Extension critical to agriculture small business expansion

The Situation
began raising and marketing grass-fed lamb in 2002. By 2007, they were not netting any farm income. Blue Sage Farm (BSF) wrote a business plan but was not successful in getting funding from a bank for expansion. Since BSF ewes were producing more milk than the lambs could use, discussions with a local artisan cheese producer were initiated. BSF came to Extension Educator Christi Falen for assistance with evaluating expansion options and day-to-day operational efficiencies. One major expansion option considered was a sheep dairy with the existing farm and grass-fed lamb production. Another option was purchasing more land and custom grazing cattle utilizing Management intensive Grazing (MiG).

Our Response
Both options were a complex venture with multiple factors to consider. In the initial step, the Extension Educator partnered with Extension Economist Wilson Gray to evaluate both options using FINPACK, a financial analysis program.

BSF economics showed a value-added product produced from the sheep dairy as a complimentary and more profitable venture than custom cattle grazing and purchasing more land. Financial feasibility and cash flow projections from FINPACK were utilized to provide detailed five-year projections of the buildup of the sheep flock, grass-fed lamb marketing, and the new sheep cheese enterprise. Financial plans also included projected balance sheets and income statements for each year.

The quest to make the plan a reality for the small farm entrepreneur was the next step. Factors taken into account included the requirements of sheep dairy production and cheese making. The challenge to reduce feed costs and increase production, the financial resources available and marketing all had to come together to make the venture practical.

University of Idaho (UI) Extension was involved in multiple aspects for this project to provide this innovator with the tools for success. Extension furnished business plan formulation and analysis, including economic data to modify the plan.

For technical cheese production specifics, support from UI food processing specialist, Jeff Kronenberg, was utilized. An assessment of current lamb meat production and feasibility for expansion into sheep’s milk cheese was completed by Falen, Gray and Kronenberg. Extension helped BSF obtain grant funds from the Wood River Resource Conservation District (RC&D) to hire a grant writer to complete a USDA Value-Added Producer Grant application.
Milking protocols were modified from the Extension Dairy Specialist input to decrease milking time. MiG education was provided from the UI Lost River Grazing Academy at no cost with a UI Alternative Careers for Idaho Farmers program. Extended grazing with unconventional forages and MiG was then demonstrated at BSF.

**Program Outcomes**

By engaging Extension to assist with the preparation of a formal business plan and feasibility assessment, BSF was able to obtain financing to build a milking parlor, and obtain an $83,000 USDA Value-Added Producer grant.

- Grant funding allowed business owners to pay for cheese processing, travel to conferences and develop marketing contacts and marketing materials.
- Blue Sage Farm expanded their business and now offers grass-fed lamb meat and artisanal sheep cheese products directly to customers.
- Markets for sheep cheese expanded 100%.
- Five part-time employees were hired as the business was expanded.
- Money to pay 75% of the cost for a grant writer was obtained with Extension guidance for BSF from the Wood River RC&D.
- Hands-on practical grazing knowledge was gained at no cost to BSF from UI Extension and the Lost River Grazing Academy.
- MiG was used on BSF to provide a flexible system of management that matches animal nutrient requirements with forage availability.
- Forage production was increased and the grazing season was extended to reduce feed costs.
- Grazing successes and experiences were presented by Extension and BSF at the National Women in Agriculture Conference.

**The Future**

University of Idaho Extension will continue to work on modifying enterprise budgets for small farming operations, especially those seeking to add value to their operation.

Blue Sage Farm’s success as a small business entrepreneur is an innovative agricultural prototype focusing on being environmentally and economically sustainable. It is useful as an example to empower other small business owners to look for creative ways to make their businesses profitable, while maintaining diversity in agriculture and business enterprises.