



Natural
Resources
Conservation Service

Resource Economics
and Social Sciences
Division

October 2000

Alternative Farm Enterprises – Agritourism Success Stories

Direct Marketing of Dairy Products

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What is the history of your farm and farming experience?

The farm has been in the family for three generations. My father and uncle were diversified farmers, but dairy (about 70 cows) and crops (1,000 acres of corn and wheat) were the dominant enterprises. Their focus was crop production. We own 265 acres and rent 100.

Describe the alternative enterprise in which you are presently engaged.

The business really got started in 1970 when my father and uncle installed a bottling unit to open an on-farm retail store. They increased the herd to 95 milking cows. Today, we have four Jerseys and 91 Holsteins.

Our business is direct marketing of milk (chocolate and strawberry) and ice cream—40 flavors at an on-farm retail store and at four farmers' markets. Two of these markets are indoors and open year-round, and two are open from May to October. We have a small delivery route of 15 customers to whom we deliver once a week. We also have had a wholesale business since 1987; we deliver twice a week to 25 or 30 restaurants. In 1997, we added a mobile ice cream and milk store.

We also started farm visits in the 90s.

What made you decide to go into the present alternative enterprise(s)?

My father and uncle wanted to increase their income. Crop production could not easily be

expanded. Thus, a higher price for the milk was the only alternative. There was a location advantage, as they lived on a very heavily traveled two-lane highway. Then, the papers advertised that farmers' markets were being opened and needed vendors, and we started that in the 90s. The mobile ice cream and milk store grew out of people asking for ice cream for special occasions. In 1997, we bought a covered trailer to which we added two sales windows, a freezer, a refrigerator, cabinets, a sink, and storage at a cost of \$4,000.

About 1,000 children come to the farm each year, mostly from Reading, which is 25 miles away. We take the groups on a 2-hour tour of the farm and give a talk on milk production and the care of animals. There is a picnic area where the children can eat lunch. We charge \$3 per person for groups, and the children get ice cream and a mug.

We also rent out the mobile unit to non-profit groups, who use it as a fundraiser. The only condition is that they have to buy the ice cream and supplies from us. This builds relationships and is great advertising.

How did you make the transition?

The milk-processing firm that bought the milk this farm produced was a small one. When it went out of business in 1970, my father and uncle decided to sell directly to the consumer. They began marketing the ice cream and milk at the farm. They joined the Pennsylvania Producer Handlers Association to learn about direct marketing. I

majored in dairy science at Penn State, and when I graduated in 1987 I bought my uncle's share of the business.

Financing is very difficult for a farmer who wants to do direct marketing. We developed a business plan and pulled together all the farm records before discussing a loan with the banker. We had to educate the banker about the retailing business. Now, that banker is one of our biggest supporters.

What are your goals for the operation?

We want to keep this a family operation of high quality. We're proud of the products, the farm, and the animals. The health and treatment of the animals are a high priority for us. The cows are our pride!

What went wrong? And why? How did you correct the situation?

Direct marketing is becoming more difficult. In 1970, there were 350 direct marketing dairies in Pennsylvania, and today there are 30. They've sold out to the big milk producers. The change in retailing where stores sell everything from clothes to food and milk has been a factor. Also, the gas-station stores are competitors. Many families want to do one-stop shopping. They don't have the time to drive out of their way to get milk and ice cream directly from the farmer. Our steadiest customers are price conscious people such as the Mennonites in the area.

Finding employees for an acceptable salary has really become a challenge. We hire high school and college students to help us. There are plenty of other things around the farm I'd rather do than address employee concerns.

What went right? And Why? How did you build on your success?

I enjoy the retail side. I like to meet my customers and see the satisfaction they get from eating a great, high-quality product.

We also have a good location. We're on a main road leading into Reading. When mining stopped in the county up the road, the people there had to go to Reading for work and shopping, and we get most of our sales from this traffic.

The rule of thumb is that you need a dollar in gross income for every dollar in assets to be profitable. The dairy operation does that, as we sell about \$1 million in products every year. The mobile ice cream and milk store does more than three times its cost/value of \$4,000, so we push it as much as possible. Saturdays and Sundays are our busy days, and we use it to our advantage.

Are there any other insights you would like to share?

There is a considerable amount of work with this effort or any direct marketing enterprise. The quality of farm life and style offsets the hard work. We take two vacations every year to spend some time together. Not having an adequate amount of family time together is probably the most difficult thing to accept. This could only change if hired labor increased—which has its associated problems and issues.

Where do you plan to go from here?

We plan to keep this a family business. We're trying to minimize the labor requirement through automation and maintain a good environment for the cows. One person can now milk, feed, and graze cows each day. My wife did it this morning. Our only part-time help are in the bottling plant and staffing the mobile store. We hope to bring our children into the business as soon as they're old enough.

We've reduced purchased inputs by going to more rotational grazing. The heifers have always been on rotational grazing. Now, we've placed the cows on 65 acres of rotational pasture. We've installed four watering troughs and broken the large field into 2-acre paddocks. The grazing provides half of the daily feed requirement, and the other half is concentrate feed.

Because we're in the Delaware Bay watershed, we're environmentally conscious. We used NRCS technical assistance and cost sharing to install buffers and waterers, which will be completed next year. We used to water the heifers on the creek, but now we have two watering troughs, and we restored the buffer area with cost share.

What would be the most important advice you would give other farmers considering an alternative enterprise?

1. Have a high-quality product.
2. Be prepared to work hard and long hours with direct marketing.
3. Maintain a good environment for the livestock.
4. Don't get too large.
5. Minimize labor requirements.
6. Build only as fast as income allows—pay as you go.

How did you handle the liability concern?

We purchased insurance from a local ag company called Old Guard—a \$500,000 farm policy and a \$2 million umbrella. This was required when we expanded to USDA farmers' market in Washington, D.C. We had no problem getting insurance.

Do you mind sharing your promotional ideas?

We had a very successful promotion in which we joined with a trucking company, a nursing home, and a furniture store and gave away free ice cream to everyone who purchased a ticket to get into a car race. On an ongoing basis, we advertise in two local weekly papers and on radio. Our strategy is

to advertise very frequently for 3 weeks and then stop for 2 months. This seems to work best for us.

We no longer use specials. We price our milk at \$1.99 a gallon, compared to store prices of \$2.40 to \$2.75. Our ice cream and other products are competitively priced.

What do you dislike and like the most?

I dislike the lack of time to spend with the family. Both my wife and I are very busy. I like working with the cattle and the people I meet while selling ice cream and milk.

Would you start this alternative enterprise today after learning what you know about direct marketing dairy products?

Yes!

What groups or organizations have you joined?

Along with some other young farmers, I have joined our city planning commission. Our presence helps ensure that farmers' concerns get heard and that our county retains its rural character.

Are you willing to share your information?

Yes!

Do you want additional information? For more success stories and other information, see the website:

<http://www.nrcs.usda.gov/technical/RESS/>

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