

Beyond Fresh

Creating Value-Added Products



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In this session...



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- What is value-added?
- Opportunities
- Challenges
- Factors of Success
- 5 Major Steps to Creating Value-Added Products
- Resources

What is value-added?

- Allow producers to earn a greater portion of consumer expenditures by processing, packaging or marketing crops, livestock or farm resources.



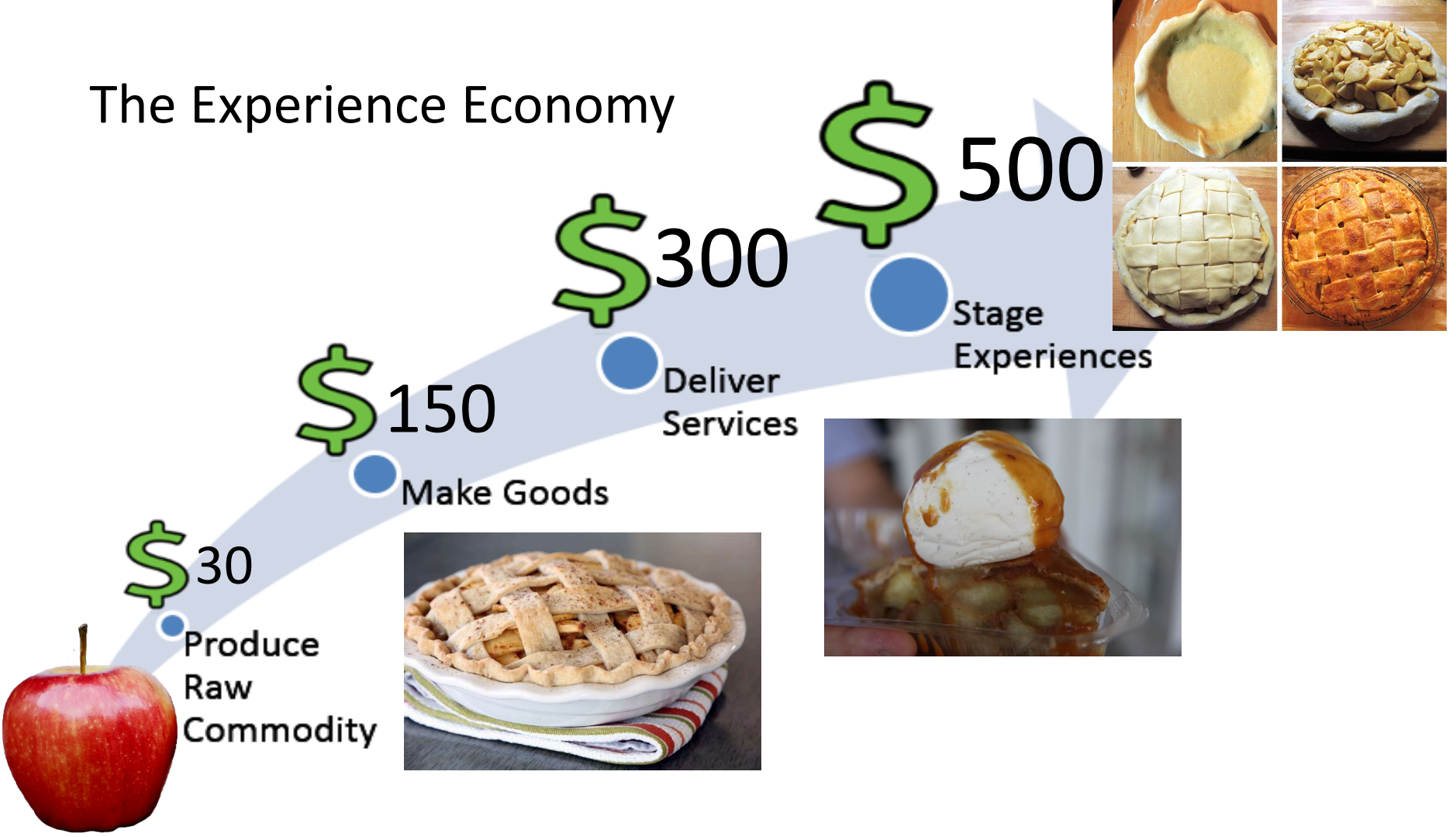
Why?

- Opportunities to increase financial returns
 - Remove middlemen from supply chain
 - Take advantage of demand for fresh/local products and experiences
 - Use product that would go to waste
 - Market small quantities



<https://www.ers.usda.gov/data-products/food-dollar-series/documentation.aspx>

The Experience Economy



Granddaddy's Farm



Donnell Farm Meats



Dry Hollow Farm



Challenges

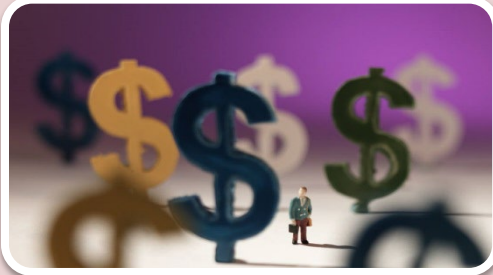
Farm Production

- Input Selection and Purchase
- Soil Fertility
- Planting
- Cultivating
- Disease Control
- Weed/Insect/Wildlife Control
- Fertilization
- Irrigation
- Harvesting
- Field Sanitation
- Labor
- Records Keeping
- Farm Inspection/Certification
- Marketing

Value-added Enterprises

- All Production Issues
- Processing
- Packaging
- Storage
- Regulations
- Marketing
- Distribution
- Customer Service
- Additional labor

Why Businesses Fail (The 3 Ms)



Money

Capital &
Cash Flow

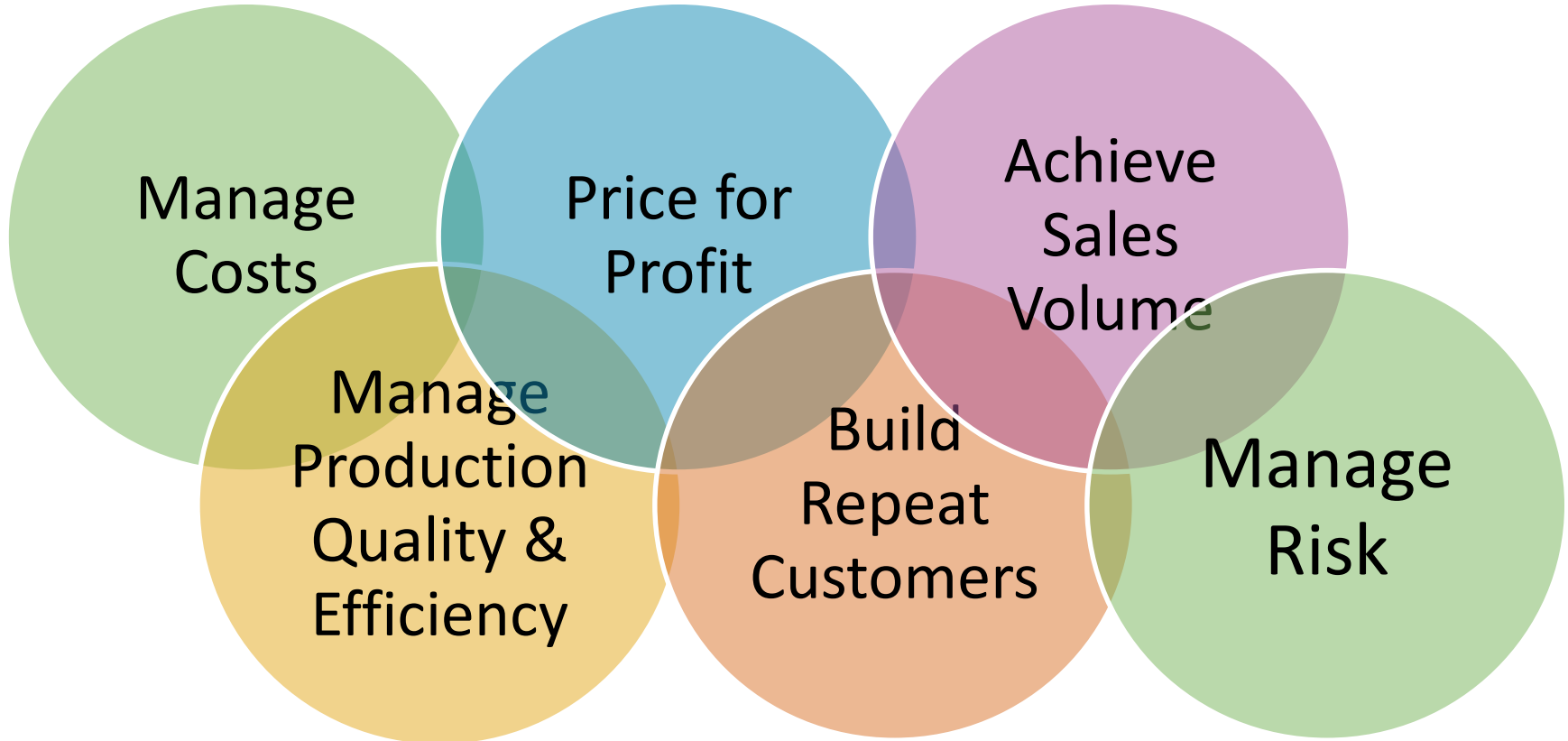
Management

Skills &
Experience

Marketing

Knowing &
Accessing
Customer

How achieve profitability?



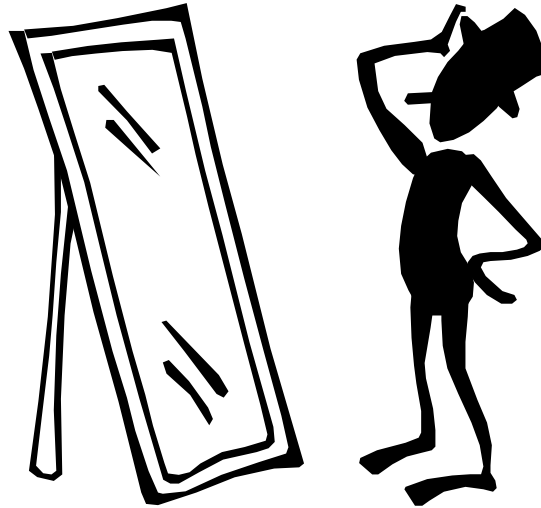
5 Major Steps to

Creating



Products

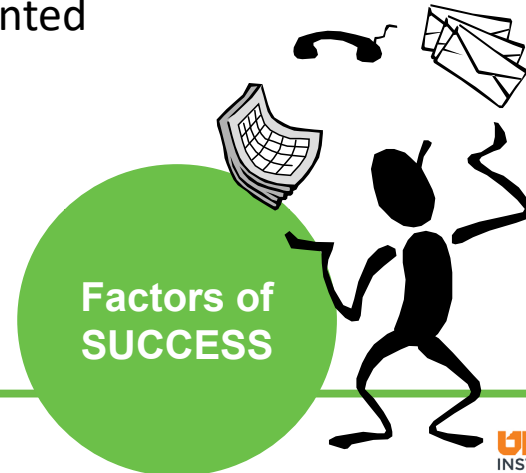
1. Assess your resources, mission and goals.



Personal Assessment

Do you have what it takes?

- Self-starter
- Responsible
- Leader
- Hard worker
- Effective communicator
- Adapt well to change
- Accepts risk
- Decision-maker
- Family support
- Healthy
- Ambitious
- Competitive
- Lifetime learner
- Goal-oriented
- Creative
- Patient
- Proactive





10 Times Successful



30 Times Successful



<https://www.linkedin.com/pulse/why-only-few-super-successful-people-naveen-raju/>

2. Research the market.



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Take a Market Driven Approach

Is there a
need/want your
business can
fulfill?

- What and how much is needed or desired?
- What is valued?
- What competition exists?

A portion of the population with a

1. Need/want that your business can fulfill
2. Willingness to purchase
3. Ability to purchase

Your first and best customer

Identify
Target
Audience



Take a Market Driven Approach

Does a
profitable
market exist?

- Is there adequate market size and potential share?
- Able to produce at a cost low enough and sell at a price high enough to generate a profit?

3. Investigate the regulations.

- Product manufacturing/marketing
 - Food manufacturing, pet foods and pet treats, soaps and cosmetics, agricultural inputs, etc.
- Business license and taxes
- Sales taxes
- Employment regulations
- County planning and zoning



4. Develop a business plan.



- **Farm businesses that developed a business plan were 2x more profitable!**
- **Producers who communicate were 21% more profitable!**

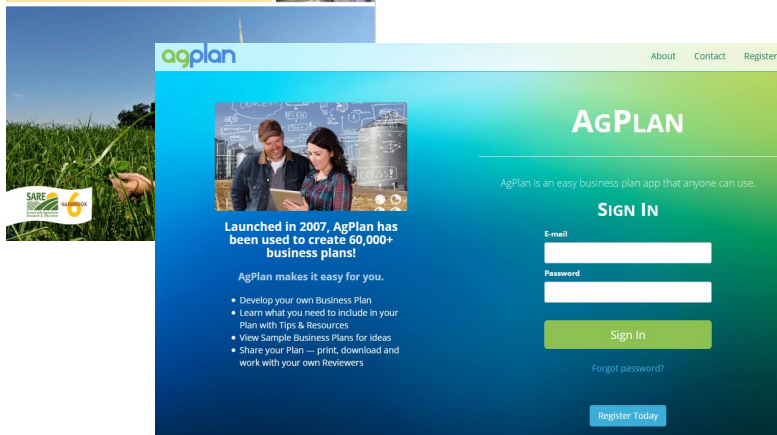
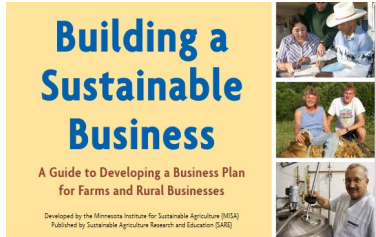
Dr. David Kohl
Business Planning Lite

Business planning helps determine:



- Where you are
- Where you want to go
- How you plan to get there
- What resources are needed
- Is it possible
- Expected results

Business Planning Resources



- Building a Sustainable Business sare.org/Learning-Center/Books/Building-a-Sustainable-Business
- AgPlan: On-Line Plan Writing agplan.umn.edu/
- Small Business Development Centers

5. Assess and manage risk.



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Types of Risk

Legal

- Laws/regulations
- Injury to customer or employee

Human Resources

- Death, divorce, disability, disagreement
- Employee turnover

Business Interruption

- Weather, natural disaster, road construction, other

Production

- Weather, disease, pests, errors

Financial

- Cash flow, cost or availability of credit
- Damage or loss of personal property

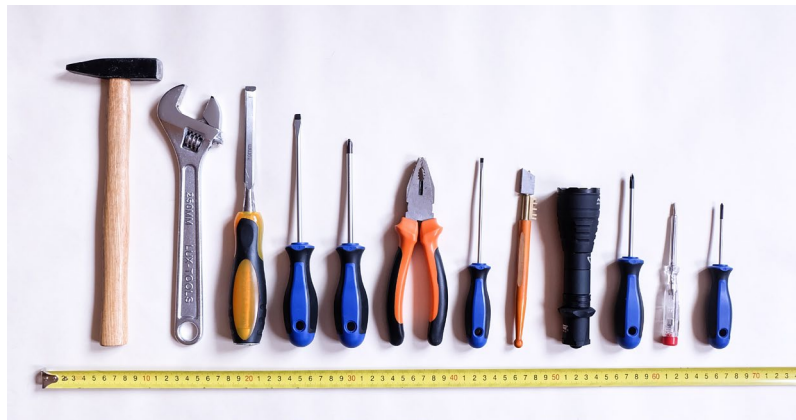
Marketing

- Ability to attract customers
- Competition

Risk Management Methods



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Additional Resources

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In Review

- Value-added is in...
but it's not easy.
- Assess your resources
and the market
potential.
- Develop a plan.
- Use available resources.



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Beyond Fresh

Creating



Products



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