

New Venture Analysis

By Ashley Weaver

Section 1: Opportunity Identification/Concept Development:

The new venture that my family and I are developing is a direct sales business for our beef products. My father, David, is a third generation farmer who owns and runs a Black Angus all natural beef farm and until recently has only sold cattle through brokers. These brokers would then sell the beef to retail businesses. We decided to try eliminating the middleman and trying to sell our products directly to consumers. The hope is that by cutting out the middleman we would better be able to control the profit we make from the cattle. With a broker, the prices are always based on the current market price. Those prices tend to fluctuate with little to no control from the farmer. The same beef could sell for \$1.32 per pound in the market now but last year only sold for \$1.10 per pound. In order to make the profit we need to sustain the farm, we need to sell directly to the consumer. We first had to research and find a USDA butcher within close proximity to our farm in Sparta, NC. We were able to locate a couple within a 75 mile radius from the farm. Then we had to determine the most effective ways to sell our beef products. The ultimate goal is to have a brick and mortar location on the farm in Sparta but for now, we will sell at Farmers Markets within our region and online sales. We also hope to expand our farm and offer other meat products as well. My father, David, is the founder and owner. My mother, LeAnn, is the bookkeeper. My brother, Aaron, is the only full time employee other than my father. My other brother, Adam and myself, work part time when we can. We help with research and sales and some of the manual labor. All of our spouses and children also help on the farm when they can. It is a true family business.

Section 2: Competitor Analysis:

Being located in a small rural area, we already had knowledge of a couple of farms in our area that sold their beef products. Upon researching these, we found that one of the farms, Stony Knob, only had Scottish Highland cattle, not angus and also only had a small herd. The owner could not keep up with the demand for the beef and only sold the beef as a side business as farming was not his full time job. Stony Knob did however, already have a contract to sell beef to a local restaurant and therefore already had a repeat customer base that would be hard to compete with. The second competitor we researched was Chilly Water Farms. They have an all black angus, 100% grass fed herd and their quantity was close to the capacity of our farm but they only sold steak burgers. They did not offer any other beef products unless customers purchased whole or half beef orders. Chilly Water Farms also had a contract with a different local restaurant in downtown Sparta where they were able to take advantage of local advertising. We also knew we would be competing with the local butcher shop, the Alleghany Meat Center but we felt we could offer better quality beef at a lower price point. One of the weaknesses of our business was getting enough appointments with our USDA butchers to meet demand. All of the USDA processing facilities that we contacted were booked up throughout the next year so we had to take slots within the 2022 calendar year and hope to acquire cancellations appointments in order to get our beef processed on time to sell it when demand was high. Also another weakness we determined was not being 100% grass fed. While there is a large market of customers who want grass fed beef only, we could not produce this right

away. While our beef is all natural, the cattle are finished on grain. We decided to work towards having a part of the herd as grass fed only to be able to compete in that market as well.

Section 3: Marketing and Sales Management:

Our target market is people in our local community first. We decided it would be best to try to meet the demand of consumers in our local area first to see if we could keep up with demand before trying to expand out to larger areas in our region. There are two types of consumers in this market. The first are those that grew up in our rural town who already know our family and would trust us to provide them with great products. These customers would be ages 35-60 and would help to spread the word about our products and would be the most supportive of our new venture. Most of these consumers have stable careers and try to support local businesses when possible. The second group would be those second home buyers who have purchased homes and land in our county to escape from larger populated areas. These consumers would be interested in the all natural aspect of our product and would also be interested in getting to know the farmers. These consumers have more financial freedoms and they typically support farm to table ventures and would pay a higher price for good quality products. Both of these groups would be accessible through the local Farmers Market and our online sales. We would set up a booth at the Farmers Market which is open every Saturday from May through October and promote our website for online sales there.

Section 4: Service or Product Line:

As stated in the above paragraphs, we offer all natural beef products. We have a black angus farm where we use all natural processes to produce good quality products. My sister in law, Melissa, is a large animal veterinarian and keeps a close check on the herds to ensure they are getting the proper nutrition and care they need. We also have a level 4 GAP certification which is an animal welfare certification. We would introduce our products to the public through the Farmer's Market and use Facebook to promote our website. Customers would be able to place online orders on our website, through email or by phone and pick up their orders at the Farmer's Market or schedule another pick up appointment. During the winter months when the Farmer's Market is not operational, we would use the website and online order as the main source for making sales. The different types of products we offer are ground beef, hamburger patties, filet mignon, ribeye steaks, new york strip steaks, sirloin steaks, hanger steaks, flat iron steaks, flank steaks, skirt steaks, tri tip roasts, sirloin roasts, and chuck roasts. We also offer packages of different cuts to provide customers with a variety of products at a discounted rate. Customers also have the option of purchasing whole, half and quarter beef orders where they have more of an opportunity to customize their orders and get the cuts they prefer.

Prices are dependent on current market conditions, butcher fees and our costs for producing the beef but our current price list is as follows:

Ground beef, \$8 per pound

Hamburger Patties(4, 6oz patties), \$9 per pound

Ribeye Steaks(2/pack) \$24 per pound

NY Strips (2/pack) \$22 per pound

Filet Mignon(2/pack) \$28 per pound

Sirloin Steak \$9 per pound

Hanger Steak (2/pack) \$14 per pound

Flat Iron Steaks (2/pack) \$12 per pound

Flank Steaks (2/pack) \$12 per pound

Skirt Steaks (2/pack) \$12 per pound

Tri Tip Roast \$15 per pound

Sirloin Roast \$15 per pound

Chuck Roast \$16 per pound