



## CHAPTER THREE

### *Growers' Stories*

This is a chapter of actual stories in which apple growers in New York State

have made changes in order to address the financial viability of their farm business and to meet family goals. The generosity in time and willingness to allow us to use their names in these stories is greatly appreciated. We ask that you respect the courage and willingness to help others that these growers have shown in their willingness to participate in the development of this workbook. Whether or not you would have made the same decisions in these situations please be considerate and empathetic when sharing these stories with others.

Whether or not the decisions these growers made are similar to the decisions you and your family will make, you should be able to give consideration to some important thoughts and possibly apply them to your own situation. Review your Summary sheets from Chapter 2 for ideas about your own situation to keep in mind as you read the following stories. Use the outline below as you read the stories to make notes about what you wish to address in your decision-making and planing.

#### **1. What trends are causing these businesses to plan and make changes?**

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#### **2. How did these businesses consider equipment needs in regards to business planning?**

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#### **3. How did these businesses address orchard conditions and variety selection and replanting or removal?**

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**4. What role did location play in the final decisions?**

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**5. How did these businesses address product quality?**

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**6. How did these businesses address marketing issues? What are their marketing channels?**

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**7. What personal and family issues were important, and how were they addressed in making decisions?**

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**8. How were labor issues addressed?**

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**9. How were others involved in business decision-making and planning? Who was involved?**

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**10. How did these businesses use their balance sheet for making changes?**

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**11. How did profitability affect decision making?**

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**12. How was cash flow important to their decision making?**

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**13. What role did the financial position of the business play in their decision-making?**

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**14. What other ideas did you get from the stories that you found important, and how can your business benefit from the experiences described in these stories?**

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**15. What questions were raised that you would like to know more about? Who can you talk to in order to get your questions answered?**

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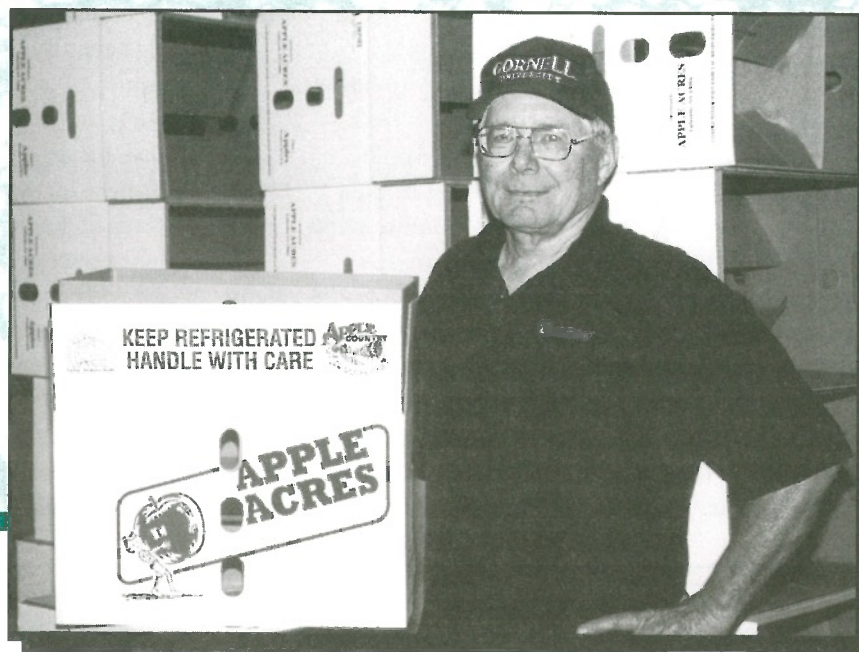
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# APPLE ACRES – *Product Manufacturing for Today's Consumer*



Walt Blackler.

In the early '60s when Walt Blackler and Bob Rigdon

both worked for a Connecticut manufacturer, they rented an 80-acre orchard and packing operation to run in their spare time. They liked this experience so much that they decided to shift to apple product production and marketing full time. In 1965, they relocated near LaFayette to Apple Acres, with 80 acres, a small packing room and cooler. While more trees were planted in the late 60s, and many other changes continued in the following decades, the main business goal held by Walt and Bob was to keep growing big enough to be a real supplier for the apple product industry.

The changes in their operation reflect this in many ways. They now grow 110,000 bushels of apples, and continue to buy and market their own and other grower's apples. In 1970, a new cooler facility was built; in 1978, came a new packing house to allow for more hand packed product; in 1985, the packing line shifted to using a weight sizer; and 1992 brought about a major change for investment dollars, labor force and product

production with the installation of an electronic weight sizer, color sorter and labeler. Walt highlights this as their biggest step noting that while expensive, the four orchards in Western New York including Apple Acres that installed the equipment are all still in business.

Their focus on making the business grow shows up in how they handle management responsibilities. While both Bob and Walt are aware of all the work needed in the various sectors of their operation, they have divided the major responsibilities: Bob leads the marketing and packing functions, and Walt oversees the apple growing, buying from other growers and product line machinery. Each supervises the employees working in their respective areas. They now have about 20 full-time employees and provide ongoing investment in their development of new skills as the product line equipment changes. The Apple Acres "break room" displays production goal and job assignment information, as well as pictures of

**They work with Cornell's Geneva Experiment Station faculty, attend produce association conferences and read their publications to keep up with industry changes.**

the annual Apple Acres picnic and employee team awards.

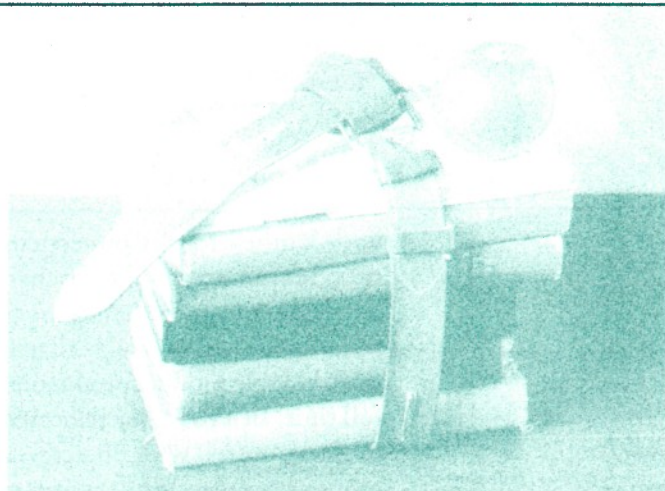
Walt and Bob continually think about how their business must respond to changes outside Apple Acres. They recognize the effect of chain store consolidation as well as the effects of world competition for apple product sales. How to reduce product costs drives their decision-making. Apple Acres products are in New York and Mid-Atlantic states chain stores, and are ex-

ported to the United Kingdom. Sorted-out apples are sold for applesauce and juice. Bob believes that, in order to successfully market their product today, it is necessary to harness the talent in the produce industry and get it to work for you. For example, he described an 18-month process of designing a new "display-ready"

carton for a large chainstore. This customer knows Apple Acres will work to help the customer "grow their business."

The partners' learning process is also ongoing. They work with Cornell's Geneva Experiment Station faculty, attend produce association conferences and read their publications to keep up with industry changes. The partners have worked together so long that they say they now talk over business decisions "when they need to – we're both here every day." They recognize they have made both good and bad decisions, and had some good and bad luck in their drive for a successful business.

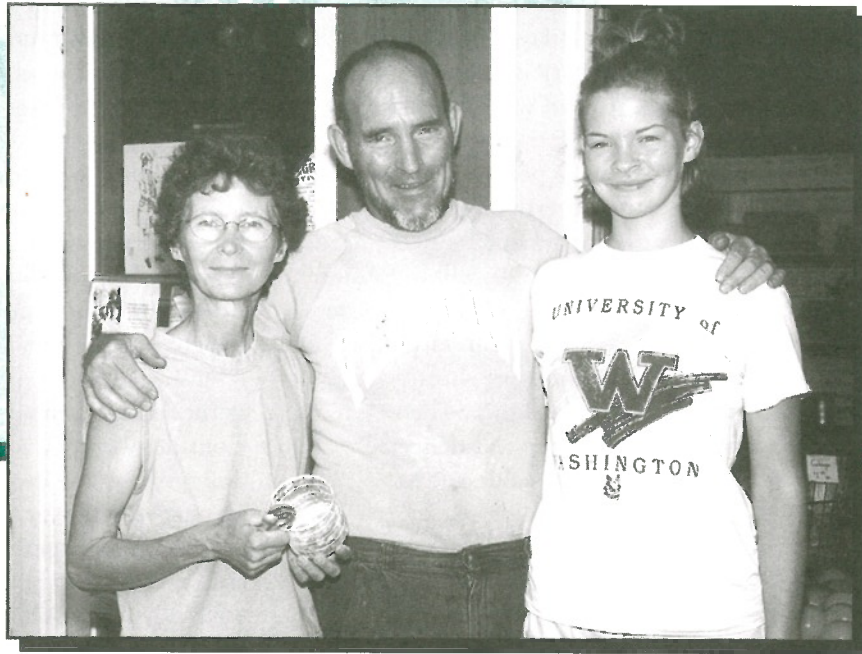
What's next for Apple Acres? Walt believes more automated packing machines will be necessary for better quality product, to reduce costs, along with better storage facilities so consumers will get an even better product. The business will continue to grow, as Bob explains, "It is a valuable asset – has an excellent customer base, a highly skilled and loyal staff, the business is good for New York and good for us. The business will continue."





# MOVING FROM WHOLESALE TO RETAIL MARKETING

## *Takes Time and Planning*



**l-r: Marie Christine, Nate and Elsa Darrow.**

“Retail is no gravy train!” according to 52-year-

old Nate Darrow, who bought an apple operation with his wife in 1994, in Schuylerville (Saratoga County), NY. But they are glad they made the decision to search out a business to buy that already had a significant farmstand operation and the potential for expansion. Today, Saratoga Apple is a growing business that takes advantage of the increasing popularity of the I-87 corridor which includes the arts community of Saratoga Springs.

Nate grew up in Putney, VT, on an apple farm that had been in his family since 1914. At its production peak, Green Mountain Orchards grew 300 acres of fruit (10 percent of Vermont's commercial apples) and marketed most of its crop wholesale. In 1982, Nate went to work for a group of international investors in South Carolina, planting 987 acres of apples over a nine-year period. Local demand for apples led to the opening of an on-site direct retail sale component to this otherwise wholesale operation. It grew quickly, and Nate found that he

enjoyed this type of endeavor. Since he was aware of the changes occurring in the worldwide apple industry, and had previously been a business owner, he decided that if he was going to take on the challenges of running a retail business, he wanted to do it as an owner.

He moved back north in 1991, and soon realized that the family farm was not the right place to pursue this new direction. Green Mountain was in the process of downsizing towards its current acreage of 150, and the location was only somewhat conducive to a retail business. Eventually, Nate and Marie Christine purchased a 128-acre orchard on busy US Route 29 in Schuylerville. The acreage seemed small in comparison to his two previous commitments, but Nate soon realized that it was too big for the kind of operation they needed to run. The first year they harvested 100 acres and have gradually cut back to managing 45. A nine-acre bloc is unsprayed, and he is learning about organic

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Apple's array  
of retail  
offerings**

farming methods, which is important to some of their customers.

Saratoga Apple has gradually phased out most of their wholesale distribution, since production costs roughly \$9-10/bushel, and the average wholesale price is \$5-6 /bushel. Gross income has grown through the years because they have expanded the original farmstand operation into a retail mix. They currently move three grades of fruit, including the affectionately termed "horse apples." They run a year-round farm store that is open seven full days a week, where 96 percent of the inventory is grown on site. They host weekend and weekday pick-your-own consumers during the apple harvest.

They hire musicians to perform for up to 10 autumn weekends and advertise free apple samples, and sell at farmers' markets in the area. In addition to adding to their cash flow, farmers' markets provide them with public exposure, an effective place for cross promotion. Five new customers came to the farm store shortly after their first farm-market appearance. Their own cider and their "same-day cut-and-delivered" apple slices are their current value-added products. Their's is a "happening place."

"But it has been a grueling ordeal for the family," Nate says. "We've worked so many 80-90 hour weeks." Marie Christine runs the farmstand and handles all correspondence and bookkeeping. Although a larger family workforce would be great to have, they carry on nonetheless. While they are current on hefty mortgage payments, they look forward to the time when they can devote more of their gross profits to developing other income generating

options, such as a restaurant or on-site retail shops, as well as enhancing their retirement fund and creating an economic buffer for the business. Saratoga Apple is in conversation with the American Farmland Trust regarding the purchase of development rights. Such a sale could reduce the principle owed and annual payments, but it is a complex process that Nate is pursuing with care.

Nate sees this farm business as continuing to be a legitimately productive orchard, whose harvest will be sold along with a number of other items. He wants to keep fine tuning Saratoga's Apple's array of retail offerings so that people will stop by with increasing frequency throughout the entire year.

The insights that follow give a sense of the types of decisions that a retail farm operator is constantly making:

- Do not compete on price. Establish an outstanding value, and then charge a premium. Consider the complete costs of offering public access and retail farm products. Do not naively underprice them.
- Maintain your confidence around those few inevitable customers who loudly complain about your prices. Do not hesitate to be firm, though diplomatic, with such individuals.
- Consider a minimum purchase level for individual pick-your-own customers because of the time they require and the mostly unintentional fruit damage they cause. Eight adults riding to the orchard by wagon in order to pick one 10-pound bag of apples is not economically viable.
- Decide when to sell by volume and when by weight, including selling customers their u-pick bag before they go to the orchard. Keep refiguring the pros and cons of each approach as the seasons and your supplies change.
- Consider weekday and senior weekday u-pick discounts, so the inevitable busy time between 10 am-3 pm on sunny weekends does not become unmanageable or cause potential customers to pass you up. Seniors are often especially concerned about price but can be some of the most loyal year-round customers.
- Think well about the sustainability of your location. Consider the possibility of relocating yourself if the business enterprise you really wish to pursue cannot be realized on your family farm.

Among the resources the Darrows have utilized since they moved to New York State is New York FarmNet. NY FarmNet financial consultants Wes Clark and Tom Weeks supported their decision to downsize their acreage and helped them solidify their credit status. Most recently, NY FarmNet tax advisor, Stuart Smith, has advised Nate on the economic implications of development rights sales.





# LYNOAKEN FARM

## *Values Employee Contributions*



**l-r: Jeff Oakes (cousin), Linda Oakes, Darrel Oakes, and Wendy Wilson (sister).**

### LynOaken Farm is a 250-acre high-density apple

and tart cherry farm in Western New York. Like other farms in this apple-growing region, LynOaken's owners cope with the problems inherent in their business: weather and water issues, thinning and pruning difficulties, market changes, increased foreign competition and higher labor and chemical costs.

Of course, the family cannot control problems like the weather, but they have been making many changes over the years to decrease the impact of some of the other factors.

To remain profitable in apple production, LynOaken Farms took a long-term look at the direction of the industry and decided 20 years ago to gradually exit the process apple business in order to focus on fresh apples. The Oakes family felt that there was growth potential in fresh market fruit, if they produced a high quality product.

#### **Preparing for the future**

Back in 1976, LynOaken Farm started to convert its orchard to high-density plantings. When the first generation grew apples, the

orchard had about 27 trees to the acre. When the second generation farmed, the number of trees per acre increased to 100. Currently, the third generation plants 600 trees to the acre.

Transitioning to high-density planting is very costly. To lower the expense and control the debt-to-asset ratio, the farm worked with some local growers and researchers at the Cornell Agricultural Experiment Station in Geneva to learn how to graft their own trees. At that time they also became a supplier of tree support materials to other local growers.

High-density plantings have many advantages that add dollars to an orchard's bottom line. These plantings improve labor efficiency, decrease chemical usage, produce fruit earlier, and increase yield per acre.

#### **Searching for market options**

In the last 30 years, retail sales have been a roller coaster at LynOaken Farms. For example, in the early 1990s, the farm stopped offering u-pick apples because of heavy local price competition in u-pick. In the last two years,

however, LynOaken has returned to u-pick and is finding it profitable.

Because marketing requires talent and time, LynOaken Farms brought in a family member with business experience to develop a stronger retail market. The farm currently packages and sells a branded product under the Apple Depot label to 10 local outlets. LynOaken owners hope that an established and recognized quality product will increase consumer demand.

Recently, the farm entered the apple cider market after investing approximately \$50,000 in used production equipment and a new flash-pasteurizing machine. Using this process, the farm hopes to sell a high-quality apple cider that not only retains its traditional taste but increases its shelf life three to four weeks. They are also adding a small planting of stone fruit to complement their retail marketing effort and increase their diversification.

#### **Improving labor efficiency and valuing employees**

Since labor is one of the biggest – if not THE biggest – expense on farms, LynOaken has tried to improve labor efficiency. They are a working management team that values all their employees as a resource of help and suggestions

about the way things are done. All employees, including office staff, packing-line workers and pickers, are encouraged to offer ideas on how to improve the day-to-day efficiency of the farm.

#### **Utilizing long-term lease agreements**

LynOaken Farms has also held down costs by increasing the percent of land LynOaken farms leases. Many of the leases are long-term agreements with neighbors who have productive land that they do not want to sell.

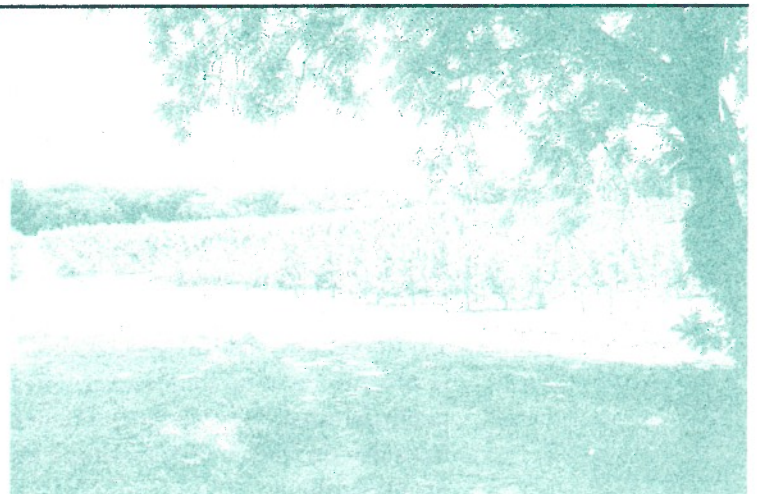
It is not as though LynOaken Farms has dodged all the risks of growing apples in Western New York.

Like other growers,

they face enough challenges to last a lifetime. But, following a good deal of soul searching, the family decided to remain in business because they believe in the long-term viability of the fresh fruit market. The Oakes family enjoys growing apples. Using their years of experience, they improved production, increased diversification and expanded their markets.

They also use continual long-term planning. By anticipating – or at least attempting to anticipate – the apple industry's future directions, LynOaken is better positioned to adjust its farming and marketing strategies for success.

**To remain profitable  
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LynOaken Farms took a  
long-term look at the  
direction of the industry...**





# HICKS' ORCHARD FOCUSES *on U-Pick Traditions*



**l-r: Susan Wilson,  
Dan Wilson, and  
Dorothy Wilson.**

In 1974, Dan Wilson's parents bought Hick's

Orchard in Granville (Washington County), which had included a u-pick component since 1905. The previous owners, for whom the orchard was named, had originally transitioned from a wholesale to a u-pick tart cherry operation because they were unable to obtain the necessary baskets for shipping fruit. They made a similar switch with their apples in the 1950s after observing that hail-damaged crop brought more return per bushel being u-picked than it had the year before as a top quality wholesale fruit. So the Wilsons purchased an established u-pick farm.

This retail business hosted 1000 cars one Sunday in the fall of 2002. The public is invited to the farm to pick blueberries during the summer and then to pick apples over the course of four to five autumn weeks. The farm also runs a retail stand from June to December,

featuring its own fresh cider, popular cider donuts, produce from other farms, and gift items. The staff maintains an annual corn maize, provides the opportunity to feed goats, runs horse-drawn orchard tours, hosts school bus tours, encourages picnicking, and offers the use of its former packing shed to the local fire department for an October fundraiser called "Boo Night."

Dan's mother, Dorothy, who supervises the u-pickers, likes most of the people who come to the farm, and she enjoys having city folks learn that apples really grow on trees. According to Dan, three-fourths of their customers come from Glens Falls and Hudson Falls, another 15 percent from the local community, and the rest from as far as New York City and Boston.

"We are a destination farm," says Dan, "and it seems that people come here to have an

authentic country experience as well as demonstrate their support to farmers. Especially since 9/11, they seem to be looking for a safe, fun, low key, and nurturing experience. It is deeply gratifying to them to see that the land is being cared for."

It is notable that Hick's Orchard is located in an area of fairly average income.

The Wilsons have replanted 55 percent of their 80 acres of fruit with dwarf varieties but are taking their time with this process because the larger trees are still profitable, and because some customers appreciate the sense of tradition the trees represent.

Dan sees the education of his customers as a gradual process, and plants the varieties that they want to buy, which still includes a lot of MacIntosh and Cortland. Customers buy smaller quantities of apples today, but more of them come to the farm. And farm-stand prices are generally lower than in the grocery store, so people gain economy as well as quality of life.

Dan sees the orchard's competition more in

terms of weekend entertainment, like the Adirondack Balloon Fest, rather than in terms of other farmers who do what he does.

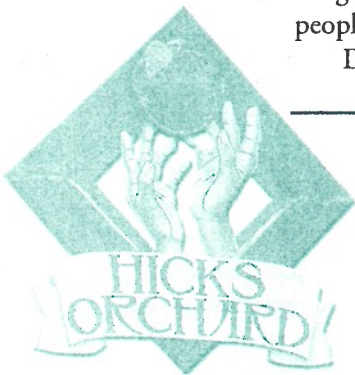
Susan Wilson, Dan's wife, manages the store, the sales crew, inventory, advertising, marketing, school tours and the barnyard. Dan does production, harvest, finances, and cider making. Dorothy's sister comes from Ohio for the season to help her run the

u-picking. Susan's mom also lives on the farm and assists with childcare and the store operations.

Dan believes that one needs to have a certain personality to be willing to welcome the public onto the farm. The old stereotype of the farmer who just produces fruit does not work in this sort of business, because marketing is truly a full-time job. A key concept for him is having control of one's own market, which he sees as important for the future.

Dan recommends the New York State Farmers' Direct Marketing Association and its annual conference to any grower considering shifting their business focus in this direction.

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# DECISION TO REMOVE ORCHARD ACREAGE – *Not an Easy One*



**Charles and Karla  
Bailey.**

## Charles and Karla Bailey are first generation

fruit farmers in Williamson, NY. The couple bought their first land in the late 1980s. Today, KC Bailey Fruit Farm operates 300 acres, with 140 planted to apples.

Though neither of the Baileys grew up on farms, they've schooled themselves in both fruit production and farm financial management. Charles (Chip), who worked on local farms while growing up in Williamson, graduated from Cornell University with a degree in pomology and agricultural economics. Karla graduated from the University of Buffalo with a degree in finance and information systems. They've drawn upon their educations to help them be informed fruit growers, capable of making tough but productive decisions.

Like all apple growers, the Baileys face difficult decisions. Recently they had to decide whether or not to remove 10 acres of McIntosh trees. This block was producing a large quantity

of high quality processing apples but, unfortunately, there was no market demand for the Macs.

Before deciding to push out the orchard, the couple discussed the plan with their banker and accountant. They also attended Cornell Cooperative Extension meetings, including a recent talk by Dr. Desmond O'Rourke, of Belrose Inc., in Washington State who stressed the importance of knowing what fruit consumers demand and then responding to that demand. O'Rourke also encouraged farmers to take control of managing their assets, particularly in difficult times like these.

"There is a greater risk in doing nothing than there is in taking charge of your situation and making the necessary decisions," Chip says. To make those decisions, growers must examine all their possibilities, compare alternatives objectively and consider personal goals.

For the Baileys, the decision about the McIntosh apple trees had two parts:

- Should they push out the orchard?
- What should they do with the land?

The 10 acres had water, sewer and gas services available, so it had development potential. If the Baileys sold it for housing sites, they could use the capital raised for their business or could diversify their holdings with outside investments. After

considering their alternatives, the Baileys decided to keep a small portion of orchard as a buffer for their home. They sold some of the land and rented the rest to another farmer.

KC Bailey Fruit Farm is changing its focus from process apples to fresh fruit sales. By being co-owners of a cooperative cold storage facility, the Baileys gain some time to market their fresh produce.

The couple is also replanting orchards with dwarfing trees to lower labor and chemical costs. Replanting also allows the

Baileys to change apple varieties so they grow ones preferred by the fresh and processed markets.

Ultimately, the Baileys make decisions as a couple, and support one another in coping

with the inevitable stress of choosing a specific course of action. They tap into as many resources as possible before making business decisions. They use the expertise of people such as Dr. O'Rourke, and

they gather information and take suggestions from their processors, packers, marketers, lender and accountant. Fellow growers are another important resource for information, ideas and moral support.

A willingness to take risks, plus a strong support system, keeps the Baileys moving forward making the tough business decisions that will allow them to remain as profitable as possible in this changing marketplace.

**Like all apple growers,  
the Baileys face  
difficult decisions.**





# TRANSITIONING OUT OF APPLE FARMING, *Best Decision for the Family*



It's said that you can count on two things in life:

death and taxes. These days, you can add one other reality to the list: Change. Alice Andrews and her son, Chuck, are all too familiar with the challenges of change. They see it in their village of Red Creek, NY, where there is no longer a grocery store, drug store, or bank – businesses that were there when Alice and Willard Andrews bought an apple operation in 1972.

But the Andrews family faced an even greater and more personal change after Willard's death in 2000. Alice and Chuck evaluated their apple business and realized that they needed to make some major decisions about its future. They credit Alison DeMarree, area fruit specialist with Cornell Cooperative Extension, George Allhusen, a New York FarmNet financial consultant, and Claire Hebbard, a New York FarmNet family consultant, for helping them view their

options realistically and come to grips with the emotional roller coaster of discontinuing farming.

To say the decision was difficult is an understatement. Chuck and Alice had to weigh many personal and business factors, including their skills and goals, the age and variety of the trees, the cost of maintaining the orchards and equipment, the difficulties of locating good markets, and the cost of government red tape and locating employees.

"The rising costs of spray materials and costs of hiring workers, who must be paid on time, depleted the cash flow budget," Alice says.

In order to minimize the cash-flow difficulties, maintain ownership of their beloved farmstead and provide opportunities for Chuck to pursue a new career, the

Andrews family decided to rent out the orchards to another grower and some of their fields for crop production.

### **A way of life and a business**

The Andrews family moved to Wayne County in 1972 because they wanted to live in the country and they liked the community life in Red Creek. The family learned about growing apples. Chuck, who took a real interest in the orchards, attended Cornell University to learn how to grow apples and manage the family's 80-acre orchard. Alice and Chuck handled the day-to-day management of their apple orchard, while Willard continued working full time as director of the research department of the Nestle Corporation.

Misfortune stumbled into the Andrews' life in 1984 when Willard was disabled in a farm accident. From that point on, Alice devoted most of her time and energy to caring for her husband, while Chuck continued to manage the farm.

Like all apple growers, the Andrews also had to cope with changes in the fruit industry. Frequent weather disasters damaged fruit quality and caused losses. Shifting consumer preferences, market consolidation, and increased government labor and environmental regulations created additional burdens on the farm.

The Andrews family took pride in producing high quality fresh-market fruit, but they were no longer able to do so profitably because of these industry changes. The family realized that the increased competition, higher operating expenses and lower fruit prices prevented them from keeping pace with the rising cost of operation.

As sole owner of the farm, Alice has officially retired from the apple growing business. But she still participates and volunteers in her community and maintains her home and yard. For Alice, the hardest part of transitioning out of the apple business was dealing with the governmental red tape involved in discontinuing the business.

The transition out of apple production was particularly difficult for Chuck. He knows that all of a grower's passion, knowledge and dedica-

tion cannot overcome the global competition the apple industry faces. For Chuck, the deciding factor was that the price they received for apples did not cover the cost of growing them. And the family had run out

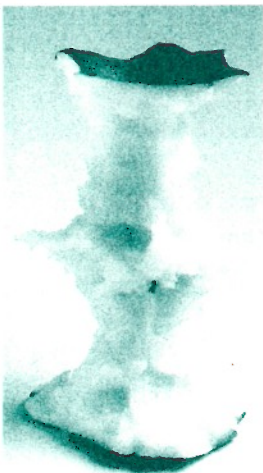
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of options for lowering production costs or raising apple income.

The hardest part for Chuck was finding employment that was as satisfying as producing apples. He now works for the Bartlett Tree Company, where he uses his knowledge of how to properly care for and nurture trees.

Unlike other apple growers they've seen in difficult circumstances, the Andrews family was fortunate to stop farming before they were in debt. It took the family about a year to come to terms with the emotional and financial changes involved with the decision to leave apple farming. As many growers facing a similar decision can understand – it is a long process to recognize, and believe, that poor results of business decisions do not mean that poor decisions were made. And any successful business plan should address the exit strategy.

The help and support from New York FarmNet and Cornell Cooperative Extension was invaluable, Alice says. After two years, her and Chuck's ambivalence about no longer growing apples has diminished somewhat.





# BARTON ORCHARDS'

## *Flexibility and Diversity is Key*



Peter Barton.

Peter Barton, along with his mother and father,

Rose and Bruce Barton, farm 122 acres in Poughquag, Southern Dutchess County. While the family has a long history in the fruit business, the Bartons started this farm business 25 years ago and had a warehouse facility capable of handling 70,000 bushels of apples. They were strictly wholesale until 16 years ago when they opened an off-farm market. The added value for their direct-marketed fruit enhanced their wholesale operation and helped pay for their spiraling land taxes. This worked well until the early '90s when higher production costs began to outpace wholesale prices. They have been totally retail since 1993 and today they market apples, cider, pumpkins, squash, stone fruit, small berries, grapes, corn, and popular vegetable varieties.

The decision to change their operation to a completely retail setup by the early 1990s was not without resistance from Bruce Barton who favored a more conservative change process.

However their location was ideal to start an on-farm retail business. Over the years the area had become highly residential and they were nestled between an elementary school, park, and the biggest housing development in their area. While the location is ideal for retailing a product, being so close to a large residential area had its drawbacks.

The effects of spraying was a big concern for both the home owners and the school so the Bartons made a concerted effort to encourage school trips as both an educational event and promotion of good relationships. As walkers began using orchard property as a thoroughfare, the Bartons accommodated them by creating pedestrian walkways through the orchards. In large suburban and residential areas there is a disconnect between consumers and food production. In this respect, the farm is a living educational experience demonstrating to some visitors and especially children, that apples grow

on trees, pumpkins on vines, etc., underscoring the value of maintaining agricultural land in or near highly populated areas.

Today the Bartons have what Peter describes as a high-energy operation, that is very family oriented. It is a popular destination during September and October and the Barton's work hard at making the trip an all day family outing and fun experience. They offer a large concession stand, corn maize, pick your own fruits and vegetables, play area for children, live music, pony rides, night time haunted hay rides, special events in the fall, and of course the farm market with bakery. Some rides and activities have a fee attached, which can be accessed through tickets sold at their ticket booth. They can park up to 1300 cars and some weekends during peak leaf season, the lot is full.

In general the Bartons have been successful. However, Peter Barton shared that the 2002

order to improve the appearance of the orchards for customers. Ironically, the 2000 crop production was the basis for the AMLA II, and III (apple market loss assistance) monies that were included in the newly signed farm bill.

The losses of over 10,000 bushel of processing apples were not included in the farm's production. The 2001 crop year brought a freak hailstorm to the farm on July 3. Even with the extreme damage to all the crops, and the initial losses incurred after 9/11, the excellent late marketing season brought large crowds and the farm was able to break even. The record freezes in Spring 2002 left them with two percent of a fruit crop, a record for the farm's

**Totally retail since 1993,  
today, Barton Orchards  
market apples, cider,  
pumpkins, squash,  
stone fruit, small  
berries, grapes, corn,  
and most popular  
vegetable varieties.**

production. This, however, is not what hurt them the most, as it was possible to get fruit from other sources. The most damaging factor was the run of rainy and chilly weekends in September and October that dramatically limited the number of customers. Most business is done on weekends, and the biggest chunk of the year's receipts is realized during these two months. It will be very hard for them to continue to sustain these types of losses.

Crop insurance, a valuable strategy against losses due to natural disasters for wholesale sellers, pays less to retail producers because compensation is based on production of the harvested fruit. There is a great deal of waste in pick-your-own operations and that translates to unharvested fruit which insurance does not cover. The Bartons need market insurance or Adjusted Gross Revenue Crop Insurance (AGR), which is now only available to New York counties included in an original pilot program. The pilot program is essentially over and the insurance availability continues, but the language did not change. Dutchess County was not one of those pilot counties and therefore they still cannot purchase the insurance. This is an issue Peter Barton is actively trying to work on with state and federal legislators to change. He also wants his county to be eligible for agri-tourism grants available elsewhere in NYS but not in Dutchess and Ulster counties. As



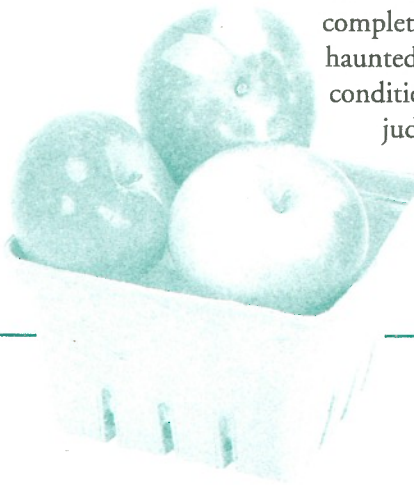
season was a rude awakening. No matter how hard you work and how much you can offer the public, some things are beyond the fruit farmer's control. The past several years have been problematic. In 1999, the West Nile Virus scare severely impacted their October school trips due to abrupt cancellations by the districts. The 2000 crop year was bountiful. Normally the apples dropped or not picked during the pick-your-own season are sold to cider plants. However that year, the cider market was depressed and no fruit left the farm for processing. They ended up mowing them in

traditional lenders like Farm Credit and commercial banks are reluctant to invest in fruit operations, these grants would be a potential boon. He also feels it is important for farmers to be active in their local agricultural advisory boards to maintain agricultural zoning and tax benefits.

The Bartons are now in the process of re-evaluating their operation. They have too much invested in their retail business to leave it completely. They recently started offering haunted hayrides but the adverse weather conditions this year made it impossible to judge its potential popularity. They hope to be able to recover their investment in the future. However, diversifying more of the business into value added ventures is under

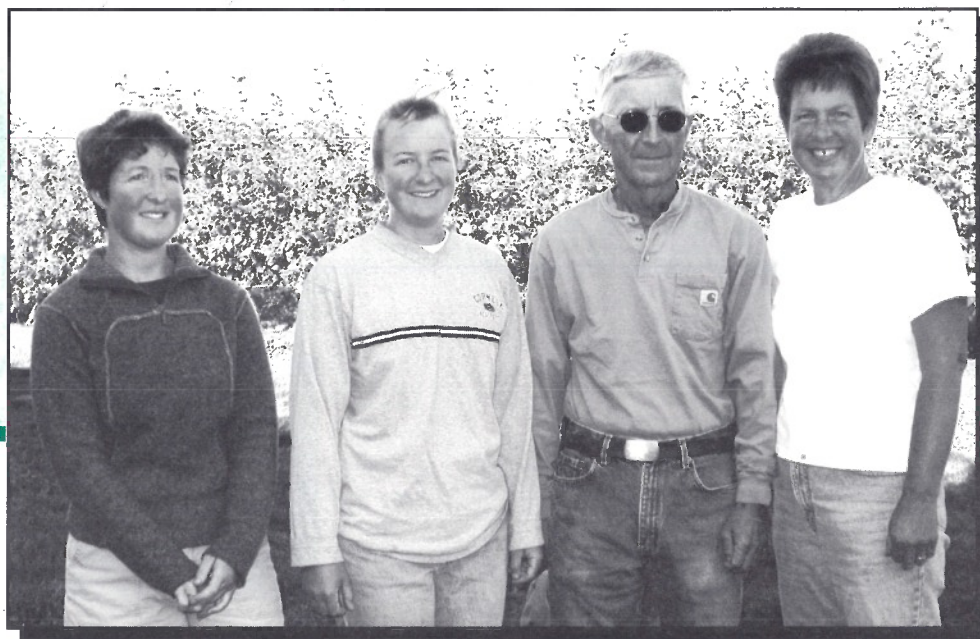
consideration as this may help them overcome the factors they have no control over like weather or limited control over like the whimsical government programs.

Peter Barton advises new growers to take it slowly. They need to be aware of their customer base and find their own niche, but that requires research and creativity. He also feels fruit growers need to be attuned to the political process and be more active since survival depends on favorable legislation and not being left out when it comes to grants and new programs. Farmers should be involved in their local Planning, Zoning, and CAC boards to help preserve agricultural and open space. Lastly, growers need to build flexibility and diversity into their operations to allow them to spread risk and adapt.





# LOOK TO THE FUTURE *and get Involved*



**I-r: Amy, Jennifer,  
John, and Evelyn  
Halsey.**

## John Halsey with wife, Evelyn, and their two

daughters, Amy and Jennifer, operate a retail fruit operation on their 70-acre farm in Water Mill, NY, located in the Hamptons on Long Island. John Halsey is the eleventh generation to farm this land. The first nine generations were self-sustaining farmers. John's father was the first generation to farm commercially and John is the first generation to retail.

The Halseys are no strangers to change. As a young man, John started out as a dairy farmer but was concerned about the viability of his operation. In 1969, he married Evelyn and credits her with the brainstorming which changed the business from a dairy to retail farm stand selling apples. They started out retailing the apples Evelyn's parents grew on their retirement farm in Vermont. Three years later they planted their own orchard and now they produce virtually all the fruit they sell, along with such products as cider, flowers, produce, and gift items.

As they raised their two daughters, the Halseys taught them to be independent. They welcomed the thought of their daughters becoming the twelfth generation to farm the land. However, it had to be their own decision. During the last five years, as the Halseys considered their options for the future, they included the possibility that one or both of their daughters would not want to continue on the farm and had a downsizing plan to enable them to slow down and eventually cease active farming and retailing. If their daughters decided to join them, each had to have a plan to bring income into the operation to enable the farm to support more people.

Today both Amy and Jennifer Halsey are a part of the farm. Amy graduated college as a plant science major. She has added an on-site greenhouse and retails her products in the farm stand. Jennifer graduated college with a degree in pomology and has added peaches and



pumpkins to the retail operation and contributes her mechanical and record keeping expertise. Both young women took as many courses in business, retailing, and management as possible. The inclusion of their daughters in the farm enterprises has generally been positive. John Halsey characterizes this transition as 80 percent wonderful experience and 20 percent working out the rough edges.

The Halseys handle change through collaboration. Along with good communication patterns among family members, they have utilized Farm Credit services extensively as well as Cooperative Extension. They feel looking toward the future has to be part of the big picture.

When the Halseys began their fruit operation over 30 years ago, the Hamptons were still largely agricultural areas on Long Island. That has changed dramatically to a predominately suburban area with most of the available land developed as home sites or for commercial use. Some

active in local government to impact on zoning and other ordinances which will continue to make agriculture possible. Once regulations are passed that are unfavorable to agriculture, it is hard to back pedal. Unless farmers are aware of trends, suburban interests, and strategies for co-existing, they will find they have surrendered their equity in their land to regulations that make it impossible to

continue farming or maintain land value.

The Agriculture District Act makes it possible for land zoned agriculture to be taxed at a lower agricultural use rate. However, the challenge currently in areas like Long Island, where the best and highest land use is prime building lots, is to keep intact the areas zoned for agriculture. The difference in the two tax rates is the difference between staying in business and being forced out. What is currently taxed at the rate of \$10 an acre, for example, would go to \$500 an acre if taxed residential. It is clear to John that his family could not continue in agriculture if the zoning changes.

Besides regulations that impact such things as manure distribution and chemical use, farmers have to be proactive in promoting and keeping these favorable tax incentives for open space and agriculture, while maintaining the right to cease agriculture and sell their land at full market value without major restrictions as concessions for these favorable agricultural tax rates. The farmers have to make sure agricultural planning boards are active in their local municipalities and they need to anticipate what will be needed in order to protect their interests. The key is looking toward the future when even current rural and agricultural areas will slowly change as more and more homes are built.

Change is inevitable, according to John. You have to look at the long range picture and plan for it. Agricultural land owners today need to put as much importance into land planning as they do into growing and marketing.

**Agricultural land owners today need to put as much importance into land planning as they do into their growing and marketing.**

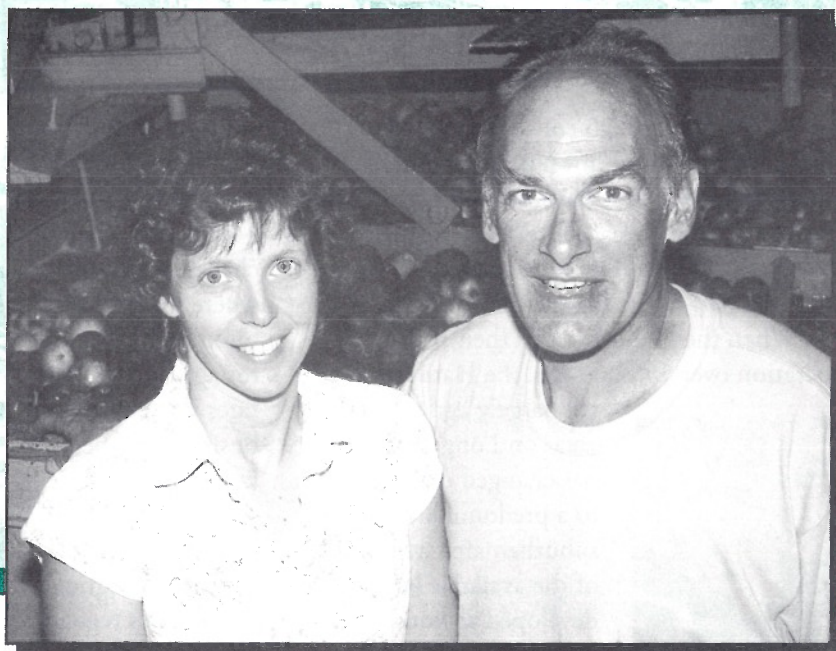


agriculture still exists but the challenge now is how to protect these interests while co-existing with the needs and preferences of suburban home owners. The positive side is increased land values and population concentrations for marketing purposes. This provides the customers that make the farm market successful. With few other fruit producers in their area, they are able to retail all that they produce. John Halsey is adamant in his advice for farmers in general to become more



# CRIST BROTHERS ORCHARDS

## *Focus on Quality and Production*



Jeffrey and Joy Crist.

### Jeffrey Crist and his wife, Joy, operate Crist Brothers

Orchards, in Walden, NY, in the lower Hudson Valley. Jeff is the fourth generation to farm this land. Beginning in 1883, the first generation of Crists operated a general farm. The orchards were expanded and developed during the first half of the 1900s. The Crists now have 600 acres under production: 500 acres they own, and 100 acres they lease.

Surviving in today's market is a challenge. World-wide overproduction and the strong US dollar has created competition for markets traditionally supplied by the northeast apple growers. Compounding the marketing problem, the recent trend toward retail consolidation has decreased the number of wholesale customers. This, in combination with an abundant supply of apples, creates a "buyer's market" in which returns to the farm are often below levels that

allow the farm to survive. The weather has also been a stress factor; the Crists have experienced extensive crop losses due to severe weather the past few seasons.

Some retail marketing is done, but retail volume does not generate enough revenue to cover costs and make the necessary investments to stay current with increasing market and safety demands. More stringent regulations help insure a safer product but do not bring a greater price per box to offset the extra costs involved.

The Crists have tried to bridge the income gap and market their crop by working with brokers and other growers. Jeff is hopeful that some of the market instability due to overproduction has begun to balance itself with reduced apple acreage in the United States. The challenge with the remaining acreage is



whether the apples and green farmland they come from will be valued enough by consumers.

Under the current economic conditions, the Crists have tried very hard to keep their

production and the quality of fruit high, and debt load down. Because of good budgeting practices and careful purchase decisions, the Crists have been able to keep their debt low. Jeff feels that if they had a high debt load they would be out of business. The current high selling price of land in his area helps to offset risk. Some farmers use this factor to their advantage by the careful selling of a small parcel of land for investment capitol to keep debt down.

Jeff feels that as a farmer he is no stranger to stress, but decision-making is a cooperative effort between himself, his wife, and his farm managers. He trusts his managers and this collaboration has worked for them. He tries to keep current with today's market by planting new varieties and learning about new growing and storage techniques. He consults regularly with Cooperative Extension and Cornell

University for production, storage, and regulation updates. He works with Agriculture and Markets at the State level, especially on marketing issues for New York State apples. At the federal level, USDA has improved crop

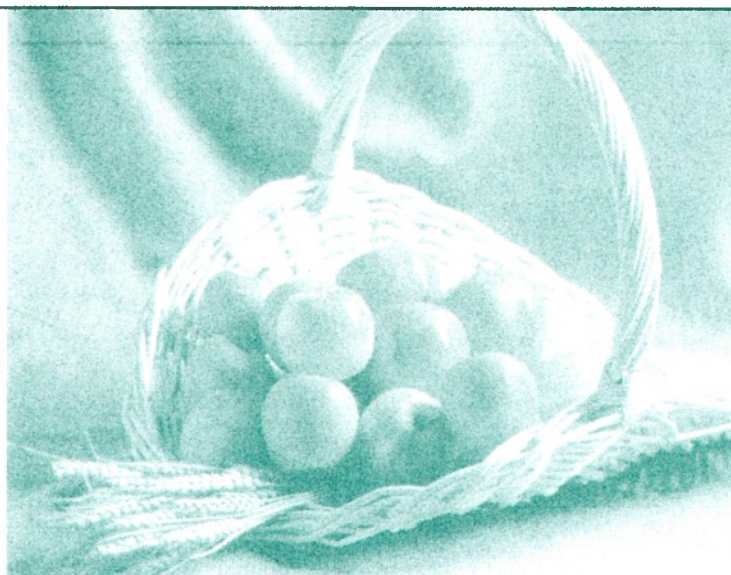
insurance programs and Congress has responded with some assistance, which has helped in recent disaster years. Farm Credit has been an important resource for the Crists.

Jeff feels it is important for today's fruit growers to get involved in organizations, both at the state and federal level, and to do their share of the work on behalf of the industry. He is active in various apple associations and

stays in contact with state and federal representatives who impact government policy.

"The apple industry needs to invest time as a whole to move government policy in the direction that favors our well-being and positive market outcomes," says Jeff. "Because so much of what impacts the fruit industry currently is beyond the individual's control, today's farmer has to know the markets, communicate with others, and spend time helping the industry overall," he says.

**...it is important for today's fruit growers to get involved in organizations, both at the state and federal level, and to do their share of the work on behalf of the industry.**



# REASONS *for Leaving Farming*



**Dennis and Diane  
Chaissan.**

## Why did Diane and Dennis Chaissan decide to

exit apple farming in 1999 — a decision that surprised many in the apple industry.

Diane is a member of the Crist family — a family long known as Hudson Valley apple farmers — and the Chaissans have farmed in the Hudson Valley since 1910. The farm business started with a “general” farm — fruit, vegetable, cattle — but, in the next generation, Silvio Chaissan focused on apples, adding acreage, packing and cold storage operations. Dennis came back to the farm in 1977 with a pomology degree from Cornell. With his father’s support, he soon became farm manager and purchased the farm business through financing arranged by Farm Credit of Middletown.

During the 1980s, Dennis and Diane made many changes, including expanding plantings of new varieties and dwarf trees, purchasing another farm, and installing trickle irrigation for more efficient water use. They had the support of Silvio, and drew on the resources of the Cornell Highland Fruit Laboratory and Cornell Fruit Specialist Warren Smith as well as Farm

Credit professionals. Dennis and Diane divided management responsibilities: Diane managed the office and accounts, and Dennis managed production.

When prices started to stagnate, the Chaissans tried u-pick sales for a while but felt u-pick did not pay. Contracting in the export market and supermarket sales through the United Apple Sales organization was their main source of income, which, Dennis points out, meant business decisions were driven by European and supermarket customers.

Dennis particularly valued working with a group of other Hudson Valley apple growers who provided production and financial information for the Farm Credit Fruit Farm Summary. Even though they were all independent operators and competitors, the group was willing to share all types of business information.

In the mid-90s, a different group of growers (including the Chaissans) decided to build a \$3M packing and shipping facility funded by an



economic development grant, a local bank, and funds from each of the six growers.

Dennis says his ultimate goal was to free up his time from marketing in order to focus on producing a better quality product for the market. Unfortunately, that goal was not reached. In 2002, after three years of bad weather and what Dennis describes as the “Hudson Valley Culture” (a history of very strong independent growers rather than a history of cooperation), the business was financially stressed.

Diane and Dennis began their exit thinking in the late '90s, and spent two to three years making their decision.

Their list of reasons follows. Dennis and Diane agree the list is pretty much in priority order:

- No fun. Frustration fighting weather, prices and employees.
- No money. Stagnant prices. Had to use up equity.
- Children didn't want the farm.
- Had to pay increased wages (more than minimum) to employees they had little choice in hiring.
- New people moving into the area did not understand farming.
- Globalization of the market. Supply and demand.

- Taxes too high — both land and employment.
- Opportunity costs — land values too high to be used for farm land.
- Difficulty finding year-round employees.

Dennis says, “We got tired of saying ‘Maybe next year’. The return on investment was too low, and the debt per acre too high.”

Both Dennis and Diane felt young enough to make the change.

Diane went back to school and now holds a master's degree with 30 additional graduate hours and works as a school business administrator for two Hudson Valley school districts. Dennis had lots of farm business contacts and local contacts from years

**“We got tired of saying  
‘Maybe next year’.  
The return on investment  
was too low, and the debt  
per acre too high.”**

of community involvement. Coupled with his knowledge of land values, contracts and related legal questions, he was able to become an independent real estate marketing consultant, working on commission. The housing market in their area of the Hudson Valley makes their remaining 200 acres highly desirable for housing and sub-division — Dennis' specialty.

The Chaissans feel their decision to move on from their family apple farming history was right for them. Given the situation faced by the remaining Hudson Valley apple growers, they also feel they made their decision at the right time.

# FRUIT VALLEY ORCHARD'S TRANSITION *to the Retail Market*



Martha and Jack Torrice.

## Jack and Martha Torrice grew up in New England

and had dreams of owning an agricultural business. They first evaluated owning a dairy farm, until a family friend in Massachusetts interested them in fruit farming. In 1985, the couple realized their dream and purchased Fruit Valley Orchard near Oswego.

A previous career in property management provided Jack with skills he now regularly employs to make crucial decisions for the family's business. Each enterprise is evaluated on its own merit and contribution to the business as a whole. Computerized accounting is not utilized, but an accurate method of manual record-keeping provides information necessary to make critical business decisions. As a result, Fruit Valley Orchard is vastly different than in 1985.

Fruit Valley Orchard produced approximately 35,000 bushels of apples annually at its peak in the 1980s. Today, total production

is 15,000 bushels per year. Apple acreage is now at 52 acres, compared to 95 acres when Jack and Martha first purchased the farm. Removing acreage from production has been more profitable than growing fruit for the processing market. Approximately half of all apples sold are fresh apples, with the remainder going for processing and wholesale sales. Fruit Valley Orchard is also a member of Premier Apple Cooperative. This affiliation helps them get a higher price for their produce. Other market channels utilized by the business include the Thruway market and a Long Island wholesale outlet, which offers higher returns.

A major shift in business has been to expand retail sales through a farm market. This has been a slow increase that now accounts for approximately 20 percent of gross receipts. Two greenhouses are new additions to the business and provide flowers and hanging baskets to add



to the product mix.

Expanding greenhouse product sales is a short-term objective for Jack and Martha, owing to a higher profitability margin than other enterprises. Low profit margin enterprises are abandoned in favor of more profitable alternatives. For example, cider production was one business component recently phased out, due to high costs and low returns.

Adding value to existing products to improve profitability is a new direction for Fruit Valley Orchard. Jack worked with Bob Kime and Tracy Harris at the Geneva Experiment Station

to develop a line of gourmet apple juices derived from fresh juice. New products include Fuji apple juice, raspberry-apple juice, and pear juice. Production was

outsourced. Jack is currently searching for another source to produce and bottle gourmet juice from the farm's fruit. Creating gift packs for customers is another example of a value added product offered by the farm.

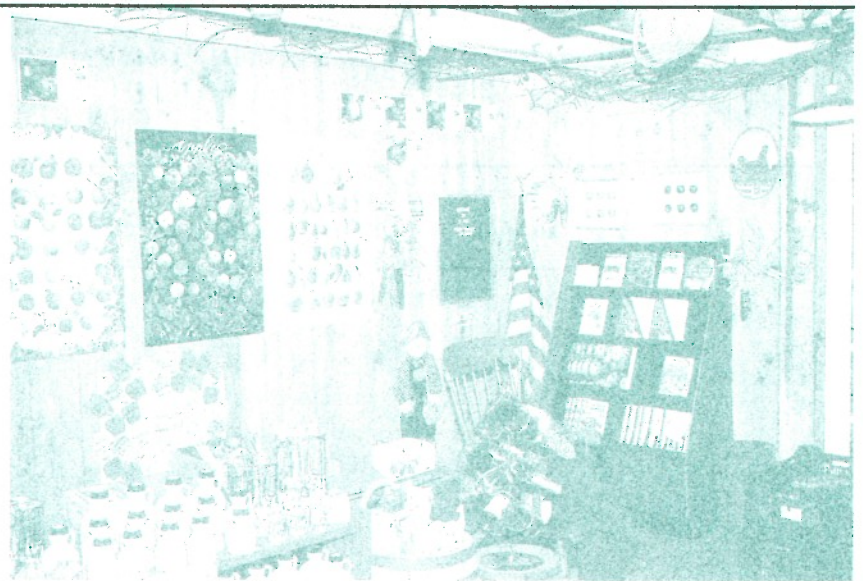
New plans for the business are to create a web site to expand marketing activities, and acquire a computer for record-keeping.

Change is constant at Fruit Valley Orchard. Five years from now, the business will differ in many ways from the way it is today.



**l-r: Clair, Kyle and Seth Torrice.**

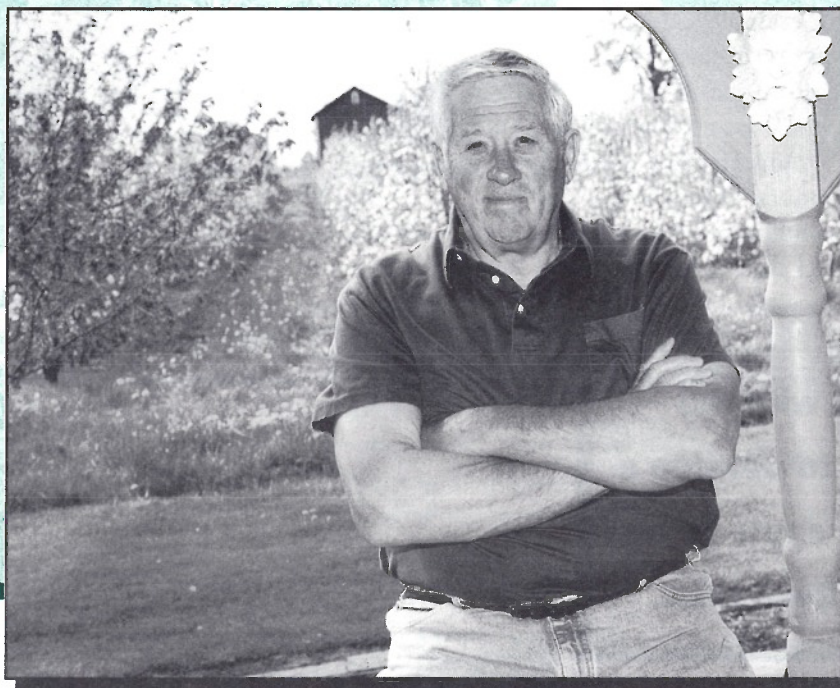
**Jack worked with the Geneva Station to develop a line of gourmet apple juices derived from fresh juice.**





# LESSONS SHARED

## *from a Lifetime of Fruit Farming*



Sheldon Furber.

“In retirement I have gained more of the most

important commodity that there is – time,” says Sheldon Furber, a retired third-generation fruit grower in Wolcott, NY. Sheldon wasn’t eager to leave fruit farming, but he realized that, at age 70, retirement for him and his wife, Jackie, would give them more time to participate in community activities and to pursue hobbies.

The Furbers’ son, Brandon, had been in the fruit business with them for 20 years. Early in 1999, when the elder Furbers began talking about retirement, Brandon was also ready for a career change. Brandon returned to college to earn a teaching certificate, and the elder Furbers became active retirees.

Fortunately for the Furbers, their neighbors wanted to buy their 700-acre fruit operation. After several meetings to negotiate the sale, the neighbors bought Furber Farms in the summer of 2000.

### **Lessons learned**

During a lifetime of fruit production, Sheldon has learned many things about the skills required to survive – and succeed at – fruit

farming. Here are 12 ideas he offers to other growers:

- **Spend time with your peers.** One of the things Sheldon enjoyed most about farming was meeting with his peers. Informal chats at the coffee shop and formal meetings through Extension meetings helped Sheldon keep abreast of new developments in fruit production and farming techniques. Through the years, he frequently spoke with Alison DeMarree, an area fruit specialist and with other Cornell Cooperative Extension Agents to discuss his farm and the state’s fruit industry.
- **Keep good business records.** This is one of the most important things a farmer needs to do to be successful, Sheldon says. Records must be reviewed and a grower’s business plans and goals updated regularly. By doing so, you can evaluate your income and expenses position, Sheldon says.

Jackie Furber assisted her husband with business records. She took care of the farm’s office work and kept updated on the ever-changing and complicated government



**Records must be reviewed and a grower's business plans and goals updated regularly.**

regulations through Cornell Cooperative Extension trainings.

- **Provide employee housing if possible.** In 1990, utilizing a low-interest USDA loan, the Furbers built a brand new employee housing facility, replacing the old one that had been

built in the 1960s. Being able to provide excellent quality employee housing allows growers to hire a more stable seasonal workforce.

- **Work cooperatively with other growers.** Through the years, Sheldon has joined neighboring fruit farmers to form various cooperative organizations. Working together has benefited everyone involved. The first

venture was a purchasing co-op, where the neighbors joined together to bid-out input purchases and negotiate a better price. The growers then formed a marketing co-op and built a cold storage facility with capacity for more than a million bushels of apples. The group hired a manager and a sales person to negotiate sales. Later on, the group developed a packing co-op.

- **Maintain your farm's equipment.** Sheldon's conscientious maintenance of his farm equipment kept it in top operating order, thus avoiding costly down time during harvest and reducing additional stress.
- **Establish a line of credit with a lender that understands farming.** It's critical to develop an accurate financial statement to present to a loan officer, Sheldon says.
- **Be active in politics.** Government regulations can be expensive and troublesome to farmers, Sheldon says. It's helpful to be active in politics so that you know, and are known by, your state representatives. They can intervene on your behalf.
- **Develop an estate plan early in your career.** Get advice from a tax lawyer, accountant, or a New York FarmNet financial consultant - not someone who has something to sell, Sheldon says. Planning in advance before you are considering retirement, can help minimize capital gains taxes.

One other piece of advice: Rather than hire a lawyer on a contingency basis, pay his

hourly fee so that you know what services you are receiving.

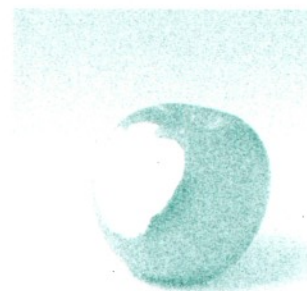
During each of the Furbers' business transitions, the family sought expert advice, working at different times with their accountant, who is also a tax lawyer. George Allhusen, a New York FarmNet financial consultant, was also helpful regarding a school tax issue.

- **Know what you enjoy.** If you are thinking about entering farming, be sure you really know what you enjoy doing before you take the plunge, Sheldon says.
- **Learn to manage the stress of farming.** Sheldon reminds us that detailed planning, good record-keeping, sharing responsibility with your spouse and family, and keeping up your equipment can help farmers manage stress.
- **Be involved.** Gather knowledge about your business by being active in farming associations, reading books and farming magazines, as well as discussing ideas with other fruit farmers in your area, Sheldon says.
- **Develop good relationships with employees.** It's important to develop rapport with employees to help ensure that the same crew returns each year.

### **Busy after all these years**

A lifetime of growing fruit not only taught Sheldon many lessons, it left him with good memories and close relationships with fellow growers and his family, having farmed with sons Brett and Brandon for many years. Sheldon proves that there is life after growing fruit. He is still a member in many organizations such as Extension, Farm Bureau and the Horticultural Society. When he was actively farming he held elected offices in these organizations. He's also very involved in the Veterans of Foreign Wars, having served in the Korean War.

The Furbers and their sons each kept their homes and five acres of land surrounding the homes after they sold their farm, so Sheldon can still tinker in his shop.



# JOINT VENTURE

## *Benefits the Smiths' Farm Business*



### Jeff and Charlene Smith, Medina, NY, fruit

growers, have made many changes during their 26 years of marriage. Every change has had its joys and its stressful moments. But the Smiths have always been able to pull together as a team and work through the rough spots.

You would expect no less of people who are operating a farm that's been in Jeff's family for 100 years. His great grandfather began farming in the Medina area in 1898. The farm in those days was a mixed bag – dairy cows, field crops and fruit trees.

Eventually, Jeff's grandparents and parents grew their farm business to thousands of acres where they produced grain, hay, peas, asparagus, apples and tart cherries. The family continued to operate a dairy and sell registered Holsteins. They even raised hogs and quarterhorses.

#### **Back to the farm**

Jeff and Charlene met at Cornell University where he earned a degree in agricultural education and she studied natural resource conservation. After graduating in 1976, and marrying soon after, the Smiths returned to his family's

farm. But, as frequently happens in family businesses, roles were not clearly defined and the young couple did not receive a salary for their work.

This prompted them to make their first change. Jeff got a teaching position in Lowville, NY, and the young couple moved. But change was in the wings. A year after the Smiths and their infant son, Jeremiah, had moved, Jeff's father asked him to come back to the farm and enter into an operating partnership with him.

At the time the Smiths returned home, the cherry market looked promising, and the Smiths bought a cherry shaker. But when the bottom dropped out of the tart cherry market, they changed course once again. The Smiths removed the cherry trees and sold the equipment. Eventually, the family stopped growing field crops and concentrated on apple production.

#### **Writing on the wall**

Jeff uses a DOS-based computer program to keep exact yield records for each orchard, apple



variety, market, and the amount each employee picks. With such detailed records, Jeff saw the market trends. It was clear: Competition was increasing, operating expenses were growing and fruit prices were dropping.

Growers often can get a bigger share of the consumer dollar if they sell retail. Knowing that, the Smiths borrowed money in 1990 and built a farm market on their farm. Jeff's mother had always sold some apples in her front lawn, and the Smiths hoped that increasing retail sales would improve their bottom line. They hired their three teenage children, Jeremiah, Guinevere and Jocelyn, to work in the market.

Like many transitions, this was stressful for the Smiths. The family tried several strategies, including a petting zoo and ice cream parlor, to develop a niche for their market. But competition from a new ice cream shop in town drew customers away. The Smiths observed that farm markets on east-west roads in their area seem to be more profitable than markets on north-south roads, as the Smiths' market is.

Unfortunately, when Jeff's father died, he had no will. As an operating partner, Jeff was left with a sizeable debt, placing more stress on the family.

When Jeremiah Smith graduated from Cornell University in 1996 with a degree in horticulture, his parents would have loved for him to come back to the farm. But they knew that it couldn't support the younger generation. Their daughters are also pursuing careers outside of farming.

#### **New business venture**

Three years ago, after discussing it with a local lawyer, Charlene and the Smiths' neighbor, who is also an apple farmer, entered into a Limited Liability Corporation (LLC). The LLC hired Jeff to help manage the farm.

The following year he took a full-time teaching position and is now enrolled in a master's degree program.

The innovative business partnership between the Smiths and their neighbor has been helpful for both farms. They can share their employees. And in years with weather disasters, one farm may be spared damage when the other isn't.

#### **Live and learn**

Jeff and Charlene Smith know change is inevitable and that stress is part and parcel with change. To sustain themselves during difficult times, they believe that:

- A supportive spouse is essential. The Smiths have weathered many ups and downs caused by economic changes and the stress of working in a family business by supporting each other.
- Apple growers must enjoy working with trees. And they must learn to cope with disappointing yields caused by frost, hail

or drought and competition from countries such as China that can grow and import fruit more cheaply than domestic fruit can be grown.

- Off-farm income sources are often necessary.
- Fruit growers must take a realistic look at their income vs. expenses. Do not be afraid to change or alter your strategy if you realize that you cannot make ends meet, the Smiths say.
- Finding an underserved niche market can help a farm's bottom line. A farm market can be successful if you have a good location and can add something distinctive to increase your customer base.

Jeff and Charlene Smith have made several career changes through the years. They have set up a unique LLC with a neighboring fruit farmer that has had benefits for both farms. Since the Smiths are both teaching school full time, they may consider more transitions in the future.

**The innovative  
business partnership  
between the Smiths  
and their neighbor has  
been helpful for  
both farms.**



# CHANGE IS CONSTANT

## *at Beak and Skiff Apple Farms*



**l-r: Candace Morse, Jacklyn Beak, Stephen Morse, Mark Fleckenstein, and Timothy Beak.**

### In the early 1900s, the Beak and Skiff families

merged businesses to create Beak and Skiff Apple Farms. This was merely the first of numerous changes that have taken place on the farm. Orchard acreage peaked at approximately 600 acres but is now at 350 acres. The farm stopped renting land and removed old varieties as they reduced their acreage. Despite this reduction in overall acreage, the business has grown in other ways. An emphasis on expanding retail sales and developing unique value-added products has positioned the business well for future growth.

A pick-your-own apples enterprise was added in the mid '70s. Acreage expanded from 50 to approximately 70 acres of pick-your-own-apples. Electronic scales were added in the late 1980s to improve accuracy for customer purchases. On a good day, close to 6,000 customers pick apples at the farm. Five check-out stations

and four wagons help customers have an enjoyable experience at the farm when picking apples.

The orchard's location presented an opportunity for building a retail farm market, and renovations to an old barn established a retail center in the late '70s. At first, gross receipts from this enterprise were less than one percent of total receipts. However, retail market sales now comprise approximately one-third of total receipts. Items such as baked pies and gift boxes are merely two examples of new ideas that have added to overall sales. A computerized record-keeping system enables the farm to track each new enterprise, and evaluate its return to the overall business. Adding value to apples is viewed as a growth enterprise for the business, while wholesale apple sales are a declining business enterprise.



Wholesale cider augmented the product mix in the late 1970s. However, a method to extend shelf life was needed to expand supermarket sales. The apple farm connected with Bob LaBell, at the Geneva Experiment Station, to evaluate methods for preserving freshness. After considerable experimentation, a commercial pasteurization process was developed for the farm in 1979. Beak and Skiff was a pioneer in utilizing pasteurization for cider, which later paid dividends when cider sales experienced a resurgence when *E. Coli* became a concern. Wholesale cider revenues now account for approximately one-third of total gross receipts.

Attending a Cornell Cooperative Extension meeting on making fruit wine stimulated a new value added venture. Bob Kime, at the Geneva Experiment Station, helped the farmers experiment with recipes for making apple alcohol products. Product development took

approximately two years. Obtaining a license to sell farm-produced alcohol products also took considerable time. An unoccupied farmhouse is now the site of a tasting room and is an example of how an underutilized resource can become an integral part of a new enterprise.

**An emphasis on expanding retail sales and developing unique value-added products has positioned the business well for future growth.**

Marketing via the Internet is another change that has increased exposure for the farm. Customers can find general information, as well as order a variety of products online. One can go to <http://www.beakandskiff.com> to see how the

Internet can be integrated into overall marketing efforts. Other marketing channels include radio and newspaper promotions.

Although change has been continual and effective, one factor remains the same as in the early 1900s: multiple business partners from both families still operate and manage the farm.

Beak and Skiff Apple Farm has changed considerably over time and will continue to explore opportunities for future growth.

# NIAGARA COUNTY GROWER CHANGES PRODUCTION *to Meet Current Demand*



Jim Bittner.

Jim Bittner has managed to operate a profitable

fruit business in New York State by following four tenets. He:

- Works closely with packers.
- Produces the varieties, sizes and color of fruit that packers and consumers demand. To do this, Jim investigates which fruits are most profitable in the marketplace. Then he gathers information about the soil type, climate and know-how needed to grow the type of fruit that will satisfy customers. Armed with that information, Jim decides if that crop will grow well on his farmland.
- Strives for diversification.
- Bases decisions of what to grow on economics. Jim keeps good records and uses them to analyze whether a particular fruit is making money. If it's not, Jim cuts down the trees.

The decision to remove a tree is a separate decision from identifying what you want to plant in its place, Jim explains. Having bare ground is less costly than having an orchard of fruit that no one wants.

Jim grew up in Niagara County where his father was a part-time cattle farmer. As a young man, he was active in 4-H and FFA and graduated from Cornell University with a degree in agricultural economics.

Jim was a dairy farmer for 10 years before entering into a partnership with Tom Singer of Singer Farms. Singer, who is a semi-retired executive of an aluminum company, brought some land to the partnership that was part of his family's farm. Jim added land he owns, plus the partnership rents land on long-term leases, some



for 15 years. All total, Jim manages and farms 500 acres. About half of it produces apples and half produces stone fruit.

It's more profitable to rent land than to put equity into buying it, Jim believes. With a 15-year lease, it's cost effective to plant peach trees, which will near the end of their productivity by the end of the lease. There are times when Jim can negotiate a land lease where what he pays is equal to the amount of the taxes on that land, he says. The location of the land is important, however, because stone fruit require a climate that is tempered by proximity to the lake, and they need well-drained soil.

#### **Variety, the spice of good business**

Diversification has been a hallmark of Jim's business, growing a number of different fruits and berries. Tom who leaves most of the decisions on crops to grow to Jim, offers this advice: "If it makes economic sense to you, Jim, go do it."

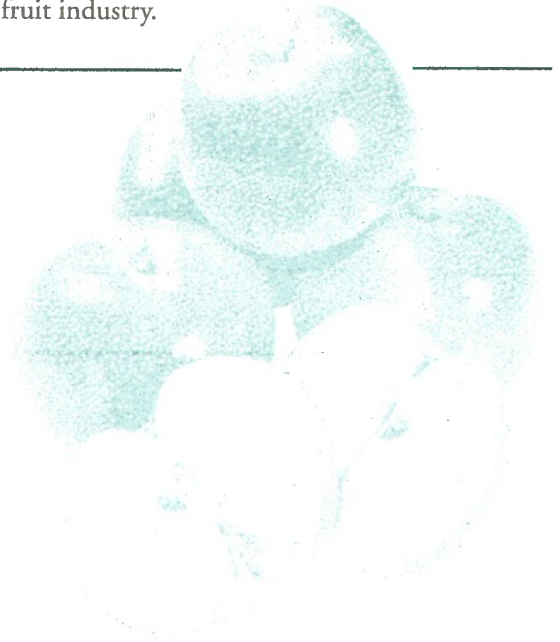
In a search for niche markets, Jim currently grows 35 acres of certified organic apples. He also grows patented Japanese plums, a crop whose production is controlled. These plums bloom early, making them temperature sensitive.

Other niche crops include currents, gooseberries, Aronia berries, Asian pears, flat pinto peaches, white peaches, white nectarines, northern Kiwi and Hops (used to make beer). His sweet cherries are hand-harvested so the stems remain attached, meeting the market requirement.

Together with four other growers, Jim has established a cooperative to pit their tart cherries to be processed for pie filling. He also grows and brines cherries that are processed into Maraschino Cherries.

Jim actively seeks new markets for his produce and produces new fruits for his markets. Flexibility and diversification have helped his business remain profitable in the current sharp downturn in the New York State fruit industry.

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# BIGGER

## *Isn't Always Better*



Judy and Steve Clarke.

### The Clarke family has farmed in the Milton area

of the Hudson Valley since 1817. They cooperate well across the generations, but not as legal farm partners. As Steve, the sixth-generation Clarke farmer puts it, quoting a classmate of his grandfather, "A partnership is a damn poor ship to sail."

Steve, a Michigan State graduate, and Judy, a Cornell graduate, own and operate a diversified fruit business — sweet cherries, peaches, apples, apricots and berries — offering extensive u-pick and selling at Green Markets in Poughkeepsie, New York City and Central Jersey. The farm business also includes two small controlled atmosphere rooms and a common room.

Judy, and daughter Pam, who returned to the farm after college in 1995, oversee the Green Market operation. The Clarks also employ son Brad, two full-time workers, and up to 12 workers during harvest season. They have employed Jamaican Green Card employees for a number of years, but are considering switching

to Mexican labor because employing them might allow more flexibility. Brad Clarke rents 35 acres from his grandfather and is involved with the u-pick customers.

Farm Credit of Middletown, NY, handles the finances for Clarke Farms. The Clarks also take advantage of Cornell Cooperative Extension resources, and read many trade journals. (Steve served as president of the CCE Ulster County board of directors.)

The Clarks recognize the impact of global markets on year-round fruit supplies and customer demands for higher quality products. They want to increase their focus on different produce/products that they can retail locally. As Steve says, "Anytime you stay with something too long you can get stale in your thinking!" He also takes exception to the idea that businesses always have to get bigger to succeed. He feels it is not unreasonable to get smaller and more profitable. Plans are in the works to move from 100 acres producing 40,000 bushels to 35 acres



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producing 25,000 bushels. He says this will take fairly aggressive replanting using new Cornell developed rootstocks.

The excess land that is freed up by downsizing will support the next career Steve is thinking about which is becoming

a land developer and partnering with a builder. Steve and Brad already have a successful real estate corporation owning and managing rental property in nearby Newburgh.

Steve and Judy take time away from the farm operation to spend a month at their Florida condominium. They enjoy recreation with family, friends and neighbors in their backyard pool and on the volleyball court.

Steve and Judy agree that retirement is not in their future plans. Steve muses, "Why not develop special picnic basket menus tied in with pick-your-own?"

Why not, indeed, since change continues to be a way of life for the Clarkes.



# THERE IS A FULFILLING LIFE

## *After Selling the Farm*



### Fruit farming has not been an easy career. And

it is even more challenging today as New York State's fruit industry undergoes dramatic changes, forcing many fruit-farming families to question whether or not to stay in business.

The reasons behind the changes in the fruit industry are numerous and complex, including:

- Shifting consumer preferences.
- A shrinking number of fruit buyers.
- Market consolidation.
- Technological advancements leading to higher production.
- Free-trade agreements prompting more global competition and imports.
- Increased labor and environmental regulations.
- Higher operating expenses combined with lower product prices.
- Frequent weather disasters causing quality damage and loss.

One thing is certain: The challenge of growing high quality fruit, demanded by the marketplace at a profit, is being affected by these industry changes.

#### **Making a change**

For fruit growers who question their future in the industry, considering a career change is scary and implementing one is even more difficult.

So how did Lloyd Silsby, owner and operator of Silsby Farms of Gasport, NY, and a fifth-generation fruit farmer in his early 50s, find the resolve to sell the family's farm and homestead?

It wasn't easy, but Lloyd and his wife, Judy, have made a successful transition to a new life in Florida. "It's amazing to think back to where we

were a year ago, and compare that to where we are today!" Judy says. "In hindsight, we wish we had made the move sooner."

When Lloyd graduated from high school in 1965, he went to work with his father, brother and cousins on the family farm where he'd grown up. He learned the fruit farming business by watching and doing. The Silsbys have handwritten records from the 1940s and '50s that show the farm made more profit in those decades than it could today.

In 1996, Silsby Farms' operating expenses totaled \$240,000 with revenue of \$234,000, or a net loss of \$6,000. By 2000, expenses had grown to \$293,000 while income declined to \$210,000, for a \$83,000 loss.

The Silsbys realized that their fruit farm couldn't continue to operate at a loss. How could they meet their open accounts for operating expenses and their loan payments to the Farm Service Agency (FSA)?

#### **Taking a hard look**

Working with FSA's Jim Flint, the Silsbys looked closely at their farm's financial situation in November and December of 2000. Flint helped them acknowledge the financial reality that they had known, but tried to avoid seeing. He also helped the couple with their feelings of guilt about, "having failed in the family business."

Acknowledging the reality of the situation helped the Silsbys overcome the indecision and inertia that keeps people from making a career change. It was hard for the Silsbys to think about



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selling their heritage and leaving everything behind. However, the darkening economic picture made that the most prudent thing to do.

During this time, the Silsbys received support from their family lawyer and their accountant, both of whom had worked with them for years. The family was also aware of FarmNet services, and they discussed their concerns with Dick Howard, FarmNet Financial Consultant, and Ruth Maltz, FarmNet Family Consultant.

For Lloyd, one of the most difficult things to do during this transition was to put down on paper what he was capable of doing and had accomplished during his farming career. But he needed to do this in order to write a resume. Lloyd, who doesn't have a college degree, had to think about the many skills required to operate a farm and how to highlight his lifelong experience as a fruit grower.

Lloyd had managed a work force, prioritized jobs to be done, fixed equipment, and was a self-starter, motivated to attack the tasks at hand. Judy and her brother Tim, a lawyer who had worked summers on the farm with Lloyd, helped him write his resume. Lloyd wanted a job that capitalized on his strengths and paid him for his skills.

#### **Moving on**

The Silsbys decided to move to Florida, where Judy's brother, Tim, and her mother live. To lay the groundwork for the move, they contacted the Florida Farm Bureau and Cooperative Extension for information on farms in the area.

Judy credits her mother and Tim for helping them as both real estate agents and a job search company.

"It's invaluable to have someone in the area to help gather information and with the legwork," Judy says. She advises farmers considering such a move to connect with and pay for real estate and job-search services if they don't have family in the area where they're moving.

Judy and Lloyd visited several farms in Florida and were pleased with the reception. Some farmers actually told Lloyd that he was over-qualified for the jobs they offered. Experienced northern farmers are valued because of their skills, strong work ethic, employee management skills and abilities to prioritize work tasks.

Lloyd was offered three jobs. He decided to work for Thomas Produce, a 16,000-acre vegetable farm. He began work in May 2001, after the

family sold its home and farm.

Judy put her experience as the family's farm bookkeeper to good use when she also went to work for Thomas Produce in January 2002. She manages accounts receivable and the liability insurance for the business.

When the Silsbys sold their farm equipment at auction in late April 2001 and their home farm in May, the family paid off all its outstanding debts and a large amount of income tax. (The Silsbys were surprised that their home and the orchards next to it were sold within a week of being put on the market.)

The couple lived in a mobile home when they moved to Florida. Now they're building a home in Boynton Beach, near Thomas Produce.

The Silsbys are confident that they made the right decision when they sold their fruit operation. While they still have some sadness about giving up their former home and miss their old friends and neighbors, they are happy with their new situation.

The Silsbys have always been a close family, and it was hard for Judy and Lloyd to move so far from their two oldest sons. But they realize that many adult children live far away from their parents because of their job commitments.

Jason, their oldest son, continues his education in Buffalo. Christopher, who married in June 2002, works in retail sales in Western New York. Eric, the Silsbys' youngest son, moved to Florida with his parents and works in the banking industry.

#### **Easing the transition**

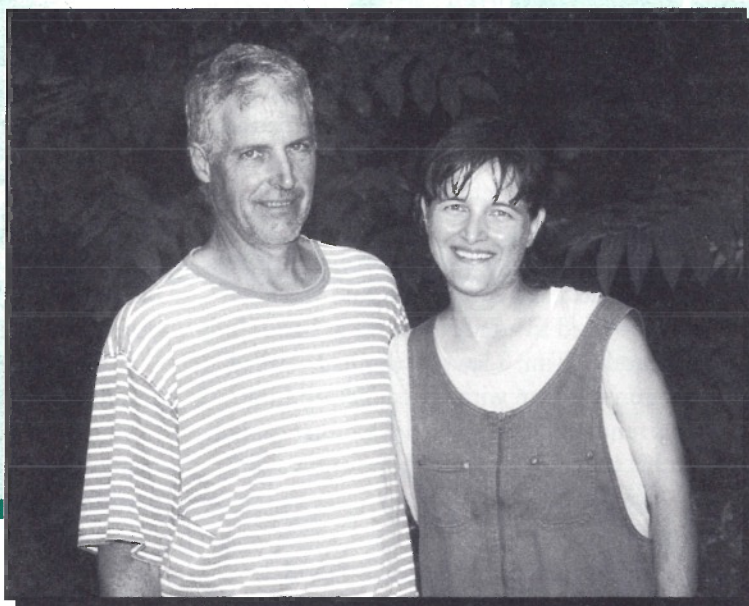
Many things eased the family's transition:

- Support from Judy's family.
- Their ability to get jobs where they feel successful.
- Acknowledging their financial situation.
- A willingness to seek help before they lost most of their equity.

Judy offers this suggestion to other fruit farmers who realize that they are having financial difficulties that may make it necessary to sell their farms: "Don't be afraid to start looking on the Internet and to ask others for assistance. Explore the opportunities and help that are out there. There is no cost involved. You should begin looking and planning before that next hailstorm or other difficulty comes up and leaves you in the position that no one will lend you more money and you are then forced to quickly make a change."

# THRESHOLD FARM

## *Small by Design*



**Hugh Williams and  
Hanna Bail.**

## Hugh Williams and his wife Hanna Bail own and

operate Threshold Farm in Philmont (Columbia County), NY. The Williams operate a diversified farm on 45 leased acres, and have run it biodynamically for the past eight years.

Biodynamic farming is related to organic farming in its focus on soil health and natural inputs, but it also emphasizes holistic activities through which the farm aims for a complete on-site nutrient cycle as possible.

Hugh and Hanna currently grow five acres of apples, peaches and pears, three acres of vegetables, and have a small herd of cattle of heirloom breeds, which they raise to help soil fertility, for animal products, and for herd improvement through breeding. By selling strictly retail, including through a CSA (Community Supported Agriculture) serving their local community as well as New York City and Woodstock, they have supported their family and a summer workforce since 1994.

Hugh lived in the Australian suburbs until he was a teenager, when in 1961 his parents bought an Early Gravenstein apple orchard in

the Blue Mountains, 60 miles west of Sydney. Their conventionally raised premier apples got “slammed” price-wise by the trends occurring in the wholesale market, so his Dad went into the juice business. Hugh discovered that he loved farming, and so, after three years of travel from 1969-1972 he came back to work on the home farm. However, that was not a compatible arrangement, so he decided to move to the United States to farm. Initially he spent several years working on dairy farms and running a tree care business that utilized the biodynamics methods that he had originally discovered through his mother. Then, from 1983-89 he ran a 2000-tree orchard on Long Island in a biodynamic manner.

After moving to the Hudson Valley, he met Hanna, who had grown up in a traditional Bavarian farming village. Travel and education had honed Hanna’s environmental concerns and drew her back to her agricultural roots. They located their present farm and arranged for a long-term lease, so they could work towards



creating their shared ideal of a diversified biodynamic farm.

In the early years, they sustained themselves by growing eight acres of vegetables and supplying 220 families through the CSA. As the orchard matured they cut the vegetable plantings and cooperated with another farmer, to whom they have now given their New York market. Previously, they had decided against purchasing land and expanding the vegetable operation. Instead, they bought a house and refocused attention on farm diversification.

These decisions were greatly facilitated by their discovery of Holistic Resource Management, a tool for life and farm planning that they learned at workshops offered through the Regional Food and Farming Project (RFFP) located near Albany. Hugh and Hanna recommend Holistic Management to any farm business, no matter what the growing methods. It offers a framework for thinking about personal, family, economic, and environmental objectives and then helps farmers move towards decisions which best serve their needs.

The land they currently farm is privately owned but protected by an easement held by the Columbia Land Conservancy. Hugh and Hanna's lease on half of the acreage is for 40 years and is renewable. They have 11 years to go in their 20-year lease on the other half and renewal of that arrangement is imminent. Having no mortgage on their farm has really contributed to their quality of life, even though

**After eight years of "blood, sweat, and tears," this couple is beginning to experience the fruits of their labor.**

Hugh's life work since 1972 has been to develop a method for raising biodynamic quality fruit. Their orchard trees are at the stage of

rapidly increasing yields, bear fruit of high retail quality and currently bring in over \$20,000 in annual revenue. As the orchard continues to mature, they foresee it becoming the primary financial center of the farm with vegetable

production being more in balance.

Hugh and Hanna participated in the early Kaolin clay trials and are now free of chemical sprays in their production. The impact of this year's heavy spring frost was minimized, Hugh feels, by the nightly spraying of a particular biodynamic formulation combined with overall excellent tree health. Three apple growing workshops were offered this fall at Threshold Farm and were well attended. Attendees included some large-scale growers considering an organic component to their operation.

The animals are central to this farm. An intensive grazing management program allows them to maintain 70 percent of the land area, and Hugh is aiming to have a correct number and mix of cattle to maximize farm fertility. He is currently breeding a multi-purpose Shorthorn cattle breed that will thrive on grass alone and be excellent for dairy, beef and power. He and Hanna seasonally keep two pigs of an heirloom breed, and they plan to introduce sheep into the orchard. How they care for their animals is just as important to them as the functions those animals fulfill.

Hugh manages the livestock and the orchard, while Hanna focuses on vegetables and business management. After eight years of "blood, sweat, and tears," this couple is beginning to experience the fruits of their labor. They have a toddler now, and a second child on the way. Hugh has time to serve on the RFFP Board of Directors and to support community theatre and Hanna has time to spend with friends.

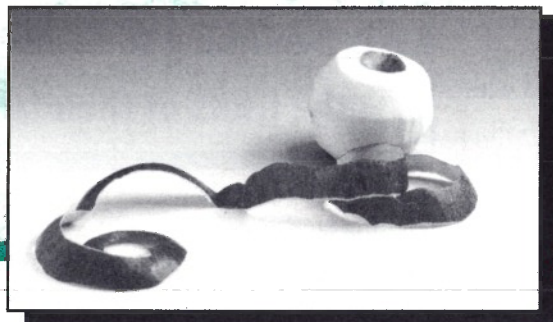
In the future, Hugh and Hanna especially look forward to expanding their cooperative marketing efforts and continuing the process of farm diversification, including the growing of small grains and biodynamic seed production. They feel ready to keep changing what they do in order to live out their vision.



it has been hard at times to live with the fluidity of status. They feel that land ownership is not always the best way to ensure the sustainability of agricultural land use, partly because of the economic hazards of the farm transfer process. Since they see farming as serving the entire human community, they also regard the leasing as permanently conserved land as a valid alternative means of land tenure.

# THIRD-GENERATION FRUIT GROWER

## *Benefits from Experience*



A 69-year-old Wayne County, NY, fruit grower,

whom we will call 'Joe' is living proof that history repeats itself. Joe learned the business from his father who learned from his father.

And Joe has taught his two sons the fruit business as he transitions toward retirement.

Throughout the decades, Joe's life and his fruit operation have taken many twists and turns. Today, he and his sons see many more bends in the road ahead.

Joe chose not to be identified, concerned that readers might mistakenly think that he was setting himself up as an expert with all the answers. His experiences, however, mirror those of many others in the fruit industry, and the lessons he learned are important.

Back in the 1950s, the farm experienced a number of hard years because of poor marketing and poor record-keeping. It took many years of diligent work to get the farm back on track.

Joe learned a valuable lesson during that time: Farming is a business and, like any other business, you must:

- Have a business plan.
- Review and update that plan regularly.
- Keep careful business records so that you know which crops make money and your profit/loss position.

- Have a plan for marketing and be sure to take that plan very seriously.

Today, Joe uses a computer program that

details a lot of farm records such as the types of trees, their yields, and the cost of planting, spraying, and pruning each orchard. Detailed records such as these showed Joe how long it would take for new

trees to repay their initial costs and start to yield a profit.

### Considering their options

Joe had to look realistically at his operation to see what kind of fruit he could grow and market successfully and would be more profitable than the apples he was growing. Doing this involved considering the type of soil and climate on his farm as well as what fruits he has knowledge of and experience with growing. He came up with a fruit that would fit and he is changing his operation to include that commodity. He then proceeded to make a contract with a processor to market that commodity.

With apple prices so low, Joe and his sons may not be finished with the transitions they need to make, but they are determined to figure out a profitable way to stay in the farming business.

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