

REPORT

Project Title: “Assessing Common Factors of Success Among Michigan’s Upper Peninsula Beginning Farmers”

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Project partners/collaborators:

- Frank Wardynski, MSU Extension Upper Peninsula Dairy and Beef Educator
- Warren Schauer, MSU Extension Upper Peninsula Farm Management Educator
- Michelle Walk, MSU Upper Peninsula Community Food Systems Educator
- Marquette Food Co-op
- Eastern Upper Peninsula Food Hub

Project goal:

The goal of this professional development project was to gain better understanding of the way beginning farmers in the Upper Peninsula region of Michigan perceive ‘success’ with special attention given to:

- Economic success
- Success in family relationships
- Success in community network building
- Lifestyle success

Project activities:

- Project design, interview question language, participant consent form and other details were developed and approved by the MSU Human Research Protection Program. MSU Extension staff involved in the project completed training required by MSU.
- Eight “beginning farmers” were recruited by the project leader and partners to participate by completing an interview on their farm. Years of experience among this group ranged from 1 year to 15 years of farming. Input from various sources was used to identify beginning farmers in the region, including personal knowledge of staff involved in the project, Michigan Farm Bureau staff, the Marquette Food Co-op, and the USDA Farm Service Agency.
- Two organizations with commitment to local food production and sale in the Upper Peninsula region were contacted and agreed to participate in interviews.
- Visits and interviews with 8 beginning farmers and two supporting organizations were conducted from May 13 – June 7, 2013. The project leader participated in all 10

interviews. All interviews involved a team of 2, 3 or 4 MSUE staff, with 8 of the 10 interviews conducted by a team of 3 MSUE staff.

- Jim Isleib and Warren Schauer shared responsibility for presenting the interview questions at each meeting. Frank Wardynski and/or Michelle Walk recorded responses and contributed to the discussion with participating farmers and organizations.
- Interview notes were summarized and conclusions proposed by project leader Jim Isleib with input from participating MSUE staff.

Interview results

- Participating farmers and organizations represented 8 Upper Peninsula counties, including Chippewa, Mackinac, Alger, Marquette, Menominee, Ontonagon, Houghton and Delta counties. Types of farms included cash grain, feeder cattle, vegetable/hoophouse/CSA (community supported agriculture), dairy, naturally-grown potatoes (using organic techniques, but not certified), sheep, and cow/calf. The two supporting organizations included the Eastern U.P. Food Hub steering committee and the Marquette Food Co-op, both regional leaders in local food distribution and retailing.
- Participant responses were compiled and common response themes listed as follows:

Farmer interview questions and common response themes:

Q #1: In general, how do you define economic success from your farming activities?

- Achieving 'break-even' finances
- Earnings equal to perceived value of time and expertise
- Don't have to work off-farm

Q #2: How has your farming activity impacted your family?

- Enhanced family relationships
- More time together
- Family as a 'business unit' adds stress to relationships

Q #3: Has your farming activity resulted in any changes in your community involvement?

- 6 of 8 farms interviewed responded 'yes'
- Mostly new involvement with ag community and customers
- Involvement with schools and community groups as a farmer 'resource person'

Q. #4 In what ways has farming affected your lifestyle?

- Very busy with farming, less time for other activities
- Farm requires full commitment
- Outdoors and active lifestyle is positive

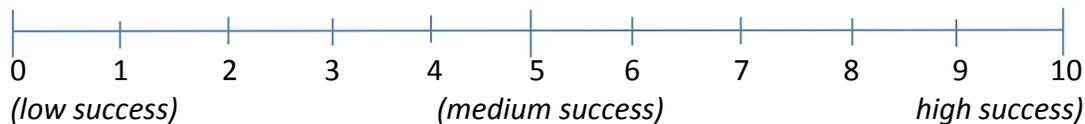
Q. #5 Have you stuck with your original farm business plan? If not, why?

- 5 of 8 farms interviewed changed their plan
- Shift to more profitable enterprise(s)

- 2 of 8 operating without a business plan
- Q. #6 Have there been unexpected outcomes from your farming operation?
- 6 of 8 farms interviewed responded 'yes'
 - Weather more challenging than expected
 - Shift to different enterprises
 - More equipment needed than expected (machinery, irrigation)
- Q. #7 What have been the biggest challenges or problems you have had to deal with?
- Finances (inputs, equipment, labor)
 - Weather
 - Labor
- Q. #8 Overall, what have been the big successes of your farming operation?
- Achieving full-time farmer status
 - Personal satisfaction
 - Growth in the farm business
- Q. #9 What challenges and/or opportunities do you see in the future related to your business?
- Challenges:
 - Labor requirement
 - Financing expansion
 - Business management (recordkeeping, taxes, regulations)
 - Opportunities:
 - Farm business expansion
 - Adding new enterprises
 - Entering new markets

Farmer ratings and observations:

Rating #1: Economic success of my farming operation:

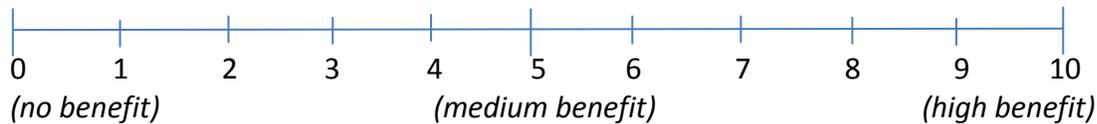


Responses: 1, 4, 5, 5, 6, 6, 7, 7

Average: 5.1
 Median: 5.5
 Hi: 7 (2)
 Low: 1

- Most respondents felt their farms were medium to medium/high in terms of economic success. The single person indicating low success is in the first year of commercial lamb production and should be considered an 'outlier'. Without including the outlier, average response is 5.7 and median is 6.

Rating #2: Lifestyle benefits from my farming operation:



Responses: 7, 8, 8, 8, 8, 10, 10, 10

Average: 8.6

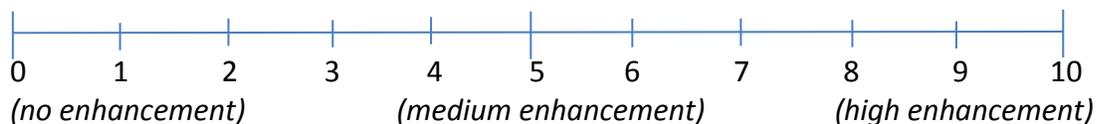
Median: 8.0

Hi: 10 (3)

Low: 7

- Respondents ranked the lifestyle benefit of their farming operations very highly. Personal satisfaction and pride in their farming efforts is an obvious high motivation factor. Family involvement is also a key component.

Rating #3: Enhancement of community involvement because of my farming operation:



Responses: 2, 4, 5, 5, 6, 6, 7, 8

Average: 5.4

Median: 5.5

Hi: 8

Lo: 2

- There is a wide range among the 8 respondents, from little change, or even a reduction in community involvement based on time limitations due to farm activities, to highly increased community involvement. Generally, the increase in

community involvement is greater for farms engaged in direct marketing of farm products.

Supporting organization interview questions and common response themes:

Q. #1 What are the most important factors of success among the newer farmers you deal with?

- Understanding and developing their markets, ability to adjust to changing market demands
- General business knowledge
- Production expertise
- Good time and labor management
- People skills and community involvement
- Commitment to quality and dependability
- Good communication
- Good recordkeeping (especially cost of production)

Q. #2 In your experience, what are the most common pitfalls newer farmers should try to avoid?

- Failure to understand market needs
- Don't know their own cost of production
- Inconsistent/unreliable
- Poor business skills
- Indecisiveness
- Unwilling to seek help or advice

Summary:

The Upper Peninsula MSUE staff team providing programming and support to beginning farmers in the region succeeded in conducting a set of standardized interviews with a diverse set of 8 beginning farmers and 2 supporting organizations. The interview questions were designed to gather information about common factors involved in a successful new farming enterprise. The interview process and question language were reviewed and approved by the MSU Human Research Protection Program. The project provided a valuable professional development opportunity for the team to gain understanding of the interests and needs of local beginning farmers. The interviews resulted in a set of recorded responses which were consolidated into common themes.

Attachments:

1. Research Participant Information and Consent Form
2. Interview questions form
3. Compiled participant responses and ratings

ATTACHMENT 1

**MSU Extension Project:
“Assessing Common Factors of Success Among Michigan’s Upper Peninsula Beginning Farmers”
Spring, 2013
Research Participant Information and Consent Form**

1. EXPLANATION OF THE RESEARCH and WHAT YOU WILL DO:

- You are being asked to participate in a research study of “Common Factors of Success Among Michigan’s Upper Peninsula (U.P.) Beginning Farmers”.
 - You will be asked to set up a time for a face-to-face interview with a team of U.P. MSU Extension staff, Crop Production Educator Jim Isleib will be one of the team, and depending on availability, may be accompanied by one or more of the following: Ruminant Educator Frank Wardynski, Community Food Systems Educator Michelle Walk, and Farm Business Management Educator Warren Schauer. The interview will consist of a set of 9 questions relating to your experience as a beginning farmer. If time allows, a short tour of your farming operation will be included in the visit. It is estimated that the interview will take 30 – 45 minutes.
 - A total of 8 farmers and two organizations that work with small farmers are included in this research
 - Your responses will be included in a final report and not associated with you individually. Your name and contact information will not appear in the report. A list of counties where participating farmers are located will be included.
 - An article summarizing the report and providing a link to the full report will be posted on the Michigan State University Extension website
- You must be at least 18 years old to participate in this research.

2. YOUR RIGHTS TO PARTICIPATE, SAY NO, OR WITHDRAW:

- Participation in this research project is completely voluntary. You have the right to say no. You may change your mind at any time and withdraw. You may choose not to answer specific questions or to stop participating at any time.

4. CONTACT INFORMATION FOR QUESTIONS AND CONCERNS:

If you have concerns or questions about this study, please contact the researcher

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If you have questions or concerns about your role and rights as a research participant, would like to obtain information or offer input, or would like to register a complaint about this study, you may contact, anonymously if you wish, the Michigan State University’s Human Research Protection Program at 517-355-2180, Fax 517-432-4503, or e-mail irb@msu.edu or regular mail at 207 Olds Hall, MSU, East Lansing, MI 48824.

5. DOCUMENTATION OF INFORMED CONSENT.

You indicate your voluntary agreement to participate by beginning this interview.

Interview #: _____
Date: _____

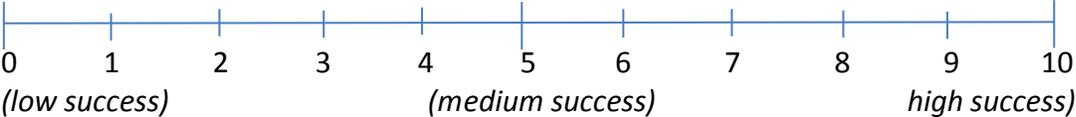
Questions for beginning farmers:

1. In general, how do you define economic success from your farming activities?
2. How has your farming activity impacted your family?
3. Has your farming activity resulted in any changes in your community involvement?
4. In what ways has farming affected your lifestyle?
5. Have you stuck with your original farm business plan? If not, why?
6. Have there been unexpected outcomes from your farming operation?
7. What have been the biggest challenges or problems you have had to deal with?
8. Overall, what have been the big successes of your farming operation?
9. What challenges and/or opportunities do you see in the future related to your business?

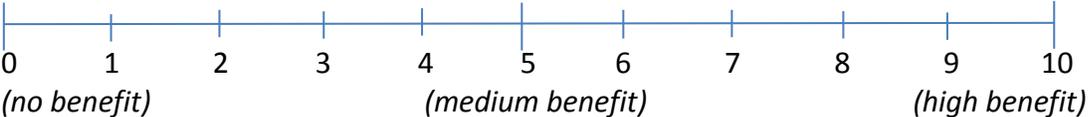
'Ratings' for beginning farmers:

On a scale of 0 (least) to 10 (most), please rate the following:

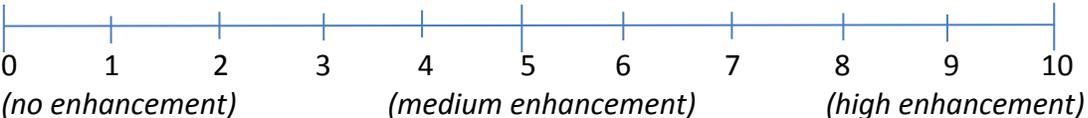
1. Economic success of my farming operation:



2. Lifestyle benefits from my farming operation:



3. Enhancement of community involvement because of my farming operation:



Questions for supporting organizations:

1. What are the most important factors of success among the newer farmers you deal with?
2. In your experience, what are the most common pitfalls newer farmers should try to avoid?

ATTACHMENT 3

Compiled participant responses and ratings

Q #1: In general, how do you define economic success from your farming activities?

- Farming currently about 50% of income. Could define success if able to make farming 100% of income.
- Not sure had economic success yet. If have money in the spring to buy equipment and parts, breaking even and starting to make money. Trucking augments the farm hauling pulpwood. Is profitable with the grain prices if not charging labor.
- Last year was the first year made money. Breaking even for now, long road to economic success, champagne time will be when they are paid for what their time is worth.
- Getting as much milk as possible and keeping them healthy, he is in charge of heifers and getting them pregnant. Servicing farm loan and making enough to live on.
- If pulling income equal to other professions \$30-40-50,000.
- Paying the bills. Being able to pay living expenses. Super successful would be a vacation.
- Wants to be profitable. Would like to make \$20,000/year covering everything – overhead, operating expenses. With exception of the land.
- Having enough money to pay bills. Could sell cows \$80,000, calves \$30,000, feeders \$20,000 - Building assets, not cash flow. For farm to pay for itself and building assets.

Q #2: How has your farming activity impacted your family?

- Farming has brought family closer to together, working together.
- Not a lot – does most of the work himself with a little labor support from the family.
- Got married, across the board it is a benefit.
- It's our way of life. Its what we plan around. Wife helps on the farm.
- Home all the time (good thing), can pick his own schedule, children are adults and they can be involved. It's been good for us.
- Didn't have whole family???? Gets to spend more time with daughter. Stress involved with family members also being business unit. Daughter likes being on farm and learns a lot from the farm.
- Spring is the busy time of the year. good for the kids with chores and being in 4-H. hard in the summer with the job.
- Brought us all closer together. We're together every weekend – if it were not for the farm, we would only get together for holidays.

Q. 3 Has your farming activity resulted in any changes in your community involvement?

- Taking animals to school teaching kids about the animals, donate meat for community activities , serves on fair board – kids in 4-H trying to help make local county fair better.
- A little bit, not really.
- OH BOY! Out there all the time with so much direct marketing, asked to help develop GAP certification guidelines and kitchen guidelines, People always coming out to learn if they want to do this, to see where there food comes from, tours to groups – slow food group, Marquette Food Co-op, MIFMA field day. Consulting with local school natural resources and agriculture operations.
- Not really. Harder to do some things still helps with church youth group but doesn't help with the football team even though he would like to.
- Knows lots more people now from selling on farm and farmers markets. Now selling at Marquette Food Co-op – member.
- Knew they wanted to farm. Go to farmers markets – pay more attention to the community. Try to involve community with participating educational programs and the local food co-op.
- Taken MSUE classes. Know lots more people, MSU classes help network with people.
- Gabbing with other farmers, people stop to ask questions, developed informal contacts. Go to ag related meetings.

Q. #4 In what ways has farming affected your lifestyle?

- Has always been on a farm, so no comparison. Don't have time for anything if farm needs attention/time.
- More tired, taking away, extra money, extra time.
- It dictates it – it is what you do. This last year were able to stop working off the farm, will be looking for winter income, did a labor chart – each person 50 hours/week for 6 months.
- Lots busier. Can take some days off, but usually can't.
- Now with the farm we are busy, but it's a different kind of busy, get to set own schedule and still find time for family. It work it as a lifestyle rather than a job, it's better.
- Outside a lot – farming is our lifestyle. It dictates what we do.
- Same as how impacts lifestyle. Older three kids aren't lazy. They don't always like it but builds character, good for their work ethic. Don't get to go away as a couple off the farm because who watches the farm when they are gone?
- Don't go to Florida anymore, used to. Dr. said he's healthier because of farming – hard working exercise, because of farming Dr. found health problem.

Q. #5 Have you stuck with your original farm business plan? If not, why?

- No – has not been as much money/profit as thought in original venture, so looking at different things.
- Didn't really have business plan, knew he wanted to grow small grains.
- Not exactly, original plan included green houses, barn and processing kitchen. Operations in plan that either started and stopped or never started – sheep, eggs, jams and jellies. Enterprise not in plan but started and then stopped – cattle. Enterprises either not in plan that are started and continuing or much larger than expected – catering, flowers, broilers, pork, vegetables. Have eliminated enterprises that were not profitable and added enterprises that fit well. Catering largest profit margin. Cattle didn't generate enough income per acre.
- Yes, set plan to buy cows. Rents facilities and buys feed. Closely tied to dad and brothers operation.
- Yes. Planned to do organic potatoes so didn't have to do as many acres.
- Started scatter brained. Thought would be doing more enterprises. CSA is profitable and need to be more focused on that enterprise.
- Doesn't have business plan. Have changed some of the original plans. Started with a rented house and three packages of bees. Have grown over three years.
- Basically yes. Changed from Jersey to Angus. Then had planned on getting about 100 head but stopped at 50.

Q. #6 Have there been unexpected outcomes from your farming operation?

- Longer winter and drier summers. Weather related problems too wet or too dry. Market price fluctuations cause problems.
- Positive on grain prices.
 - a. Wheat to Oshkosh ADM, hauled by Ray's to feed mill and then to WI with good haul rate and selling oats directly to Ray's.
- Broilers, catering, flowers. Amount of machinery, they have more than expected, expansion into new acres, unexpected need to irrigate – under estimated equipment needed to irrigate.
- Not really. Knows problems with prices, cows and employees.
- Drought causing low yield and blemish on potatoes.
- Weather changes. Community response – positive. Surprised by people willing to help.
- Weather. Disease. Lambs not growing as fast as thought. Finishing animals. How animals deal with snow. Getting good quality hay. Breed issue – wool vs hair. Challenges with guard animals. Marketing. Fencing in the snow. Time of lambing season.
- No

- Q. #7 What have been the biggest challenges or problems you have had to deal with?
- Weather; space limitations in the barn, low market prices for Holsteins, cost of feed.
 - Saving or borrowing money for spring inputs, secure land – would like to get more longer term leases, wants more security for fertilization and lime investment. Paying \$10-20/acre.
 - Irrigation equipment. Making margins to make it worthwhile for hired labor and to include regulations of having labor. Housing for volunteer labor.
 - Labor.
 - Sourcing inputs for organic production, getting inputs brought in.
 - Enough time to do everything. Irrigation. Financing to pay for it.
 - Marketing. Predator protection animals. Fencing.
 - Weather. Hay, poor fertility. Natural, Pasture is how cattle were meant to live.

- Q. #8 Overall, what have been the big successes of your farming operation?
- Meat goats – they do OK with only windbreak and shelter – planning internal expansion – takes longer, but cheaper that way.
 - Hopefully getting to point to make money.
 - Now doing it full time.
 - Opportunity to grow. Already growing. Obtain financing.
 - Able to stick with his plan. Able to make it a full time job. Able to get in with Marquette Food Co-op. able to buy back grandparents farm.
 - It worked. Making a living with CSA business.
 - Even when we make mistakes, the animals do fine. People seem overjoyed to buy them.
 - Bringing family together. Enjoy looking at cows. Enjoyment – for many years had lots of stress in their other businesses, this is pretty much stress-free.

Q. #9 What challenges and/or opportunities do you see in the future related to your business?

- Challenges - Getting to the number of animals desired, wanting building for more space, dollars to get there/financing. Opportunities – expanding meat goat enterprise, exploring Canadian market and ethnic market.
- Challenges – farm more acres – waiting for land to come available. Opportunities – sunflowers – looking for elevators interested in buying.
- Challenge – labor, expanding will require more labor. Opportunities – chances to expand, upside room regarding demand.
- Opportunity – cross breeding and expanding. Challenges – farming, more records, incorporating with farmers business and business relationships.
- Opportunities – cow share in the future. Getting potato warehouse and other building renovations. To grow certified organic seed, both potato and grain are possibilities. Challenges – government regulations. So much time and money to jump through hoops, taxes, property taxes, deer damage.
- Challenges – labor. Opportunities – starting processing facility on farm to school program in Hancock. The food hub. Could process vegetables for schools and restaurants. Could then hire labor.
- Challenges – transportation costs, guard animals. Opportunities – free grazing.
- Opportunity – ag is going to save this country. Quality cattle. Long term future in ag. Challenges – capital outlay, large investment, weather for hay and pasture.

Rating #1 for beginning farmers:

Economic success of my farming operation:

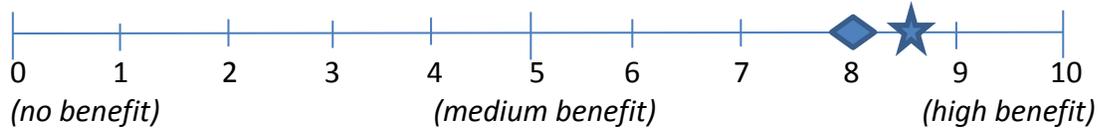


Responses: 1, 4, 5, 5, 6, 6, 7, 7

Average (★): 5.1
Median (◆): 5.5
Hi: 7 (2)
Lo: 1

Rating #2 for beginning farmers:

Lifestyle benefits from my farming operation:

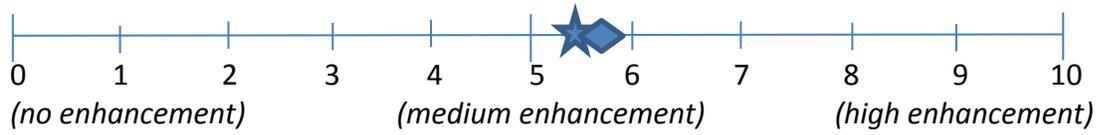


Responses: 7, 8, 8, 8, 8, 10, 10, 10

Average (★): 8.6
Median (◆): 8.0
Hi: 10 (3)
Lo: 7

Rating #3 for beginning farmers:

Enhancement of community involvement because of my farming operation:



Responses: 2, 4, 5, 5, 6, 6, 7, 8

Average (★): 5.4

Median (◆): 5.5

Hi: 8

Lo: 2

Questions for supporting organizations (*italic font indicates responses from separate interview*)

Q. #1 What are the most important factors of success among the newer farmers you deal with?

- Persistence. People come to our store with ideas about products to produce and market through our store, but don't follow through. Example: Eggs – about 1 person per week approaches us, but when we explain about labeling, consistent supply, etc., they lose interest.
- Not afraid to try new things.
- Must be willing to grow their production capacity and distribution capacity simultaneously. Need to make connections and work with new markets as they grow.
- They understand the marketplace, especially retail vs wholesale pricing and marketing.
- Motivated, organized and knowledgeable.
- Must have enough time to devote to the farm business. For example: can't have 3 other jobs.
- Knowledgeable about local farming conditions.
- Must keep accurate records.

- *Organization – product presentation, production plan, follow through on commitment (delivery, calling back to customers).*
- *Communication – must be able to be reached and be responsive or needs to recognize some needs to be responsible for that aspect of the business.*
- *Knowing what product is worth and know what their cost of production.*
- *Crop planning – production plan. Knowing labor requirements and if they will need volunteers.*
- *Community involvement.*
- *Consistency and quality – knowing regulations, food safety and certification, know the co-op's needs.*

Questions for supporting organizations (*italic font indicates responses from separate interview*)

Q. #2 In your experience, what are the most common pitfalls newer farmers should try to avoid?

- Don't know their cost of production and distribution.
- Lack of general business knowledge.
- Try too hard to make everyone happy.
- Lack of knowledge of specific markets. For example: feeder cattle.

- *Operationally – not knowing the co-op's needs, not knowing what the market needs (whole chickens vs pieces, sizes, packaging).*
- *Not being consistent or reliable.*
- *Not doing the things mentioned in question #1 – "important factors of success".*
- *Not reaching out for help, failing to ask for help on production problems.*