



Growing Profits at Home: Riley Creek Blueberry 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



Growing Profits at Home: Riley Creek Blueberry Farm

Farm Overview & History

Stan Urmann
Riley Creek
Blueberry Farm
Laclede, Idaho

Marketing Strategies
Employed
On-farm
U-Pick
Farmers' Market
Direct to Retail

Primary Crop
Blueberries

Secondary Crops
Blueberry Plants
Black & Red Raspberries
Apple Orchard
Vegetable Garden

Value Added Products
Blueberry Jams, Syrups,
Toppings & Vinaigrettes



NORTHWEST DIRECT
MARKETING
FARMER CASE STUDY

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Stan Urmann likes being known as the “Blueberry Man.” He and his wife, Anita, and their ten year old daughter Whitney live and grow berries sustainably on eight acres in northern Idaho. A rain-fed, sunny, south sloping knoll with sandy loam soil and a slightly acid pH is a near perfect home for the Urmann’s and their 4000 blueberry bushes. Riley Creek Blueberry Farm, now in it’s twelfth year of production, has created and grown a steady market for it’s fresh and frozen blueberries, sold on farm (either pre-picked or u-pick), at area farmers’ markets, and through sales to retailers. Blueberry plants, jams, syrups, dessert toppings and vinaigrettes round out the operation. The farm is also home to blackberry and raspberry brambles, vegetable gardens, and a young apple grove.

Choosing to grow blueberries was hardly an accident. In the early 1990s, Urmann, a California teacher and track coach, was on the verge of burnout. “I reached the point where I was spending

95% of my time coaching and 5% of my time teaching, and that wasn’t what I wanted to do,” Urmann explains.

Having grown up on his parent’s apple orchard in northern California, Urmann was familiar with fruit production. “From an early age, my brothers and sisters and I had responsibilities that resulted in providing food. I enjoyed it,” he recalls. “It seemed like a natural progression--getting out of teaching, going back to something that I *did* enjoy and had a pretty good background in. I wanted to change my life for the better. I knew I wanted to do blueberries.”

Blueberries are a high value product, easier to handle than other fresh berries and requiring little initial capital or specialized equipment, but they do demand certain environmental conditions to be most productive.

These conditions were ideally met in northern Idaho, where the Urmanns already owned property. Stan Urmann says that he knew the qualities he was looking



Marketing Strategies and Profitability by Enterprise

Urmann knew from the beginning that he wanted to sell his berries on-farm and through local, direct and semi-direct markets. He considers himself a “people person,” and understands the social aspects of selling a product. He says, “That’s just the way that I am, and I’ve got to remain involved with people... You need to be outgoing. I probably overdo the talking! You have to be able to communicate, you have to be friendly, but above everything else you have to enjoy what you are doing. One of the difficulties with small farms and marketing is that the small farmer can grow a wonderful product but they don’t have the marketing or people skills.”

People skills aside, in 1994, when the newly planted bushes produced 5000 pounds of berries, what Urmann was lacking was a marketing plan. And although they took their berries to the farmers’ market in Sandpoint, Urmann says, “We had little success that first year; we ended up freezing a lot of them and later making them into jams and syrups.”

The need for a well defined marketing plan became paramount, and the first step was to develop a farm name and identity. Urmann wanted a name that people could identify with, nothing too long or too short, something that would identify them with northern Idaho. He is quick to point out that he didn’t want to use his name, saying, “Urmann Blueberry farm would be a bad one. We live on Riley Creek Road and Riley Creek runs along the property.”

With the established Riley Creek lumber mill located across the road, the name brought with it a certain distinction and recognition. Urmann continues, “I’ve always felt good about our name, and from the very first day, before we had brochures, we had business cards and stationary with ‘Riley Creek Blueberry Farm’ across the top.”

Advertising was the next step. At the time Urmann began to develop his farm, huckleberries were the hottest item in north Idaho. He had entered a market where blueberries were overshadowed by the attention received by huckleberries, and there weren’t

for in the layout of property and the soil conditions needed for them. He found the land that they have now and it met those standards. “So,” he says, “I cashed out my teaching retirement and we bought it!”

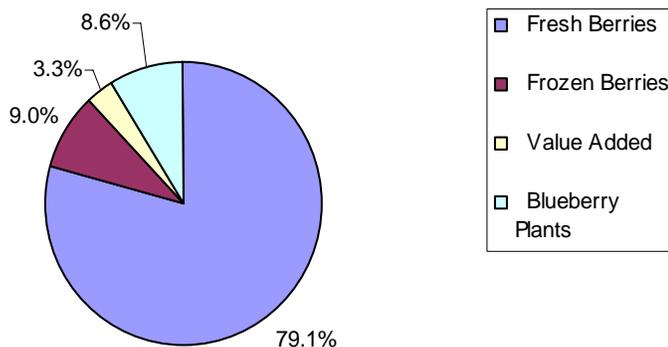
In 1994 Urmann planted bushes purchased from a neighboring farm, and that first year harvested over 5000 pounds of berries. As the number of plants has increased, that amount has steadily risen, and the farm is now turning a profit. He says, “My wife works (teaching), so the first five years she was the provider (for) our family. Now the farm pretty much matches her income. Probably within three to five years she could quit.”

An additional benefit to blueberry production is that the seasonal nature of the crop provides off-time during the winter months. “I didn’t want to have a job where I was working more than I was as a teacher. I knew that growing blueberries would provide equivalent leisure time,” Urmann explains.

This leisure time became more valuable in 1995, when the Urmann’s daughter was born. From September to June, while Anita is teaching, “The Blueberry Man” is proud to be a self-proclaimed “Mr. Mom” to Whitney, saying, “I don’t have to go anywhere for a job. I couldn’t do that doing anything else, unless I win the lottery or something. It really is indescribable.”

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Figure 1: Percentage of Gross Sales in Dollars by Product Type 2002



any other farmers direct marketing blueberries on a substantial scale. This was initially difficult to overcome. Urmann describes, “During the time we were establishing ourselves as a blueberry operation, blueberries were just beginning to gain a measure of national recognition for being good tasting and healthful.”

Urmann knew that to be successful they would need to advertise in order to help establish a local blueberry market. They began by distributing homemade posters around their hometown of Laclede. They observed and learned from others, too. He states, “When I first started I was very aware of competition. One other farmer in town had been at it for quite awhile. For a couple of years I would look over at his booth and if he was selling his and I wasn’t selling mine I would ask myself what I was doing wrong. Finally I reached a point where I realized that all he was doing was educating people about berries. Competition is good. It keeps me working towards having a better product.”

They began to educate as well, printing brochures created on their computer that featured blueberry recipes, which they gave to passers-by and customers at the market.

Then, in a serendipitous turn of events, the Spokesman Review newspaper came calling. Urmann recalls, “The food editor called and asked if they could do an interview, and I said ‘Sure, why not!’ He came out and did this great interview and two weeks later there was this large article on blueberries and it was on the cover of the food section with a big picture of me holding blueberries. That was huge, and it was free.”

Urmann began to capitalize on the growing number of customers using a very simple method. Every time he



made a sale he would take the name and address of the buyer from the check or through a customer sign-up sheet and write their contact information on an index card, creating a mailing list. The next year in July he sent out a postcard and brochure to announce that berries were coming up. It worked well until the list grew to be more than 1000 names. He stopped taking names at that point, but by then he already had a well established customer base.

“Competition is good. It keeps me working towards having a better product.”

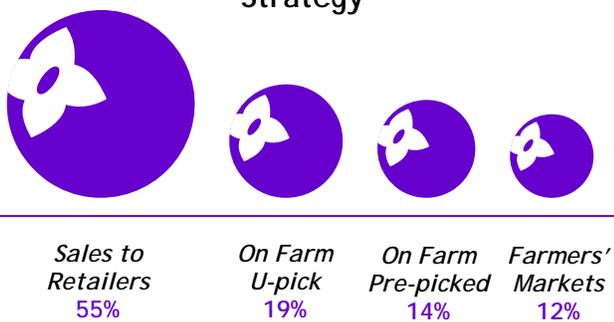
As word spread, Urmann began to expand his markets, selling at as many farmers’ markets as he could staff with family members, developing on-farm sales of pre-picked and u-pick berries, and locating markets for his surplus blueberries. At the same time, he began to look for additional products to make or grow which would complement the growing blueberry business. Each of the marketing strategies and products in their repertoire requires a different kind of commitment and approach, and each uniquely contributes to the farm’s overall profit.

Blueberries

Fresh blueberry sales comprise almost 80% of all sales (Figure 1). The season for Riley Creek Blueberry Farm begins April 1 with field preparation and ends the following March with the completion of the year’s bookkeeping and taxes. Harvest time is between July and September, when work is most concentrated. Fresh berries are sold at Farmers Markets, on the farm either pre-picked or through a u-pick operation, and direct to retail outlets. See Table 1 for pricing by venue.

Farmers’ Markets

Figure 2: Percentage of Total Fresh Berries Sold, in Pounds, by Marketing Strategy



Twelve percent of Riley Creek Blueberry Farm's fresh berries are sold at farmers' markets (see Figure 2), representing about 15% of total sales. They have been selling berries six Wednesdays and ten Saturdays each season at the farmers' market in Sandpoint, Idaho since 1994. They also sell six Saturdays each season at the Kootenai County Farmers' Market, which is located an hour and a half away from the farm.

"I don't ever see us leaving the farmers' market in Sandpoint. The Kootenai market is a little harder. It starts at 8:00 am, so for us, that means our day starts at 4:30 am. Both markets on Saturday require that myself or a family member be at the market."

Staffing markets can be difficult for a small family farm like Urmann's to manage. While he understands a market's desire to have the farmer sell product, if rules allowed him to pay a representative, he could potentially sell more berries. He says, "I can't be at two places at one time. If I could send somebody there and I was paying them...I would certainly sell more berries there.

There is a second market in Spokane that I would love to go to, but I simply don't have enough family members to make it there."

Many small farmers make the bulk of their sales at the farmers' market, but Urmann prefers to think of the venue as an outlet for advertising rather than sales. He explains, "The underlying reason that we go to the farmers' market is to hand out brochures." The brochures encourage customers to visit the farm, and the sales pitch is simple, says Urmann, "We tell our customers that they are spending \$2.05/lb. here at the

market, but they could come out to the farm and pick them for a \$1.25/lb. You can bring your entire family, the dog, and we have a pony that the kids can ride." As a result, most on-farm customers began as farmers' market customers.

Treating the sales at farmers' markets as additional income and an opportunity for advertising is more of a personal choice than a business decision. Urmann explains, "We have never had a problem selling all of our berries at the market. The question has always been, 'Why don't you bring more berries when you are getting top dollar for them?' (The answer is,) I want to get home. It is nice to be done by 9:30 or 10:00 and be home before noon to spend time with my family on a nice day in the summer."

Not all markets permit it, but when they do, a 'sell out early' strategy has additional benefits. Because Urmann is known for moving his berries so quickly, he usually has a line of people waiting before the market opens. Some will buy two or three bags in case they won't see him there the following week.

Expenses associated with farmers' market sales absorb almost half of the gross income generated through those sales (Figure 3). The primary expenses involve berry production, picking, and packaging labor. Other costs include farmers' market fees, car maintenance and gas.

Markets can be time consuming for a small family farm as well. A breakdown of hourly responsibilities for the 22 individual farmers' market trips Urmann's made in the 2002 season are reported in Table 2. He spent about 120 total hours selling at farmers' markets in 2002, and nearly half of that time was spent in market preparation, drive time and clean up.

Nevertheless, the Urmanns' involvement in farmers' markets continues to connect Riley Creek Blueberry Farm to its ever changing customer base, and helps them keep up with the trends. Urmann says, "I believe that the population makeup of Bonner and Kootenai County has changed over the past ten years. There are more people who are aware of and want to eat more fresh food. Not just blueberries, but anything that a farmer can grow."

"We have never had a problem selling all of our berries at the market."

Table 1: Price per Pound of Blueberries by Marketing Strategy

Farmers' Market	\$2.05
On-Farm	\$2.00
Sales to Retailers	\$1.67
U-Pick	\$1.25

On Farm Sales

Riley Creek Blueberry Farm sells 33% of its fresh berries directly on the farm, either pre-picked or through a u-pick operation. From the beginning Urmann knew that he wanted to sell berries from the farm, so most of the advertising costs for the farm have been spent to attract customers there. As a result, on-farm sales generate the highest percentage of sales out of the direct-to-consumer strategies and rank third in net income of all the direct marketing strategies employed. Urmann is enthusiastic about the on-farm sales component of his business and is quick to point out the benefits, “The ideal situation for me is to have someone come to my farm and purchase my berries. It saves me time. I don’t have to drive anywhere, no fossil fuel use, and I can make more money with on-farm sales.”



On Farm Sales of Pre-Picked Berries

Sales from on-farm, pre-picked berries result in 60% profit and 40% expenses¹, with expenses stemming primarily from the cost of growing berries and farm administration (Figure 3). Other costs include paying employees to pick and package berries, plus the cost of the packaging materials.

While selling on-farm works well for Riley Creek Blueberry Farm, Urmann stresses that it isn’t for everyone, saying, “You have to have the right personality for it. You have to be willing to have people knock on your door in the middle of dinner time. People are always wan-

dering around and you have to trust that they aren’t going to take anything. The advantage for us is that it lasts only six to eight weeks out of the year.”

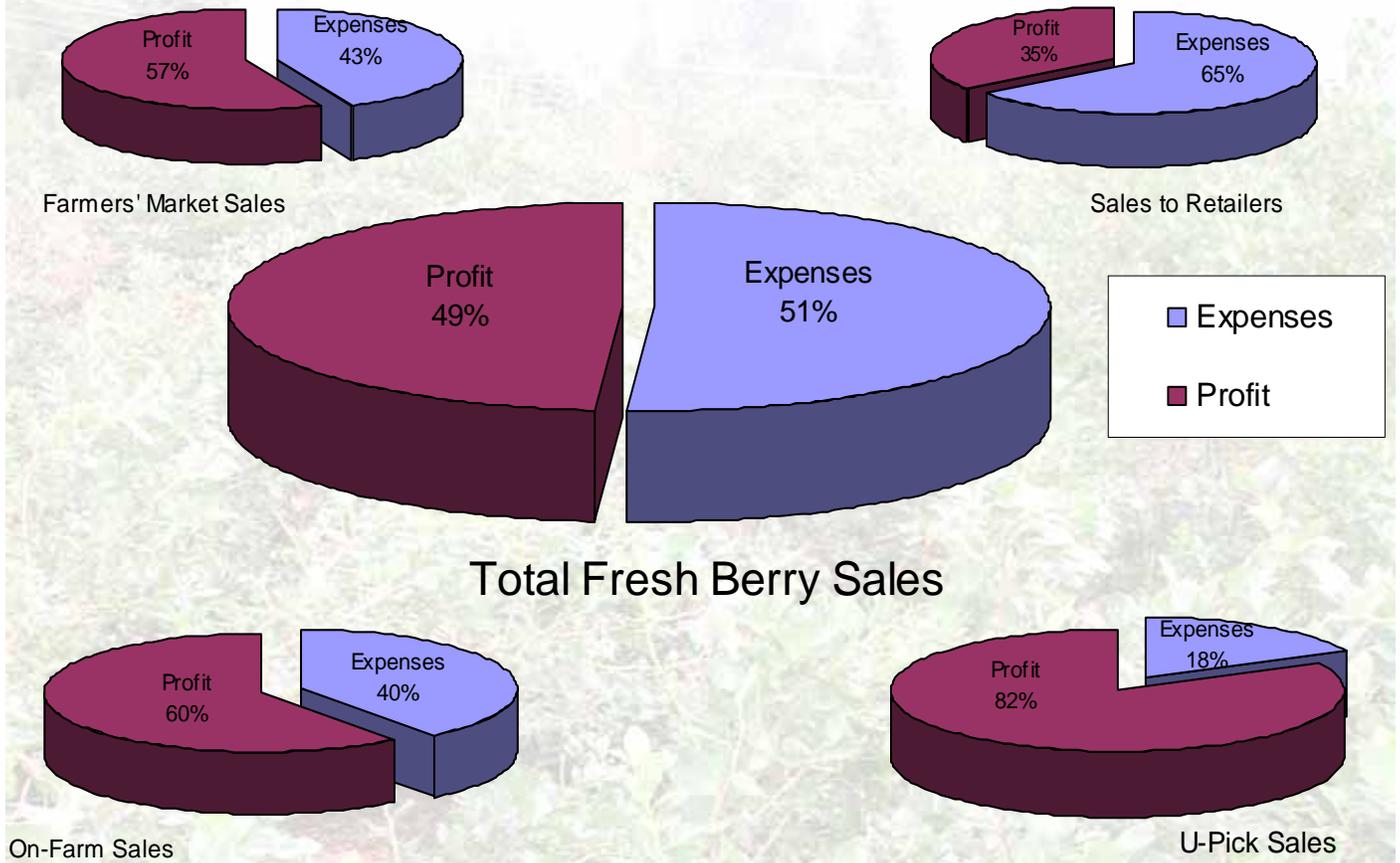
Customers keep coming back, due in part to the great berries, but also because Urmann has spent time developing unique customer incentives. He tells his on-farm customers that they may take anything that is ripe and worth eating from his garden. He explains, “Someone will see our tomatoes and ask if they can buy them. I’ll tell them, ‘No, but you can have a couple.’ People think that is cool—it’s something free—meanwhile they just bought \$50 worth of blueberries. For that I can afford three or four tomatoes. It only costs me \$70 to \$100 in seeds to plant the garden in the first place.”

¹ Does not include expenses associated with depreciation of material assets, taxes, or use of borrowed equipment.

Table 2: Hours Devoted to Farmers’ Markets

Duties	Sandpoint’s Wednesday Market	Kootenai County Farmers’ Market	Sandpoint’s Saturday Market
Packaging Product, Loading Truck	1	1	1
Drive Time to Market	0.3	0.8	0.3
Set-up and Unload	0.25	0.25	0.25
Selling at Market	2	3	3
Take Down, Re-load	0.25	0.25	0.25
Return Trip From Market	0.3	0.8	0.3
Clean-up, Supply Replenishment	0.5	0.5	0.5
Total Hours Per Market Day	4.6	6.6	5.6
Number of Markets	6	6	10
Total Hours	27.6	39.6	56

**Figure 3: Fresh Blueberry Sales
Expense and Profit as a Percentage of Sales
2002**



“I’m very, very lucky to be doing what I’m doing. We live in a pretty unique community. We are pretty small and somewhat isolated. In the community we all have our place and in the community my place is to be the blueberry guy. They know me as that, and most everyone in town buys my blueberries. I have a tremendous quality of life.”

-Stan Urmann

On Farm Sales of U-pick Berries

"I'm not sure that I make more on the u-pick, but there is a lot less headaches. The u-pick is a good way for us to go. We are trying to make it a bigger and bigger piece of our farm," Urmann explains.

U-pick operations provide the means for customers to come to the farm and pick berries for themselves, paying by the pound. For picking their own berries the customer receives a discounted price from what they would pay at the farmers' market or on-farm for pre-picked berries. Some customers even come to pick and then spend the day on the farm. Urmann describes the setting:

"We have two port-o-potties, and even though we don't have a lot of trees we do have three or four picnic tables with shade over them, we have the cooler, we have free water...I do sell pop. There is a play area where they can send their kids, with sand, a slide, trampoline, and a pony. We try to provide as many comfortable things for them as we can."

Urmann charges \$2.05/lb at the farmers' market and \$2.00/lb for on-farm pre-picked berries. For u-pick he only charges \$1.25/lb. This strategy may *gross* less income per pound compared to regular sales, but through u-pick, Urmann virtually eliminates all of his expenses (Figure 3), and this shows on the bottom line.

Of all fresh berry expenses at Riley Creek Blueberry Farm, u-pick expenses account for only 12% of total berry expenses, but u-pick sales contribute 35% of total net income from those berries grown on farm. U-pick costs only include growing the berries and farm administration.

In addition to being a large contributor to the bottom line, u-pick sales require little time expenditure for Urmann or other employees. Before he and his family moved their residence to the farm, he didn't need to be present to oversee the u-pick operation. He used to leave a clipboard with picking instructions next to an empty coffee can with a hole cut in the lid. Behind it a sign read 'U-Pick, Serve Yourself.' "I would come in after being gone all day and my coffee can would be full of money. There would be \$200 in there and I didn't have to do anything," says Urmann.

Also, he notes, theft was not an issue.

"I firmly believe that people are very honest. I don't think that the average person who goes to a farm to pick berries is going to steal anything. If anybody took anything, I didn't know. Sometimes people would even leave a little note telling us how much they appreciated our trust."

Sales to Retailers

Early on, Urmann saw potential in selling berries directly to retailers. He was producing more berries than he could sell on-farm and at farmers' markets, and needed another outlet. He describes:

"In the beginning I hit up a lot of local restaurants and bakeries thinking that they would use a lot of blueberries. Most of your restaurants or bakeries don't need a fresh berry, they are happy with a frozen, processed berry that they can get cheaper. They also aren't buying in large quantities."

Urmann then approached area grocers. He developed relationships with retail outlets by selling in limited quantities to smaller businesses and progressing from there. He knew that he would have to prove to retailers that his berries would sell, and that it was worth the produce manager's time to deal with him directly. To get his foot in the door he would arrive at the store and drop off several flats of berries at no charge.

"Next," says Urmann, "I would come back within a week, receive payment for

"I would come in after being gone all day and my coffee can would be full of money. There would be \$200 in there and I didn't have to do anything."



what sold, and make an exchange for anything that was left over; if there were any left at all.” Additionally, Urmann needed to be able to guarantee the produce manager that he could consistently deliver high quality berries and meet the consumer demand for them. But he needed a sales pitch to justify a higher price than current suppliers were getting. He explains, “From the very beginning we pushed local, fresh berries. Our berries are grown locally, picked within the last 24 hours, and they are very fresh. Even though blueberries will last on the shelf for ten days, I wanted the retailers to have them sold within five to six days.”

Initially, Urmann had to package the berries in such a way that they could be displayed professionally within the store. At first he assimilated the extra costs of packaging. Now that he has established himself he is able to pass on some packaging costs to the retailer. For instance, he sells berries to *Super1 Foods* in Coeur d’Alene, Idaho. He says, “They want me to move to a clam shell plastic container. It’s different and more expensive. I talked to them about the extra cost and they have agreed to pay for it.”

To improve sales to retail outlets Urmann needed a place to clean, package and store his berries. To meet these needs he built a shop and installed a cooler on his property. He also purchased a van to use for delivery to retail markets and for getting product and display materials back and forth from the farmers’ market.

Urmann supplements his early season sales to retailers by purchasing berries for resale from a family friend in Oregon. The Oregon berries are important to his operation for several reasons. First, they allow him to test markets before committing his farm to the production of a set quantity of berries. Second, they help to even out production while the berries mature, allowing him to extend his market season. And third, Oregon berries are ready to pick several weeks prior to those grown in Northern Idaho. By supplementing his sales with Oregon berries, Urmann is able to provide berries to the retail outlets much sooner than he could otherwise.

Because Urmann has already established relationships and delivery schedules with retailers in his area, the Ore-

gon berries add profit to the bottom line without changing the structure of his business. And gradually, his need for Oregon berries will diminish as his farm’s bushes mature and produce more. In 2002, 44% of total pounds sold came from berries purchased in Oregon.

The same year, Urmann received, on average, \$1.67 per pound selling to retail outlets. These sales to retailers represent 55% of total fresh berry sales, but return less than 40% of the total profit. The explanation is a simple one. When selling to retailers, Riley Creek Blueberry Farm absorbs all costs associated with picking, packing, and shipping of berries (see Figure 4.) These sales also consume a majority of Urmann’s

time. He says, “I spend more than 50% of my work week preparing, delivering and invoicing my direct-to-retail berries.”

During harvest, which lasts from July 15 to September 15, Urmann spends nearly 400 hours working his sales to retailers. His long term goal is to shift the burden of sales from retail markets to on-farm and u-pick sales. Urmann recently added blackberries and raspberries to his farm, and has planted an apple orchard. He hopes these additions will aid him in reaching that goal. There are two reasons for doing so. First, on-farm sales generate a higher rate of return (Figure 6) and they require much less of his time than do his sales to retail markets. Figure 6 shows return on sales by direct market-



ing strategy, using the ratio, net profit/net product group sales. It can be seen that the consumer direct strategies of on-farm, u-pick and farmers’ markets are the most profitable marketing alternatives, with u-pick returning the highest profitability at 82.4%.

Figure 7 illustrates return on sales percent by the different product types produced on the farm. The return of sales ratio is defined as net profit/net product group sales, and is a measure of profitability of the different product types. As can be seen in Figure 7, fresh berries sold direct to the consumer are the most profitable product line the farm has, generating 66% profit.

Urmann adds, however, that the sales to retailers is important. He says, “I’d love to get out of it, but it is the bulk of our sales. Without it we wouldn’t be able to survive.”

Figure 4: Comparison of Total Sales, Expenses and Profit by Sales to Retail and Direct to Consumer Markets



Figure 5: Comparison of Total Sales, Expenses and Profit by On-farm, U-pick and Farmers' Market Sales Strategies

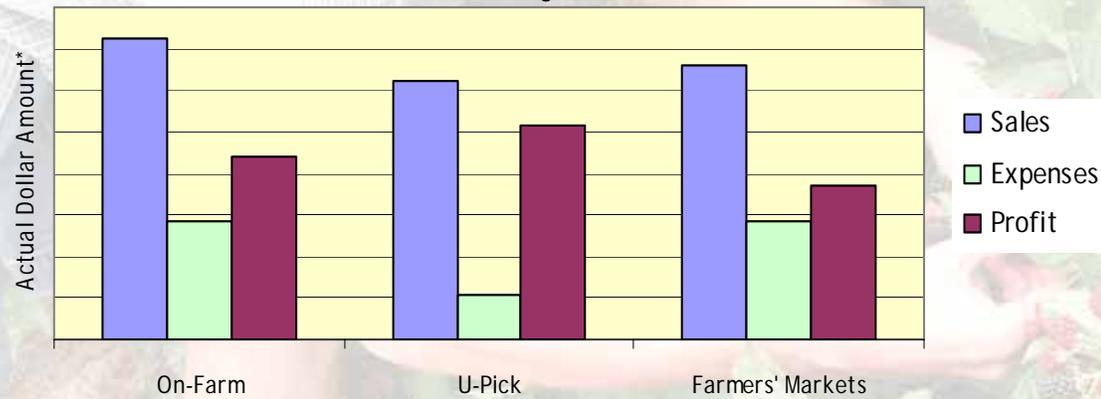
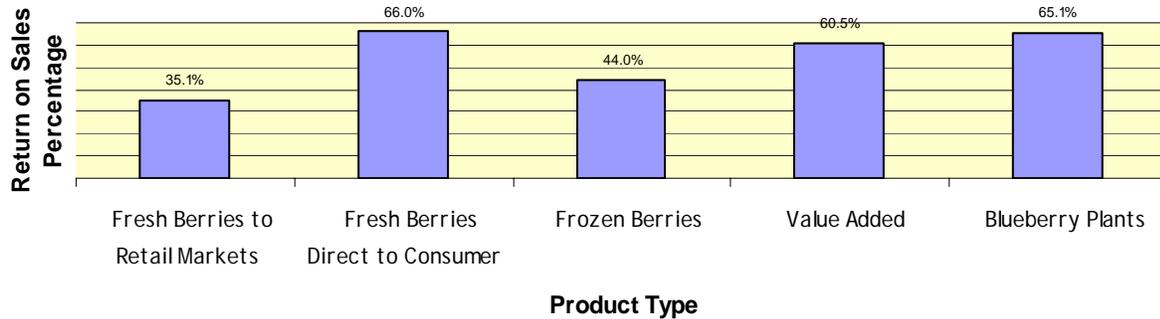


Figure 6: Percentage Rate of Return on Sales by Marketing Strategy



**Figure 7 Return on Sales Percentage
by Product Type**

Riley Creek Blueberry Farm, 2002



“We want to move away from the synthetic fertilizers. We want to be as sustainable as possible, both financially and by creating a good situation for our land.”

Blueberry Plants

Riley Creek Blueberry Farm also sells blueberry plants to customers, nurseries and at trade shows.

Urmann says that he buys one-year-old shoots from a nursery in Oregon, 500-600 at a time. They are marketed after three or four years, when they are mature. He states, “I have sold almost 2000 Blueberry plants to my customers. Am I cutting my own throat? I don’t think so. There are a lot of people, and a lot of them still need to be educated about blueberries. I have a good product, and I don’t worry about it any longer.”

These plant sales compliment the primary enterprise without detracting from the core business segment. In this case, blueberry plants require little care and maintenance, they fit in well with the existing enterprise and farm image, and they carry with them a greater rate of return than fresh berries. “This year my goal is to sell 750 plants. I have that many available that are four years old and are ready to sell. I have names and phone numbers of people who have said that they want plants and by April 1st, I’ll start calling them and start selling those plants. I have a couple nurseries that will buy them wholesale if I have to do that,” says Urmann.

Value-added Products

Riley Creek Blueberry Farm sells frozen berries through the same markets that the fresh berries are sold. Urmann also takes the time each winter to make value-added blueberry products such as jams, syrups, vinaigrettes and dessert toppings. While sales of these secondary products are relatively small—approximately 20% of gross sales—they are an important component in Riley Creek Blueberry Farm’s overall profitability.

For example, the value-added products give Urmann the opportunity to exhaust left-over inventories of frozen blueberries from the previous season’s harvest. Sales from those products generate revenue year round, giving the farm income after the end of the fresh blueberry season. Perhaps most importantly, sales from those items provide numerous and invaluable marketing opportunities for Riley Creek Blueberry Farm. When a customer sees a jar of jam on a shelf in a grocery store, labeled with the Riley Creek name and logo, they are reminded of the blueberry farm. This promotes a local awareness of Riley Creek Blueberry Farm and encourages shoppers to buy local.

Primarily, sales of the value-added products are generated either on-farm or at farmers’ markets, with stock at a few local marketplaces. He has had many offers from

retailers wanting to put more of his product on the shelf, but producing these products on a larger scale is not in line with Urmann's quality-of-life goals. He explains, "We have a certain goal for how many jams and syrups we sell in a year. If we can sell 500 or 1000, whatever our goal is, then we are doing well."

Every year Urmann is asked by at least one organization to put together gift packs featuring his value-added products, and ship them to their clients or employees, primarily as holiday gifts. Requests for gift packs have come from the local mill, banks and churches. The orders are relatively large, 30 to 40 at a time and the buyer will ask Urmann to label and mail them as well. This is a service that he is happy to provide, but he asserts, "I usually charge pretty hefty for that!"

Effects of Marketing Strategies on Production Methods

Riley Creek Blueberry Farm is located in USDA Zone 4, where late frosts can extend into June and it is not unheard of for an early fall frost to occur in late August. As Urmann jokes, "We have a three day growing season." However, the farm season officially runs from April through March, and he subdivides his time into four production phases: harvest preparation, harvest, field clean-up and production of value-added products, and vacation.

Urmann averages 31.5 hours a week for the entire season, with the largest amount of his labor being utilized for eight weeks between July 15 and September 15. During this time he works approximately 70 hours per week.

Initially Urmann used herbicides and other chemicals in the production of his berries. After doing so for a few years he made the decision to move away from synthetic chemicals. He says, "We haven't used herbicides in two years. When we first started we used a lot of herbicides, but we have transitioned into using mulch and ground covers. We want to move away from the synthetic fertilizers. We want to be as sustainable as possible, both financially and by creating a good situation for our land."

It was difficult at first, but after a period of adjustment, Urmann is now happy with the changes the decision has made to his profitability. "The thing about production costs is that the changes that I'm making are more labor intensive, but that is my labor and my labor isn't included in my productions costs. So yes the numbers go down, but the labor goes up...(It's fine) as long as the labor goes up during a time of the year when I can afford to do that," he says.

A reduction in pesticide use also enables his products to be marketed as such, which can be a boon for customers seeking a more natural product.

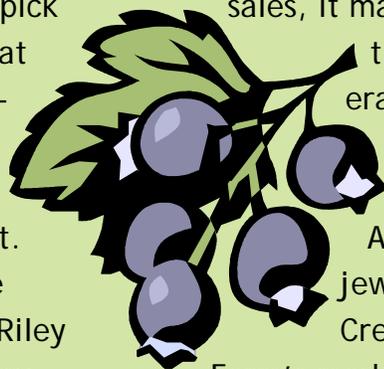
THE BENEFITS OF SELLING DIRECTLY TO CONSUMERS: *Riley Creek Blueberry Farm*

Direct to consumer strategies may only represent 45% of his gross income, but they contribute 60% profit to the bottom line at Riley Creek Blueberry Farm. To further analyze the relative profitability of the direct to consumer markets, refer to Figure 5: Comparison of Total Sales, Expenses and Profit by On-farm, U-pick and Farmers' Market Sales Strategies (page 9).

While both the farmers' market and the on-farm direct to consumer marketing strategies have larger gross sales than U-pick

sales, it may be seen that the U-pick operation outperforms others in profit. As such, it is the jewel of all the Riley Creek Blueberry Farm's marketing

strategies. U-Pick blueberries represent 14% of fresh berry gross sales and 5% of total fresh berry expenses. Alone, U-Pick contributes 23% of total fresh berry profit and requires virtually none of Stan Urmann's time or employee labor.



To increase production efficiency Urmann has made investments in used equipment, purchasing a rototiller for cultivation, a 1953 Massey Ferguson tractor, and a 1994 Polaris 4-wheeler for getting around the farm quicker and moving large quantities of berries from the field to packaging. He also borrows a small Kubota tractor from a friend that is used to spread mulch.

Personal Goals and the Future of the Farm

Sustainability is an important value at Riley Creek Blueberry Farm. For Urmann, sustainability means that he would like to phase out the sales to retailers altogether, but to do so he must continue to develop his on-farm markets. He believes that getting to a point where people come directly to the farm to pick for themselves

or buy pre-picked berries would be ideal. If he can exhaust his production through those markets, he will be right where he wants to be- both financially and from a quality of life perspective.

“Ten years from now when I’m 60, my daughter is 18 and my wife is retired, I won’t need optimum income, I’ll want the easiest income for the most money. I’m probably going to be doing this for a long time. The less physical it becomes, the better. To reach that goal, I need people to come (to the farm) and to pick fruit. My ideal situation is to have approximately 25,000 to 30,000 pounds of berries growing on my farm, and sell all of them on my farm through u-pick and on-farm sales. In other words: no stores, no jam, no syrup, no frozen berries. I simply grow my berries until the middle of July, we open it up, they are ripe, (and) by the end of September, we are done. I’m already thinking about the end of the line. I’m not thinking about making more and more. When I’m sixty I don’t want to be driving to Portland or

Kalispell to deliver berries. That is our long range goal,” says Urmann.

To achieve this, he hopes to eventually manage 5000 plants on five to six acres. However, an increase in production may lead to an increase in labor needs. He explains, “I don’t really need any labor help until

harvest starts. The last couple of years I have hired someone to help out at the farmers’ market, my Mom does another one. I am able to do everything that we need to do in the early part of the year. I (could) prune 3500 plants ...by myself, but (with) 3501 I ... have to hire someone else to do that.”

Daughter Whitney is currently employed as a bucket washer. Urmann explains, “She wanted a job so we gave her a job. She washes out all of the buckets. It usually turns into a water fight, but it takes her about an hour and a half to wash out the buckets and we pay her \$2 dollars to do it. It’s a job that I could do in ten minutes but it’s a good start. As she gets older she will help out more.”



To learn more about Riley Creek Blueberry Farm, visit

http://sandpointonline.com/farmersmarket/new_page_4.htm

Urmann continues to clarify his goals. He knows that the profitability of his farm depends upon his production capability. He says, “The issue isn’t so much that we need to increase sales, we just need to increase our product production. Our sales are kind of where we need them to be, which is a very unique situation. Now, within the next five years when we reach the peak of the business, ideally we will have 80% of our income coming from fresh fruit, 20% from value added. Of that 80% I would like 65-70% on-farm, top dollar sales. That would be ideal.” Stan Urmann continues to endeavor to meet his quality of life goals through hard work, careful planning and intelligent marketing design.



STAN URMANN'S ADVICE FOR NEW FARMERS

“A suggestion for anyone starting out at developing a market is, you’ve got to have long range goals, and you’ve got to do some things in the early days to reach those long range goals. Something that leads to failure for new small farmers is that they start out with a set idea, and they aren’t willing to sway a little bit for the good of the cause. That doesn’t mean compromising your product or going out of business but we went into it knowing that we weren’t going to make any money for five or six years. We weren’t blind to that fact.

In order to establish a market, new farmers need to be willing to compromise, and maybe even lose a little bit, with the idea that it will pay off. You need to establish a market, and to do that you need to be willing to compromise.

It is important to be realistic about your goals. Setting realistic goals, having a business plan, being aware that when you are first starting out, that you aren’t going to be a

success overnight, and not being afraid to fail. You need to be able to learn from your failures. I think that a lot of people don’t like to admit that they did something wrong or that something didn’t work and not being afraid to pat yourself on the back if something does go well. A lot of people aren’t realistic. Any small business (owner), when starting out, has a wonderful idea. And it probably is a wonderful idea, about how their bakery or restaurant is going to make it. They spend all of their money to get this thing set up and get into it and it doesn’t work right away.

Statistics show you that most businesses that fail, fail in the first year. You’ve got to be in business for three years and you almost have to be able to start your business, no matter how well you think it is going to do with the idea that you aren’t going to make a dime for three years. You have to be willing to run your business out of your pocket for that time, and anything that you make is a bonus. If (you) can do that, then after three years you will have established your business. No matter how successful you are, it doesn’t start overnight.”

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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The Northwest Direct Farmer Case Study Series:

Idaho:

Measuring Success on the Urban Fringe:
Meadowlark Farm #01

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:
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