



Adding Value to Farm Products: An Overview

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This publication discusses the concept of adding value to farm products, the differences between creating and capturing value, and the implications for value-added enterprises. It describes some different approaches to adding value, including starting a food processing business, with a brief look at non-food products. Resources to learn more about value-added agriculture and planning a value-added enterprise are included.



*Oats, barley, and some products made from them.
Photo by Peggy Greb. Courtesy of USDA/ARS.*

Introduction

As farmers struggle to find ways to increase farm income, interest in “adding value” to raw agricultural products has grown tremendously. The value of farm products can be increased in endless ways: by cleaning and cooling, packaging, processing, distributing, cooking, combining, churning, culturing, grinding, hulling, extracting, drying, smoking, handcrafting, spinning, weaving, labeling, or packaging. (1) Today, more than ever, adding value means “selling the sizzle, not the steak.” The “sizzle” comes from information, education, entertainment, image, and other intangible attributes.

Because of the many regulations involved with food processing, some people may choose to add value in other ways. On a larger scale, producer-controlled processing for energy, fiber, and other non-food uses are options. On a smaller scale, items such as flower arrangements, garlic braids, grapevine wreaths, willow baskets, wheat straw weavings, sheep and goat milk soaps, and wool mulch are a few examples. In addition, ideas for providing entertainment, information, and other services associated with direct marketing are abundant.

Besides offering a higher return, value-added products can open new markets, create recognition for a farm, expand the



market season, and make a positive contribution to the community. However, adding value is not a panacea for all the problems rural America is facing. It is a long-term approach, not a “quick fix.” It requires the willingness and ability to take on risk, as well as adequate capital, management skills, and personal skills—such as the ability to interact with the public—to succeed.

Capturing Value and Creating Value

Brees et al. (2) make the distinction between a strategy to capture value and a strategy to create value. This distinction is important to understand, because each strategy offers specific opportunities and risks that influence the success or failure of the value-added venture.

For producers, capturing value usually means capturing some of the value added by processing and marketing. For example, the producer’s share of the food dollar has seen a steady decline since 1900. (3) In 2005, the average farmer’s share of the food dollar was 22 cents, down from about 33 cents in the 1970s. (4) The rest of the food dollar goes to processing, distribution, and marketing. More and more, producers are attempting to increase their share of that food dollar by engaging in activities such as direct marketing to consumers, turning farm products into food products, and joining producer alliances and cooperatives that invest in facilities to process their farm products on a larger scale.

Marketing directly to the consumer can be done on a small or large scale and in a variety of ways. Options for the producer who enjoys direct contact with consumers include selling at farmers’ markets and through community supported agriculture systems. Other options include sales directly to restaurants and local institutions, as well as mail order and Internet sales.

Large scale processing through producer alliances, such as agricultural co-ops or limited liability companies, has seen growing interest among producers. These

alliances can offer a way to pool resources and manage risks. In some cases, producers lose marketing or processing facilities when corporate agribusinesses close local facilities. For example, when Iowa turkey farmers lost an Oscar Mayer processing plant and feed mill, the producers formed Iowa Turkey Growers Cooperative and purchased the facility in 1996. (5) The Iowa Turkey Growers Cooperative continues to produce and market whole and further-processed turkey products year round. Research from Purdue University (5) shows that producers do stand to benefit from diversifying into a value-added business related to the producer’s product, when the product is characterized by volatile prices at the farm-gate level but relatively steady prices at the wholesale or retail level. The turkey industry is such an example, and turkey producers benefited from diversifying into processing. In many cases, such as livestock processing, economies of scale can make it impractical for producer alliances to own the entire processing plant, if the alliance is not able to support an operation large enough to achieve those economies.

With a captured-value strategy, producers may face lower production risks, because production processes are well known and often linked to traditional agricultural production. Even when producers themselves are not familiar with processing, expertise in those areas can be hired. Captured-value ventures face an extremely competitive marketing environment, where demand is high, cost and efficiency considerations are paramount, and high volumes of products must be processed in order to gain efficiencies of scale. These ventures are often turning commodities into different commodities and, while value is added, it may not actually be captured by the producer.

For example, producer-owned cooperatives have attempted to enter the wet corn milling industry. However, this industry is extremely concentrated, with the top three firms having more than 80 percent of the market share for corn sweetener, one of the most important wet milling products, and similar market shares for the other wet

Direct Marketing Publications from ATTRA

Direct Marketing

Farmers’ Markets

Community Supported Agriculture (CSA)

Selling to Restaurants

Bringing Local Food to Local Institutions

Marketing Strategies for Farmers and Ranchers

milling products. In this case, one commodity, corn, is being turned into another commodity, corn sweetener, and the producer cooperative faces a marketing environment in which it is almost impossible to compete successfully. Indeed, two of the most recent producer-owned cooperatives that attempted to enter the wet milling market, American Crystal Sugar's ProGold facility and Minnesota Corn Processors, could not compete and ended up being acquired by the top three firms. (5) For more information on getting off the commodity treadmill, request *Moving Beyond Conventional Cash Cropping* from ATTRA.

A created-value strategy, on the other hand, relies on products or services that are unique or different from the mainstream equivalent. These often include a real or perceived quality attribute such as organic certification, a brand image, identification with a specific geographic region and/or producer, identity preservation, environmental stewardship, and so on. Creating value can pose higher production risks than capturing value. It usually requires learning new production and marketing skills, dealing with food safety, labeling, and other regulations, and coping with liability issues and insurance. Demand for the innovative product or service must usually be created through advertising, promotion, and consumer education, and this is a lengthy, expensive process. Marketing risks may be lower with a created-value strategy, for if this demand can be established, there is potential for higher, stable prices and little direct competition. Contract agreements for identity-preserved products such as high-lysine corn reduce competition from other producers, for example. On-farm events and activities offer a unique setting that cannot be copied by other producers. However, producers will need to learn new marketing skills, carefully assess feasibility, and develop marketing plans for created-value products or services without established marketing channels.

The amount of value that can be added is affected by whether the enterprise is capturing or creating value. Brees et al. (2) cite

two different approaches to adding value to soybeans—a cooperative venture in a crushing plant, using a captured-value strategy, and producing a new “soy nut” product, using a created-value strategy. The crushing plant in their example added about \$1 per bushel from the meal and oil produced. The crushing plant faced narrow profit margins and stiff competition, common challenges for captured-value ventures, where the processing and marketing risks are relatively low.

Producing soy nuts that retailed for \$3.95 per 9-ounce package, on the other hand, added almost \$420 of value per bushel. While the markets for soybean meal and oil are very large, the market for soy nuts, and thus the total amount of value added, is very limited. Product and market development and compliance with food safety and packaging laws all require time and money. However, for the small-volume producer who cannot compete with the large-volume producers on price, targeting niche markets with a created-value strategy offers the highest likelihood of success.

Many producers combine aspects of both capturing and creating value in their ventures. A producer may create an unusual food product, such as local specialty bread, and sell it at the farmers' market, capturing more of the food marketing dollar. Food processors may use organic or unusual ingredients, and so on.

Starting a Food Business

The food business is extremely competitive and dominated by a few large companies that are driven by cost and price considerations. Food is considered a “mature” industry, which means very little growth in demand. Food manufacturing continues to face narrowing margins and decreasing profits. Retailers are wielding more and more power over food wholesalers and manufacturers, and requiring manufacturers to pay more for shelf space (“slotting fees”), bear more of the product development risk, and provide product uniformity and quality. Smaller processors could have trouble

Food Processing Publications from ATTRA

Grain Processing: Adding Value to Farm Products

Oilseed Processing for Small-Scale Producers

Edible Soybean Production and Marketing

Food Dehydration Options

Sorghum Syrup

Value-Added Dairy Options

Case History:

Value-Added Agriculture

From *Our Future's on the Table* (6)

Radiance Dairy, Francis and Susan Thicke, owners, Fairfield, Iowa

Former Minnesota dairy producers Francis and Susan Thicke have operated Radiance Dairy in Fairfield, Iowa, since 1992. When they took over the herd of Jersey cows—a breed that produces high-butterfat, high-protein milk that receives a premium price—the Thickets added more value by turning the dairy into an organic operation.

Today, 99 percent of their organic whole, skim, and two-percent milk, as well as cream, yogurt, and a soft cheese called Panir, are sold under the Radiance Dairy label by three local grocery retailers. Chocolate- and vanilla-flavored soft-serve ice cream is sold in restaurants. Other products such as new yogurts and cheeses are in development.

What does value-added mean to the Thickets? According to Francis: “Value-added products have features that go beyond what is generally found in the conventional market. Most people think value-added means processing raw materials into a finished product. That’s true, but value-added can be more than that. We believe organic products are value-added because of the extra care that goes into making the product. Radiance Dairy products really have two value-added features: they’re organic, and they’ve been processed to deliver additional value to our customers.”

finding outlets for their products, if they cannot meet scale requirements by the large retail operations that dominate the industry. In this mature industry, the only real growth is in niche food markets, where producers create value by adding special services for consumers, offering quality attributes like organic certification, specialized health products, and so on. They are able to charge prices 30 percent or more over mainline markets. Industry analysts agree that these markets are likely to continue to grow. (7)

The National Association for the Specialty Food Trade (NASFT) defines “specialty foods” as follows:

Foods, beverages, or confections meant for human use that are of the highest grade, style, and/or quality in their category. Their specialty nature derives from a combination of some or all of the following qualities: their uniqueness, exotic origin, particular processing, design, limited supply, unusual application or use, extraordinary packaging or channel of distribution, the common denominator of which is their unusually high quality. (8)

For more information and resources on the specialty foods industry, visit the National Association for the Specialty Food Trade’s Web site at www.specialtyfood.com.

Consumers with special dietary needs—both for specific health conditions and the general health concerns of our aging population—offer more opportunities for new products. For example, there are more than two million Americans with life-long, incurable celiac disease, who must avoid all gluten (from wheat, rye, and barley) in their diets. Gluten-free foods have been difficult to find and remain expensive, but for celiac disease sufferers, they are well worth the effort and expense. (9) For more information on health conditions requiring special diets, and the companies supplying these special foods, visit www.specialdiets.org.

Other specialty foods options that have paid off for producers include production and marketing of unusually colored or shaped, “heirloom,” and “ethnic” crop varieties (request the ATTRA publication *Specialty Vegetables* for more information). Livestock can also be marketed as a specialty food, often in conjunction with religious or cultural celebrations and festivals or events, to use in traditional recipes. For example, meat goat and sheep producers have the options of serving many ethnic markets and providing special products such as sheep for the Muslim Ramadan holidays and cabrito (young goat) for the Hispanic Easter market. Some producers even offer buyers facilities on farm to slaughter according to Halal or other religious requirements.

Some of the main challenges in food processing include developing formulations and preparation schedules, dealing with regulations and regulatory agencies, product coding and labeling, and product liability insurance. (10) Researching the market potential for food products is a crucial first step. You will need to have a good idea of who will buy your product in the amounts and prices that will generate a profit for you. For more information on market research, visit www.agmrc.org/agmrc/business/

[startingbusiness/marketresearch.htm](#), and see the **Business Planning Resources** section below.

Once you have an idea for a food product that you believe will appeal to consumers in the marketplace, you need to develop a detailed description of your product. This description should include where you will get all ingredients, a formulation (recipe), a method of preparation, processing procedures, and packaging. Revealing the amount of each ingredient or the spices in your formulation is not necessary. This should remain secret and be revealed only to federal or state regulatory agencies. Reliable suppliers for equipment, ingredients, and other supplies are critical to the operation of a successful food processing business. Identification of reliable suppliers is an important step prior to beginning your business.

If you are uncertain about any of the details needed in this plan, check with your county Extension office to see whether you can get help from your land-grant university. Most have a department of food science or food technology, with staff who can help you in the initial stages of product development. If you work with a food technologist to develop your product or process, you will be asked for your complete formula. This information will remain confidential.

Bring as many details about your product as you have, including a sample. The product will be evaluated and classified regarding the type of processing needed. This classification will be based on the product's acid and water contents.

Transferring recipes for food products made in small batches or in a home kitchen to commercial-size formulas that can be manufactured in larger batches using commercial equipment is not an easy task. Frequently, simply multiplying ingredient amounts to get larger-size batches does not result in a product comparable to that made with smaller recipes. Plan on contracting with a state-approved facility, such as a private-label manufacturer, to manufacture a fairly large quantity of your best formulation(s). This

will give you an opportunity to revise and adjust your formula so that your final product is exactly the way you want it. Most private-label manufacturers can also provide formulation assistance. The county health department may be able to help you with information about such facilities located in your county.

A key point to remember is that adding value by processing food products increases safety risks. Therefore, rules and regulations are established to protect the public health. Each state has its own regulations about processing kitchens, and some local governments have building codes that also apply. If there is any possibility that you will be selling your food out of state, you must also comply with the federal regulations as stated in the Federal Food, Drug, and Cosmetic Act and enforced by the Food and Drug Administration (FDA). The FDA has what it calls Good Manufacturing Practices (GMP), upon which state regulations are based. GMPs include requirements that walls, floors, and ceilings be washable, and the kitchen must be ventilated so that drip or condensation from ceiling or fixtures won't fall into food. Food contact surfaces, tools, and equipment must be resistant to corrosion and made of non-toxic materials. Seams on surfaces must be smoothly bonded to prevent accumulation of food particles, dirt, etc. The room must be screened to keep out birds, insects, and other pests. You must have a bathroom, if you have employees. You must have a hand-washing sink separate from sinks for washing, rinsing, and sanitizing equipment and utensils. Water must be from an approved source.

If your food product contains more than five percent meat, you must have a USDA Food Safety and Inspection Service inspector present during processing. You must also comply with USDA regulations, whether the product is sold in-state only or out of state. The full description of GMPs is printed in the Code of Federal Regulations 21 CFR, Part 110, available on-line at www.access.gpo.gov/nara/cfr/index.html.

Adding value
by process-
ing food
products increases
safety risks.

All products need to include a product code that shows where the product was packed, the date and year packed, and the product and batch number. Individual containers and cases should be coded. The codes should be kept in records pertaining to the product and should be written on your invoices to identify distribution. The codes provide a means of tracking a product, should there be complaints or a recall be necessary. Organic processing involves additional record-keeping and other regulatory requirements.

The label is the means by which consumers identify your product, so time and thought should be given to developing your label. Both the state and the FDA have very specific regulations concerning labeling requirements. Contact the appropriate agency regarding information you must include on the product label. The FDA requires nutritional labeling if you do more than \$50,000 in business annually. The regulations for nutritional labeling are quite extensive, with very specific requirements about information to include and the format for presenting this information. Details of these requirements can be obtained from any FDA office or the FDA Small Business representative.

If you plan to sell your product through retail stores, you should plan to display a Uniform Product Code (UPC) on the label. This bar code provides a means for automated identification of your product. Brokers, wholesalers, and retail buyers will not handle a product without a UPC. It is your responsibility to obtain a UPC for each product you produce. Contact the Uniform Code Council to apply for a UPC assignment. The fee for assignment is based on the size of your business. Contact:

Uniform Code Council
937-435-3870
937-435-7317 FAX
info@uc-council.org
[www.uc-council.org/
ean_uc_system/index.cfm](http://www.uc-council.org/ean_uc_system/index.cfm)

While it can be difficult to find a liability insurance provider, and insurance may be

costly, product liability insurance is a must. Many farmers' markets and most retail outlets will require a minimum level (normally \$1 to 2 million) of product liability coverage before you can sell your products in their markets. There are no standard rates for liability coverage for food products, because the premium depends on the specific characteristics of the product, the manufacturing process, and marketing plan. Most insurance companies require a great deal of information—including submission of production, distribution, and marketing plans—even to provide a rate quote.

Product design and marketing tips are covered in more detail in *Fresh to Processed: Adding Value for Specialty Markets*. (11) Created as a training and resource tool for value-added processors, with funding from the North Central Region SARE program, *Fresh to Processed: Adding Value for Specialty Markets* provides an overview of the main aspects of starting a food business. Contact ATTRA for a copy of this resource.

Farm and Food Business Profile: Persimmon Hill Berry Farm

The story of Earnie and Martha Bohner's Persimmon Hill Berry Farm shows what can happen when creative and persistent farmers team up with supporters from the state university, state department of agriculture, and many others.

Although both Earnie and Martha trained and worked in other professions, the small-farm lifestyle of the southern Missouri Ozarks appealed to them, and in 1983—starting with no buildings, no electricity, and no running water—the Bohners began developing their pastured hill land. They chose the name Persimmon Hill because the farm was covered with young persimmon trees. Within 10 years they were cultivating three acres of blueberries, an acre of blackberries, 2,000 hardwood logs for growing shiitake mushrooms, and 120 apple trees. (12)

Contact the FDA by mail, telephone, or Internet:

Food and Drug Administration
5600 Fishers Lane
Rockville, MD 20857
1-888-INFO-FDA
(1-888-463-6332)
www.fda.gov

The berries were initially marketed to pick-your-own customers. The added value is the experience of a day on a farm with a friendly and helpful host. “We create a place where people can enjoy themselves,” Earnie says. Clean restrooms, a picnic table, and shade trees provide for the comfort of visitors to the farm. Keeping the field edges mowed and trimmed contributes to the clean image needed to attract visitors. “People don’t come all the way out here to get cheap food. They come because it’s fun, and the berries are absolutely fresh. As much as we can, we give them contact with ‘the farmers.’ The more we can do that, the more people go away with that memory.”

In 1986 the Bohners began adding value through processing. “After considerable study, we decided to turn ripe berries into full-fruit jams, although it would take more work than the U-pick operation and spread our management thinner,” says Martha. “From the first, we were committed to quality, and quality entails a lot of time and cost. Our recipe is simple: fresh, ripe fruit; sugar; natural pectin; a bit of lemon juice, and nothing else. We want our product to have a distinctive, berry taste.” Earnie and Martha worked with a chef to perfect recipes for other products such as shiitake mushroom sauce. The first products were prepared in rented kitchens, a good way to make the step without the cost of building your own kitchen. The Bohners now have their own processing kitchen on the farm, just a few steps from the blueberry patch. The business office and storage space are in the same two-story building. Processed products (their famous blueberry Thunder Muffins, a range of jams, shiitake mushroom sauce, blueberry and other barbecue sauces, dried shiitake specialties, a refreshing blueberry slush, and a cookbook) now account for a large share of the farm’s gross income. Processing fruits and shiitake mushrooms allows them to use produce that isn’t sold fresh, to extend the marketing season and to diversify their marketing outlets. The Bohners have sold as many as 1,400 Thunder Muffins in a single day, and Martha Bohner says the

muffins carry the farm through the unprofitable winter months. (13)

Direct marketing is another way to add value. In addition to U-pick and farm stand sales, the Bohners have created a Christmas gift mail-order market. Previous customers and gift recipients receive a mail-order folder describing packages that will be sent directly to them. The cover of the flyer features the farm’s black Labs shown watching St. Nick’s sleigh heading off into the Ozark night.

Business planning has been critical to the development of Persimmon Hill Berry Farm. Earnie tries to reorganize each January, after he reviews production and marketing records for the previous season. He adjusts long-range plans, sets goals for the next 12 months, and then breaks down jobs by two-week periods. Earnie says, “In an ideal situation, I would look at these goals monthly. On a daily basis, I have a list that I carry with me that supports the overall plan.” He is always looking for ideas for new products, niches, and services. In regard to finding help for business planning, Earnie says, “SCORE has been really helpful.” (SCORE, the Service Corps of Retired Executives, is a Small Business Administration program. For more information on SCORE, request the ATTRA publication *Agricultural Business Planning Templates and Resources*.) “We also have had graduate students from a university business department out here. It is a useful experience for them, and they can give a business owner another perspective. And we get lots of ideas from Ron Macher’s *Small Farm Today* magazine.” Beyond the financial aspects of the business, a visit to the farm will show anyone that a vision for a beautiful place in the country and love for life are driving forces. To pay a virtual visit to the farm, visit www.persimmonhill.com.

Non-Food Options

The difficulty of coping with regulatory requirements, as well as the highly competitive nature and the relatively low margins of the food industry, have

“**P**eople don’t come all the way out here to get cheap food. They come because it’s fun.”

led many producers to consider non-food options for adding value to their farm products. Some of these non-food options are discussed below. Your options for adding value with non-food products and services are limited only by your resources and your imagination.

Energy

Energy production from agricultural products is on the rise. It includes producing biofuels, such as ethanol and biodiesel, and electricity from crops, wastes, and wind. Producers may be interested only in reducing on-farm fuel costs by producing biofuels for their own use. Many producer groups, on the other hand, have invested in biofuels manufacturing as a way to add value to agricultural products such as corn and soybeans. The viability of many of these investments, such as corn producers investing in ethanol production, depends on government subsidies and programs. (5) The Agricultural Utilization Research Institute's Center for Producer-Owned Energy offers useful information on many biofuels options on their Web site at www.mncpoe.org. The ATTRA publication *Biodiesel: a Primer* not only describes the process of making biodiesel on-farm but also provides further resources on many aspects of renewable energy. For more information on energy and agriculture, visit ATTRA'S Energy and Agriculture section at www.attra.org/energy.html.



Many farm machines at ARS' Beltsville Agricultural Research Center run on a mixture of diesel fuel and biodiesel, which is made from soybean oil.
Photo by Bob Nichols.
Courtesy of USDA/ARS.

Fiber

Organic cotton fiber is enjoying a developing market (14); however, these markets are still limited and subject to competition from imported cotton. For more information on organic cotton, request *Organic Cotton Production* from ATTRA. There are also small niche markets for naturally colored cotton. The increasing consumer interest in hand spinning, knitting, and weaving has led to increased marketing opportunities for sheep and goat producers for organic, naturally colored, hand-made wool, yarns, and other products, as well as finished goods such as blankets and clothing.

Wood

Woodlot enterprises, both timber and non-timber, may offer another option. Request a copy of *Woodlot Enterprises* from ATTRA for more information. Another good place to start investigating woodlot enterprises is the WoodWeb at www.woodweb.com/KnowledgeBase/KBIndex.html.

Personal Care Products

Adding value to products such as milk, honey, and wax by producing soaps, lotions, and other personal care products is a popular option. The market for "natural" personal care products reached \$5 billion in 2004, increasing by more than 50 percent since 2000, and should continue to grow. (15) Learn more about natural personal care products at www.soap-wire.com.

Farm Entertainment

According to Agriculture Specialist Katherine Adam, in *Entertainment Farming and Agri-Tourism*, "While the popularity of specific enterprises—such as pumpkin patches or U-pick orchards—may ebb and flow, the public's desire for a 'farm experience' remains."

Small diversified farms are ideally suited to agri-entertainment. Unlike the mega-hog facility or a corn/soybean operation producing bulk commodities, the small farm can recreate an earlier, simpler, human-scale vision of

farming. The chief qualification for the rural landowner who expects to make a living from the land through agri-tourism is the desire and the ability to cater to tourists and meet their expectations of a farm visit.

Request a copy of *Entertainment Farming and Agri-Tourism* from ATTRA for more information on many different options to add entertainment and educational value to your farm and farm products.

Keys to Success

Although no simple blueprint for success exists when you're trying to add value to your farm products, a few general practices emerge from interviews with a number of southern farmers. No matter how you

end up adding value to your farm products, these principles apply.

- Start small and grow naturally.
- Make decisions based on good records.
- Create a high-quality product.
- Follow demand-driven production.
- Get the whole family or partners involved.
- Keep informed.
- Plan for the future.
- Evaluate continuously.
- Persevere.
- Capitalize adequately.
- Focus.

Business Planning Resources

A comprehensive business plan that includes marketing and finances can help determine the feasibility of a value-added enterprise. Developing your business and marketing plan helps you define your business, creates a road map to operate the business, sets the goals you will aim for, and satisfies outsiders' requests for a written explanation. The basics of a business plan include the following.

What?	Describe your product or service.
Why?	Describe the need for your product or service.
Who?	Describe the customer.
When?	Draw a timeline and list all the tasks that need to be accomplished.
Where?	Describe the location of your business.

Building a Sustainable Business: a Guide to Developing a Business Plan for Farms and Rural Businesses helps alternative and sustainable agriculture entrepreneurs develop profitable enterprises. Sample worksheets illustrate how real farm families set goals, researched processing alternatives, determined potential markets, and evaluated financing options. Blank worksheets help producers develop detailed, lender-ready business plans and map out strategies to take advantage of new opportunities. It is available at no charge on the Internet at www.misa.umn.edu/publications/bizplan.html. Print copies are available for \$14 (plus \$3.95 shipping and handling charge).

To order copies, contact:

Sustainable Agriculture Publications
210 Hills Building
University of Vermont
Burlington, VT 05405-0082
802-656-0484
802-656-9091 FAX
sanpubs@uvm.edu

Useful resources from ATTRA include:

Agricultural Business Planning Templates and Resources
Sources of agricultural business planning templates and other resources.

Enterprise Budgets and Production Costs for Organic Production
Sources of information on costs and returns of organic production.

- Establish a loyal customer base.
- Choose something you love to do *and* something that fits your personality and goals.

These points are described in detail in the ATTRA publication *Keys to Success in Value-Added Agriculture*. Call ATTRA to request a copy. The publication also provides farmer profiles and information about the resources that they found useful.

Adding value to your farm products can be a great way to increase farm income, diversify production, and enter new markets. Understanding the risks and rewards of different approaches to adding value, investigating the wide range of options for adding value, and thoughtful business planning are all important to success.

References

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Southern SAWG Publications
P.O. Box 324
Elkins, AR 72727
501-587-0888
ssfarm@lynks.com
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www.ces.purdue.edu/extmedia/ID/ID-318.pdf
6. *Our Future's on the Table*. *The Web site of an Iowa consortium seeking to increase the value of Iowa farm products includes links to a number of case histories. Contact can also be made through the address below.*

Ag Initiative 2000 Consortium
200 East Grand Ave
Des Moines, IA 50309
515-242-4805
515-242-4832 FAX
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www.soap-wire.com/2005/06/three_years_of_.html

Further Resources

General Value-Added

The Ag Marketing Resource Center (AgMRC)

(www.agmrc.org) is an excellent electronic, national resource for producers interested in value-added agriculture. This comprehensive Web site offers information on value-added opportunities for agricultural commodities and products, market and industry trends, learning how to create and operate a business, research results of value-added markets and businesses, and how to locate national, state, and local value-added resources. A comprehensive set of directories, including agricultural innovation centers, consultants, service providers, and value-added businesses that can be contacted by individuals with similar interests, and specific resources for all 50 states, is available at www.agmrc.org/agmrc/directories/.

Hamilton, Neil. 2000. The Legal Guide for Direct Farm Marketing. Drake University Law School. Des Moines, IA. 235 p.
This book is an excellent resource to help you begin the process of learning about the rules and regulations that may affect you. Prepared under a grant from the USDA Sustainable Agriculture Research and Education Program, it is available from:

Agricultural Law Center
Drake University Law School
507 University Ave.
Des Moines, IA 50311
www.law.drake.edu

One great source of innovative, farm-tested ideas for adding value and generating more income is FARM SHOW magazine. For more information, contact:

Circulation Department
FARM SHOW
P.O. Box 1029
Lakeville, MN 55044
800-834-9665
952-469-5575 FAX
circulation@farmshow.com
www.farmshow.com

Another source of ideas is *Small Farm Today* magazine. For more information, contact:

Small Farm Today
3903 W Ridge Trail Rd
Clark, MO 65243-9525
573-687-3525
573-687-3148 FAX
800-633-2535
smallfarm@socket.net
www.smallfarmtoday.com

USDA Rural Business-Cooperative Services

offers two grant programs for value-added project development. The Section 9006 Renewable Energy System and Energy Efficiency Improvement Grants provide grants and guaranteed loan funds to farmers, ranchers, and rural small businesses looking to finance a renewable energy or energy efficiency project. Visit http://attra.ncat.org/guide/n_z/renewable.html for more information. The Value-Added Producer Grant program makes grants available to independent producers and producer groups for planning activities to establish a viable value-added marketing opportunity for an agricultural product or for acquiring working capital to operate a value-added business venture. Visit http://attra.ncat.org/guide/n_z/value_added.html for more information.

Resources for Starting a Food Business

In addition to the directories available at the AgMRC Web site mentioned above, there are some other resources that are especially helpful for starting a food business.

Appalachian Center for Economic Networks

(ACEnet) runs the *Food Ventures* program, which works with entrepreneurs in their service area in the southeastern Ohio area to create and grow specialty food businesses. ACEnet also offers excellent advice and information on their Web site at www.acenetworks.org/frames/framesfoodventures.htm for anyone interested in the specialty foods business.

Better Process Control School (BPC) is required by federal regulations for any supervisors of low-acid food thermal processing systems and container closure operations. It is strongly recommended that anyone involved in any phase of food processing who is not familiar with the principles of food preservation attend this school. Several universities hold a BPC school at various times during the year. To locate a BPC school near you and learn about the many other training resources available, contact:

Food Processors Institute
1350 I Street, NW
Suite 300
Washington, DC 20005-3305
202-639-5945
800-355-0983 (toll-free)
202-639-5932 FAX
fpi@fpa-food.org
www.fpi-food.org

The Fooddude's Food Marketing 101 at

<http://www.fooddude.com/foodmarketing101.htm> is an on-line resource designed primarily for potential manufacturers or marketers of specialty food products. The purpose is to pose questions (and provide some answers) for those interested in producing food products for sale. Included is information about retail trade channels; distribution channels; product positioning, branding, packaging, and pricing; packaged food sales; marketing and promotion; customer service and data use; as well as links to general resources and food industry associations.

Getting Started in the Food Specialty Business

[www.efsonline.uga.edu/EFS_NFB/
New%20Food%20Business%20Packet/
Getting%20Started%20in%20the%20Food%
20Specialty%20Business.pdf](http://www.efsonline.uga.edu/EFS_NFB/New%20Food%20Business%20Packet/Getting%20Started%20in%20the%20Food%20Specialty%20Business.pdf)

Hall, Stephen F. 1992. *From Kitchen to Market: Selling Your Gourmet Food Specialty*. Upstart

Publishing, Chicago. 190 pp. ISBN-0-926894-34-2.

A good resource to determine whether your food product has potential.

Exploring the Potential for New Food Products

[http://msucares.com/pubs/publications/
p2170.html](http://msucares.com/pubs/publications/p2170.html)

Starting a Value Added Farm-Food Business

www.uwex.edu/ces/agmarkets/

Adding Value to Farm Products: An Overview

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This publication is available on the Web at:
www.attra.ncat.org/attra-pub/valueovr.html
and
www.attra.ncat.org/attra-pub/PDF/valueovr.pdf

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