



Marketing Quality on Creative Growers Farm

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The Northwest Direct farm case studies were developed to provide in-depth information about the direct and semi-direct marketing opportunities that exist for farmers within their regional food system and how these opportunities are captured by a diverse set of successful producers in Idaho, Oregon and Washington. Direct marketing strategies employed by the farmers featured in this series include farmers' markets, community supported agriculture (CSAs), u-pick, farm stand and on-farm sales. Semi-direct marketing strategies include sales to restaurants, caterers, retailers (grocery stores, butchers, etc.) and processors, arranged and completed by the farmer him/herself without the use of brokers or wholesalers.

In 2002 and 2003, members of the case study research team performed in-depth on-farm interviews with each of the 12 farm families in this study. Interviews were transcribed, financial information was collected, reviewed and interpreted and outlines for the case study content were developed. Professionals were hired to write the case studies. Each case study went through a series of reviews by the case study farmers, university faculty and research team members with final permission for publishing and distribution given by the farmers themselves.

The nature of profitable small acreage farming demands flexibility and the willingness to change. These case studies, therefore, reflect a "snapshot in time" of each farm. Readers should be aware that these farms have undoubtedly evolved since the initial interviews. They should also be aware that the unique nature of each farm necessitates an individualized treatment of the analysis of farm profitability and the criteria by which that is measured. The case studies contain financial information to the extent that farmers were willing to share, and reflect our intention to educate the reader, while at the same time protecting the farmers' need for confidentiality.

It is our intent that the case studies will be of use to:

- Current farmers who want access to a greater share of the revenue that comes from the foods they grow and raise and are interested in exploring one or more marketing options.
- New farmers who are designing their production and marketing systems, who are interested in employing one or more marketing strategies, and are establishing a business plan for their farm.
- Educators and other agricultural professionals who work with producers and others interested in direct and semi-direct marketing.
- Policy-makers who are interested in enhancing the financial stability of family farms in the region through innovative policy and government funding.

A total of 12 case studies were produced by Rural Roots, Inc. and the University of Idaho as part of the Northwest Direct project. A list of the other case studies in the series is included at the end of this document. These case studies are one component of a larger USDA Initiative for Future Agriculture and Food Systems project called *Northwest Direct: Improving Markets for Small Farms*. For more information on this project and its outcomes, visit the project website at <http://www.nwdirect.wsu.edu/>.



Colette DePhelps, NW Direct Case Study Research Team Leader



Aaron Silverman
Creative Growers Farm
Noti, Oregon

Enterprises:

Creative Growers, LLC
 Greener Pastures
 Poultry, LLC

***Products Grown/
 Raised:***

Pastured Poultry
 Vegetables
 Culinary Herbs

Marketing Strategies:

Restaurant Sales
 Farmers' Market Sales
 Sales to Retailers:
 •Co-ops
 •Butchers
 •New Seasons Market

website:

www.greenerpasturespoultry.com



Marketing Quality on Creative Growers Farm

Farm Overview and History

In 1997, when Aaron Silverman and his wife purchased their property outside of Noti, Oregon, they discovered an unfilled niche: marketing to restaurants. "When we started... we were the only ones there," says Silverman. "It was really an invisible market." With the idea of raising poultry, vegetables, and culinary herbs for restaurants in nearby cities, the Silverman's developed an evolving and innovative business plan that, for the last seven years, has steadily increased their income and marketing potential in the area. Silverman's innate business sense and entrepreneurial spirit has made him a real success story in the area of sustainable agriculture in the Pacific Northwest.

Aaron Silverman and his wife, Kelley Rooney-Silverman, live with their young daughter on Creative Growers farm in western Oregon. The Silverman's property is comprised of 22.5 acres of Coastal Rangeland, west of Eugene. Of their 22.5 acres, six acres are dedicated to vegetable production and another acre is devoted to

greenhouses. Ten acres are used for the poultry they raise, which in 2003 was approximately 15,000 birds. Five acres encompass two home sites- one for the Silvermans and another for their business partners David and Lori Hoyle. They also lease another 25 acres that is used for producing both poultry and vegetables.

Silverman was raised in Miami, Florida and attended the University of Vermont, where he earned his degree in Plant and Soil Sciences. While attending school, he worked for a large scale vegetable operation and did some work in pasture management. The Vermont farm marketed some product to local restaurants, introducing Silverman to the production and marketing techniques needed for selling to restaurants. He also worked on a seasonal dairy. In addition, Silverman gained experience by working for the produce department of a small market where he learned about ordering product and working with flowers.



Springtime on Creative Growers Farm.

Kelley Rooney-Silverman is from Milwaukee, Wisconsin. She was a Montessori teacher when she and Silverman moved to the Eugene area. When their daughter was born in 2002, Kelley quit teaching and is now working on the farm full time. Kelley and Aaron share the work of parenting, managing the poultry plant, and oversight and planning for the farm.

Business Structure

The Silvermans are part owners of two businesses, both structured as LLCs, or limited liability companies, which offer the partners flexibility in tax structure and limited personal liability. These companies are separate from each other in legal terms, but the Silvermans have a substantial share in each.

Creative Growers

The Creative Growers Farm property is owned by the Silvermans. In 2003, the Creative Growers business operation was structured so that the Silvermans own 25%, the Hoyles, 25%, and the other 50% was owned by Silverman's father. The farm produces a wide variety of fresh vegetables and culinary herbs for various markets, as well as for personal use; and raises poultry for sale to the Greener Pastures Poultry operation. A growing share of the business is being

taken over by the Hoyles. The Hoyle's increasing responsibility in the vegetable production operation earns them equity in the business, health insurance coverage, and a place to live. They also earn a salary that is based on the annual success of Creative Growers. While Silverman still discusses field logistics with David Hoyle, his current emphasis is on the business management aspects: planning, budgeting, ordering, payroll, and much of the marketing.

The Silvermans and Hoyles hire one to two employees per year to help with the vegetable production. Silverman says that it is hard to hire people to return year after year, when work is available on such a limited seasonal basis. "It's not just that they want *a* job. They (have to) actually want to do *this* job." In the past, they have offered internships or apprenticeships on farm. However, they found that it was difficult to manage interns, given the intensive work schedules that the Silvermans and Hoyles keep. Silverman says, "It's easy for us to put in 12, 14, 16-hour days."

Before 2001, Creative Growers was raising about 2000 broilers on site to butcher and sell directly to customers. This was permitted under Oregon law, but off-site sales were not legal. Soon, the number of requests for their birds exceeded what they could process and sell on farm. In 2001, in cooperation with two other family farms in the area, Silverman launched Greener Pastures Poultry, LLC. This took the process-

"It's easy for us to put in 12, 14, 16-hour days."



Brooder awaiting a fresh batch of chicks on Creative Growers Farm.

ing operation off-farm, and freed acreage on the Silverman property for raising more produce and birds.

Greener Pastures Poultry

Greener Pastures Poultry (GPP), LLC operates a state-inspected processing plant located in Noti, Oregon. It is a refurbished meat processing plant that GPP operates through a rental agreement. GPP processes birds from several different growers and markets them under the unified Greener Pastures Poultry brand through farmers’ markets and sales to retail outlets.

The business structure of GPP is designed for growth. The growers had several goals in mind when starting the company. They wanted a local processing facility that would provide a clean, premium product for consumers, foster cooperation between producers, and model sustainability in the poultry industry (See Below). This move also

allowed for an increase in the production of pasture raised chickens and turkeys in the area. Silverman states, “We set up a structure that is much larger than we are, so it’s a structure that we can grow into. It has a board of directors and is structured for a board of managers to make the day to day decisions. We also have a set of production standards that is part of the marketing agreement that we have with the other growers.” This marketing agreement between the various growers outlines the standard practices for poultry production, including standard feed, and methods for raising consistently healthy, high quality birds.

Silverman is currently the manager of the processing facility and is the primary marketer of the poultry. Creative Growers Farm also produces the majority of the birds sold through GPP. The plant is operated with a staff of eight part-time employees.

Federal regulations require that processing facilities be USDA inspected and certified if they process more than

<p style="text-align: center;">Greener Pastures Poultry, LLC Mission Statement</p> <p>Greener Pastures Poultry, LLC is created for and by Producers in order to:</p> <ul style="list-style-type: none"> • Provide to our customers a premium product, raised in balance with animals, grass & people. • Foster a model of cooperation among a growing number of independent producers, through shared education, purchasing & marketing. • Create the infrastructure necessary to link pastured products with a wider market. • Continue to develop a model of production and marketing that is sustainable to both the farm and the farmers, beneficial to the environment while profiting the producers. • Enhance the link between community and farms through superior clean food. 	<p style="text-align: center;">Greener Pastures Poultry Business Philosophy and Structure</p> <ul style="list-style-type: none"> • The business philosophy of GPP is to establish a new paradigm in relations between all levels of producing, processing, and marketing poultry. GPP seeks to generate value not primarily for the investors or managers, but the producers. It is GPP’s long-term vision to enable its growers to eventually gain ownership of the company. • GPP is managed by a group of managers, including the managers of the processing plant, marketing, and business. The group of managers set GPP policies and monitor performance and feedback from GPP’s growers. While the structure of GPP is still developing, it will stress involvement by the growers in decisions and policies. <p style="text-align: right;">Source: Greener Pastures Poultry, LLC Overview and Mission Statement by Aaron Silverman</p>
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20,000 birds per year. GPP processes fewer than 20,000, and is therefore exempt from USDA inspection. Instead, the GPP plant is state-inspected, and operates under the rules of the Oregon State Department of Agriculture.

Each grower sells its birds to Greener Pastures Poultry on a live weight basis. Silverman explains that, “Greener Pastures Poultry owns all of those birds when they go into the facility, we...operate the facility, we hire all of the people that work there, we own the birds from the moment they come onto the place to the time they go out, and they are all marketed under our unified label, so (the products all have) Greener Pastures Poultry on it.” As demand for Greener Pastures’ chicken grows, Silverman and his partners are looking to expand into a USDA inspected facility that processes more birds, but Silverman says that there is no guide that explains to people how to develop a plant, and gradually expand it to this level. He says, “The resource does not exist... (that explains how) to expand into a USDA inspected plant, because most of the entire industry is based on plants that are doing anywhere from 40,000-250,000 birds *a day*.”

Marketing

Creative Growers Restaurant Sales

“We purchased this property with the idea of marketing (produce) to restaurants,” says Silverman. While many

producers start their vegetable and herb venture by selling at farmers’ markets, Silverman was not convinced of any particular advantages to selling at market. He says, “As far as I was concerned, it took the same amount of time to harvest and prep and pack the same amount of product that was going to a farmers’ market, only everything that I pack and deliver is (already) sold. Everything at a farmers’ market can’t be sold or you don’t have enough to make the display work. So at the end of the day, (after) the same amount of hours harvesting and prepping and packing, I now drive into town, and in the two to three hour delivery route, I sell and deliver the same amount of product that I’d sell at a farmers’ market, and I come home and I’ve got nothing but empty containers in the back of my truck. And I park the truck and...just walk away.”

Creative Growers’ herbs and vegetables are marketed to restaurants in Portland and Eugene. Silverman operated a small CSA subscription service at one time, but says that “... we stopped doing (it) because nobody really wanted to put any energy into the marketing.... And so for a couple of years in a row, we made up these really nice brochures and they got sent out...(a)nd then things just kind of dropped.” When the CSA ended, Silverman was able to fully focus his energy on the restaurant accounts.

His successful approach to marketing to restaurants has been built upon two fundamental precepts. The first is that he focuses on relationship marketing and second, his product line is of a higher quality than traditional distribu-

“Our quality is high, so much higher than any distributor can possibly do, that it is usually enough to retain them.”



The farmstead on a cool spring morning.



The Silvermans' daughter going for the free samples.

tors are able to replicate.

When establishing a relationship with prospective customers, Silverman pulls out all the stops. The Silvermans belong to the local Chef's Collaborative, so they know when new restaurants open and when they hire new chefs. This gives Creative Growers a starting point for finding new business. Silverman states, "That's certainly how we prefer to have things happen- to... get into their kitchen during development, so when purchasing happens, we're sitting right there."

With seasonally fixed prices, and an attractive and well-organized brochure, Silverman is able to send out an appealing package to existing and prospective customers. This contact is usually followed by a phone call and a face to face meeting. Silverman often brings a sample box of produce to chefs so they can see for themselves the quality and variety of the produce offered.

Silverman also uses his natural curiosity and innate people skills to build relationships with his customers. When asked what skills are essential to selling to restaurants, Silverman says that "...being nice and polite and cordial would be at the very top of the list (of what) people want." Through conversations with the chefs, he is able to find out not only what herbs and vegetables are needed, but how they're going to be used. This helps him plan his crops and set his prices. It also establishes a genuine relationship with his customers. Silverman says, "They're all regular people (who)...use emotions within their judgments. And you're always going to be more likely to take a comparable product with a comparable price (from) someone that you like, than from someone who's a jerk to you."

Aaron Silverman and Dave Hoyle emphasize having regular face to face time with their restaurant contacts, which helps them maintain and strengthen their business

relationships. "One of the reasons they are buying from us is that we do have a high level of customer service. On some of the larger accounts that we have, we will unpack, rotate and clean out their walk-ins. It gets to the point sometimes that Dave or I will spend 45 minutes to an hour in the walk-in rotating stock and cleaning it out."

Silverman says that providing this level of service is important to maintaining clients. "We're going to make sure that things are as nearly perfect as you can get. It doesn't make sense at the very last to shank on the little stuff.... It's a high priority in all of our (enterprises) that the interactions with customers be seamless and perfect."

Creative Growers has an excellent reputation for providing high quality vegetables and herbs to its restaurants. The reason that their produce is of such fine quality is that Silverman specifically preps the herbs and vegetables and packages it in a way that makes it more suitable for restaurant use. "How we prepare (the items), how we pack them, are all based on how they're going to get used in the restaurant. This saves the restaurant money in the long run. When other distributors drop off produce, the restaurant (management) ends up spending a minimum of \$10 per hour for their staff to go through and prep all of these items, and we're not talking prep to use, we're talking prep to prep. Our stuff has zero waste, it doesn't take any time to prep, (and) you may not even have to wash it again, just a rinse. You're saving waste and you're saving labor because you don't have to spend ten bucks an hour to do all of that," Silverman says.

"(I)t's a high priority in all of our (enterprises) that the interactions with customers be seamless and perfect."

Creative Growers' pricing remains competitive, despite the higher quality that Silverman delivers. "Most of the time our products average out to be plus or minus 10% what the organic distributors list." Some products, however, can be 20% or higher in price than what the distributors are offering.

Creative Growers does not hold any organic certifications. Silverman says that his restaurant accounts do not demand this. He states, "We were certified for two years... but... our exclusive market is our restaurants... and that's not a requirement from them. We have some strong philosophical issues with the certifications...(and) with the local certifiers. It is just not worth the money for what we do."

When Creative Growers gets a new restaurant account there is a short period of time when they are vulnerable to a distributor offering lower prices. "A new account that is

less than two years old is typically vulnerable to someone coming in with a lighter price list, but we're (only) vulnerable for a very short time. It doesn't take too long for someone's quality issues to really come out," says Silverman.

Silverman's basil exemplifies the quality he adds to a product. He says, "Our basil's pretty expensive, it's \$10 a pound but it's tip only. There's nothing that has to be done. They can take the bag, dump it into the food processor and make pesto. They can take the bag, dump it on a cutting board, julienne it up to add to salads. There's no waste in there." Now a competitor may come in and offer basil for only \$6 dollars a pound, but its weight is comprised of stems and the line cooks still have to prep it. It "only takes a couple of times of that, before (the chef) is asking, 'So which is cheaper, \$10 a pound from (Creative Growers), or \$6 a pound from somebody else?'"

To promote customer retention, Silverman takes a unique approach to pricing. Unlike conventional distributors who adjust their prices during the growing season to capture additional revenues or move surplus produce, Silverman fixes his prices each spring and informs the restaurants of those prices prior to the upcoming growing season. This price stability is one of the benefits to the chefs that purchase vegetables and herbs from Creative Growers. With a price sheet in hand they can more effectively fore-

cast their purchasing budgets, leading to better business management.

While having stable prices is a great benefit that Creative Growers offers to their customers, this approach can leave Silverman vulnerable to price variability offered by distributors. If a distributor dramatically lowers the price on a particular item, Silverman says that it certainly can be tempting for his customers to switch over. He mitigates this threat by consistently delivering products of exceptional quality. He states that, "Our quality is high, so much higher than any distributor can possibly do, that it is usually enough to retain them."

Greener Pastures Poultry Restaurant Sales

Silverman holds a similarly high standard for the marketing of Greener Pastures Poultry. According to the GPP Marketing Agreement between growers, each farm is required to give a certain amount of time to marketing. The Greener Pastures label is on the chicken, but the grower who raised that particular bird is also listed when possible.

Silverman markets GPP products to high end restaurants in Portland and Eugene. Many of these restaurants also purchase produce from Creative Growers. Silverman is able to represent both business ventures simultaneously, and uses the same relationship marketing and high level of



Greener Pastures Poultry Farmers' Market Booth

Marketing Pastured Poultry

Aaron Silverman says that the standard question people ask about his chicken is, “Are they organic?” People often assume that they are, or should be, because he sells at the farmers’ market. However, he says, “We are very overt about educating customers, that the only thing that makes chickens organic is the grain that they are fed. There are 10,000 birds in a building. There’s no grass or vegetation whatsoever out there.”

Free Range chickens live in pens, often with limited access to fixed yards. A conventionally raised bird lives in a buildings with 20,000 other birds, and may never see the outside. But the promotion and packaging of conventional, free range, and organic birds give the impression of quality of life for the animals that is simply not there.

Silverman says, “The poultry industry...they’re brilliant on this stuff. The marketing tells you nothing of what the visuals are. So our whole approach is (to) actively address those visuals. How is this bird raised? All of our poultry are raised how you would imagine what free range means, but doesn’t.”

Once he explains these distinctions to customers, and what the “visuals” are in the different industries, they are usually satisfied with what Silverman is offering, even without the organic certification. The birds’ quality of life- how they are raised, and the quality of the feed- takes precedence in the consumer’s mind over what label is on them.

Silverman says, “Our whole marketing focus...is less on what the birds eat, and more on how they are raised and the quality that they are.”

quality and customer service to market his poultry. Silverman does most of the restaurant contact for the poultry. Customers see the GPP name listed on the menus of the finer restaurants that carry Greener Pastures products.

In 2003, Silverman was approached by a farmers’ market customer, who was also a representative for Bon Appétit Food Management, about providing poultry to their food service accounts. Bon Appétit handles the food service needs for large entities such as Intel, Symantec, and university campuses in the area. This farmers’ market contact has led Silverman to contract with Bon Appétit to provide chicken, as well as vegetables and culinary herbs, for their corporate clients. This new market for Creative Growers and GPP will help Silverman further develop brand identity and market demand for his products. And it will facilitate GPP’s move toward developing a USDA-inspected poultry processing plant.

Greener Pastures Poultry Sales to Retailers

GPP also markets to local co-ops, to a Eugene butcher, and to the New Seasons Market, a natural foods grocery store. At these stores, Silverman provides demos, point of purchase displays, photos, and brochures. By

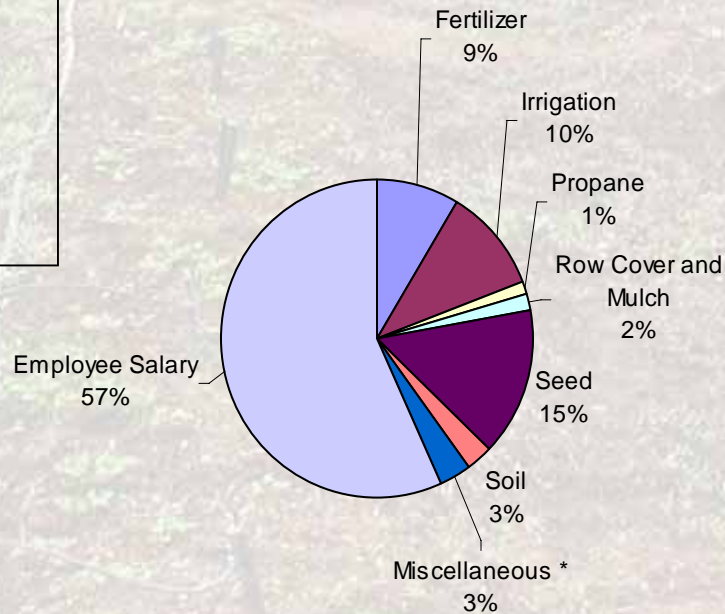
spending time interacting with customers, Silverman further strengthens GPP’s brand identity.

Greener Pastures Poultry Farmers’ Market Sales

Silverman started selling GPP products at the Eugene and Portland Farmers’ Markets as a grass-roots brand identity campaign for his products. As GPP’s sales to retailers grew, however, Silverman stopped selling at the Eugene market, and only sells poultry at the Portland market. Here, he sells whole birds, parts, and other by-products, such as pet food and bones, for which he gets a premium price. By selling at the Portland market, Silverman continues to give GPP products visibility and brand identity. While the farmers’ market has been an important sales venue for the chicken, especially in terms of building name recognition, Silverman points out several costs associated with selling at the Portland market. He states, “We pay two staff people to sit at the market. We pay for the truck to go to the market. We’ve got (a percentage) of my sales...to give to the market....So it’s really a business decision (to build recognition and product demand in the area.)” Silverman displays the names of the restaurants where GPP products can be found, and it was at the Portland Market that Silverman was approached by the representative from Bon Appétit Food Management.

**Figure 1: Vegetable Production Expenses
Creative Growers, 2003**

- *Miscellaneous Category Includes:
- Rental fees, equip/facilities
 - Monitoring
 - Pest Control
 - Supplies
 - Tools



***Effects of Marketing Strategies on
Production Techniques***

Vegetables and Herbs

Under the capable field management of David Hoyle, Creative Growers grows a large quantity of produce on about seven acres at the main farm, and approximately ten on leased property. The farm produces over 30 crops, many especially grown to meet demand in specific markets. Salad greens and herbs sell well, as well as high value crops, such as heirloom tomatoes, mâche, and escarole. They also grow a variety of pumpkins, winter squash, potatoes, onions and alliums.

To enrich the soil, manure and chick bedding is layered over the fields in the fall and covered with plastic. This sheet composting is left on the field over the winter. In the spring, the plastic is removed and the worms will have worked the compost into the soil. In some areas, cover crops are planted, the area is then used as chicken pasture to build fertility, and finally the field is used for vegetable production. The soil is augmented with pellet or fish fertilizer, plus a custom fertilizer mix that Silverman purchases from Eugene by the ton. The potting soil mix used by Creative Growers is also purchased in bulk. Seeds are mainly purchased, though some are re-sewn for specialty items. Occasionally restaurants purchase the seeds for specific specialty items grown for them. Please see Figure 1 for expenses related to the vegetable production.

Poultry

Silverman purchased the property with the idea of marketing vegetables and herbs to restaurants. However, the initial improvements to the farm were expensive and left little cash for purchasing necessary inputs for a market garden. Silverman says, “We started up the chicken business as a way to provide some fertility (on the farm) without having to import it, and provide some level of sales for the first couple of years while the fertility was being built up. And, it was an enterprise that nobody was doing.” Silverman had acquired some experience in raising poultry back in Vermont, so it was a natural business for him to pursue. Raising livestock and crops on the same land has proved to be a successful produc-

tion technique for Silverman.

In 2004, Silverman raised between 15,000 and 16,000 broilers on Creative Growers Farm. Generally, the chicks arrive one to two days after hatching in weekly batches, ranging in size from 500 to 700 chicks per batch. They spend their first several weeks on the farm inside brooder houses that allow the chicks to walk around and have access to the outside. Inside there are shavings on the ground, heaters to keep the birds warm, and plenty of access to feed and water. After three weeks in the brooder houses, the birds are transferred by truck to portable field houses, mostly on the leased property.

Once the chicks are moved out of the brooder house they spend the next three to five weeks in the portable houses, which are moved frequently around the field. To deter predation, the houses are grouped and surrounded by electrified netting material. After the birds have reached maturity they are harvested in stages. The number of birds harvested is dependent upon customer demand and availability of the processing facility.

The feed for the chicks is custom ground and mixed for the poultry farms associated with Greener Pastures Poultry. Silverman, as manager of GPP, developed the feed specifications, "We use a roasted soybean, and specific fish and mineral mix. It has...maybe six different grains and we try to source as locally as we can. We like to have a ration that is really diversified as far as what's in it."

Silverman states that there are many market forces preventing him from sourcing all ingredients in his feed locally. He does seek certified organic ingredients for his feed and tries to limit the amount of genetically engineered products put into it. Despite this effort, the feed is not entirely organically produced, and therefore Greener Pastures' poultry is not certified organic. This doesn't concern Silverman. "Our whole marketing focus is far less on what the birds eat and more on how they are raised and the quality that they are."

Silverman says that the feed "is really based on highest quality...not on price." He carefully selects ingredients for nutritional makeup and contribution to the flavor of the bird. He states, "We get a certain nutty flavor that comes from the roasted soybeans, and the high oil content that's in (them.)"

Market prices do effect the composition of the GPP feed content. "We do a review each year (on the feed) based on what the grain prices are doing and shift some things around." For example, barley prices went up in 2003, so Silverman reduced its percentage in the feed and replaced it with field peas. Even with this scrutiny of the market, the feed that Silverman uses is not cheap at \$295 per ton, delivered, and it is part of what makes his poultry a high-quality product. In 2003, feed costs comprised almost 50% of Creative Growers' production expenses related to the poultry enterprise (See Figure 2.)

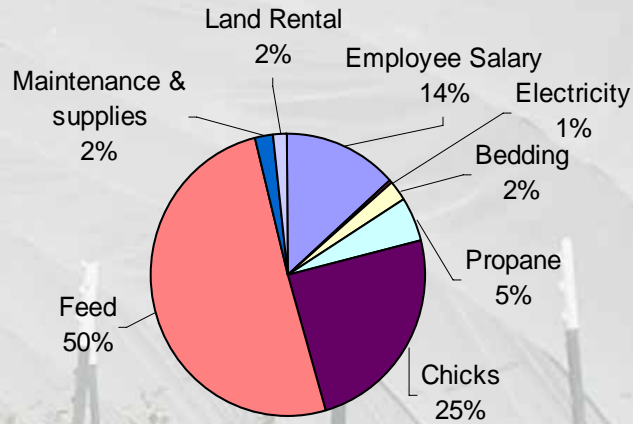
When budgeting for the caloric and protein needs of the chicks, Silverman goes with the assumption that all of the protein is coming from the feed, despite evidence to the contrary. "We've seen up to 25% additional gain from the pasture, under the right conditions, with the right forage composition. But we can't assume that that is going to happen all of the time."

As with any operation, there are obstacles to overcome on Creative Growers farm. Electrified netting is used to reduce predation of birds. Traps have to be set to mitigate an ongoing infestation of moles. Crops have to be planted

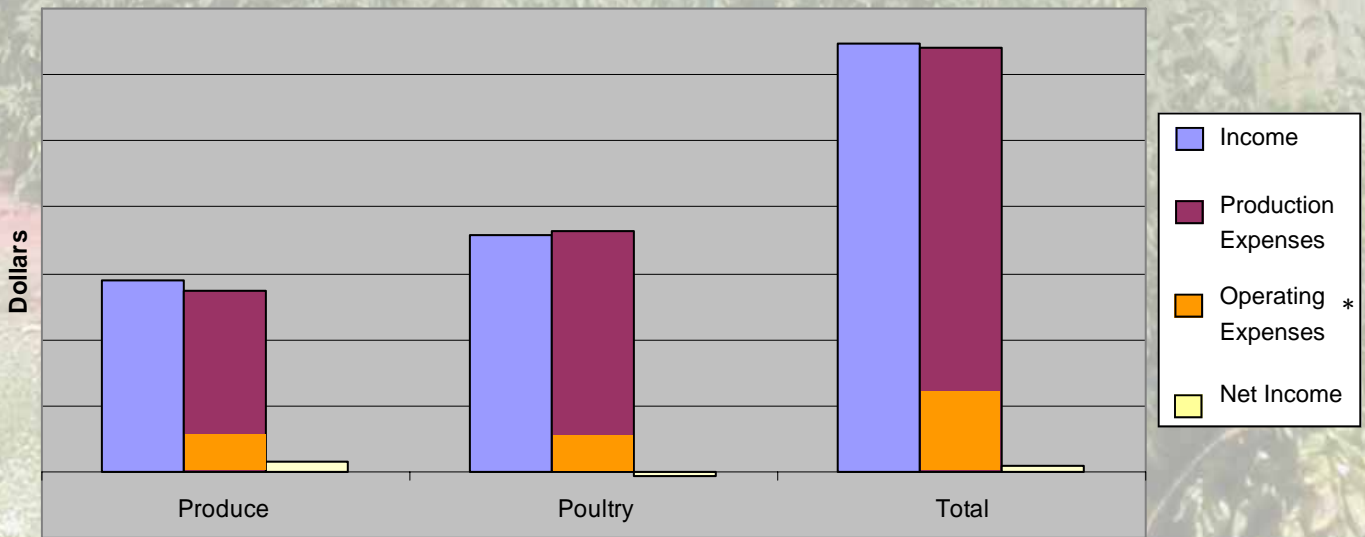


Greener Pastures Poultry Brochure

**Figure 2: Poultry Production Expenses
Creative Growers, 2003**



**Figure 3: Profit and Loss Comparison by Operation
Creative Growers, 2003**



* Operating Expenses include budget items such as advertising, insurance, licenses, office supplies, utilities, and professional expenses.



with the knowledge that the property is located on a seasonal oxbow, and occasionally floods. Silverman emphasizes adaptability as a key personality trait to managing this kind of work. When things go wrong, he says, “OK. I’m going to remember that next year we’ve got to do it different.”

Equipment

The Silvermans own most of the equipment that they use on the farm. They do occasionally rent equipment from a neighbor when working the land that they rent from them.

Some of the crops that the farm grows require special handling. A single row potato harvester was purchased new because it allows for efficient harvesting without damaging the delicate varieties of potatoes that Silverman grows. Sometimes, equipment is specially built for Silverman, such as the non-mechanical transplanter they use on the farm. While occasional pieces are purchased new, most equipment that is purchased for the operation is financed through one-year agreements with the seller’s farm. “We make arrangements with them and pay half of it up front at the beginning of the season and the other half at the end of the season. Occasionally, for larger purchases, we finance with the farms for a longer period of time, but typically it is a one-year deal,” Silverman explains.



Sign at the entrance to the farm.

Profitability by Enterprise

Creative Growers

By developing a sound business plan for Creative Growers and keeping expenses down, the Silvermans have been able to operate with a low profit margin, while slowly building their business. The Silvermans and the Hoyles use their knowledge of sustainable growing practices to integrate the production of crops and livestock, and to maximize the use of the land while keeping fertility high. Poultry production provided 55% of their income in 2003, while produce provided 45%(see Figure 3.)

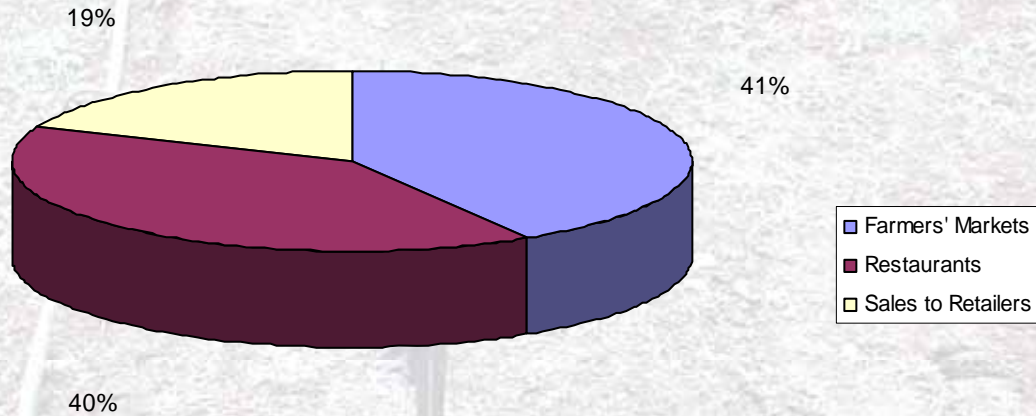
Heirloom tomatoes are one of Creative Growers’ high value crops, as well as mâche, and escarole; and the demand for culinary herbs is increasing. Raising these superior crops is labor intensive. Employer/owner salary comprised 63% of expenses related to vegetable production (See Figure 1.) Silverman employs both a field manager and a greenhouse manager, plus several contract employees. Using sustainable methods, these employees spend a significant amount of time in the fields and greenhouses, managing weeds and harvesting delicate crops. Labor costs for vegetable production was nearly twice that of labor costs for poultry production in 2003.

Silverman’s emphasis on high quality outputs demands a significant investment in high quality inputs. For produce production, seeds were the largest input expense, followed by irrigation expenses and fertilizer (see Figure 1). The use of composted chick bedding helps mitigate the fertilizer expense, however.

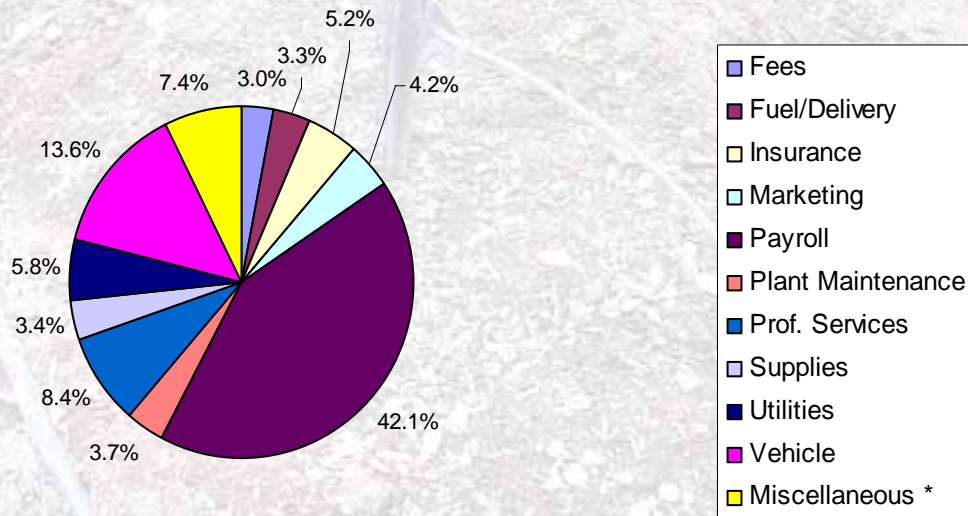
The cost of inputs for the chicks is nearly three times that of the inputs for the vegetables. Silverman’s custom feed composition ensures him the highest quality and best tasting birds. In the poultry enterprise, the cost of feed comprised 48% of the 2003 production expenses. Payroll was the next largest expense, comprising 17% of the poultry production budget.

Overall, in 2003, Creative Growers yielded a small profit. Silverman explains that it was a particularly bad year for the produce enterprise, because moles caused \$10,000 worth of damage to the garlic crop. Silverman is philosophical though,

**Figure 4: Chicken Sales Percentages by Venue
Greener Pastures Poultry, 2003**



**Figure 5: Operating Expenses
Greener Pastures Poultry, 2003**



*Miscellaneous Category includes:

- Kitchen/Freezer Rental- 2.3%
- Packaging- 2.1%
- Information- 1.5%
- Rent- .3%
- Licenses and Permits- .1%

saying, “Not only are you going to have failure, but you’ve got to deal with it.... and not have it beat on you.”

Creative Growers anticipated a substantial growth in production and profits in 2004 through expansion of both the poultry and produce enterprises. New business accounts in the private industry for specialized items such as culinary herbs would provide Creative Growers with an increased amount of guaranteed sales and more positive exposure for his product line. In produce, Silverman says, “(W)e’re looking at having \$120,000 worth of sales off the sixteen acres.”

Greener Pastures Poultry

Greener Pastures Poultry sells an approximately equal amount of birds to farmers’ markets and restaurants, plus a smaller quantity through sales to retail operations, including co-ops and butchers (see Figure 4). Silverman sees a distinct economic advantage to selling to restaurants, as described above, and is very enthusiastic about increased sales through a Eugene butcher who has relocated to a bigger store and for whom GPP is the sole chicken provider. This arrangement will allow Silverman to sell a larger quantity of birds without increasing labor and transportation expenses. While the farmers’ market brought in a respectable amount of sales in 2003, it is not Silverman’s focus for economic growth. Restaurants, retailers, and corporate contracts offer a larger market, lower overhead costs, and more guaranteed sales.

The cost of operating Greener Pastures Poultry is broken down in Figure 5. GPP handles only the processing and the marketing of the birds, therefore the financial burden of poultry production is borne by Creative Growers, and the other partner producers. By far, the greatest operating expense for GPP was payroll. Silverman says, “We are committed to... (paying) above minimum wage. The plant (pays) above minimum wage, plus a production bonus for (the employees).... (If we paid everyone minimum wage... we’d be making (more of) a profit.”

Vehicle costs were the second largest expenditure, comprising 11.8%. The trucks used at the farmers’ market and for delivery are designed to keep the birds cool while in transport and at the market. They have a cold plate and a 110 volt power outlet.

While Silverman is truly masterful in his ability to market his product, his marketing costs for GPP were only 3.6% of the total budget in 2003. This is in part due to the fact that the marketing obligation for the poultry is shared by all of the growers, but it is also because Silverman relies upon relation-

ship marketing, rather than expensive advertising means to promote the GPP name and products.

In 2004, Silverman expected to see an increase in profitability for GPP. By increasing the number of birds sold through farmers’ markets, restaurants and sales to retailers, total sales were expected to increase by 29%. Expenses were expected to drop slightly that year as well.

Goals for the Future

When asked about his goals for the future, Silverman said that Creative Growers and Greener Pastures were designed as small-scale operations. But now “the question is less ‘Can we do it on a small scale?’ and more, ‘What’s the appropriate scale...to achieve (our) goals?’”

In terms of the farm operations, Silverman has already expanded field acreage, growth of storage crops, over-winter crops and culinary herbs. And he has arranged with a nearby farm to do some of the production and delivery



Charming signage emphasizes the local and natural production of GPP products.

for the increasing number of Portland accounts. Larger accounts, such as those through Bon Appétit Management, may provide the profitability needed to buy out the Creative Growers silent partner, and to increase the Hoyles' share in the business. Increasing the Hoyles' salary is another goal.

Greener Pastures Poultry's growth depends upon attracting the interest of more poultry growers, perhaps larger growers, to be able to market at a larger scale. Going up in scale means shifting to a USDA certified plant, and being able to operate at a higher level of production while still remaining profitable.

Silverman is not sure about his personal role in this growth. While he can see that GPP has the potential to attract interest by growers and by larger markets, he wants to remain flexible. He says, "I don't see myself being in the chicken business for twenty years. So Greener Pastures, in large part, is being developed as a business that I can get out of....There's an exit there somewhere."

Philosophy and Advice to New Farmers

Silverman laughed when asked about the intangible benefits of farming, but quickly honed in on two distinct advantages. He said, "We get to eat in a manner that we would not be able to afford if we didn't farm.... Plus we work for ourselves." It isn't easy work, however. Silverman points out, "The mental thing is harder than anything. I mean, the physical is not easy and the mental is so much harder." And, he adds, "You have to know how you are going to deal with failure."

When moles caused \$10,000 of crop damage in 2003,

Silverman said that it's something he's had to accept. "You've got to really want the (intangibles) to be able to live with not very much money....(Y)ou've got to have some other things that are driving you." He says that he, Kelley, and the Hoyles work to keep their minds active. They are attracted to farming because nothing is static, and he, in particular enjoys looking at things from a systems perspective.

While lifestyle is an important factor in Silverman's career choice, he is very pragmatic in the advice to people just starting out. He says, "People have to deal directly with...the financials." Anyone interested, for example, in opening a poultry processing plant needs not only to know the regulations for licensing and operation of such a facility, but also have a firm grasp on the financial and economic realities. He encourages people to research their business plan carefully, and to use the available state and federal resources that assist people with licensing.

After over seven years of hard work, the Silvermans own their property outright. They buy used equipment when possible. They operate their farm with relatively low overhead. The farm provides approximately 60%-70% of the dietary needs of the two families, and they trade poultry for other foods when practical. Despite this frugality, or perhaps because of it, Aaron Silverman provides a high quality of life for his family, his employees, and his livestock. By focusing on quality, he is able to provide premium products to his customers, and to the people that are close to him. Silverman reflects that people may first say about his product, "Oh my God, that's so expensive," but soon they are persuaded by the fact that he has "something fresh and high quality...And then there's nothing else there."



Find Greener Pastures Poultry and Creative Growers Products

For a complete list of vendors carrying Greener Pastures products, please go to the GPP website at www.greenerpasturespoultry.com.



- **Marché** 296 E Fifth Ave Ste 306, Fifth St Public Market, Eugene
- **The Valley River Inn** 1000 Valley River Way, Eugene
- **Fife** 4440 Northeast Fremont Street, Portland
- **Paley's Place** 1204 Northwest 21st Avenue, Portland
- **Three Door's Down** 1429 Southeast 37th Avenue, Portland
- **New Seasons Deli** 1214 Southeast Tacoma Street, Portland
- **Giorgio's** 1131 Northwest Hoyt St, Portland
- **Higgins** 1239 Southwest Broadway, Portland
- **Downtown Portland Farmers' Market** NW Salmon St., Portland

Northwest Direct is a four-year research project involving the five partners listed below. Our goal is to increase profitability of small farms in the Pacific Northwest through research and extension. We have documented locally based food systems, developed case studies of direct marketing farmers, fostered expansion of farmers markets, and addressed regulatory and infrastructure barriers to direct sales. Northwest Direct is coordinated by Washington State University's Small Farms Program. More information is available at www.nwdirect.wsu.edu.



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Profitability through Diversification:
Greentree Naturals Farm #02

Growing Profits at Home:
Riley Creek Blueberry Farm #03

Mid-Size Producer, Capturing Local Value: M&M Heath
Farms #04:

Oregon:

Marketing Quality on Creative Growers Farm #05

Life in the Slow Lane:
Raising Pastured Poultry on Norton Creek Farm #06

Ideal-Driven Farming in Oregon's High Desert:
Fields Farm #07

High Expectations: Transitioning to Direct Markets at
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Alvarez Farm:

Sembrando Semillas para un Futuro Mejor: #12
(Sowing the Seeds for a Better Future: Alvarez Farm)



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