per Lb</td>
<td>$2.64</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Adapting for Growth

• Total Costs were higher than anticipated
  ● Cost per lb was $7.40, rather than $6
  ● Raised retail price from $8.00/lb to $9.80/lb
• Lamb was barely breaking even
  ● Decrease lamb, increase chicken, rabbit, pork
  ● Partner with Beef producer, also cheaper than lamb
• Highest Costs are animal purchases, butchering, and feed
  ● Can't do much about the first two
  ● Feed cost can be reduced by buying in bulk
Adapting for Growth

- Raising prices made it more difficult for people to afford to become CSA members, Half Share $588 for the year
  - Switch to monthly payments, Half Share is $49/month

- Members wanted more customization of their shares
  - Created more options for tailoring the CSA shares