Business and Financial Planning and Management for Small Ruminant Operations

Amanda Mathenia
Business and Management Planning

• Successful business requires SOLID business PLANNING and MANAGEMENT
• Most successful businesses have some type of BUSINESS MANAGEMENT PLAN
• Producers should make overall business planning a ROUTINE part of managing their interprise
Mission Statement

• The mission should clearly state WHY you have the enterprise and how raising small ruminants fits with your PERSONAL and PROFESSIONAL priorities.

• Our goal is to provide the highest quality product for our customers by producing fresh goat meat that is healthy and raised in an environmentally responsible way.
Goals

• Goals for small ruminant enterprises should be concise statements that describe certain performance measurers which, once achieved, will help meet the overall mission of the enterprises.
• Increase kid crop percentage by 20% in 2 years.
S.M.A.R.T. Goals

• **Specific**- should be well-written, concise, straightforward and definitive
• **Measurable**- should be measured in quantitative terms so progress can be monitored
• **Attainable**- must be achievable and not conflict with other goals
• **Rewarding**- the achievement should be rewarding in some way
• **Timed**- should have a time limit for achievement
Tactics

• Tactics are the production and management activities that must be performed to run the enterprise and meet the goals.

• Analyze forage and grain for nutrient levels
Business Plan

• Proper identification and WRITTEN descriptions of a mission, goals, and tactics for a small ruminant enterprise will provide a strong foundation for the development of a complete business plan.

• Provides a structure that guides the business planning and on-going business management process.
Business Plan

• A written business plan is a tool that describes and defines the many details of a small ruminant enterprise
• Development should be a basic management practice for producers
• Does not have to be long nor expensive, but it does require an investment of time and attention
Business Plan Format

- Overall description of the business
- Management overview
- Description of the products planned to market
- Market analysis and development of marketing strategies
- Financial plan
- Tax returns, legal documents, contracts, and agreements
Obtaining Financing

- Insufficient planning and lack of capital are the most frequently cited reasons that businesses fail.
- Whether you are starting or expanding a goat enterprise, sufficient capital is essential.
- But knowledge and planning are required to manage capital well.
- Significant start-up costs can make the early days of a new enterprise stressful.
Farm Financial Record-Keeping

• Effective management of a farming operation today requires that records be kept so managers can make informed decisions affecting the profitability of their farms

• Farm business decisions that are not based on accurate farm records may lead to less profit
Why keep records?

• Proof
• Decision aids
• Institutional requirements
• Environmental regulations
Record Tips

- Selecting a record-keeping system should depend on the expected use of the records; there is NO best system
- Should emphasize decision making, not tax preparation
- Regularly and accurately post transactions
- Make all financial transactions through checking account; reconcile checkbook with records
Enterprise Budgets

• Estimate of projected income and expenses associated with the production of a commodity
• Analyze the effects of changes within the operation
• Determine which commodity is contributing to profitability and which commodity is losing money
### Enterprise Record System

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Kids</th>
<th>Cull Does</th>
<th>Corn</th>
<th>Feed</th>
<th>Supplies</th>
<th>Fuel</th>
<th>Income</th>
<th>Expense</th>
<th>Income</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>13-Jul</td>
<td>Sold 20 kids @ 65 lbs/hd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$3,705</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13-Jul</td>
<td>Purchased Feed (1 ton)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$250</td>
<td>$250</td>
<td></td>
</tr>
<tr>
<td>28-Jul</td>
<td>Sold 2 does @ 75 lbs/hd</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$225</td>
<td></td>
<td>$225</td>
</tr>
<tr>
<td>28-Jul</td>
<td>Purchased Supplies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$165</td>
<td>$125</td>
<td>$40</td>
<td></td>
</tr>
<tr>
<td>28-Jul</td>
<td>Purchased 1,500 gals diesel fuel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,035</td>
<td>$275</td>
<td>$4,310</td>
<td></td>
</tr>
<tr>
<td>28-Jul</td>
<td>Sold 2,000 bu of corn</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$7,100</td>
<td></td>
<td></td>
<td>$7,100</td>
</tr>
</tbody>
</table>

- Contains all the income and expenses associated with a single enterprise
- An enterprise can be any crop or type of livestock produced on the farm
- Should contain all cash income and direct case expenses for that particular enterprise
### Types of Expenses

<table>
<thead>
<tr>
<th>Direct</th>
<th>Indirect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feed</td>
<td>Fuel</td>
</tr>
<tr>
<td>Medicine</td>
<td>Repairs</td>
</tr>
<tr>
<td>Auction Fees</td>
<td>Labor</td>
</tr>
<tr>
<td>Trucking</td>
<td>Insurance</td>
</tr>
<tr>
<td>Seed</td>
<td>Utilities</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>Rent</td>
</tr>
<tr>
<td>Lime</td>
<td></td>
</tr>
</tbody>
</table>
Variable Costs (Expenses)

• Directly tied to the enterprise
  – Feed
  – Health
  – Marketing
  – Fertilizer

• Shown as per unit rate
Fixed Costs (Expenses)

- Committed to pay regardless of whether livestock is raised during the current planning period
  - Depreciation and insurance on machinery, equipment and buildings
  - Interest on machinery, equipment, buildings and land
  - Property Taxes
Sales Records

- Estimating income from sales is an important aspect of overall management.
- Income estimates are almost always more accurate when there is historical information on which to base projections.
- The dollar amount of sales may not tell a farm manager much about what was really sold.
Information in Sales Records

- Date
- Description of animal(s) sold
- Number sold
- Weight (if sold by pound)
- Price
- Sale Expenses
- Market name/buyer
### Whole Herd Sales Record

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>No. Head</th>
<th>Total Weight</th>
<th>Price Per Unit</th>
<th>Price Unit</th>
<th>Gross Sales</th>
<th>Sale Expenses</th>
<th>Net Sales</th>
<th>Buyer/Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>13-Apr</td>
<td>Kids</td>
<td>2</td>
<td>100</td>
<td>$232.00</td>
<td>Cwt.</td>
<td>$232.00</td>
<td>0</td>
<td>$232.00</td>
<td>John Jones</td>
</tr>
<tr>
<td>11-May</td>
<td>Cull Doe</td>
<td>1</td>
<td>70</td>
<td>$130.00</td>
<td>Cwt.</td>
<td>$91.00</td>
<td>$7.00</td>
<td>$84.00</td>
<td>TLP</td>
</tr>
<tr>
<td>1-Jun</td>
<td>Breeding Doe</td>
<td>1</td>
<td></td>
<td>$200.00</td>
<td>Head</td>
<td>$200.00</td>
<td>0</td>
<td>$200.00</td>
<td>Lazy G Farm</td>
</tr>
<tr>
<td>13-Jul</td>
<td>Kids</td>
<td>20</td>
<td>1,300</td>
<td>$285.00</td>
<td>Cwt.</td>
<td>$3,705.00</td>
<td>$175</td>
<td>$3,530.00</td>
<td>TLP</td>
</tr>
</tbody>
</table>
## Kid Sales Record

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>No. Head</th>
<th>Total Weight</th>
<th>Price Per Unit</th>
<th>Price Unit</th>
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<td>$232.00</td>
<td>0</td>
<td>$232.00</td>
<td>John Jones</td>
</tr>
<tr>
<td>13-Jul</td>
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<td>$3,705.00</td>
<td>$175</td>
<td>$3,530.00</td>
<td>TLP</td>
</tr>
</tbody>
</table>
# Cull Breeding Stock Sales Record

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>No. Head</th>
<th>Total Weight</th>
<th>Price Per Unit</th>
<th>Price Unit</th>
<th>Gross Sales</th>
<th>Sale Expenses</th>
<th>Net Sales</th>
<th>Buyer/Market</th>
</tr>
</thead>
<tbody>
<tr>
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<td>1</td>
<td>70</td>
<td>$130.00</td>
<td>Cwt.</td>
<td>$91.00</td>
<td>$7.00</td>
<td>$84.00</td>
<td>TLP</td>
</tr>
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</table>
# Breeding Stock Sales Record

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>No. Head</th>
<th>Total Weight</th>
<th>Price Per Unit</th>
<th>Price Unit</th>
<th>Gross Sales</th>
<th>Sale Expenses</th>
<th>Net Sales</th>
<th>Buyer/Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Jun</td>
<td>Breeding Doe</td>
<td>1</td>
<td></td>
<td>$200.00</td>
<td>Head</td>
<td>$200.00</td>
<td>0</td>
<td>$200.00</td>
<td>Lazy G Farm</td>
</tr>
</tbody>
</table>
Kidding Production Budgets

• Publication 1793
• Budget Considerations for Various Herd Sized of Meat Goat Enterprises in TN
  • 50 Doe Herd
  • 100 Doe Herd
  • 180 Doe Herd
Herd Performance Measures

• Evaluate the efficiency of the doe herd
• Track progress of the herd over time
• Indicate potential problems
• Assist in establishing goals for the operation
Number of Exposed Females

- Number of mature females and replacements in the herd at the beginning of the breeding season
- Each female has the potential to conceive, raise, and wean offspring
Adjusted Exposed Females

• Adjusted Lower
  – Females sold or transferred from the herd

• Adjusted Higher
  – Exposed or pregnant females purchased or transferred into the herd
Kidding Percentage

• Measure of success of the breeding season

• \textbf{Number of Kids Born} \times 100

Adjusted Exposed Females

\[
\frac{100}{40} \times 100 = 250
\]
Kid Death Loss Percentage

- Indicator of the success of the kidding season and growing phase
- **Number of Kid Deaths** $\times$ 100
  
  Number of Kids Born
- Affected by kidding difficulty, kidding season, environment, herd health, condition of doe herd
- Goal: 4% or less
- $\frac{5}{100} \times 100 = 5$
Weaning Percentage

• Measure of the overall reproductive efficiency of the doe herd
• Number of Kids Weaned \times 100
  \text{Adjusted Exposed Females}
• Determine the optimal level of weaning percentage for the operation
• \frac{95 \times 100}{40} = 237.5
Average Weaning Weight

• An indication of the productive ability of the sire(s) and the female herd
• Total Pounds Weaned
  Number of Kids Weaned
• Indicate improvement in performance
• Reflect changes in management and/or environmental conditions
• Higher weaning weights do not always result in higher profits
• $\frac{5415}{95} = 57$
## Measuring a Performance of a Commercial Doe Herd

- Two 50 doe herds: A, B
- Weaning Weights: 75, 65
- Weaning Percentage: 110, 130
- No. Kids Weaned: 55, 65
- Total lbs. Weaned: 4125, 4225
- Lbs Weaned/Doe: 82.5, 84.5

Exposed
Pounds Weaned per Exposed Female

• Measure of overall performance and efficiency
• Combines reproductive performance and productive ability
• Total Pounds Weaned Adjusted Exposed Females
• $\frac{5415}{40} = 135.375$
Summary

• Sound business planning improves chances for success, however there are no guarantees
• Availability of capital plays major role in determining the long-term success or failure of a business
• Must have accurate, detailed records in order to make sound business and production decisions
• Performance measure calculations provide a base from which to measure improvements and progress toward goals
Marketing for Small Ruminant Producers

Amanda Mathenia
Introduction to Marketing

• Marketing is…
  – Planning and executing the idea of a product, its price and the promotion and distribution (place) of that product to satisfy the needs of customers

• Marketing allows you to determine..
  – If a potentially PROFITABLE market exists and sell at a price high enough to generate a profit
  – The identity of the target market
    • Who’s going to buy the product
  – How to reach the target market
    • Product, Price, Place, Promotion
Introduction to Marketing

• Without Market Planning and Execution
  – Farmer Smith has a herd of 50 does with kids of several different breeds
  – The farm loan payment is due at the end of the month
  – Farmer Smith takes the kids to the local auction barn to sell then ASAP for whatever price he can get
  – Farmer Smith is a SELLER and a PRICE-TAKER
Introduction to Marketing

• With Market Planning and Execution
  – Farmer Jones has developed relationships with leaders in the local Hispanic population
    • Knows that the Hispanic people in her community desire young goats about 50 lbs. live weight for Cinco De Mayo
  – Farmer Jones produces her kids to the desired specifications to be ready for pick-up by customers at the farm the first week of May at the price she sets
  – Farmer Jones is a MARKETER and a PRICE-MAKER
Market Situation

• All markets are a function of supply and demand
• Important to understand market situation to determine market potential and plan marketing strategy
Market Situation

• U.S. inventory, as of Jan. 1, 2015, estimated at:
  – Sheep and Lamb: 5.28 million
  – Goat: 2.15 million
  – (NASS)
  – Some experts believe NASS numbers underestimate true inventory
Market Situation

• Tennessee
  – Sheep and Lamb inventory: 44,000
  – Meat goat inventory: 118,000

• Texas
  – Sheep and Lamb inventory: 720,000
  – Meat goat inventory: 820,000

• NASS, Jan. 2015
Market Situation

Sheep and Lamb Inventory – United States: January 1

Thousand head

Real. Life. Solutions.
Market Situation

Goat Inventory – United States: January 1

Thousand head

- **Angora**
- **Milk**
- **Meat**
- **All**

2011 2012 2013 2014 2015

0 500 1,000 1,500 2,000 2,500 3,000 3,500 4,000

Real. Life. Solutions.
Market Situation

• Federally-Inspected Slaughter
  – Some experts estimate federally-inspected slaughter is only 50-60% of total

• Other includes
  – State-inspection programs
  – Direct sales to consumers
Federally-Inspected Goat Slaughter
Consumer Market

• Producers need to become familiar with WHO consumes meat, WHERE those consumers are located and WHY they consume meat

• Understanding the “who, where and why” will help producers in determining the ideal “what” for the consumers

• The predominantly white, middle-class population consumes relatively little goat meat
Consumer Market

- The majority of people who consume goat meat in the U.S. are from a variety of ethnic groups
  - Hispanic/Latino
  - Muslim
  - Somalis
  - Jamaican/Caribbean
  - Asian
  - Jewish
  - Christian Roman/Western
  - Christian Greek/Eastern

- Consumption tied to religious or cultural traditions
Consumer Market

• Tie to religions and cultures leads to
  – Distinct preferences for product characteristics
  – Seasonal demand (may vary year-to-year)
# Ethnic Calendar

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eid ul-Adha</td>
<td>Oct 26</td>
<td>Oct 15</td>
<td>Oct 4</td>
<td>Sept 23</td>
<td>Sept 11</td>
</tr>
<tr>
<td>Festival of the Sacrifice</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic New Year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mawlid al-Nabi</td>
<td>Feb 4</td>
<td>Jan 24</td>
<td>Jan 13</td>
<td>Dec 23</td>
<td>Dec 14</td>
</tr>
<tr>
<td>Prophet’s birthday</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Start of Ramadan</td>
<td>Jul 20</td>
<td>Jul 9</td>
<td>Jun 28</td>
<td>Jun 18</td>
<td>Jun 6</td>
</tr>
<tr>
<td>Month of fasting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eid ul-Fitr</td>
<td>Aug 19</td>
<td>Aug 8</td>
<td>Jul 29</td>
<td>Jul 18</td>
<td>Jul 7</td>
</tr>
<tr>
<td>Festival of fast breaking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pesch (Passover)</td>
<td>Apr 7-14</td>
<td>Mar 26-27</td>
<td>Mar 15-22</td>
<td>Apr 4-11</td>
<td>Apr 23-30</td>
</tr>
<tr>
<td>Rosh Hashanah</td>
<td>Sept 17-18</td>
<td>Sept 5-6</td>
<td>Sept 24-25</td>
<td>Sept 4-5</td>
<td>Oct 3-4</td>
</tr>
<tr>
<td>Chanukkah</td>
<td>Dec 9-16</td>
<td>Nov 28-Dec 5</td>
<td>Dec 17-24</td>
<td>Dec 7-14</td>
<td>Dec 25-Jan 1</td>
</tr>
<tr>
<td>Western (Roman) Easter</td>
<td>Apr 8</td>
<td>Mar 31</td>
<td>Apr 20</td>
<td>Apr 5</td>
<td>Mar 27</td>
</tr>
<tr>
<td>Eastern Orthodox Easter</td>
<td>Apr 15</td>
<td>May 5</td>
<td>Apr 20</td>
<td>Apr 12</td>
<td>May 1</td>
</tr>
<tr>
<td>Orthodox Christmas</td>
<td>Jan 7</td>
<td>Jan 7</td>
<td>Jan 7</td>
<td>Jan 7</td>
<td>Jan 7</td>
</tr>
<tr>
<td>Chinese New Year</td>
<td>Jan 23</td>
<td>Feb 10</td>
<td>Jan 31</td>
<td>Feb 19</td>
<td>Feb 8</td>
</tr>
</tbody>
</table>

Source: Interfaith Calendar
## Consumer Preferences

<table>
<thead>
<tr>
<th><strong>Target Audience</strong></th>
<th>Hispanics or Latinos</th>
</tr>
</thead>
</table>
| **Animal Type Preferences** | ■ Young milk-fed kids, cabrito, 15-25 lbs. live weight  
■ Young goats, 25 lb. carcass weight or 50 lb. live weight  
■ Young bucks, 65 lb. live weight |
| **Processing Preferences** | ■ Skinless  
■ Feet off  
■ Head on |
| **Seasonal Demand** | ■ Cinco de Mayo (May 5)  
■ Easter |
## Consumer Preferences

<table>
<thead>
<tr>
<th>Target Audience</th>
<th>Muslims</th>
</tr>
</thead>
</table>
| **Animal Type Preferences** | ■ 35 lb. carcass weight, 70 lb. live weight  
  ■ Lean carcass (discriminate against fat) | |
| **Processing Preferences** | ■ Halal slaughter  
  ■ Slaughter and processing cannot be done in facility used to harvest swine  
  ■ Head on  
  ■ Skinless | |
| **Seasonal Demand** | ■ Start of Ramadan, Month of Fast  
  ■ Eid-al-Fitr, Festival of Fast Breaking  
  ■ Eid-al-Adha, Festival of Sacrifice  
  ■ Celebrate birth of child |
# Consumer Preferences

<table>
<thead>
<tr>
<th>Target Audience</th>
<th>Somalis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Animal Type Preferences</strong></td>
<td></td>
</tr>
<tr>
<td>- 35-40 lb. carcass (Perceive larger carcasses are from older goats and therefore lack quality)</td>
<td></td>
</tr>
<tr>
<td>- Prefer grass-fed goats</td>
<td></td>
</tr>
<tr>
<td>- Prefer fresh meat over frozen</td>
<td></td>
</tr>
<tr>
<td><strong>Processing Preferences</strong></td>
<td></td>
</tr>
<tr>
<td>- Halal (but will sometimes accept Kosher)</td>
<td></td>
</tr>
<tr>
<td>- Slaughter and processing cannot be done in facility used to harvest swine</td>
<td></td>
</tr>
<tr>
<td><strong>Seasonal Demand</strong></td>
<td></td>
</tr>
<tr>
<td>- Start of Ramadan, Month of Fast</td>
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<td>- Eid-al-Adha, Festival of Sacrifice</td>
<td></td>
</tr>
<tr>
<td>- Celebrate birth of child</td>
<td></td>
</tr>
</tbody>
</table>
# Consumer Preferences

| Target Audience                | Caribbean Islanders  
<table>
<thead>
<tr>
<th></th>
<th>(Haitians and Jamaicans)</th>
</tr>
</thead>
</table>
| Animal Type Preferences       | ■ Mature bucks, 140 lb. live weight  
|                               | ■ Older, poor-conditioned goats  
|                               | ■ Young smelly bucks, 60-80 lbs. live weight |
| Processing Preferences        | ■ Headless  
|                               | ■ Skin-on  
|                               | ■ Feet on  
|                               | ■ Heavily singed  
|                               | ■ “Cubed” bone-in meat |
| Seasonal Demand               | ■ Summer Months  
|                               | ■ Jamaica’s Independence Day (August 6th) |
## Consumer Preferences

<table>
<thead>
<tr>
<th>Target Audience</th>
<th>Chinese</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Type Preferences</td>
<td>60-80 lb. live weight</td>
</tr>
<tr>
<td>Processing Preferences</td>
<td></td>
</tr>
<tr>
<td>Seasonal Demand</td>
<td>Winter – Chinese New Year</td>
</tr>
</tbody>
</table>
# Consumer Preferences

<table>
<thead>
<tr>
<th>Target Audience</th>
<th>Jewish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal Type Preferences</td>
<td>Young goats</td>
</tr>
<tr>
<td>Processing Preferences</td>
<td>Kosher</td>
</tr>
<tr>
<td>Seasonal Demand</td>
<td>Passover</td>
</tr>
<tr>
<td></td>
<td>Yom Kippur</td>
</tr>
</tbody>
</table>
# Consumer Preferences

<table>
<thead>
<tr>
<th>Target Audience</th>
<th>Christian Roman/Western</th>
</tr>
</thead>
</table>
| **Animal Type Preferences** | ■ Young goats, 22 lb. carcass weight or 45 lb. live weight  
■ Milk-fed kids, 18 lbs. or more live weight |
| **Processing Preferences** |                          |
| **Seasonal Demand** | ■ Easter  
■ Christmas |
## Consumer Preferences

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target Audience</strong></td>
<td>Christian Greek/Eastern Orthodox</td>
</tr>
<tr>
<td><strong>Animal Type Preferences</strong></td>
<td>Young goats, 22 lb. carcass weight or 30-45 lb. live weight</td>
</tr>
<tr>
<td><strong>Processing Preferences</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Seasonal Demand</strong></td>
<td>Easter, Christmas</td>
</tr>
</tbody>
</table>
Demand in Tennessee

- Hispanics are the largest and fastest growing ethnic minority group.

Figure 2.1: Number of Hispanic Persons by County

2010

2000

A Profile of the Hispanic Population of the State of Tennessee
Marketing Mix/Strategy

• The four Ps of marketing
  – Product, Place, Price and Promotion

• Base your strategy on
  – Your goals and objectives
  – The needs and values of your target customers
Product

• Live Animal
  – Breed
  – Type of feed
  – Age of animal at harvest
  – Weight of animal at harvest
  – Condition of animal at harvest
  – Gender of animal
  – Timing of harvest to meet demand

• Meat
  – Harvest procedure (Kosher, Halal)
  – Fabrication specifications
  – Fresh vs frozen
Product

• Questions to ask:
  – What product will you produce?
  – Who is your target customer?
  – What product characteristics do your customers want?
  – What are your goals?
Place- Marketing Channels

Meat Goat Producers

Brokers/Traders

Local Auctions

Individual Consumers

Marketing Cooperatives

Processors

Regional Auctions

Wholesalers

Meat/Grocery Stores or Restaurants

Retailers

Individual Consumers

Producers can also serve as processors, wholesalers and retailers.
Place - Marketing Channels

• Questions to ask:
  – What market channel will you use?
  – Which method would help you best meet your goals and objectives?
  – Who is your target customer?
  – Where can you reach the target customer?
Price

• Prices for Selection 2 kids at TN auction ranged from $80.50 cwt. to $189.00/cwt. over 2009-10 across weight ranges
• Consumers in Raleigh, NC willing to pay $4.75 to $6.00 for fresh; $3.00 to $4.00 for frozen
• Georgia research found April had best sale prices
• Fresh generally preferred over frozen
Price

• Questions to ask:
  – What price will you seek or charge?
  – What product are you providing (quality, value-added)?
  – How widely available is your product?
  – What market channel are you using?
  – What is your target customer willing to pay?
  – What does the product cost to produce?
Promotion

- Advertising
- Word-of-mouth referrals/reputation
- Public relations/publicity
- Web site
- Social Media
Promotion

• Questions to ask:
  – How will you promote the product?
  – What product are you producing?
  – Who is your target customer?
  – How can you best reach your target customer?
  – What is your marketing budget?
Direct Marketing Considerations

• Considerations for
  – Direct marketing of meat
  – On-farm harvesting
Direct Marketing Considerations for Meat

• Must be harvested, processed and packaged in a USDA-inspected facility

• Must be labeled with product name, ingredients, source name and address, net weight and USDA seal

• Packaging must include safe handling information
Direct Marketing Considerations for Meat

- If selling meat directly to consumers (retailing) → need retail permit
- If wholesaling meat (like to distributors, stores or restaurants) → need wholesale permit
- If storing meat other than at USDA-inspected facility → likely need a warehouse license
- Obtained from TN Dept. of Agriculture Regulatory Services
Direct Marketing Considerations for Meat

- Direct marketing food products introduces farmers to additional liability risk
- Risk management methods may include the purchase of food product liability insurance
Direct Marketing Considerations for Meat

- Not all slaughter facilities are **USDA-inspected**
  - **Custom-exempt** facilities slaughter/process animals when the animals will not enter commerce
  - Example – A customer may purchase a live goat from Farmer Smith. Farmer Smith delivers the goat to a custom-exempt slaughter facility where the customer pays to have the goat slaughtered and processed for their use at a holiday celebration.
  - Inspected by TN Department of Agriculture
  - Must meet *Good Manufacturing Practices* like USDA-inspected facilities
Direct Marketing Considerations for On-farm Harvesting

- When selling live animals from the farm, farmers may be asked
  - Can the farmer legally harvest the animal for the customer?
  - Can the customer legally harvest the animal on the farm?
Can the farmer legally harvest the animal?

• No, not without meeting regulations required for custom-exempt slaughter

• To learn about specific requirements, contact the Tennessee Department of Regulatory Services
Can the customer harvest the animal on the farm?

• No known regulations exist for slaughter or inspection in this case
• Environmental regulations for disposal of offal?
• Implications for product and landowner liability if customer is injured or becomes ill?
Summary

– the definition and importance of marketing
– the market situation for meat
– consumer preferences for meat
– considerations for marketing strategies
– direct marketing considerations