

# The Good, the Bad and the Unprofitable



January 20<sup>th</sup>, 2018

# **Balancing Quality of Life and Direct Marketing**

Number Crunching

## Balancing: |'baləns-iNG| v.

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1. An attempt to cope with several often conflicting factors or situations at the same time.
2. Balancing of Rotating masses important to avoid vibration which can cause catastrophic failure as well as noise & discomfort



## Quality of Life

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The general well-being of individuals and societies outlining negative and positive features of life.

- ❖ Physical Health
- ❖ Family
- ❖ Education
- ❖ Employment

- ❖ Wealth
- ❖ Religious Beliefs
- ❖ Finance
- ❖ Productivity



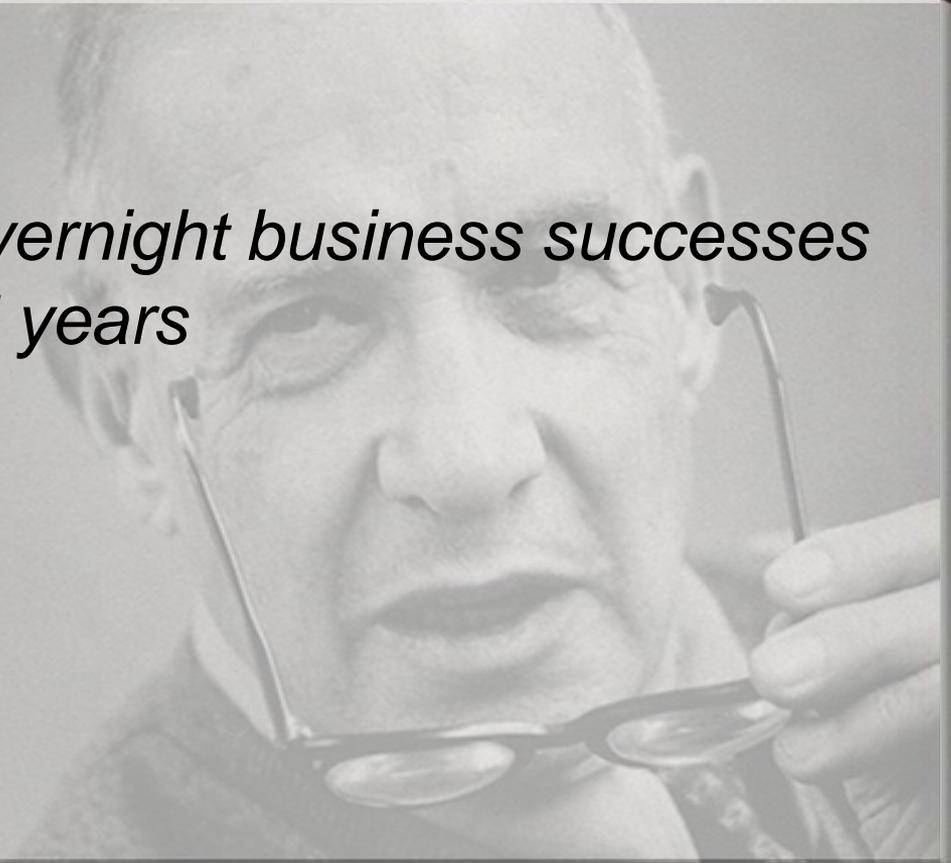
*Let the  
story  
unfold...*

**We need sacred, noble  
vocations that reaffirm  
personhood**

“

Peter Drucker  
once said

*most overnight business successes  
take 15 years*



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**Our marketing scheme was...**

## Marketing Scheme

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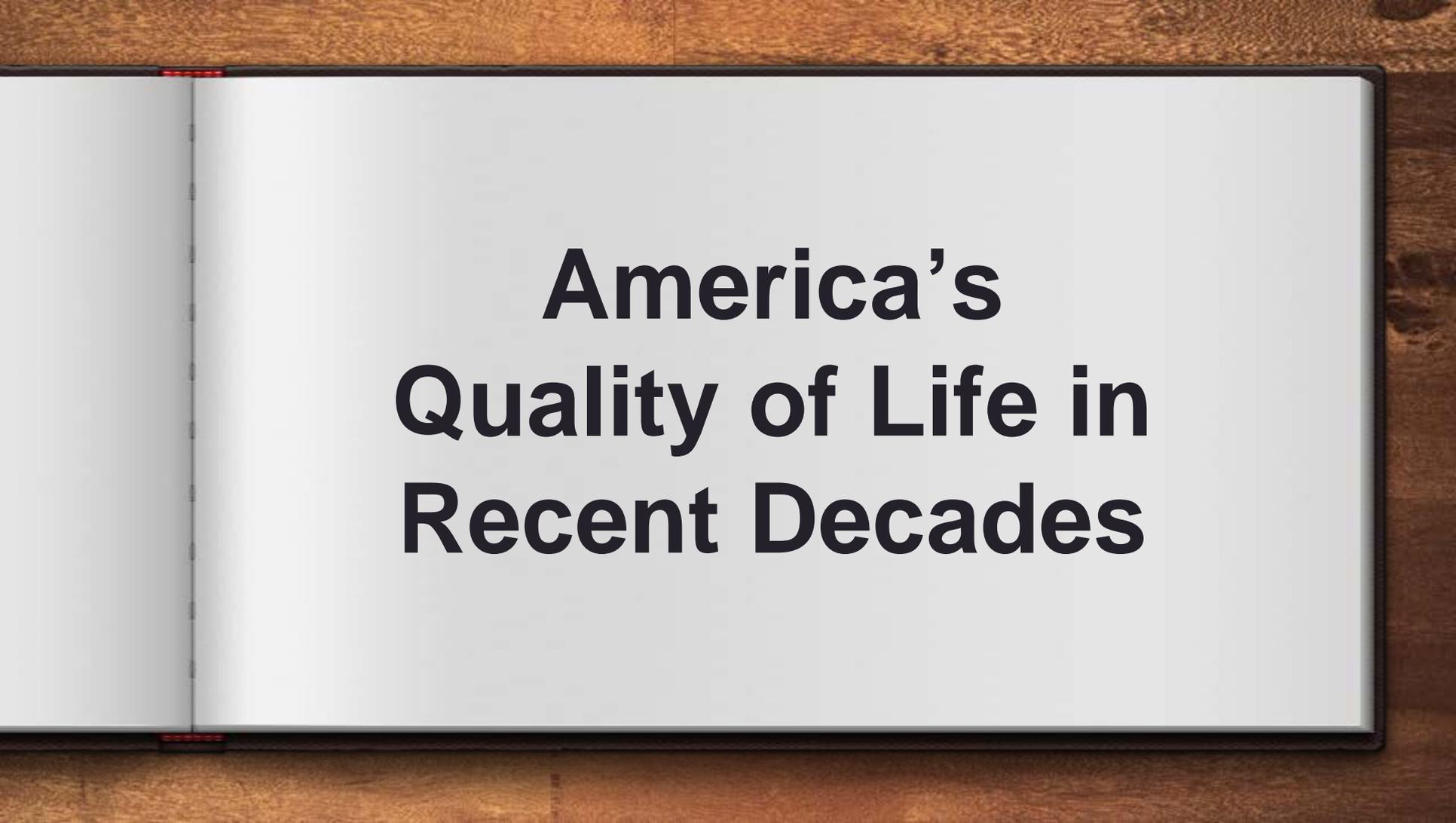
- ◆ To family
- ◆ Farmers market
- ◆ Buying co op
- ◆ CSA
- ◆ Home delivery
- ◆ Internet
- ◆ Web page
- ◆ Wholesale
- ◆ Mail delivery
- ◆ Restaurants
- ◆ On farm sales

**Be careful of  
chasing every  
rabbit**

## Oh did I mention value added

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- ◆ Wool
- ◆ Pelts
- ◆ Leathers
- ◆ Slippers
- ◆ Vests, Billfolds
- ◆ Jerky
- ◆ Meat Sticks

An open notebook with a dark brown, wood-grain cover is shown from a top-down perspective. The left page is blank white. The right page is also white and features the title text in a large, bold, black sans-serif font. The notebook is centered on a dark brown wooden surface.

# **America's Quality of Life in Recent Decades**

80%

of Americans hate their jobs

## Largest section of people using viagra

18 - 25yr.  
Olds

Pornography on the internet has destroyed healthy sexual understanding and function

## Young Adults (20's)

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Clinical depression is up over

**500%**

This outnumbers the amount of cases of cancer and heart disease combined.

The national suicide rate has increased

**24%**

from 1999 - 2014

## **Blue Collar**

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The blue collar bedrock of our society is being left behind.

Half of all employment is largely disrespected.

## Overweight

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**68%**  
of adults

**30%**  
of children

By 2040 95%  
of all people  
will be  
overweight...

and 1 in 3  
americans  
will have  
diabetes

## Quality of Life

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- ◆ Today's 25-35 year old males spend about 20 hours a week playing video games.



- ◆ The average square footage of homes has doubled while people have  $\frac{1}{2}$  as many children



## Quality of life

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- ◆ Between 1999-2000 and 2011-2012, the proportion of adults who were using at least one prescription drug increased from 51% to 59%. During the same time period the proportion of adults who were using 5 or more prescription drugs nearly doubled from 8.2% to 15%
- ◆ Equates to over \$374 *BILLION* and it does not mention the millions if not *billions* of over the counter medications purchased each year in the US
- ◆ When a person fails in business, work or in maintaining their health - do they blame circumstances, not knowing they are the *sole* owner of their condition?



## Groceries

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- ◆ Grocery store items have gone from about 5,000 choices in the 60's to over 60,000 choices today.
- ◆ 5.5% is spent on food today.
- ◆ We have been purposely deceived about our food since the late 50's + early 60's as the process industry came into its own.



## Processed industry

- ◆ The processed industry has pushed for a new food pyramid.
  - ◆ Extended shelf life
  - ◆ Breakfast by cereal cos (AKA Diabetes in a bowl)
  - ◆ Sugar consumption
  - ◆ Fast (and hallow) food
  - ◆ Microwave
  - ◆ Convenience stores
  - ◆ Snack Machines
  - ◆ On and on and on... etc.



**Maybe food should be our medicine...**

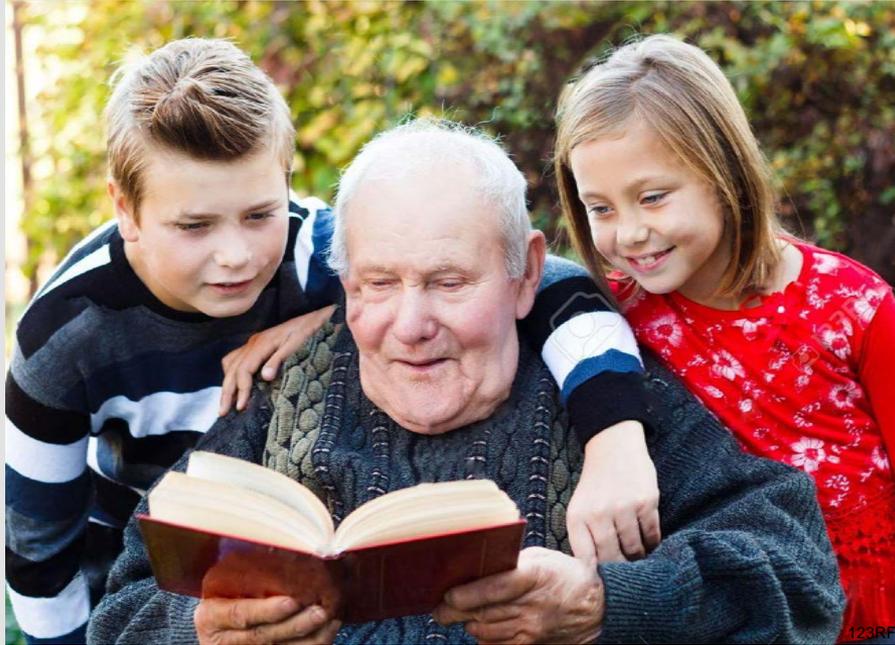
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# **Our Story**

**Once upon a time...**

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## I wanted to farm

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Bought a farm  
in 1980

## Agriculture: land to commodity Ratio

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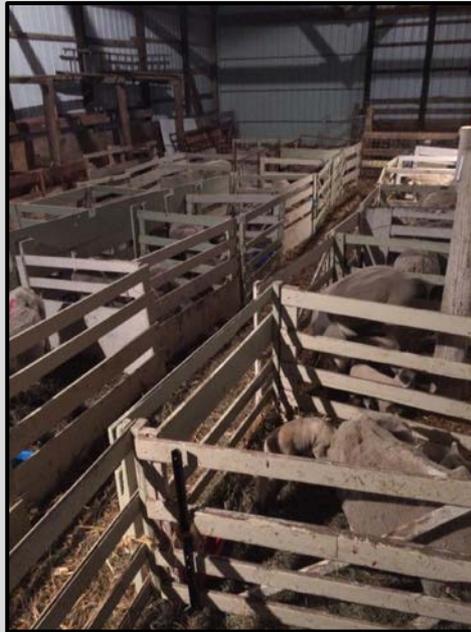
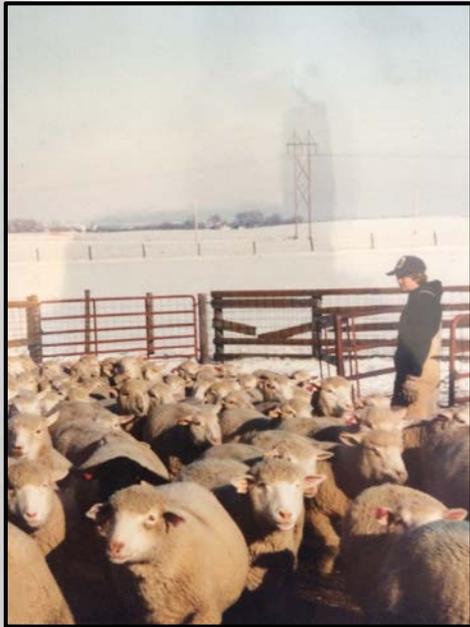
1961 \$90/acre	\$30/cwt	3:1
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2015 \$7,000/acre	\$200/cwt	35:1
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2017 \$6300/acre	\$122/cwt	52:1
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2017 \$6300/acre	\$854/unit	7.4:1
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## I wanted to raise sheep



**I wanted to be more than a shepherd**

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# I wanted to market my product



Farmers Market



Restaurants

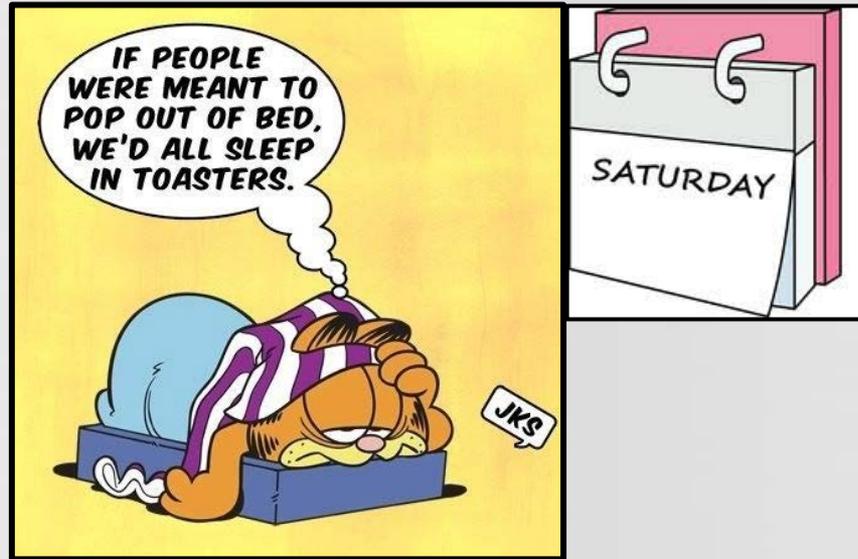


Grocery Store



Home Delivery

# I wanted to get up at 3 A.M every Saturday



**My family will love this...**

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**My healthy products are worth more**

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**After many years, we realized that everyone  
got paid but me...**

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# Onion



Let's peel back the layers and look at what happened

## Questions that came up

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1. What did the business model look like?
2. Did we analyze all costs?
3. Did we do a budget?
4. How do we approach marketing?
5. Did you count the costs to your relationships with family?
6. Is your product really better or do you just think it is?
7. Who are your competitors?
8. How do I attract customers?
9. Can I make a living from this?
10. As you eliminate the middleman - you became all the middleman that you cut out.

**With all of these  
Questions in mind, we  
embarked on a trip of  
Education...**

## Our Journey

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1. Acres USA Conference to hear experts - \$1,900.00
2. Acres Books \$100-200
3. Weston A Price \$1,100 (Conference on Nutrition)
4. Workshops and Special events \$150
5. Seminars Stockmen \$3,000 (Grass farmer)
6. Educational Field days 3-5 each \$75
7. Booths at special event \$500-700
8. Farmers market Booth \$500-1,400 (1-2)
9. Research Reports, phone calls, promotional items, cooperation mtgs, annual conf \$200-400
10. PFI - \$150

## **A competitive factor with our marketing**

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Lamb - 1lb. per capita

Beef - 45lb. per capita

Chicken - 60lb. per capita

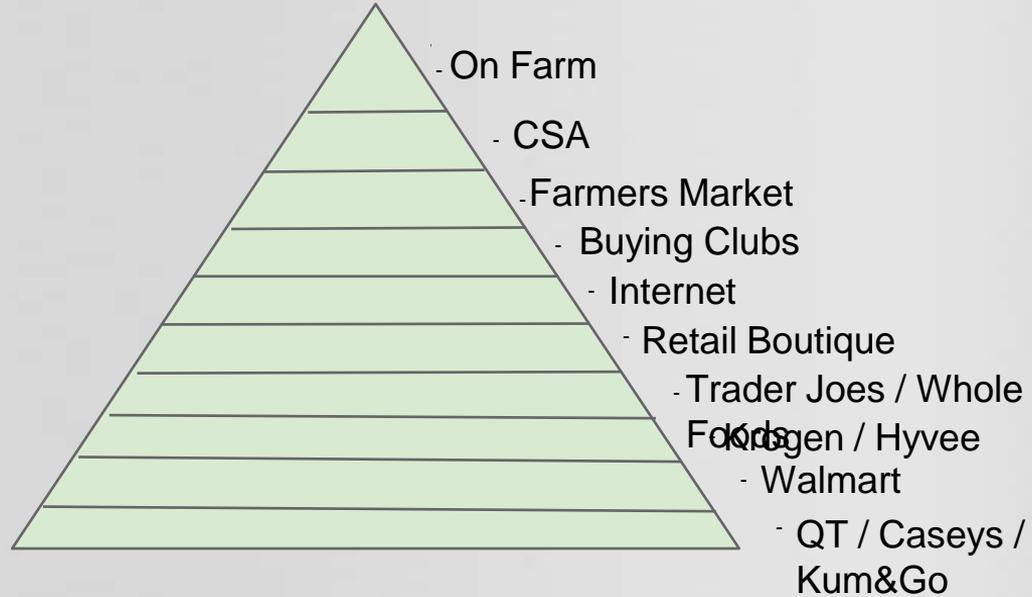
## Grain vs. Grassfed

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# The Food Movement

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## Lockers

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- Nevada - 19 miles
- Story City 43 miles
- Mingo 15 miles
- Milo 38 miles
- Bloomfield 100 miles



# Lockers

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- ◆ To learn what is thrown away and develop a close relationship, I started to volunteer (no pay) to trim my beef and lamb.
- ◆ What I saw was astounding...

One example...

<u>Grain Beef</u>	<u>Grass Beef</u>	
1100 live	1100 live	25# Plus soup 3.5
682 Hanging	629 Hanging	Bones
62%	52%	25# Plus fat 3.5
446 packaged take home	423 packaged take home	
62%	71%	

**Who were the  
middlemen we  
replaced**

**So Your The  
Boss...**

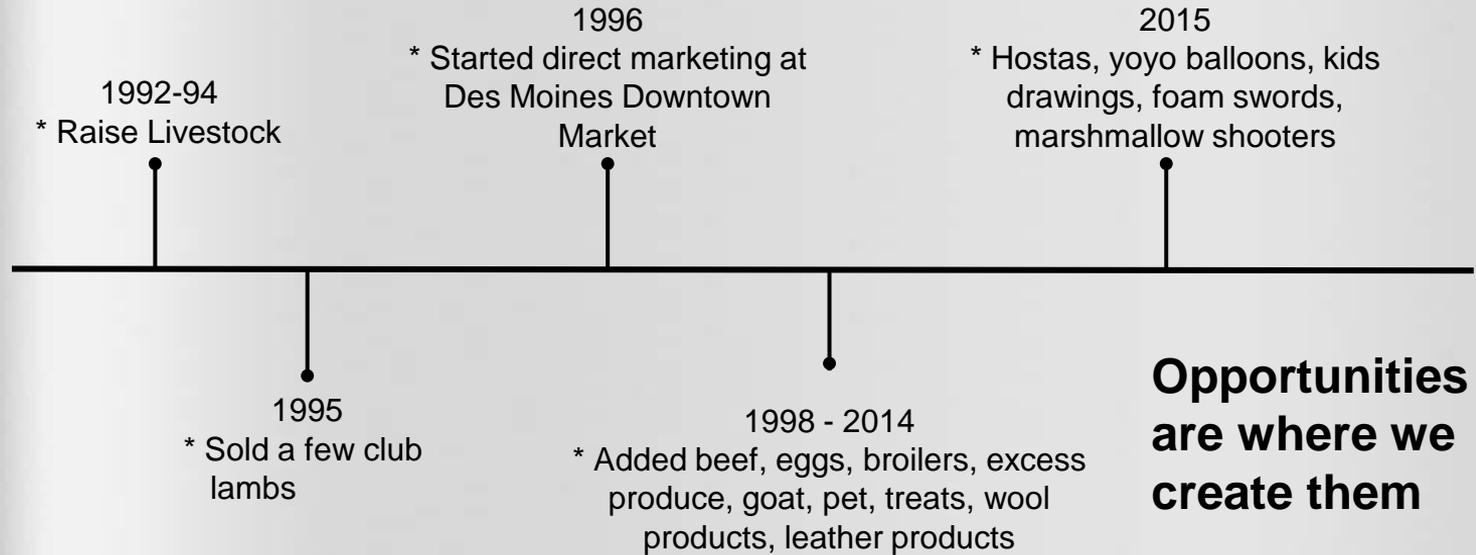
## You are also...

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- ◆ Field Worker
- ◆ Packer
- ◆ Distributer
- ◆ P.R. Rep
- ◆ Graphic Designer
- ◆ Record Keeper
- ◆ Researcher
- ◆ Trucker
- ◆ Sales Rep.
- ◆ Janitor
- ◆ Mechanic
- ◆ Vet
- ◆ Plant Analyzer
- ◆ Receptionist



# Our Journey....



## 2005 - 2015

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- ◆ PFI Conference
- ◆ PFI Field Days
- ◆ Acres USA
- ◆ Westbon A Price Conf.
- ◆ Survival Shows
- ◆ Benefits
- ◆ Grass Farmer and Stockman Schools
- ◆ Farm Visits Joined: Buy fresh- Buy local and participate in Iowa Food Coop ISIA farm bureau
- ◆ Cooperators mtgs and a couple of projects
- ◆ Farm Celebration

**Just because  
something is  
good or popular  
does not mean it  
is profitable**

## Wait, what's that sound?

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A huge money suck! We didn't even hear it coming.

Item	Cost	Less Labor
1 Calf Cost 550 lb. @ 1.80	\$945.00	\$945.00
2 Processing - Butchering \$70.00 - By Products \$20.00 - Cooling \$20.00 - Testing \$12.50 - Cut + Pkge 550 lbs. @ .65 \$357.50 - 2-3 Trips to Locker \$16.50	\$496.50	\$496.50
3 Tom's Labor - Pasture, Packing, Delive	\$310.32	\$239.67
4 Pasture rent	\$239.67	\$239.67
5 Hired Labor	\$177.41	\$0.00
6 Tom + Mary Market Labor 464 hrs	\$149.68	\$0.00
7 Winter Hay 4 mos. 20#/day \$45/bale	\$148.79	\$148.79
8 Conf., workshop, Class fees	\$77.75	\$0.00
9 Conf. workshop Hours	\$44.44	\$0.00
10 Cell phone	\$34.88	\$34.88
11 ACV 180 days	\$34.20	\$0.00
12 Salt, mineral, kelp DE	\$33.40	\$33.40
13 Workman's Comp	\$32.26	\$0.00
14 Tax withholding	\$26.98	\$0.00
15 Mileage to Pasture	\$25.54	\$25.54
16 Farmer's Market Booth	\$21.37	\$0.00
17 Death loss	\$18.90	\$18.90
18 Mary's Labor (books) 2hr/wk	\$16.77	\$8.38
19 Square Fees	\$12.16	\$12.16
20 Freezers (Elec.)	\$13.86	\$6.93
21 Interseeding	\$12.26	\$12.26
22 Credit Card Fees 2.75%	\$12.16	\$12.16
23 Kibo	\$9.79	\$0.00
24 High tensile fence (25 years)	\$9.66	\$9.66
25 Market trailer	\$8.06	\$0.00
26 Internet	\$7.74	\$7.74
27 O6:O3 Tests	\$7.55	\$7.55
28 Account fee + Tax prep	\$7.41	\$7.41
29 Route Planner	\$6.85	\$0.00
30 Equipment + Repairs	\$6.04	\$6.04
31 Office	\$5.65	\$5.65

Item	Cost	Less Labor
32 Fencer Electricity (12 mos)	\$5.23	\$5.23
33 Supplies	\$4.65	\$4.65
34 Vet	\$4.20	\$2.00
35 Electric netting (7 years)	\$3.88	\$3.88
36 License Insurance (truck, van, trailer)	\$3.23	\$3.23
37 Water System	\$6.22	\$6.22
38 Books - conf	\$2.79	\$1.35
39 CD's - conf	\$2.70	\$2.70
40 Garbage	\$2.23	\$2.23
41 S corp + LLC - Lawyer	\$1.38	\$1.38
42 Fencer - 10 joules + clips	\$1.15	\$1.15
43 Farmers market license	\$0.36	\$0.00
44 Liability Insurance	\$0.02	\$0.02
45 Trade shows	\$0.01	\$0.00
46	\$2,991.10	\$2,312.33

# Beef Totals

Column 1

\$2,987.10  
 Labor-> - \$698.62  
 = \$2288.48  
 Bank 6% of 2288.48 ->  
 \$137.30  
 \$2987.10  
 \$137.30  
 = \$3124.40  
 For 20% profit (being  
 \$624.88) must sell 408 lb  
 packaged at 9.19/lb and 425  
 lb. lamb at 8.82/lb.

Column 2

\$2316.92  
 Less labor-> - \$256.61  
 = \$2060.28  
 Bank 6% of 309.60 ->  
 \$123.62  
 \$2316.92  
 \$123.62  
 = \$2440.54  
 For 20% profit (being  
 \$488.11) must sell 408 lb  
 lamb at 7.17/lb and 425 lb.  
 lamb at 6.89/lb.

## **Beef**

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\*\*\* Beef currently being sold at \$7.58/lb. \*\*\*  
For 408 lb. Take home meat

Item	Cost	Less Labor	Item	Cost	Less Labor
1 Lamb Cost 45lb @ 2.15	\$96.75	\$96.75	36 Guard Dog	\$0.50	\$0.50
2 Processing	\$85.00	\$85.00	37 Fencer Electricity	\$0.44	\$0.44
3 Tom's Labor - Pasture, Pack, Deliver	\$38.79	\$31.04	38 Electric Net	\$0.48	\$0.48
4 Summer Pastue	\$26.20	\$26.20	39 Water System	\$0.40	\$0.40
5 Hired Labor	\$22.18	\$0.00	40 Licesnse + Insurance Track Van	\$0.40	\$0.40
6 Tom & Mary Market 464	\$18.71	\$0.00	41 Books	\$0.35	\$0.17
7 Stockpile Pasture (Nov-Feb)	\$16.60	\$16.60	42 CD's	\$0.33	\$0.33
8 Hay	\$14.40	\$14.40	43 Garbarge	\$0.28	\$0.28
9 Conf. Workshops, Classes, Holistic	\$9.72	\$0.00	44 S - Corp LLC	\$0.17	\$0.17
10 Hours at Conf, Classes etc.	\$5.55	\$0.00	45 Liability Insurance	\$0.01	\$0.01
11 Tests (Locker)	\$5.00	\$5.00	46 Farmers Market License	\$0.04	\$0.00
12 Death Loss 5%	\$4.83	\$4.83	47 Trade Shows	\$0.01	\$0.00
13 Cell Phone	\$4.35	\$4.35	48	\$396.59	\$313.35
14 Salt, Mineral, Kelp DE	\$4.25	\$4.25			
15 Workman's Comp	\$4.03	\$0.00			
16 Tax Withholding	\$3.04	\$0.00			
17 Supplie, Equipment, Repairs	\$3.31	\$3.31			
18 Mileage to locker (2-3)	\$3.30	\$3.30			
19 Mileage to pasture	\$3.19	\$3.19			
20 ACV	\$3.02	\$0.00			
21 Farmers Market Booth	\$2.67	\$0.00			
22 Vet	\$2.10	\$1.05			
23 Mary's Labor	\$2.09	\$1.04			
24 Credit Card fee 2.75%	\$1.80	\$1.50			
25 Freezers	\$1.71	\$0.85			
26 Interseeding	\$1.53	\$1.53			
27 Square Fee	\$1.52	\$1.52			
28 Kibo	\$1.22	\$0.00			
29 Hi Tensile Fence	\$1.08	\$1.08			
30 Market trailer	\$1.01	\$0.00			
31 Internet	\$0.96	\$0.96			
32 Account and Tax Prep	\$0.93	\$0.93			
33 Route Planner	\$0.85	\$0.00			
34 O6:O3	\$0.78	\$0.78			
35 Office	\$0.71	\$0.71			

## Lamb Totals 105lb. Lamb Live

Column 1

Column 2

\$396.92  
 Labor-> - \$87.32  
 = \$309.60  
 Bank 6% of 309.60 ->  
 \$18.58  
 \$396.92  
 \$18.58  
 = \$415.50

\$313.35  
 Less labor-> - \$32.08  
 = \$281.27  
 Bank 6% of 309.60 ->  
 \$16.88  
 \$313.35  
 \$16.88  
 = \$330.23

For 20% profit (being \$83.10)  
 must sell 40 lb lamb at  
 12.47lb and 42 lb. lamb at  
 11.87/lb.

For 20% profit (being \$66.04)  
 must sell 40 lb lamb at 9.90lb  
 and 42 lb. lamb at 9.43/lb.

## Lamb

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\*\*\* Lamb currently being sold at \$388.50 \*\*\*

40lb. 9.71/lb.

95-100 lb. Live

42 lb. 9.25/lb.

100-105 lb. Live

\* 45 lb. 8.63/lb.

115 Live (Goal)

**Questions?**