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TRANSCRIPT

EPISODE DATE: 5/26/11

EPISODE NAME: Strengthening the Economic Position of Vermont Agriculture Through the UVM Extension Farm Viability Program

Today on Across the Fence, a Vermont dairy farm puts the label on its own brand of yogurt. In doing so, the farmers recognize the value of using University of Vermont Extension to help with the farms' value-added product.

Good afternoon ... and thanks for joining us ... I'm Judy Simpson. To be viable in farming today, farm business owners must map out a business plan for tomorrow. The business plan is a roadmap that positions the farm to profit, succeed, and grow. Through the Farm Viability Program, UVM Extension helps farmers identify goals and implement plans to successfully diversify the farm business. To find out more, we join Across the Fence’s Keith Silva in Shoreham:

Every bottle of Millborne Farm’s drinkable yogurt is hand-labeled.

Gert Schut VO: “you see that the label is a little bit crooked than you can figure out it’s probably Gert that put that one on.”

Gert Schut and his wife Arda emigrated from the Netherlands in 1983 with the dream of owning their own farm. In January of 1999 that dream came true although they did receive an icy reception at first.

Arda Schut/Millbourne Farm: “Everything was sheer ice when we moved here with the trucks and the cows. The day we moved the cows in we were able to milk them that evening and get everything settled, but as I said that was definitely a challenge.”

Gert Schut/Millbourne Farm: “We really came over here to get into dairy farming and we started out with 40 cows, 80 cows, 120, you kind of get the picture and we’re still a small farm by all measures, but maybe already a little bit bigger than we want to be.

As their business grew, the Schuts were faced with a decision: get bigger, get out, or go small and find a niche to fit their farm.

Schut: “We really like the cows, but more doesn’t really make it better and the other thing we kind of feel is that by adding cows all we do is chasing smaller and smaller margins with
more and more animals. So, if you don’t want to add cows than what and that’s where the yogurt was born.

Drinkable yogurt has yet to catch on with consumers in the United States. Doctors and dieticians like drinkable yogurt because it’s a nutritious drink that has far less sugar and calories than other on-the-go beverages. For the Schuts, the timing seemed right to introduce their made in Vermont product to the marketplace.

Schut: “When we started the yogurt, we created another business that other than the fact that we use our own milk has little or nothing to do with the farm. The biggest difference is probably the marketing end. As dairy farmers we don’t worry about it. We pay our 10 cents to the national dairy board or 15 cents and that’s where our marketing stops. By taking part of our milk and creating a value-added product now the marketing is up to us.

As if the challenge of marketing an unfamiliar product with little or no marketing experience wasn’t enough … the Schuts now found themselves running two businesses.

Schut: “We’re getting spread really thin trying to keep everything going and it’s very easy to go and make a pallet of yogurt for a couple thousand dollars and lose that same amount of money on the farm end if you don’t pay attention.”

Nat. Snd. [Al and Gert talking]

Schut contacted Al Curler a consultant with the University of Vermont Extension’s Vermont Farm Viability Program.

Al Curler/UVM Extension’s Vermont Farm Viability Program: “I’m a facilitator, I try to get them to think outside the box or give them ideas [...] you try to look at the resources that are here as opposed to try to do some big expansion or something like that. How can you generate income from the resources you already have.”

Schut: “It’s not so much that they give you the solutions on a piece of paper. Hey, do this and you’ll be O.K. It’s about asking the right questions to make you think.

Keith Silva/Across the Fence: “The farmers that Curler and his colleagues work with are all unique. Some like the Schuts are producing value-added products, others have an eye on expansion, and some need help transferring their farm-business to the next generation. One thing that many of Curler’s clients have in common is something they lack … a formal, written business plan.

Curler: “A business plan is a living document it’s not something that you write and then set up on the shelf and that’s one of my goals on the business plans that I’ve done. I usually follow-up with those producers in three to six months or a year later or I’ve been following up on some that were done back in 2004 just to say, ‘well, how are things going should we update it or you know just talk about how the business is going.’”

Schut: “We needed somebody to kind of hold our hand if you will and say O.K. make sure you don’t lose focus here make sure you don’t lose focus there. We really kind of needed a business plan. We were just kind of not just doing things by the seat of our pants, we certainly had a plan, but to actually sit down and write it out it’s a whole lot different than having a plan in your head.”
Arda Schut: “We get the help, we get the expertise, but we still have to do work. We got to implement the ideas that they’re coming up with. I mean it’s up to us to implement that and to make sure that we use, you know, the information properly and to have it benefit us. So, yes, that’s definitely still up to us.”

It’s said that what doesn’t kill you only makes you stronger … and to that Gert agrees.

Schut: “It’s our fifth year, but were definitely still in the beginning stages. I guess the good news is lots of business don’t make a year even more businesses never make it 5 years so I like to think we got a little longevity here going, but we’re at that point where we know we got the whole processing part under control really well we kind of know what we’re doing in there.

Even if things look a little bit crooked … Millbourne Farm is headed in straight line toward success. In Shoreham, I’m Keith Silva with Across the Fence.

Thank you, Keith. Joining me now are two guests. Tony Kitsos is a Farm Management Educator with UVM Extension … and Al Curler, whom you saw in the video, is a consultant with the UVM Extension Farm Viability program. Thank you both for being with us!

Tony.: Good morning and thanks for having us..

Judy.: What are the key things about farm viability and the program that you want Vermonters to know about?

Tony.: Sure. Farm viability is one of the extension programs that brings outreach education into our communities in specifics its outreach education and agricultural production. Farmers who are out there looking for information from us we try to package that up and bring that out to the community. Through the farm viability program we offer business plan assistance. You heard Gert talk about the implementation of the business plan and Al spoke a little bit earlier about how it was important to not just set that business plan on the shelf. Once we help them develop that plan we helped provide that impetus too have them implemented. Once they do that we’re really ensuring a solid business for them so that it ensures they stay on that working landscape which is so important to Vermonters.

Judy.: Now the farmer mentioned being in business for five years is a big deal.

Tony.: It is a big deal because in the last five years it’s been the toughest economic times that we’ve seen.

Judy.: Al you indicated in the video that a big part of what you do is follow up. How many Vermonters are you working with at any given time?

Al.: I’d say 25 to 30. Maybe more depends on the day for the week.

Judy.: And all over the state?
Al.: All over the state.

Judy.: What are some of the big questions that the farmers are facing? I know every farm is different but?

Al.: A lot of it sometimes is how to transfer the farm. Once the average age of the farmer in Vermont is 57 or 58 a lot of times they don't know how to get into the next generation.

Judy.: There can be a lot of details as far as if some of your children want to continue farming and some don't and who's going to do what in the lineup.

Al.: There are number of farmers that have children but the children don't want to be on the farm.

Judy.: You also help farmers who want to transfer to another farmer? Maybe someone else who's coming up and interested in taking over the farm?

Al.: There are young kids coming out of college UVM'S two plus two program and that want to farm. Sometimes we try to hitch farmers up with the students.

Judy.: Each farm has their own specific needs. Can you tell me a little bit about that because in the video we heard the farmer say bigger than I want to be?

Tony.: Sure we help them identify what there's a difference and weaknesses are. If we find that somebody is very good at doing something with specifics will try to employ that and help them improve what they don't do so well. If they're trying to diversify their business but saves from strictly dairy to dairy plus a cheese making operation or a drinkable yogurt operation that is very important that they understand what they do well and what maybe they don't do well. Even to diversify into a community supported agriculture or CSA where they are producing vegetables those are all things that we work with farm viability.

Judy.: I was surprised to hear that most farmers or many farmers don't have a business plan. Why is that?

Al.: They have a business plan. Usually it's up in their mind they tend not to share it with other people in the family or other people in the business sometimes. It's the time commitment to write a business plan you're talking 30 to 40 hours of time that's usually the toughest part of writing a business plan is getting the participant to block off an hour or two and focus on different parts of their business.

Tony.: Another aspect of that is that sometimes they think maybe I don't need a business plan if I'm not really taking my business somewhere else but we always suggest that they take a good solid look at the business they are doing now and if it's not a full business plan with an implementation strategy to do something different it's a good solid look at what the financial position of the farm is and what the capabilities are to continue to do what it is that they're doing.

Judy.: Because with all your work with all kinds of different farms you may find some new way to skin a cat so to speak as far as saving money or making a particular farm chore a little easier.
Tony.: That's right. I'm currently working with the farm now that transitioned out of dairying went into grain growing production is now going through a farm transition plan with the exiting generation their parents and now wondering is it sensible to get back into dairying. This particular farmer is asking himself what this farm does the best.

Judy.: Interesting. Al how do you begin to work with a farmer how does that discussion start?

Al.: I might be at a meeting or somebody calls me up and says this is what we're thinking about and got I think you need a business plan. I try to listen to what their needs are and where they want to go.

Judy.: As the discussions evolve how long will it take for a viable business plan to be formed?

Al.: It probably takes over 6 to 12 month process. Time commitment and everything and start to finish.

Judy.: Tony in our current economy with more businesses benefit from the farm viability program?

Tony.: I believe they would I think as Allen said it's something to even look at how cash is moving around the farm. You can build a good solid business plan around that. Even if the farm is considering exiting farming from whenever agricultural discipline they're doing it's always worth taking a look at that and a business plan format where you analyze your strengths and weaknesses develop some sort of a strategy to move forward and then a plan to implement the strategies.

Judy.: Do some farmers see this as someone sticking their nose into my business?

Tony.: It all depends on whether not where the ones that initiate that discussion. We like to think that they're coming to us for some assistance in doing so. So are really not sticking our nose in their business so to speak but we do have to be very careful about the kinds of things we talk about discuss and broadcast out there because there's a lot of sensitive information that goes on on the farm. If they have confidence in us and our ability to maintain that confidentiality they're less likely to think that were poking around.

Judy.: We've been talking about the farm viability program and I would assume that for any farm it's always a good idea to always reassess what it is you're doing where you can save money and where you can make money for the future.

Tony.: That's true and Al mentioned earlier that a business plan is a living breathing dynamic document. If you have a set of goals and strategies usually its a couple months out you achieve those goals and you start moving on to the next and that usually always means review your business and quite possibly your business plan down the road.

Judy.: All righty. For more information on farm viability you can utilize the information on your screen the website is UVM.edu/extension/agriculture or if you prefer you can call the saint Albans extension office the whole free that number is 1-(800)-639-2130 that's (800)-639-2130. Thanks so much for being with us today.
Tony.: Thanks for having us.

Judy.: Sure. That's our program for today I'm Judy Simpson will see you again next time on across the fence.

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