

Thundering Hooves—Value Added Farming

by Tony Malmberg

In the Pacific Northwest, Joel Huesby's ancestors have farmed and ranched for 100 years in the wake of Lewis and Clark's historical voyage down the Columbia River. As a boy, Joel Huesby worked for his uncle picking up hay bales in the Columbia Basin and riding summer ranges of the Blue Mountains. The family practiced traditional commodity production, primarily wheat, hay, and cattle. IN PRACTICE May 2005 told the story of how the Huesbys moved away from commodities toward adding value to their products. A big step in that adventure was to vertically integrate by slaughtering, processing, and marketing their products. They were working to balance volume, product quality, and their desired quality of life. They had just gotten approval on a federally inspected mobile slaughter facility as a means to achieve this balancing act. That story left us with Joel saying it was just beginning to payoff as a result of planning, and thinking on ways to move toward their holistic goal.

Cropping & Livestock

But I wanted to know "why" they made some of these early decisions, so I drove to Touchet, Washington for a visit. As I dropped out of the Blue Mountains and looked out across the Palouse Prairie and the Walla Walla valley, wheat fields stretched as far as the eye could see. Tractors were bigger than the farm house and windowless barns stared blankly—tottering in a last gasp before their demise. Biodiversity means a couple varieties of spring or winter wheat and the ever-present Russian thistle tumbling until captured by an occasional stalk of kochia. Fences disappeared along with any need to repair obsolete barns for livestock. Ephemeral streams are barely recognizable with uninterrupted crop rows crossing and stretching on to the next horizon.

No-till farming practice has stirred the standing dead stubble into the dirt, but the brittle environment is holding biological decomposition at bay. As I drive into the Huesby place I see a tractor smaller than the house and manure melting into the wheat stubble demonstrating an ecosystem at work.

Joel explained that we don't see livestock on wheat stubble anymore because years of breeding wheat for grain has resulted in a shorter stalk with higher lignin content to keep the wheat from lodging. Specialization has made the waste material nearly useless to a grazing animal. Joel's organic wheat has a more palatable stalk. His rotation practice follows spring wheat with winter

turnips and the next spring with a high quality annual rye grass. By integrating livestock with cropping systems, Joel also benefits from weeds like lamb-squarters, china lettuce, and kochia which add nutrients to the wheat straw forage, since he uses no chemicals, thus turning “lemons into lemonade” with livestock. As a result, he takes 60 bushels of Certified Organic wheat per acre (which sells for about twice as much), from the fields and has five tons of a nutritious forage mixture left for livestock use, giving back organic matter and nutrients to the same land.

Risking Life

Joel honed his focus on life following a tragic car wreck. Another car crossed the centerline and a head-on collision killed one of his passengers and left Joel at the edge of life with little hope of ever walking again. Joel took this setback in stride, without blame or regret and simply vowed he would walk down the aisle at his wedding. He made that vow with two weeks to spare after a six-month process of recovery. Joel continues to overcome the “risk of death” by risking life. This unapologetic practice of meeting life on whatever terms it finds him permeates his being. He regularly punctuates a story with a humorous one-line analogy like “Stewardship to a preacher means passing the collection plate.” At times, Joel startles himself with his own cutting wisdom and bursts a spontaneous laugh mixed with a guffaw.

Joel always leaned toward a more natural approach with diverse community dynamics rather than the more standard specialization route and Holistic Management was simply a focusing of his previous approach to education. He attended Washington State University, took several Range Management courses, and got his degree in General Agriculture. He attempted to take as many 300-400 level classes as possible in different disciplines. He started a holistic approach to education in college and Holistic Management has directed that education toward a practice.

Joel and Cynthia went to their first Holistic Management seminar the same year Rachel, their first child was born. They had three more children, Emily, William, and Katelyn over the next six years. Ten years after the first Holistic Management class, they went to a multi-species grazing class, which introduced them to Holistic Grazing Planning, Holistic Land Planning, and Holistic Financial Planning. After their first course they went right home and developed a holistic goal. They have read Holistic Management: A New Framework to Decision Making. The best “take home” message of Holistic Management was testing decisions towards their holistic goal, the missing keys, and the planning processes, according to Joel.

Like the rest of us, his head hangs and his feet shuffle when talking about how well he has practiced Holistic Management. But also like the rest of us, Joel and Cynthia are more aware of their desired quality of life, the means of production they must have to achieve that desired quality of life, and the fu-

ture resource base required to provide for this means of production.

Where's The Payoff?

The first step towards adding value to their farm diversity resulted from Cynthia bringing a couple of chickens to the local farmers market as advertising for on-farm pickup of processed chickens and selling them for \$1.75 per pound. Cynthia was motivated to do this after attending a Western SARE conference in Portland where she heard Joel Salatin speak, and by the desire to find a way to stay on the farm, make some money, and mostly because it was something she personally could do! This small act skewed the course of this century family toward multiple enterprises and leaping feet first over the Cascade Mountains and landing in the middle of Seattle's high-end specialty food market.

The future resource base necessary to achieve their holistic goal meant growing their customer base; they needed more volume to spread fixed costs. Like many of us seeking to expand an enterprise, the financial weak link becomes a ping-pong game between product and marketing. By this, I mean that when we address a marketing weak link, we may discover our product lacks the quality required to grow our market. This is what happened to Joel. Using someone else's custom butchering plant created a product logjam.

So what do you do? By addressing the marketing weak link, Joel clarified and better understood their customers' desire. To overcome the product logjam they purchased a Custom Exempt farm slaughter butcher shop and turned it into a federally inspected processing establishment. With this added complexity to their whole, they are able to manage a tension between their ever-changing marketing weak link and product weak link.

This is where we left the Huesby's back in '05, with Joel saying things were just beginning to payoff. I asked him if they did. He told me they hadn't and that is the point they are at now, with things just beginning to payoff.

Joel explained as their volume grew, new problems began to stack higher than the local Blue Mountain horizon. As reported in the May, 2005 story, a gross profit analysis revealed that they needed to sell more than just two live chickens to make the direct marketing profitable. In fact, they needed gross sales of \$1,500 per farmers market to keep their marketing enterprise profitable. To do this they needed larger markets and headed west, over the Cascades.

All in The Family

Pulling back the Cascade Curtain wasn't as easy as it sounds. The Cascades present a formidable physical barrier of 2,600 feet of heavy winter snows, a geographical barrier of a 600 mile round trip, and a social barrier. The social barrier of connecting a conservative-country producer with a more liberal-city consumer mentality may have made cracking this market totally out of the question if it hadn't been for Keith and Clarice Swanson, Joel's sister and brother-in-law.

Keith was a high school English teacher and their marriage brought Clarice into an urban social and physical setting. With one foot in her country upbringing and another in her husband's native Seattle, Clarice began building a cultural and administrative bridge. She was instrumental in getting the King County health department to approve a variance, permitting meat sales at farmers markets. Clarice told the Thundering Hooves story and they became the first farmers to direct market meat in Seattle.

They began improving their marginal reaction with a strategy for each family member to attend four or five different farmers markets per week. By spreading one person over several farmers markets they achieved their \$1,500 per person volume necessary to keep the marketing enterprise profitable. Even more critical was collecting the email address of customers and potential customers to serve as a core contact list to grow their market.

The Swansons purchased a neighbor farm house and moved back to the land and a more active role in ownership and management of the business. To better improve volume, Keith, director of Thundering Hooves marketing and communications, developed neighborhood-buying clubs, where they deliver every two weeks. Members login to Thundering Hooves website www.thunderinghooves.net and place their order for delivery. This tactic greatly improved their efficiency in two ways. First, they only deliver what has been sold. This eliminates the need for loading pounds of meat back into coolers and taking home again after a farmers market is finished. Second, they bring enough supply for what the buyers want and avoid turning customers away empty handed. The buying clubs also lengthen their season beyond the short farmer market window.

To further leverage this tactic Keith has devised a 20 percent discount for first time buyers. This allows his present customers to become his sale force and farm new customers. Keith says the buying clubs now move 55 percent of their meat, with restaurants and the meat shop accounting for 30 percent and 15 percent respectively.

Their customer, as defined in their future resource base, pulls the chain of production. Their weak link may change, but Joel is adamant about keeping the future resource base pulling and not trying to "push" a product not de-

sired by their market. Joel snaps, “We are merchandizing a product that our customers desire. We are not dumping a commodity that only a few order buyers bid on.” He goes on to explain this begins with sound land management practices and ends with a marbled cut of meat. It means a steady supply stream and quality presentation. This level of vertical integration means different levels of specialization and committed employees. It didn’t matter if many of these were family because whoever was providing this skill and commitment was part of their future resource base necessary to supply their product.

The Meat Cutting Business

Their holistic goal called for paying their employees \$10-\$16 per hour—better than the mega-volume, industry packing plants, but Thundering Hooves model requires more skill sets to make more than one cut from a carcass. In addition to knowing how to create several retail cuts and various steaks, they need to know how to fabricate and process turkeys, chickens, pigs, sheep and goats as well.

Joel explains the meat cutting skills can only be learned by working with a master. Their master meat cutter came with the purchase of the meat processing facility. The owner, Bill stayed on, with his 42 years experience of multi-species meat cutting. Joel said he is key to training and teaching the next generation of butchers for their business. It takes a minimum of two years for a butcher to become skilled in all cuts across species. Joel says many of the crew changes places so anyone can step in if someone is hurt or gone.

Bill also provides a critical link in communication between labor and management. In one case a consultant convinced Joel they needed to produce more product with less overhead. Joel began cracking the whip to speed up the processing chain and released an employee. Employee relations cracked as the rest began looking over their shoulder and wondering who would be next. Ramon, the best boner Joel has ever seen was the most offended. Bill brought the concerns to Joel’s attention.

The employees’ attitude changed. Alajandro said they no longer felt valued or trusted. Joel quickly learned to “eat crow,” apologized and reinstituted a work environment balancing the need for employees desired quality of life with measurable productivity benchmarks. They shifted their compensation to an incentive based plan, which they are still refining. With more empowerment, employees have responded to new challenges.

Enter Christopher. A former Seattle sous chef, he speaks the chef lingo and yields his knife as an artist flashes a paintbrush. His artisan cuts deliver an idea-inspiring chef's potential, like Michelangelo's Sistine Chapel elevated the grandeur of future generations. His garlic-lamb sausage and standing rib roasts nurture Seattle's Slow Food dinners and wine tasting events. This kind of attention beyond customers' needs has enabled Thundering Hooves to grow the best Pacific Northwest restaurant markets.

They must be getting something right about creating their desired quality of life because Chris Hyland, financial administrator and environmental director of Thundering Hooves, left a better paying job at the Army Corps of Engineers for this job. He was Project Manager for the recovery of in-stream flows in the Walla Walla river basin and for the restoration of salmon runs.

Joel explains, "The culture of the organization he left was something akin to perpetual study and constipation if you will. Chris wanted more sense of purpose and direction, where he could have a direct impact on environmental restoration. He found that with us."

Even with employees and owners giving up income for a better quality of life, they have more costs than commodity meat processors. Their lesser-volume business model meant giving up income for much of the offal. Combined with higher pay for skilled butchers, their costs were higher than the industry standard right at the get-go. Joel is quick to point out they are not competing against the big packing plants because they are marketing to a different customer. That market addresses a niche that appreciates quality, food safety, food security, community, ecology, the environment, local economy, and a community based work force.

Local Food Systems

Thundering Hooves benefits from a different customer base in other ways too. A 174-acre (70-ha) neighbor ranch came up for sale and the seller was negotiating with a "slash and burn" kind of guy seeking to divide the place into ranchettes. Joel wrote up a proposal and hand-submitted it to the Puget Consumer Cooperative Farmland Trust, to purchase the property and lease it back to Joel. They agreed and Thundering Hooves will have the opportunity to purchase the farm in 16 years, with a conservation easement protecting it from development and insuring it will be organic.

The changes since May of 2005 have been led by a need to develop their future resource base. A growing customer base, a committed employee base (6 family, 10 non-family), and a larger land base has positioned them to fine tune the balance in seeking their desired quality of life. Joel's religious faith drives his stewardship ethic to care for "that which is not ours," just as Holistic Management asks us "How must we be for the next 150 years to achieve

our future resource base?”

Joel’s desired quality of life assumes bigger is not better. They are searching for that “sweet spot” that will harmonize all aspects of their holistic goal. There is strong demand for these lessons. In the past two weeks Joel has received emails and phone calls from Alaska, Iowa, Massachusetts, Kentucky, California, Idaho, Washington, Nebraska, Vermont, and New Zealand. Joel says the tide of demand comes from people wanting to regain control of their food systems.

Joel believes this systems approach is the next paradigm shift in our nation’s agriculture. If adding value to your products could fit into your holistic goal, get in touch with Joel who has vertically integrated a desired quality of life for all involved. Joel can be contacted for speaking engagements, consulting on business design, or his upcoming book.

Joel can be reached at joel.huesby@thunderinghooves.net.

PHOTOS

Huesby.jpg

Emily, Cynthia, and Joel Huesby In front of a Concord grape vine that produced 50 quarts of grape juice.

Huesbymanure.jpg

The Huesbys have created healthy ecosystem processes with their integration of livestock and cropping, as evidenced by manure decomposing and litter incorporating into the soil.

TH fabrication room.JPG

Joel says it’s amazing how much value can be created from sweeping out an old warehouse and moving in a little equipment. Of course the real value in the Thundering Hooves fabrication room is the employees who must have a varied skill set to handle the diversity of species and custom cuts.

Clarice & Veronika.JPG

Clarice and Veronika in Thundering Hooves cold storage room. Each row is a different species of meat. This level of organization is critical for effective customer service.

TH meats.JPG

Sign in front of Thundering Hooves Meat Shop to draw in customers. 55 percent of their customer sales is from neighborhood buying clubs.