

Plainview Farms

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ABSTRACT

Matt and Leslie Callisburg own a farm consisting of 600 acres of pastureland located on the border of Texas and Oklahoma. The Callisburg's bought the farm in 2010 and named it Plainview Farms with a desire to operate a cow-calf operation. Their goal was to create a self-sufficient ranching operation that would support their growing family. Over the preceding years they built a cow herd of approximately 125 units which allowed them to wean and sell, via auction, approximately 115 calves each year. They worked full-time jobs off the farm and managed Plainview Farms after hours. Their goal was to build a farming operation that allowed them to work full-time for Plainview Farms, but limited profits did not allow them to achieve the objective. They began reviewing the cow-calf operation and examining new options that might enhance profitability. This led to a revised business strategy for Plainview Farms. They began to review a growing market segment within the beef industry. Farm to table or farm based direct-to-consumer marketing had shown strong growth within the United States. Consumers appeared willing to spend more for locally grown or raised food products. Matt and Leslie developed a business plan that would allow them to sell their beef products to new channels such as farmer markets, local consumers, local restaurants, and grocery retailers. With a plan in place, Matt and Leslie decided to take the next steps in implementing their new business plan.

Keywords: strategic management, supply chain management, financial management, direct-to-consumer marketing, farm to table marketing, beef production.



“Farming looks mighty easy when your plow is a pencil and you're a thousand miles from the corn field.”
Dwight D. Eisenhower

Plainview Farms Beginnings

Matt and Leslie Callisburg owned a farm consisting of 600 acres of pastureland located on the border of Texas and Oklahoma. The Callisburg's bought the farm in 2010 and named it Plainview Farms with a desire to operate a cow-calf operation. Their goal was to create a self-sufficient ranching operation that would support their growing family. Over the preceding years they built a cow herd (“momma cows”) of approximately 125 units which allowed them to wean and feed approximately 115 calves each year. The operation grew by utilizing money Matt and Leslie had saved along with loans secured by the Farm Service Agency. Annual revenue was generated, exclusively, from calf sales which occurred each December at OKC-West Livestock Market in El Reno, Oklahoma.

Despite the annual growth in inventory and gross revenue the net income produced by the farming operation was not enough to support the family's personal expenses. Matt and Leslie continued to work off the farm, in full-time positions, and conduct farm work after hours. It became apparent that the current business model would not allow them to realize their objective of making the farm operation their primary source of personal income. They began to research beef production business models that would allow them to increase profits while remaining primarily a cow-calf operation. This led the Callisburgs to explore a direct-to-consumer strategy for their beef products.

Trends in beef industry

Total United States beef sales continued to show year over year growth primarily due to the export markets in Asia. However, growth in poultry consumption and plant-based meat alternatives have had a direct impact on domestic beef consumption. Higher feed prices along with stagnant price per pound pressures, on livestock, have minimized profits for ranchers. This continued to pressure farmers to look for premium market channels that offered higher prices per pound for beef cattle.

Traditional supply chain in beef industry

The cattle industry has typically included several steps to provide beef from farm to the plate. The typical beef production path included:

- Family owned cow-calf producers support yearly births of calves from “momma cows”. Calves are weaned at approximately seven months after birth.
- Another calf producer may buy low weight calves and feed them on pasture for several months and are known as background-stocker operations. Typically, these calves go directly to the feedlot.
- Calves, at weaning, can be sold immediately or fed on farm for thirty to sixty days to a weight of 650-700 pounds per calf.
- Post weaned calves are taken to a livestock market where auction buyers place bids in hundredth weight (CWT).
- Livestock market purchased feeder cattle are shipped to the feed yard for a period of six to eight months to maximize weight gain with strict feeding protocols.
- After cattle reach 950+ pounds the feed yard ships cattle to beef production facilities for processing.
- After beef has been processed the product is sold to distributors, chain restaurants, or directly to large retail grocery chains.
- Product is typically purchased by the end consumer at a restaurant or grocery outlet.

As the traditional example suggests there are many steps in a beef production supply chain. Profit is needed in each step to support the overall value proposition for beef production in the United States. Farmers who only participated in the on-the-farm stage received a small percentage of the overall value of beef production as noted in Figure 1.

Emerging Beef Market Sectors

Farmers and ranchers have enjoyed new opportunities of marketing their products directly to consumers. The farm to table market continued to be a growing trend in the farming business. This market allowed farmers to sell their products directly to grocery, restaurant, or the end consumer. Organic grocery outlets, high-end restaurants as well as the end consumer appeared to support locally sourced produce, fruit, poultry, honey, pork, and beef over traditional suppliers. Consumers highlighted quality and freshness, of locally sourced products, as well as the positive local economic effect as key reasons for purchasing farm to table products. Local farmers and ranchers, who directly marketed their products to local consumers, had an opportunity to manage a broader section of the agricultural supply chain than in past distribution models.

Direct-to-consumer marketing, which included farmer markets, online or direct sales to individuals, grocery or restaurants continued to show strong growth. The Statista Research Department (Statista) reported that the number of farmer markets grew from 1755 in 1994 to over 8268 in 2014. Secondly, data from the 2017 and 2012 agricultural censuses showed farmers who marketed directly to the consumer had a greater chance of remaining in business than farms of similar sizes who marketed through traditional channels (Key).

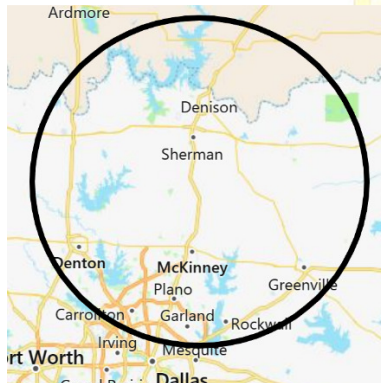
Difficult Decision

The Callisburg's and Plainview Farms had some difficult decisions to make. It was apparent their current cow-calf operation and auction sale model would not lead to reaching their objectives and goals for the farm. They worked to evaluate how to expand their operation to sell their beef products directly to consumers and to enjoy greater revenue for Plainview Farms. The key decisions Matt and Leslie faced were:

- Should they remain an auction-based cow-calf operation with the understanding they would need to also work off the farm?
- Should Plainview Farms move to a farm to table or direct-to-consumer business model? If so, which customer segments were of greater value to their organization? This included online sales, farmer markets, organic grocery outlets, high-end steak houses and the end consumer.
- If a farm to table model was adopted how would they begin transitioning calf development to a weight and size to process their beef?
- What would be their competitive differentiation strategy be?

Market Factors to Consider

Leslie and Matt evaluated available information to determine how to answer the key questions of moving their farming operation to a direct-to-consumer model. They first evaluated the logistics of delivering fresh product to local customers. After careful consideration they determined a reasonable, sustainable approach was a 50-mile radius from their farm.



It was obvious from the mapping exercise that the suburbs north of Dallas would be the largest population base and they felt it would be their primary market area. Collin County, Texas had the largest population, within the radius, and had shown a 32.4% population growth over the last 10 years (U.S.). It also appeared the income levels of the area would provide for a customer base that would likely have the disposable income needed for higher price cuts of beef. Collin County, Texas had a median household income of \$96,051 versus a national median income of \$63,030 in 2019 (Collin).

The Callisburgs determined farmers markets were a primary target for marketing their product based on the growth of the industry and numerous locations within their target area. They identified, with the assistance of the United States Department of Agriculture, 14 farmers markets within their defined area (Farmers).

Organic grocery outlets and prime steak houses were identified as a target within their defined market area. Premium steak houses were showing strong year over year growth of over 4% per year (Industry). Organically focused grocery outlets also continue to show double digit growth annually (Organic).

One market segment they decided not to enter was online marketing. They were concerned about the cost of shipping and their ability to compete with aggressive online companies already in the market like Omaha Steak Company, Chicago Steak Company, Porter Ranch, and Fossil Ranch as examples.

With these decisions made Matt and Leslie began the process of developing a new direction for Plainview Farms.

New Direction for Plainview Farms

Matt and Leslie decided the best direction for Plainview Farms was to maintain their current cow-calf operation but expand the business to market beef directly to individuals, grocery, and restaurants in their local area. The decision allowed them to participate more broadly in the beef production supply chain and to drive greater revenue and profits through a higher price per pound of beef sold.

The primary focus of Plainview farms going forward:

- Transition auction model farm to an entirely direct-to-consumer farm over a five-year period.
- Market area would include a 50-mile radius around Plainview Farms.
- Market segments, of focus, would include farmers markets, individual consumers, high-end steak houses and organically focused grocery outlets.

Matt and Leslie worked to ensure their beef products would be differentiated from local competitors with a similar customer base. This included an opportunity to create a product that had enhanced flavor based on feeding protocols that included quality grass and nourishing finish feed instead of grass alone. They identified three primary competitors within the 50-mile radius of their farm. The competitors targeted a similar customer based but offered products that were of exotic breeds or grass fed only. They felt a more traditional product would enhance their competitiveness.

The Callisburg's also decided against online sales based on the need to freeze their beef and a concern the overwhelming number of competitors in that market segment would require resources they did not have.

Leslie and Matt worked to develop a mission and value statement, for Plainview Farms, along with creating a compelling market differentiation plan. This led to the development of key messages around their history, product, and purpose, as noted below.

Plainview Farms

“Local Family Farm Working to Provide the Best Beef for Your Family”

Our Mission

Plainview Farms is a family business dedicated to producing sustainable quality beef that exceeds our customer's expectations.

Our Values

Plainview Farms is committed to:

- work to provide the best beef experience possible for our customers.
- work to ensure the health and care of our animals.
- follow the strict Integrity Beef Alliance Herd Health protocol.
- raise cattle on open pasture with quality forage, nourishing finish feed, and clean water.
- avoid use of antibiotics and growth hormones.


Our Product

- Angus-Charolais cross beef raised exclusively on our farm.
- Cattle raised on open pasture with high quality grass, clean water, and nourishing finish grain.
- Cattle raised without the use of growth hormones or antibiotics.
- Always fresh, never frozen.

About Matt and Leslie Callisburg

We want to welcome you to our farm. We started Plainview Farms in 2010 with a focus on developing a growing cow-calf operation. Our passion for farming and caring for animals has driven us to create a farm of over 600 acres located on the Texas-Oklahoma border. Beginning in 2019 we decided to begin making our products available directly to restaurants, grocery outlets and consumers in our local area.

Our Farm



Plainview Farms is a family-owned farm located in North Texas and Southern Oklahoma. We are proud partners with the Integrity Beef Alliance and members of the Texas and Southwestern Cattle Raisers Association. Our family, which takes care of our cattle daily, work to ensure our cattle are healthy and live in an environment of open-pasture, abundant grass, nourishing finish feed and clean water. We take pride in the history of the American farmer and are thankful we can share some of our products with your business or family.

Healthy Choice

Our cattle are raised on open pasture, quality grass, nourishing finish feed and, clean water without the use of growth hormones or antibiotics to ensure the healthiest beef available for your business or family. Our beef is always fresh and never frozen.

Our Cattle

We work to ensure that the health and care of our animals is the top priority of our farm. We follow the strict Integrity Beef Alliance Herd Health protocol except for growth hormone use. Our beef cattle never receive antibiotics or growth hormones. We use registered Charolais bulls or artificial insemination having Expected Progeny Differences (EPD) in the top 20 percent

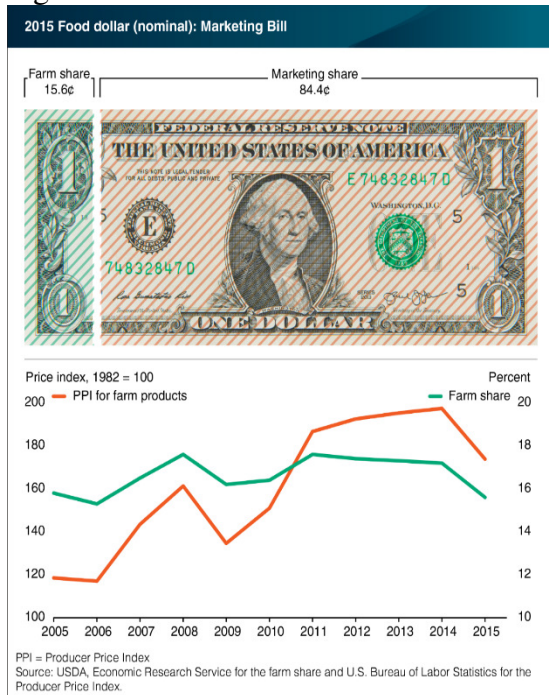
of their respective breed for weaning, marbling, and yearling weight. Our cattle are raised in open pasture with high quality grass, nourishing finish feed, and clean water.

Next Steps

Based on their marketing principles Leslie and Matt developed a marketing and financial plan and determined the primary steps needed to implement a five year roll out of the plan. The adjustments would be considerable in the day to day operations. A decision was made that Matt would work full-time for Plainview Farms and Leslie would continue to work off the farm to help with personal living expenses. They began the process of creating and implementing the market and financial plan.

Appendix:

Figure 1



Marketing and Financial Plan

Market segment:

- Product would be marketed within a 50-mile radius of Plainview farms.
 - Fresh product would be marketed to premier steakhouses, organically focused grocery outlets, individuals, and farmer's markets.

Competition:

There are several competitors that compete with Plainview Farms within the defined 50-mile market radius. This includes:

- Burgundy Beef Pasture located in Grandview, Texas. They are primarily focused on grass-fed beef products.
- Rehoboth Ranch in Greenville, Texas. They are primarily focused on only grass-fed beef products.
- Texas Craft Wagyu in Leonard, Texas. They focus primarily on the Wagyu breed of beef.

Cattle:

- Segregate herd into specific paddocks based on the market segment they will participate in.
- Year one 80% of the herd, with calves, will be placed in paddocks for future auction at OKC West.
 - Year two 70% of herd directed to auction sale.
 - Year three 50% of herd directed to auction sale.
 - Year four 30% of herd directed to auction sale.
 - Year five 0% of herd directed to auction sale.
- Year one 20% of the herd, with calves, will be placed in paddocks for farm to table markets.
 - Year two 30% of herd directed to “farm to market” market segment.
 - Year three 50% of herd directed to farm to table market segment.
 - Year four 70% of herd directed to farm to table market segment.
 - Year five 100% of herd directed to farm to table market segment.
- All cows, bulls and calves will follow Integrity Beef Alliance health protocols. <http://integritybeef.org/terminal-herd-health-protocols/>
- Farm to table calves will not be implanted with growth hormones.
- To ensure humane treatment of livestock all farm to table calves that require antibiotic treatment will be moved to auction herd.
- Auction herd will be sold at an early December auction sale at OKC West in El Reno, Oklahoma.
- Farm to table calves will be placed on grass pasture in early December and fed to finish weight of 900+ pounds.
- Use only registered Charolais bulls or artificial insemination having EPDs in the top 20 percent of their respective breed for weaning, marbling, and yearling weight.

Facilities, Equipment and Land Improvement:

- Expand corral system to create farm to table holding pens.
- Transition an 80-acre pasture into cool season pasture by planting appropriate grasses for calf feed out during December to May timeframe.
- Increase the number of cross fenced pastures to segment farm to table and auction herds.
- Invest in waterlines to each pasture that ensures freshwater is available in each paddock.
- Invest in no-till drill to plant specialty grasses, wheat, alfalfa, and oats to augment feeding program.
- Build a 1575 square foot clean room with walk-in freezer and refrigerator.
- Purchase flatbed truck with cooler box.

Estimated Costs:

Fencing	\$ 48,000.00
Corral Systems	\$ 34,000.00
Waterline	\$ 8,500.00
No till Drill	\$ 33,000.00
Clean Room	\$ 102,375.00
Flatbed truck with cooler	\$ 38,500.00
Refrigerator	\$ 30,000.00
Total	\$ 294,375.00

Beef Processing:

A decision was made to utilize Bluebonnet Meat Company to process packaged beef for the farm to table segment of Plainview Farms sales. The company is State of Texas certified and has been in business since 1963. Other factors that finalized the decision was local reputation, proximity to farm, packaging choices.

- Finalize beef processing contract with Bluebonnet Meat Company in Trenton, Texas. <http://bluebonnetmeatcompany.com/>
- The farm to table segment will offer whole, half or quarter beef units processed to customer specification.
- Individual Meat-Cut Offerings
 - Round steak
 - Sirloin steak
 - Ribeye
 - T-Bone
 - NY Strip
 - Brisket
 - Roasts
 - Hamburger
 - Stew meat
 - Chili meat
- All cuts are vacuum packaged

Customer Area and Delivery Offerings:

- Restaurants and Grocery
 - Premier steakhouses within a 50-mile radius of Plainview Farms.
 - Organic focused grocery outlets within a 50-mile radius of Plainview Farms.
 - Bi-weekly delivery service of fresh select cuts of available beef.
- Individuals
 - Beef is stored and delivered on a weekly basis to customers place of resident.
 - At farmer markets product will be available onsite.

Product Pricing

Individual Cut Offerings

- Round steak \$7.00/lb.
- Sirloin steak \$10.25/lb.
- Ribeye boneless \$13.25/lb.
- Ribeye bone in \$13.00/lb.
- T-Bone \$12.25/lb.
- NY Strip \$12.75/lb.
- Brisket \$7.75/lb.
- Roasts \$8.00/lb.
- Hamburger \$6.50/lb.
- Stew meat \$6.50/lb.
- Chili meat \$6.50/lb.

Terms explained:

- Live weight (also known as on the hoof or hoof weight) - Refers to just what it says, the live weight of the animal before processing.
- Hanging weight - This term refers to the weight of the beef as it hangs in the butcher's cooler once the head, hide, feet, organs, and blood are removed.
- The cut and wrap yield (or package weight) refer to the actual weight of all the packages of individual cuts of meat that is available from a whole, half or quarter beef.
- How much packaged beef does a whole, half or quarter beef average?
Example (estimate):
1000 lb. live weight animal X .62% = 620 lb. of hanging weight X .70% = 434 lb. cut and wrap yield.
- Pricelist for beef units:
\$4.00 per pound whole beef (approximately 434 lbs.)
\$4.50 per pound half beef (approximately 215 lbs.)
\$4.75 per pound quarter beef (approximately 125 lbs.)

Plainview Farms Cattle Inventory Review:

Production Cows	125
Bulls	4
Cull Cows	10
Replacement Heifers	10
Total to feed	129
Acres/Cow	4.9

Financials

The Callisburgs were able to obtain a loan for \$295,000, from the Farm Service Agency, at an annual interest rate of 2%, amortized over 15 years. The competitive rate was part of a government program to support farmers and ranchers. Cost of capital was determined to be less than 2% which reflected a low cost of funding for their new operation. The cost of capital suggests Plainview Farms needs to generate an extra \$5,000 per year to justify borrowing the money.

One key issue that Matt and Leslie considered in shifting their farm to a new market model was how much additional profits would they make by borrowing the money and shifting market strategies. During the first two years Plainview Farms show a negative cash flow based on shifting revenue streams, cost increases and debt service. It would take until year three to show a positive cash flow for their transitioning operation. This was acceptable to Leslie and Matt based on the outlook of the business.

The spreadsheet, below, highlights a projected financial statement that forecasts a planned transition from auction calf sales to direct-to-consumer beef sales. The spreadsheet reflects production and operating expenses along with production revenue estimates for a five-year period.



Plainview Farms Projected Financial Overview

	2019	2020	2021	2022	2023
<u>PRODUCTION EXPENSES</u>					
feed, minerals	\$ 18,750.00	\$ 19,313.00	\$ 19,891.00	\$ 20,488.00	\$ 21,103.00
veterinary	\$ 1,920.00	\$ 2,000.00	\$ 2,050.00	\$ 2,098.00	\$ 2,160.00
fertilizer	\$ 8,590.00	\$ 8,847.00	\$ 9,113.00	\$ 9,386.00	\$ 9,668.00
herbicide	\$ 5,500.00	\$ 5,665.00	\$ 5,834.00	\$ 6,009.00	\$ 6,190.00
hay	\$ 20,000.00	\$ 20,600.00	\$ 21,218.00	\$ 21,854.00	\$ 22,510.00
(10) Replacement heifers	\$ 19,000.00	\$ 19,570.00	\$ 20,157.00	\$ 20,761.00	\$ 21,385.00
water	\$ 333.00	\$ 342.00	\$ 353.00	\$ 363.00	\$ 374.00
AI expenses	\$ 3,500.00	\$ 3,605.00	\$ 3,713.00	\$ 3,824.00	\$ 3,939.00
Land Lease	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00	\$ 3,600.00
Auction Shipping and Fees	\$ 5,785.00	\$ 4,800.00	\$ 3,800.00	\$ 2,800.00	\$ -
Beef Processing	\$ 6,300.00	\$ 9,400.00	\$ 14,000.00	\$ 24,800.00	\$ 36,000.00
Pasture Seeding	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00
Subtotal	\$96,778.00	\$101,242.00	\$107,229.00	\$119,483.00	\$130,429.00
<u>Operating Expenses</u>					
Association Dues	\$800.00	\$800.00	\$800.00	\$800.00	\$800.00
Hired Labor	\$8,500.00	\$8,500.00	\$8,500.00	\$8,500.00	\$8,500.00
Insurance	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
Gas and Vehicle Service	\$5,500.00	\$6,000.00	\$6,500.00	\$7,000.00	\$7,500.00
Debt Service	\$22,776.00	\$22,776.00	\$22,776.00	\$22,776.00	\$22,776.00
Truck Payments	\$9,600.00	\$9,600.00	\$9,600.00	\$9,600.00	\$9,600.00
Marketing Expenses	\$7,500.00	\$7,500.00	\$8,500.00	\$8,500.00	\$8,500.00
Subtotal	\$57,676.00	\$58,176.00	\$59,676.00	\$60,176.00	\$60,676.00
Total Expenses	\$154,454.00	\$159,418.00	\$166,905.00	\$179,659.00	\$191,105.00
<u>Production Revenue</u>					
Auction calf sales	\$ 92,638.00	\$ 81,057.00	\$ 57,898.00	\$ 34,739.00	\$ -
cull cow sales (10)	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00	\$ 12,000.00
USDA payments	\$ 788.00	\$ 788.00	\$ 788.00	\$ 788.00	\$ 788.00
Beef Sales	\$ 44,919.00	\$ 66,402.00	\$ 109,368.00	\$ 154,287.00	\$ 220,689.00
Total	\$150,345.00	\$160,247.00	\$180,054.00	\$201,814.00	\$233,477.00
Net Profit	(\$4,109.00)	\$829.00	\$13,149.00	\$22,155.00	\$42,372.00

	2019	2020	2021	2022	2023
Sales per cow unit					
Auction Calves	90	79	57	34	0
Direct-to consumer sales	23	34	56	79	113

Conclusion

Leslie and Matt completed the business plan and immediately began the steps to implement. This required the necessary shift from an auction-based calf market strategy to a farm to table packaged beef business. They worked with the USDA Farm Service Agency to secure loans to support the expenses associated with adjusting their business model. Once funding was secured Matt made Plainview Farms his full-time job. Additionally, Plainview Farms began working with the Noble Foundation based in Ardmore, Oklahoma to gain their consulting services support needed to implement the plan.

Additional Resources



<https://www.noble.org/research/>



<http://integritybeef.org/>



<https://www.usda.gov/>



**Texas and Southwestern
Cattle Raisers Association**

To Honor and Protect the Ranching Way of Life

<https://tscra.org/>

PLAINVIEW FARMS TEACHING NOTES

Case Synopsis

Plainview Farms is a decision-based case written for undergraduate entrepreneurship, small business management and marketing classes. It served as an example of a small business adjusting market strategies to facilitate growth and profitability. The case also served as a teaching example for expanding into additional segments of the supply chain to increase revenue and profitability. The business owners created a business plan and worked to begin the process of implementing and adjusting the plan as needed. The case used primary data from an actual family farm in Texas. The actual farm and owner's identity have been disguised.

Matt and Leslie Callisburg owned a farm consisting of 600 acres of pastureland located on the border of Texas and Oklahoma. The Callisburg's bought the farm in 2010 and named it Plainview Farms with a desire to operate a cow-calf operation. Their goal was to create a self-sufficient ranching operation that would support their growing family. Over the preceding years they built a cow herd ("momma cows") of approximately 125 units which allowed them to wean and feed out approximately 115 calves each year. The family, which took care of their cattle daily, worked to ensure the cattle were healthy and lived in an environment of open-pasture, abundant grass, and clean water. The Callisburg's sold, via auction, their calves in December of each year. Owning and managing Plainview Farms had been a passion for Matt and Leslie and they continued to invest personal savings along with securing loans to continue to grow the business.

Matt and Leslie worked full-time off the farm and managed Plainview Farms after hours. Their goal was to build a farming operation that allowed them to work full-time for Plainview Farms, but profits had not allowed them to achieve that objective. They began reviewing the calf-cow operation and examining new options that might enhance profitability.

A growing market niche that showed promising growth, in the United States, was farm to table or direct-to-consumer marketing. This allowed farmers and ranchers to market their products directly to consumers through a variety of channels such as farmer markets, online direct sales, restaurants, and grocery outlets. Consumers appeared to support locally sourced produce, fruit, poultry, honey, pork, and beef over traditional suppliers. Local farmers and ranchers who directly marketed their products to local consumers had an opportunity to manage and profit from a broader section of the agriculture supply chain.

The Callisburg's decided to expand their cow-calf operation by transitioning to a direct-to-consumer business model. The transition was to be implemented over a five-year period and would shift most calf sales from auction to direct sales. The transition required significant investment and required additional loans to establish the infrastructure to market Plainview Farms beef products directly to end users and suppliers. Leslie and Matt began to make decisions and to discuss the next steps and action plans for Plainview Farms.

Objectives

1. Evaluate the proposed business plan to determine if the plan would meet the strategic and financial objectives of Plainview Farms.
2. Determine if Leslie and Matt Callisburg addressed all the potential concerns for adjusting their current operation into a new market segment.

3. Identify additional markets Plainview Farms should explore and do they have the background necessary to participate in those markets?
4. Develop an understanding of strategic and organizational planning.
5. Determine and evaluate the strengths and areas of opportunities of Plainview Farms.

Questions for Discussion

1. What do you think of the overall business plan and direction of Plainview Farms? What are the strengths, weaknesses, opportunities, and threats facing Plainview Farms?
2. Assuming funding will not be an issue for Plainview farms to expand their business what other challenges do you think Leslie and Matt Callisburg will encounter?
3. If resources become challenged during the five-year transition which market segment (farmers market, restaurants) should be the priority for investment?
4. Have the Callisburg's identified their key competitors?
5. What would your interest be in purchasing Plainview Farms beef products versus buying from a typical grocery outlet?

Discussion Questions and Answers

- 1. What do you think of the overall business plan and direction of Plainview Farms? What are the strengths, weaknesses, opportunities, and threats facing Plainview Farms?**

The Callisburg family has created an aggressive and robust business plan. The strengths are their farming experience and current cattle operation. A weakness, of concern, is resource management over the transition period. On hand cash may continue to be an issue during the first two years of transition and may require additional borrowing. The opportunities for success are many. The diversification of their business from auction sales, full beef sales and individual beef cuts to a variety of customer segments allows Plainview Farms to remain flexible. A key threat exists from current competitors and future ones that may enter the market. Increased competition at farmer markets and restaurants could undermine the Callisburg's revenue objectives.

- 2. Assuming funding will not be an issue for Plainview farms to expand their business what other challenges do you think Leslie and Matt Callisburg will encounter?**

The Callisburg's will need to ensure they have arranged additional operating capital based off expected losses during the business transition. This will be key to their success. Secondly, the business transition will be labor intensive which raises an issue on additional labor needs they may have. If additional labor is required, it will have a significant impact on their profit and loss projections.

- 3. If resources become challenged during the five-year transition which market segment (farmers market, grocery, restaurants) should be the priority for investment?**

The grocery and restaurant segments appear to be limited based on the geographical restraints of delivery and limited number of fine steakhouses. Individual sales and farmer markets appear to offer an unlimited opportunity to continue growth with relatively low marketing costs outside of the Callisburg's labor.

4. Have the Callisburg's identified their key competitors?

They have identified the key competitors in their 50-mile radius market and believe they have differentiated their product versus current competitors. However, further review is needed to determine the impact of new direct-to-consumer competitors that move into their marketing area. Contingency planning would be a positive step for them to consider. On a positive note the use of Noble Foundation, as a consultant, should help them stay in tune with changing market conditions.

5. What would your interest be in purchasing or recommending Plainview Farms beef products versus buying from a typical grocery outlet?

There will be a variety of answers from students on this question. Answers will vary about the convenience of using a grocery outlet versus the ability to purchase locally sourced food.

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