



Building a Successful Part-Time Farm through Informal Collaborative Agreements

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John Neumeister was raised on a part-time sheep farm in Ohio and has been producing lambs for much of his adult life. When he bought his small farm in western Oregon in 1983, he planned on producing blueberries. But he never quite had the funds to get started. Instead, he stayed with what he knew—sheep. He farms part time and has a full-time day job. Lamb production is a common enterprise in Oregon with more than 2,800 farms selling sheep according to the 1997 Census of Agriculture. John’s farm is set apart from these other farms through his marketing channels and the collaborative arrangements that he has forged over the years.

The United States Department of Agriculture classifies John’s farm among the 63 percent of all farms that are “rural residences” rather than “commercial” or “intermediate” farms. On average, these rural residence farms lose money. Their owners are more interested in lifestyle and quality of life than they are in income. Although John clearly values the lifestyle he has developed, he is also proud that his farm turns a profit.

Lamb Production

The actual farming operation is small. John maintains a herd of 35 ewes on his 17-acre farm near Eugene. In 2001, he sold 40 lambs from this farm. Self-imposed limitations or constraints he has placed on the production side of the operation are the following: (1) no borrowed money, (2) no hired labor, and (3) no grazing of animals except on his own pastures. It is quite common in western Oregon for sheep to graze on harvested grass seed fields—something that John rejects because of concerns for the chemicals used in grass seed production). As a result, John will not expand lamb production beyond its current level.

Here is how John characterizes his production approach:

“Our goal is to produce healthy food in a way that is sustainable for our soil and water resources. We care for our lambs within the livestock raising standards of the Humane Society of America. We feed them a vegetarian diet of lush pasture, supplemented



with kelp, hay, and whole natural or organic grains. We never use GMO feed, hormones, steroids, or antibiotics, nor have pesticides ever been applied to our farms.”

The Larger Lamb Marketing Enterprise

Through a recently developed collaborative arrangement with another farm, John brokers many more lambs under his farm’s name than he produces. Under this venture, the Cattail Creek Farm brand expanded to sell 300 lambs in 2001 (and even more in 2002). The other 260 lambs (or 87% of the total) are all produced by what John refers to as “our sister farm, Rain Sheep Ranch.” This arrangement is a simple handshake deal with Rain Sheep producing the lambs and John brokering them.

Why does the much smaller partner provide the marketing identity for this collaborative agreement? There are two primary reasons. First, John’s partner is primarily interested in development of prime breeding stock and specialty wool, with meat sales being a supplementary business. Second, John has a much greater fascination and interest with the meat side of the industry than does his partner. So John finds customers for all of the lambs, earns a respectable brokerage fee for himself, and provides Rain Sheep with a stable price that is always significantly above the volatile wholesale market. Rain Sheep provides a high-quality product that maintains the Cattail Creek reputation, and it still has the time to focus on other enterprises.

Pricing and Identity Preservation

All of the lambs sold under the Cattail Creek brand earn top dollar from commercial customers who are looking for high-quality products. The identity-preserved Cattail Creek meat earns John more than double what he would earn on the wholesale market when it's down and slightly more when it's up. He also sells at a set price and doesn't have to concern himself with the substantial price fluctuations in the wholesale market.

In pricing his meat, John does not pay any attention to the commercial lamb market, which he feels delivers a very different product. Cattail Creek Lamb is dry aged for six days, cut, wrapped, and delivered the next day. Commercial lamb in the Northwest is not dry aged and the majority of it is processed out of state (or country) and shipped in. John fixes his price on his perception of what the market will bear. At one stage he had almost as many prices as he did customers. He has since moved to a standard price for all. He does still differentiate, however, by giving his better customers superior service and higher quality.

Marketing and Customer Service

In going from 40 lambs to 300 lambs, John had to greatly expand his roster of clients. He has one restaurant customer in California (serviced by air freight), but all of his other customers are in Oregon (25 restaurants and 7 retail outlets). John provides a product with guaranteed and consistent quality and on-time delivery. Each customer receives special and individual treatment to make sure that the cuts John provides are what the customer needs to succeed. These cuts can vary substantially from restaurant to restaurant and John is willing to work with each client to get the cuts right. Within a restaurant, John makes a point of developing a relationship with everyone in the restaurant who is actively involved in the operation. Generally this means the top six people. This helps to protect him from competitors.

Many of his customers are clustered in the Portland area. Somewhat surprisingly, he found that far from worrying about exclusivity, his initial customers played a key role in finding him new business. This provides a great example of direct markets operating in an unexpected fashion. John is also constantly on the lookout for customers in more remote locations (such as the Oregon Coast and Ashland in southern Oregon) and innovative ways for getting his fresh products to these clients. While John enjoys the close relationships he develops with commercial customers, he does not actively pursue locker lamb sales to individuals.

Marketing to restaurants and retail stores takes time. Each week John works the phones by calling all of his customers and asking what they need. He then pieces together the orders to represent whole animals if at all possible. One lesson he has learned over time is that the higher-value cuts need to be sold fresh while the lower value cuts can be stored frozen for a period of time. He views this whole process as a kind of a puzzle and enjoys doing it every week although he recognizes this activity might drive others crazy. He now confirms orders with three clients by email, but still finds that he makes at least one call or face-to-face contact on each order just to make sure everything is as it needs to be.

Making the actual deliveries, most of which are 90 miles away, and talking to his customers face-to-face represents a major time commitment he must make. To reduce his time devoted to marketing, John has developed a unique marketing collaboration with a farmer who sells

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pastured poultry to similar upscale clients. Aaron Silverman (see *Creative Growers*, p. 8) owns a refrigerated truck that the two of them rotate on alternating weeks to deliver product to their overlapping customer base. In making sales calls and deliveries, John promotes Aaron’s product and Aaron does the same for John’s lamb. The key foundation of this collaboration is that each has complete confidence in both the decision making and the salesmanship of the other. As a result, each has cut in half the number of days spent on deliveries.

Strengths of the Business

To an outside observer, John’s ability to collaborate with other producers is an important strength. Reflecting on these two informal, collaborative relationships, he observes, “Much more than with employees, this type of relationship always keeps us on our best behavior. I really

like how that feels.” John is open to developing other collaborative arrangements in the future because he recognizes how useful they are for someone in his situation. Although he has only a small farming operation, by working with other producers he is able to draw on a bigger pool of resources and expertise.

When directly questioned about the greatest strength of his business, John provides an intriguing answer: “It’s probably that I’m not in business to make money. I’m in business to enjoy the rural lifestyle and, as it turns out, to enjoy the entrepreneurial part of making sales.” This allows John to stay nimble and react to the needs of his clients. By focusing on continuing to do things the way he wants—he is an admitted perfectionist—he doesn’t have to worry about declining standards or the urge to expand the business much beyond its current scale. Thus, the business is a successful and sustainable part-time operation.

Threats to the Business

The greatest threat that John identified would be his slaughterhouse going out of business. John is already driving 70 miles one way to have his animals slaughtered. Skilled meat cutters are increasingly rare in the Pacific Northwest. Since he is not a big enough client to keep a slaughter facility in business, he cannot control whether this facility will remain open. Because of how busy the facility is, John must schedule his animals far in advance and stick pretty close to the number allotted to him.

His second concern is a prolonged economic downturn. Because upscale restaurants are his primary market, the worry is that people will stop eating in these restaurants or that they will move down the menu to lower-priced items—since lamb dishes are frequently among the more expensive entrees. Immediately following 9/11/01, he noticed a dramatic slowdown in his restaurant orders. As one response to this threat, John has begun to pay more attention to developing the retail store component of his clientele. He believes this added diversity in markets will dampen the swings in demand for his product.

Third among his worries would be losing customers to a competitor. John recognizes that someone else could squeeze him out and therefore he has to continually maintain/upgrade the quality of his product and services.

Guiding Principles and Key Lessons

- Successful part-time enterprises can be built to reflect the values, passions, and interests of the owners.
- Informal, voluntary collaborations can make important contributions to a business by providing access to additional resources and expertise.
- Niche markets exist for high-quality products that are supported with superb service.
- Diversifying market outlets reduces overall marketing risks.

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