Agricultural Marketing Resource Center
Value-added Business Profile
Iowa State University

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Planeview Enterprises (Raspberry Farm)

Larry and Pam Thomsen, Proprietors
Jefferson, Iowa

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Planeview Enterprises is a diversified value-added agricultural company featuring three separate businesses: raspberries, Berkshire hogs and consulting services. Proprietors of the Central Iowa company are Larry and Pam Thomsen.

Motivation

The unique mix of the three unrelated businesses resulted from a family brainstorming session initiated by Larry. At the age of 52, Larry opted for early retirement from West Central Cooperative to pursue entrepreneurial ideas and value-added farming. Will, one of Larry's sons, came up with the idea of raising purebred Berkshire hogs. His daughter Paige proposed establishing a raspberry farm. Larry himself decided to pursue consulting having affinity and experience in the area.

Business Development

The Thomsen's had grown raspberries since the 1980s. Commercial production was established on 2.5 acres in 2002. The first full crop was harvested in 2005.

Once the family selected raspberries as a commercial enterprise, research was conducted in production and marketing. Larry and his daughter visited berry growers in Washington State and New York, visited research stations and discussed the project with experts from Iowa State University. A 2.5-acre plot was selected even though they had up to seven acres to use. On a separate plot, Larry conducted his own research on different types of fertilizers, irrigation, raspberry varieties, and soils.

Market Access

Raspberries from Planeview Enterprises are being delivered as fresh fruit to white tablecloth restaurants throughout Central Iowa, and marketed directly to consumers at the Jefferson Farmers' Market. The farm also invites the public to a "you-pick" option. In addition to the fresh fruit product, bruised or smaller sized raspberries are used to produce a number of value-added products such as raspberry jellies, pies and muffins. On average, 40 percent of the crop is used for jelly production and 10 percent for pies and muffins. Larry's wife Pam prepares the homemade products, which are sold to consumers directly at the farm as well as at the Jefferson Farmers' Market. To further enhance the use of raspberries, the farm sells a cookbook created by Pam entitled, "Planeview Raspberry Recipes."

The farm conducted a market survey before launching. Being raspberries lovers themselves, the Thomsens believed that they would be able to sell their raspberry crop through grocery stores throughout the region since Iowa, which is dominated by corn and soybean production, does not have many raspberry growers. Gradually, they were surprised to find two distinguishing features for the raspberries demand. First, raspberries are a love–hate fruit: people either love them or cannot eat them at all. The Thomsens learned that not everybody loved raspberries; in fact 40 percent of the people they surveyed hated them. Secondly, raspberries turned out to be luxury fruit which excluded grocery stores as a preferred channel for distribution. The best quality fruits can be easily marketed to white tablecloth restaurants, but it is more difficult to market the second quality fruits that are bruised or smaller in size.

Critical Steps / Barriers to Success

Larry and Paige went all the way through the initial production research, which gave them the perspective of the technical steps they needed to follow as well as the important factors to be considered. The raspberry field is slightly hilly and surrounded by a line of trees that protect the plants from winds. Yet, Larry had difficulty sourcing the proper planting material. He tried three times before he found a reasonable supplier for a good quality material. Irrigation was also a completely new concept for him.

Labor was another issue to address. Raspberries require a number of part-time workers, especially during harvest. Hand harvesting is restricted to the morning before noon heat and again before sunset and the onset of dew. Extra hands are not widely available when needed.

Unexpected Problems

Paige, the heart of the operation, married and moved four hours away from the farm. As a result, he is searching for a business partner to contribute to the energy, efforts and expenses required to maintain and grow the business. He is offering 49.9 percent of the business share at the symbolic price of $1 to any entrepreneur brave enough to plunge into it.

Success or Failure

It is a 100 percent success from an economic and marketing view point. The business, even on such a small scale, reached breakeven during the first year of operation, before full yield was obtained.

The only significant investment costs included purchasing the planting material at $1,000 per acre. The plantation needs to be renewed after 10 years of cultivation. Major operating costs are, as follows:

Operating costs, $/acre a year

Item	Value
Fertilizers	$50
Pesticides	$300
Machinery costs	$20
Labor	$10,000
Total costs per year	$10,370

Revenues come from selling four major end products: fresh raspberries, jelly, raspberry muffins and pies, and Pam's cookbook. Out of an average yield of approximately 5,000 pounds of raspberries, 50 percent are sold as fresh raspberries at $4.75/pound; 40 percent are used for the jelly production, selling at $5 per 8 ounces jar; and 10 percent are used for muffins (4 raspberries per muffin), the raspberry value-added bestsellers at $1 per muffin.

Industry/Market Changes

The farm intends on maintaining its current 2.5-acre plot because of the demands of hand harvesting and the lack of labor. A possible market shift would be selling all raspberries cooked in muffins since it offers the highest value and because customers love them.

Lessons Learned

According to Larry, it is possible to "make a living on five acres or less in America." At the same time, he emphasizes when starting a business, the most important thing to work on is "market, market and again market."