



LSP *Myth Buster* #5

An ongoing Land Stewardship Project series on ag myths & ways of deflating them.

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Myth: *The only way for family farmers to survive in the livestock market is to sign an exclusive contract with a packer or sell specialty products through niche markets.*

Fact:

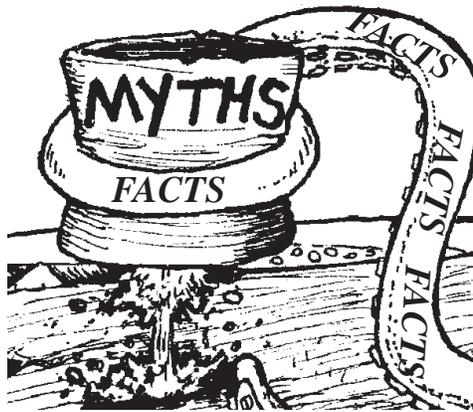
Farmers are finding ways to maintain profitable access to conventional markets through collective bargaining.

For the past several years, Jim Joens and a half-dozen other hog farmers in southwest Minnesota's Nobles County have been using the team approach to retain access to a good market while remaining independent. The farmers are all small by corporate farming standards—the biggest producer markets 3,600 pigs annually, the smallest around 700. But Joens and his neighbors are collectively shipping a semi-load (about 200 head) of hogs to a packer each week. This gives them enough marketing clout to gain the respect, and the price, they deserve.

The group started in 1997 when a local packer stated that it did not need to issue competitive bids for hogs, since it could fill its quotas with contracted animals. Joens and the others contacted the National Farmers Organization and started working with Merle Suntken, a marketing specialist with the organization. In return for a commission, Suntken negotiates with the packer and handles the weekly sales arrangements. On Friday mornings, the farmers deliver their hogs to a trucker in Wilmont, Minn., who then hauls them to a packer in Sioux Falls, S. Dak.

One of the biggest benefits of the arrangement is that the farmers feel they are able to put some reliability back into their marketing plan. They adhere to the kind of philosophy that professional marketing consultants consistently try to drive home to farmers: don't always get the best price, but a consistent price.

Feedback from the packers via Suntken has helped the farmers produce leaner hogs, which has resulted in a higher price. The farmers are making an estimated \$5 to \$6 extra per hundredweight because they are marketing as a group and are receiving a quality premium.



More Information

◆ For details on how farmers can maintain access to livestock markets, see *Creating a Bright Future for Livestock Farmers in Minnesota*. A pdf version is available at

www.landstewardshipproject.org/pdf/citiz_task_report.pdf, or by calling Bobby King in LSP's southeast Minnesota office at 507-523-3366.

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This Myth Buster is brought to you by the members and staff of the Land Stewardship Project, a private, nonprofit organization devoted to fostering an ethic of stewardship for farmland and to seeing more successful farmers on the land raising crops and livestock. For more information, call 651-653-0618 or visit www.landstewardshipproject.org.