Mark Your Calendar

Texas Pepper Conference
November 7-9, 2007
Palm Aire Hotel and Suites
Weslaco, Texas
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Texas Produce Convention
September 20-23, 2007
Sheraton Hotel
South Padre Island, Texas
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Strategies for the Family, the Business Can Differ

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Life on a family farm can be hectic and at times seem out of control. Much of the activity is fast-paced and decisions need to be made quickly. This reality can keep many family farm operators from attending to the basic needs of the business.

Developing a structure
Job descriptions for all family members involved with farm work, including a definition of the role of board members, are a necessity. Job descriptions set the boundaries of each person’s responsibility and designate individuals as the primary holders of certain information. Job descriptions are not strait jackets; they provide guidelines that define how and by whom the work will get done.

Cross-training employees help you identify the information needed to run the operation and helps you figure out what areas need backup support. Having two people trained to do the same job (although one person holds the primary responsibility) lets employees and managers know who to call if an employee is absent, instead of frantically searching for someone to fill in.

Plan for major events, whether they are purchases of equipment, building or renovating a structure, doing major maintenance work, etc. There never seems to be enough time to get anything done, and often it takes a crisis before something finally happens. If you use part of a scheduled meeting to brainstorm about the items that need to be taken care of, and prioritize these items, then you are providing yourself with useful guidelines for the work to be carried out over the next 3-to 6-month period.

Vision statement
This document will say why you are doing what you are doing and how you want to see it get done. This statement should reflect family members' ethics and values that guide business operations. This is especially important for family owned businesses because it clarifies the reason why you are in a family business. Is there something about your family’s history or the way you run the operation that is important to you? These family concerns can be incorporated into the vision statement and serve as a guideline for making major decisions on issues such as hiring, land use practices, and long term growth plans. It doesn’t take a tremendous amount of time to develop a vision statement; however, it takes a good deal of thought. Once you’ve started to talk about your vision, it is easy to write the statement.

Unique dynamics
There are unique dynamics that operate in a family business. Many management consultants tell people to separate their family lives from their business lives, and only make decisions based on one set of concerns or relationships. This is not possible in a family business (I question whether it’s possible in any business). In a family business, a sound decision takes into consideration personal issues and business issues.

Paying attention to both family and business concerns is not easy. Family rules and norms about what to talk about and what to keep quiet may limit discussion of important issues. As you begin to discuss family and business concerns you may need to use a non-family member to help you sort through the questions that come up. But, families tend to be closed groups – it’s in their nature. This can affect the family’s willingness to call on outside resources for help. If you’re thinking, “Well, we can do it ourselves,” or “We don’t need any outside help,” remember that one of the advantages an outsider has is not being caught up in your family’s rules and norms. They can ask the “dumb” questions which will trigger in your own mind, a solution to the problem that had been stuck or hidden.

To make the most of your family business, it is vital to create and use a diverse network of people resources for both your business and family concerns. Bring all family members and their resources in the business so you don’t just use the resources of the founder or first generation. This can be hard when the resources that the younger generation is bringing in are new or unfamiliar. An example is the use of computers and computer programs for bookkeeping or keeping records on the health of the herd.

There are many things you can do to prepare yourself to make decisions. The first thing is to talk about the importance of being honest instead of saying what people want to hear. When it’s your operation and you are the ones making the decision, you need to have people be honest about their anxieties and questions. Everyone involved in the decision should be encouraged to speak up about what they perceive as the pluses and minuses of this decision and their willingness to take collective responsibility.

Collective responsibility means that everyone agrees to be responsible for the decisions that are made. This brings with it a tremendous amount of individual responsibility and comes in handy as a philosophy when there is dissonance within the family. At times, family members who don’t get along pay less attention to decisions made that affect someone else’s work area. They accept decisions that they are not comfortable with because they don’t see it as their decision. Having
collective responsibility says everyone who is involved in the operation is responsible for the decision. It’s a very powerful tool for encouraging people to speak up.

Another part of decision making to consider is the relationship between trust and risk. Part of risk is supporting someone’s efforts to take on a challenge. When you trust someone you accept the risk that some things will be out of your hands. There may be times when you feel uncomfortable because a decision has been made but someone else is responsible for doing the job. The risk piece of this process is letting go of the anxiety and saying, “I trust you. We made this decision. It’s your area to implement. I trust you to do it and to do the best that you can.” This process does not imply taking unnecessary risks by making a decision with which you are not comfortable. The focus should be on trusting the person to do his or her best once the decision has been made.

When decisions are made, pay attention to both family and business concerns. It’s very important to consider the family reasons and the family dynamics that are influencing the business decision. Often in family business, decisions are made ignoring the family background that influences the decision. Sometimes it’s hard to separate the two, so calling in an outsider may help. I have never seen a business decision made in a family business that did not have a family component to it. Sometimes it’s 90 percent family concerns and 10 percent business concerns and sometimes it’s the other way around. For example, consider a family that owned a large parcel of land that was split up, with parts of it sold to different farms over time. Now the family wants to buy the land back to recreate the family homestead. If you talk about it in terms of business decisions you can get into all kinds of convoluted justifications for why you want to buy the land. Acknowledging that it is the family homestead and that is why the family wants to buy it back frees people up from trying to justify something that no one really wants to talk about. A decision can be made based on the impact of the decision on the business and the family. Can the business support this purchase? Is it going to hurt the operation? Will it help the operation? Are we going to feel good about it?

Decision making involves responsibility as well as opportunity and can be affected by an individual’s family and business roles. To successfully make decisions, the responsibility that comes along with all of the opportunities needs to be emphasized. Accepting responsibility for business decisions can be a difficult area for board members who are not actively involved in business operations but participate in decision making. They can have a hard time dealing with the conflicts between perceived family and business responsibilities. Without a job description – especially one that spells out board responsibilities – all a family member has to rely on are family responsibilities, and that’s only half the picture. I strongly advocate that all family members who are involved in decision making have job descriptions that cover their business responsibilities. This makes clear what their obligations are to the business and what the boundaries are around the opportunities that can be pursued.

Develop opportunities

Developing specific educational programs for family members coming into the business is especially important to ensure that knowledge is transferred visibly rather than assumed that it will be learned through osmosis. The next generation family member may have worked on the farm during the summer or helped out in one area, which is a good start, but this does not provide an understanding of the total operation.

Educational programs that all employees can participate in are a good enticement for attracting the best people to your operation. Including opportunities for education as a part of the job says that you care not only about what the employee can do now, but also about what he or she will be able to do in the future. This might not work for every employee, but for your key employees it can be very important to say we are going to help you further your education.

Education for career advancement may involve taking time off from the farm. One issue that often comes up for next generation family members is the dilemma of having gone right on to the farm or ranch after high school. Questions such as “Can I do anything else? Am I just here because I’m a family member? Do I really have skills that are transferable?” pop up after a few years.

It is often recommended that next generation family members work somewhere else for two years prior to entering the family business. There are a number of reasons for this. One is to gain a sense of independence and a sense of confidence in one’s own skills. Another is to change the relationship between parent and child to an adult-adult relationship. Education for career advancement and support for pursuing educational opportunities away from the farm are very important to the development of the next generation of managers.

One of the most difficult family business issues concerns retirement and succession planning. Who will be the next leader? Very often retirement means an end to something and it may be difficult to talk about what’s next. Here is this person who may have built the operation or who has worked on it all of his or her life, and all of a sudden he’s talking about retirement.

Retirement is such a loaded issue to deal with that it can take attention away from other concerns that need to be addressed. Questions such as “what are you going to do when you stop going out the dairy at four in the morning or when you stop running the tractor in the
Family Business Continued

fields?” place attention on what a person will do after he or she is finished with current activities. It does not imply an end to one’s active life. Rather it indicates a movement from one life stage to another.

It is very healthy to think about what’s next. What’s next can be teaching, working in the community or working with other farmers who are struggling to get started. There is a wealth of knowledge, skill and wisdom in people about to retire that could be passed on. We don’t tap into this resource very well. One program called SCORE- the Service Corporation of Retired Executives - makes connections between retired executives and other organizations where there is a need for part time help in areas such as accounting, production processes or marketing. You can do the exact same thing in terms of a farming operation. Think about what’s next.

The areas I have discussed above are those that I encourage all family business members to pay attention to. Focusing on the issues in each area will enable you to ground your business in a solid framework of ideas (vision statement), opportunities (educational programs) and structures (job descriptions). This will provide you with a strong base for handling the daily ups and downs that are bound to be a part of your own family business.

Tiny Eggplants Begin to Find a Following
by
David Mitchell
Handling & Distributing Editor

Nogales, AZ – Tiny eggplants are a tiny part of the Mexican eggplant deal for Ciruli Bros. LLC, Rio Rico, but chairman Chuck Ciruli Sr. thinks that could change.

“We’re very excited about this,” he said. “We feel there’s a huge opportunity here. We’re working on a new pack and clamshells for it. We’ve had incredible response from the bigger chains.”

Ciruli Bros. had been buying and selling small Hindu eggplants for years before the company started using a contract grower last year. The product was packed in a 30-pound carton, but Ciruli said the company is working on a package that will protect the eggplant better.

“It’s the wrong container,” he said. “It’s very delicate. The way it’s packed now, we get damages.”

Ciruli Bros. also offers Chinese, Italian and standard eggplant from late October into May, but Ciruli said the Hindu is more tender and has a sweeter flavor than other varieties.

“There’s a trend for a lot of mini vegetables,” he said. “This is one that fits right in. The most important thing is finding the proper packaging for retail stores.”

Partner Chris Ciruli said the company expects to ship more than a million packages of standard eggplant with heavy volume from February through April. He said Ciruli Bros. expects to ship about 100,000 packages of the specialty eggplants.

The company is also experimenting with hot-house eggplants.

“It looks very promising,” Chuck Ciruli said. “We had a small test plot last year, and we weren’t happy with it. We made some changes this year, and we’re very happy with it.”

While Ciruli Bros. is branching out in its eggplant program, Malena Produce Inc. has pulled back to focus primarily on standard eggplant. The company, which ships an average of 800,000 packages of standard eggplant each year, offers a limited supply of Chinese eggplant but no longer carries Italian or Hindu.

Malena vice president Gonzalo Avila said the market had not been strong enough for the specialty items.

Malena has sourced eggplant from Culiacan from November through late April in the past, but the company hopes to extend its season into May and June with a late deal in Sonora.

Avila said the Sonora deal will start as a small pilot program this year.

“It ends in Culiacan because of the heat, but Sonora is a lot cooler,” he said. “It’s cooler, but it’s still summer and you have to fight the heat and you start planting when it’s cooler in late January. I think it will work out well.”

Check for updates on our web site:
http://aggie-horticulture.tamu.edu
Reducing inputs is a key aspect of growing organic produce. But transitioning from conventionally grown produce to organic production involves many inputs: education, understanding, time, patience, money, labor and marketing, to name several.

"Switching to organic growing is much more than stopping the use of chemicals," says Jean Mills, an organic grower in Coker, AL. "It's a matter of learning your soil and the ecosystem at your farm. There is no quick fix as in chemical agriculture. You have to have patience and keep trying."

"It means people have to think carefully about what they are doing and understand that whatever they do affects their whole system. They can be reaping the benefits of what they do for a long time or suffering the consequences of their actions for a long time."

**SPENDING TIME PAYS DIVIDENDS**
Cathy Sabota, professor and Extension horticulturist at Alabama A&M University in Normal, strongly encourages prospective organic growers to spend a lot of time learning about the topic. This time includes going to organic growing meetings and visiting organic growers "to see what makes it work," she says, regarding planting, cultivating and dealing with pest pressure.

" Spending a year looking at it, evaluating it, visiting growers – it's too risky a business not to do so," Sabota says.

Joe Kemble, Extension vegetable specialist in the department of horticulture with Auburn University in Auburn, AL, agrees. He remains impressed with people wanting to be organic growers. "They are some best self-educated people you can find. They always go to meetings," Kemble says.

One group to consider, he says, is the Southern Sustainable Agriculture Working Group (http://www.sawg.org). Mills is quite active in the group, which covers a full gamut of production issues, from transitioning into organics to sustainable agriculture, while distinguishing between organic production and sustainable agriculture.

Kemble guides people interested in organic growing to the National Organic Program’s Web page, http://www.ams.usda.gov/nop/, which provides listing of organic standards and certifying agencies. He also recommends growers ask production questions of county Extension agents and state personnel such as himself. If these agents don’t know the answer, Kemble says, they can direct growers to the proper resources.

After educating yourself at meetings and from other growers, Kemble recommends prospective organic growers start small to learn practical, less-expensive lessons about the transition.  

"Organic growing can be expensive," he says. "Growers need to understand the cost and benefits. Decisions need to make good business sense. A lot of people, I think, love the idea of growing organically, but they can get into it and not realize how much money they are actually spending."

Sabota notes that produce can be sold as "organic transition" during the three-year conversion process, "but you're not going to get a premium price" for those crops.

"The transition time can be difficult for growers because they have high organic input but not receive high organic prices," she says. "That's one of the resistance things that a lot of people have. 'I have to pay these high prices for three years to get this done, but then I don't get the money for it.'"

**COSTS AND MARKETS**
Less than five growers in Alabama are certified as organic, Kemble says, because of the costs involved in gaining certification.

The process can be expensive, he says, because growers have to pay someone to travel to their operation more than once during the transition period. A great deal of record keeping and planning also must be completed.

"It's a lot of things many growers do anyway, but many people I work with are growing organically, they just can't advertise it as such," Kemble says. "A lot of people cannot afford the cost of certification to grow organically. They might be growing organically according to the principles, but depending on what their gross sales are, they can't sell it as organic."

Kemble and Sabota both stress the importance of marketing for organic growers. Kemble suggests that an organic grower consider partnering for a division of labor, with one person focusing on growing and the other on selling.

Sabota says, "Marketing is the key in organic. Growers have to be willing to move that produce to a place where they can sell it. That requires transportation, refrigeration and packaging. That's an upfront thing they have to consider."

Growers need substantial production to serve large retailers, she adds. So Community Supported Agriculture sites may be the best bet for small and mid-size growers for marketing their produce.

"The demand for organic and local produce is growing, and Grow Alabama is trying to meet the demand by providing a 'sure' market for Alabama farmers," he says.

Kemble adds organic growers have the potential for more profit from their produce. "The market is definitely there," he says.