

## Epilogue – Cedar Summit Farm, 2010

Business plans are often written with good intentions and much confidence, but how often are they put into action? What challenges are encountered during business start-up or how do business owners handle unanticipated “bumps in the road?” And, perhaps most importantly, how often do business plans lead to business success?

After nearly ten years of operation, Cedar Summit Farm (CSF) is a thriving, value-added business with wholesale product distribution to 80 retail stores throughout Minnesota, Wisconsin, Michigan’s Upper Peninsula, and Iowa. Dave and Florence Minar continue to manage the farm and processing business along with all five of their children, their childrens’ spouses, and several grandchildren. Together the extended Minar family process milk; package, and deliver products; staff the on-farm store; conduct in-store demos; maintain the company website; perform accounting services; and manage crop production. A full-time herd manager and other part-time staff handle much of the livestock operations.

### Meeting Goals

The Minars’ original business goals included: (1) building a small milk processing plant on the farm with a retail store and drive-up window; (2) processing all of the milk produced on farm as Cedar Summit Farm products within five years of start-up; (3) processing and retailing all dairy products to local customers (25-mile radius) within five years; (4) continuing to grow direct meat sales; (5) providing full or part-time employment to any family member who desires to work in the family business; (6) providing educational opportunities and benefits such as health insurance and a 401K plan; (7) purchasing supplies locally when possible; (8) packaging products in the most economical and environmentally sound way possible; and (9) marketing products that make the family proud.

Nearly all of the Minars’ original nine goals have been met through the new, on-farm milk processing business. After obtaining financing and construction permits, the processing plant and retail store were built in 2001. Since then, the Minars have been gradually growing sales and processing a greater share of the milk from their 150 cow dairy herd. Beginning in 2007, five years after the creamery bottled its first gallon of milk, the Minars reached their production goal and began processing 100 percent of their milk on the farm during peak sales periods. Approximately 15-20 percent of all products are sold locally to nearby residents through the on-farm store with the remainder marketed at the wholesale level within the region.

Dave and Florence now raise all of their own herd replacements and finish steers on a combination of their own pasture as well other leased and rented land for direct sales of beef products at the farm store. All of their children are involved in the business—most are employed full-time and receive market wages in addition to health insurance. All other salaried employees also receive health insurance. The majority of supplies (such as cartons and labels) are purchased locally from Minnesota suppliers. Approximately two-thirds of all milk is packaged in returnable glass bottles which Dave and Florence consider environmentally responsible.

When asked if they feel good about the business, both Dave and Florence say emphatically that they are not only proud of their product quality and the decisions they’ve made, but they are

also genuinely warmed by the “support” they’ve received from local customers—customers who have remained loyal to the CSF products during difficult economic situations.

### Revising Strategies

The Minars faced several significant marketing and financing challenges during their start-up years. Despite their best efforts to make home delivery a success, Dave and Florence were forced to abandon this distribution strategy after two years. Internal constraints, such as a failure to find a personable, efficient delivery person combined with the external rise in gas prices and neighborhood demographics which would not support a corresponding rise in product prices, made the home delivery strategy unprofitable. This was surprising and disappointing for the Minar family as the home delivery strategy was originally forecast to generate the lion’s share of new business income.

By contrast, sales at the wholesale level (to retailers) were growing as were sales at the CSF on-farm store. “We had to shift gears a bit,” says Dave. “It wasn’t what we planned on but it was working.” While Dave and Florence redirected their marketing efforts away from home delivery toward wholesale, additional financing was required to manage cash flow needs. “It was a stressful time,” recalls Florence. “We were under-capitalized. But we made it by being flexible and, quite honestly, by foregoing our own income for a while.”

Two additional, yet significant, marketing challenges arose during the Cedar Summit Farm start-up years. First, due to new competition from another local creamery using glass bottles, the Minars were forced to further differentiate their product by becoming certified organic. Second, the Minars were approached by several retailers who wished to stock CSF milk, but did not have the staff or storage capacity to handle returnable glass bottles. In response, the Minars decided to offer waxy cartons in addition to glass-bottles for their milk. Today, approximately one-third of all CSF milk is sold in cartons.

### A New Business Plan

When asked if they still use their business plan, Dave and Florence shake their heads “no.” “We don’t need to,” says Florence. “We know it by heart!” But, they say, they will be rewriting their plan soon—to lay the foundation for the next phase of their business—growth and, eventually, the transfer of day-to-day business management to the next generation. “We already have ideas brewing,” says Dave. “We’re excited about growing the business ... and taking a little time off.”

*Dave and Florence Minar were interviewed at their farm on November 16, 2009 by Gigi DiGiacomo, research fellow, Department of Applied Economics, University of Minnesota.*