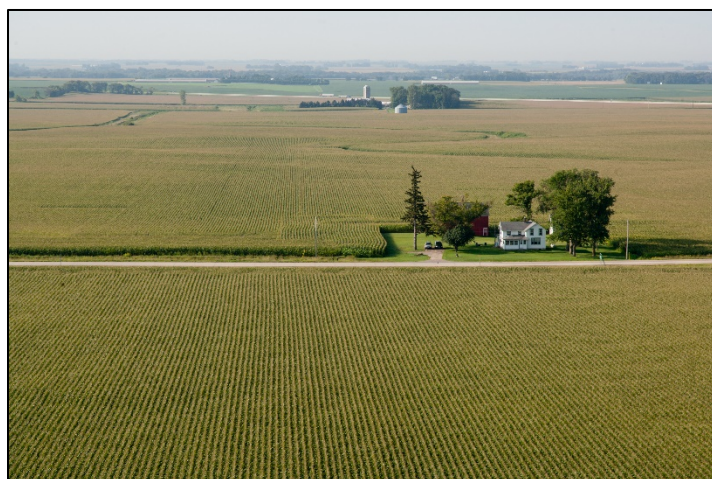


Too Late to Transition?

A Decision Case Study

By Constance Carlson

*Regional Sustainable Development Partnerships,
University of Minnesota Extension, St. Paul, MN*



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*Edited by Kristine Moncada, Gigi DiGiacomo, Craig Sheaffer and Nicole Tautges;
University of Minnesota, St. Paul, MN*

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Too Late to Transition?

In this case, an experienced farming family weighs the pros and cons of transitioning to certified organic production given the extra labor and risk associated with organic.

Eric and Angie Foster* grew up in a small farming community in west central Minnesota. Eric had learned to farm by working with his father and brothers on the family farm while growing up. Eric and Angie met in high school and married shortly after graduation. For several years, they lived in a city a few hours from their hometown where they started to raise a family while Eric worked in sales. They had moved away from their small town because, as a young couple, they couldn't afford to buy their own farmland and Eric's father was still farming the family land. About ten years after moving away, Eric's brother, Jack, bought a piece of land near their father's farm. Shortly thereafter, a farm a few miles from both Jack and Andrew's land came up for rent. Eric and Angie's families encouraged them to come back home and start farming as a family again. Eric and Angie decided the time was right to go back to their roots.

Farming during Eric's early years back on the farm was a time of great change and expansion in the U.S. farm industry (see *EXHIBIT A: Historical Farm Trends in the U.S.*). Farmers were shifting from growing a variety of crops to a standard rotation of corn and soybeans.

** While these cases describe actual situations, names have been changed to protect the identity of participants.*



More and more farms were moving toward what we now call “conventional” farming practices—using synthetic fertilizers to manage nutrient needs and pesticides to manage insect and weed pressures. After a few years of renting, Eric and Angie were able to purchase land, and their enterprise grew to about 300 acres. Like other farmers in the Midwest, they farmed conventionally growing corn and soybeans. They also managed a 300-head farrow-to-finish hog operation.

While Eric decided to adopt conventional farming methods, his brother Jack decided to farm using organic methods. This was an unusual choice at the time because national organic standards and best management practices had not yet been formally established. Jack and Eric would often talk about their farming challenges and, though they had different farming methods, they enjoyed problem solving together and often shared equipment and labor. These benefits

helped Eric and Angie weather the ups and down of farming, raise their family, send their kids to college, and enjoy their lives as farmers in the community.

Too Late to Change?

The years passed and each family member managed his farm in his own way. Eric sold his hog operation and farming methods continued to change to meet the market challenges and consumer demands. One of the biggest changes that occurred was the dramatic growth in demand for organics. As the organic market steadily grew, Jack tried to convince Eric to start converting his acres to organic. Jack offered to mentor him through the organic transition process, showing him how to apply for certification and helping him to manage weeds and pests without the aid of chemical inputs (see *EXHIBIT B: Fostering Success in Organic Transition: Resources and Mentorship*).

Eric and Angie were both nearing retirement age and were concerned about work load, land values and the future of their farm. They now owned their acres and wanted to see the farm stay in the family. However, only one of their sons, Daniel, was a farmer. Over the years, Daniel had grown to become an important part of the resource and labor sharing between the families, but, like his father, he farmed conventionally. If they transitioned to organic, how willing would Daniel be to farm organically? Would this be a barrier for him to continuing to work the family farm? Eric also wasn't convinced that the prices were worth the effort and work required to change his farming methods (see *EXHIBIT C: Organic vs. Conventional Pricing*). He knew, from talking with Jack, that he wouldn't be able to sell his crops as organic

for the three-year organic transition period, and that their operation might suffer financially (see *EXHIBIT D: The Economics of Transition*).

After watching his brother farm, Eric knew that organic farming was more labor-intensive, requiring more frequent field scouting, equipment cleaning, and hands-on management compared to his current conventional system. He was concerned about whether he'd be able to physically handle the extra work. He was especially worried about weed management. He had a low tolerance for weeds in his fields and wasn't convinced he could manage them in an organic system. He wasn't getting any younger and had no interest in "walking the rows" —manually pulling or chopping weeds.

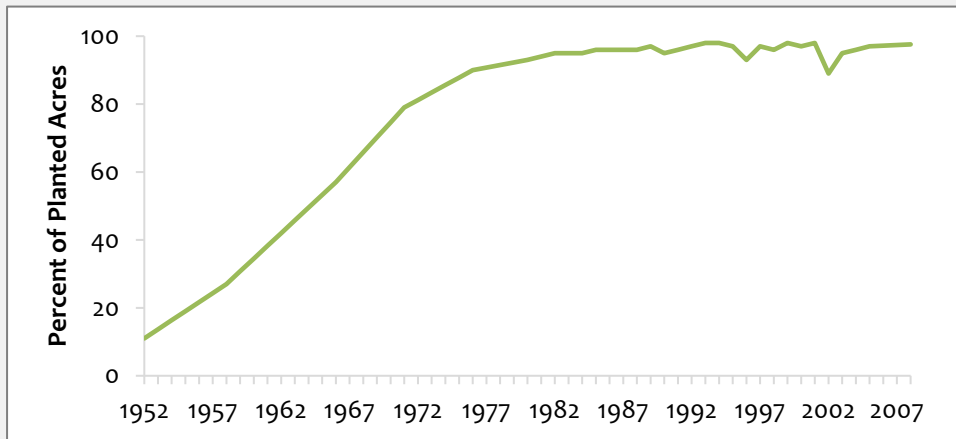
However, Eric and Angie were also people who loved the outdoors. They enjoyed nature, were avid hunters and had raised their kids to be the same. Both Eric and Angie enjoyed watching the colorful birds who came to the feeders around their house. Over time, Eric noticed they just weren't coming around like they used to. He commented to Jack later that, "The farm was silent. No birds. No songs. It was eerie." It raised real concerns about the chemicals being sprayed on the acres around their house and how they were caring for the natural environment around them. They considered how transitioning to organic farming might benefit the wildlife they loved so much.

Are the benefits of stronger market prices and less pesticide exposure enough to outweigh the extra work and financial uncertainty of transitioning to organic production? Was it too late to make the change to organic? Would their son Daniel be interested in farming organically?

Exhibit A. Historical Farm Trends in the U.S.

Farmers across the U.S. have witnessed great changes in agricultural production over the past fifty years. Farmers like Eric and Jack, who were raised on a farm in the fifties, may have been witness to the very last of horse-powered production and have farmed long enough to now be using GPS in their tractors! They have also witnessed and been part of the dramatic change in nutrient and pest pressure management. These graphs show the rise in chemical inputs, especially since the early 70s. With nearly 100% of the corn acreage of the past thirty years produced using conventional methods, it's evident why switching from conventional to organic production to is not an easy decision—many farmers simply do not have the experience or knowledge to farm any other way.

Corn Acreage Treated with Herbicides, 1952-2008 (USDA-ERS, 2016)



Fertilizer Use in U.S. Agriculture, 1960-2011 (USDA-ERS, 2016)

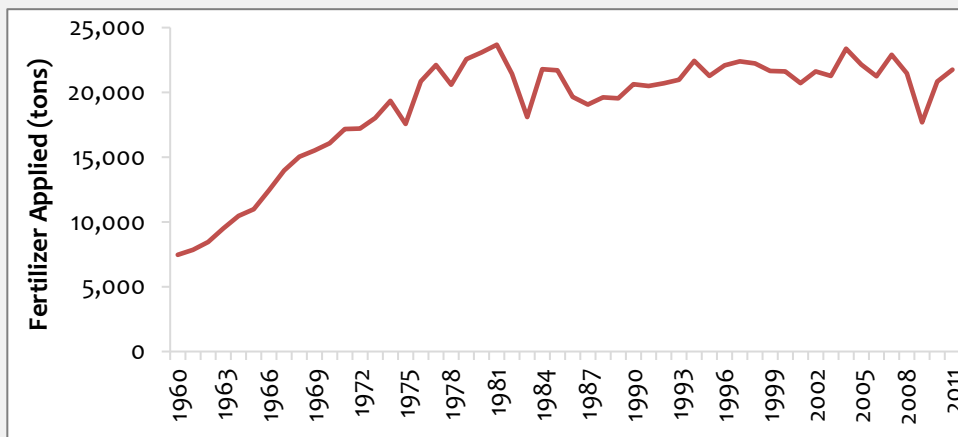
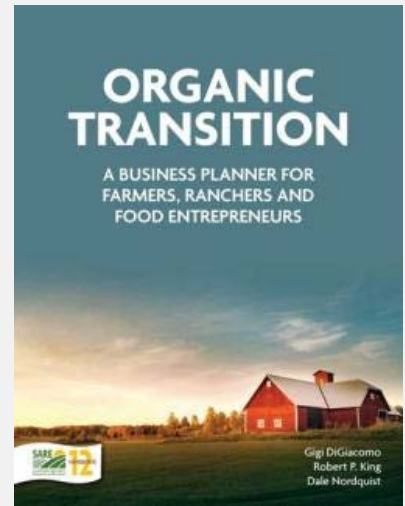


Exhibit B. Fostering Success in Organic Transition: Resources and Mentorship

Learning something new can be challenging, no matter the subject. It is even more challenging, and risky, when the success of learning the skill can dramatically affect a person's pocketbook. People who are considering starting a career in organic farming and/or farmers who are considering transitioning to organic production are encouraged to seek mentors and resources to guide them through their decision-making and learning. The following is a list of organizations, resources and conferences available for farmers to get the latest information and grow their networks in organic farming.



List of resources for farmers interested in transitioning to organic:

MOSES Farmer-to-Farmer Mentoring Program
(<https://mosesorganic.org/projects/mentor-program/>)

Land Stewardship Project Journeyperson Program
(<http://landstewardshipproject.org/morefarmers/lspjourneypersonfarmtrainingcourse>)

MOSES Organic Conference
(<http://mosesorganic.org/conference/>)

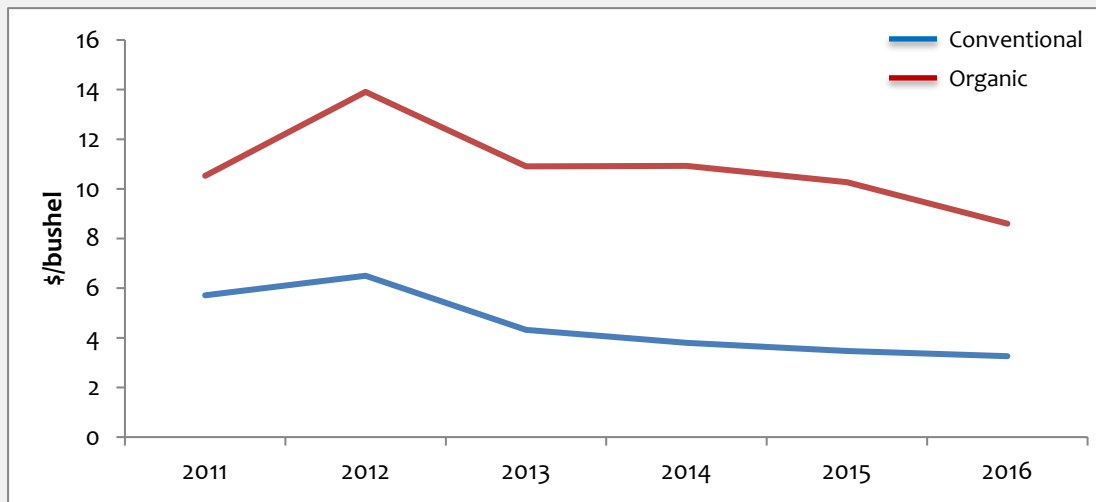
Minnesota Organic Conference
(<http://www.mda.state.mn.us/food/organic/conference.aspx>)

Practical Farmers of Iowa
(<http://www.practicalfarmers.org/>)

Exhibit C. Organic vs. Conventional Pricing

In recent years, the demand for organic commodities have risen dramatically. As a consequence, organic market prices for corn, soybeans and wheat have maintained a premium when compared to conventional prices. Thoughtful crop rotation in organic systems is a critical aspect to organic production, not only for soil, nutrient, pest and weed management, but also to capitalize on optimal market prices. (Source: Center for Farm Financial Management's FINBIN database)

Organic Markets: Corn Prices



Organic Markets: Soybean Prices

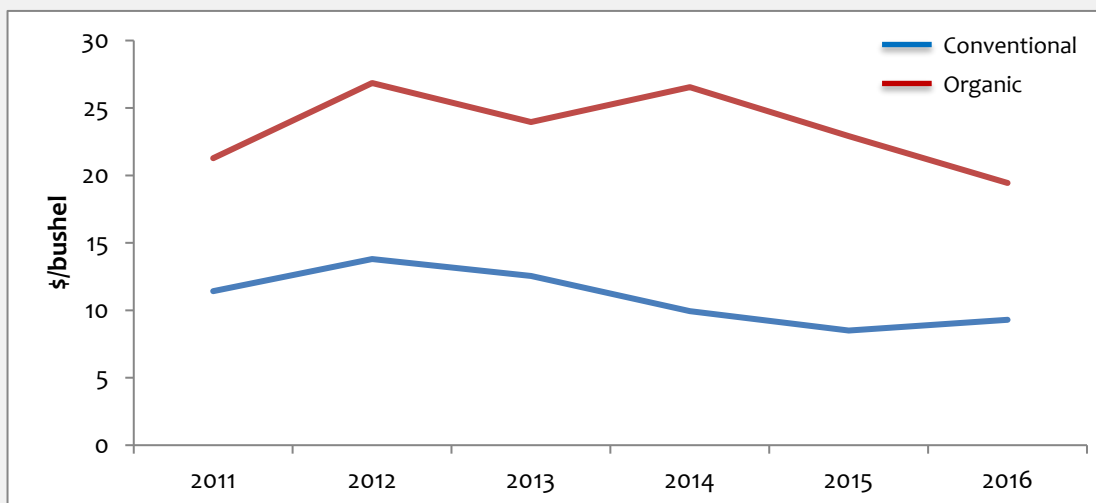


Exhibit D. The Economics of Transition

Making the transition to organic affects not only the way the farmland is managed, it also has an impact on the farm finances. Crops harvested during the three years required for transition do not, at this time, command a premium in the marketplace. Therefore, farmers must be strategic in their financial planning for those three years. The table below shows the loss a typical farmer may incur during the three years of transition.

	Field 1 : Corn (50% of farm)	Field 2: Soybeans¹ (50% of farm)	Annual Average
Acres	115	115	230
Yield²	150	34	
Price³	\$3.75	\$14.40	
Gross income	\$64,745	\$56,350	\$120,992
Average gross income per acre	\$563	\$490	\$526
Average expenses per acre⁴	\$718	\$400	\$612
Average net income per acre	– \$155	\$90	– \$86

1 Food-grade soybeans

2 Using estimated yields for 2016

3 Using estimated prices for 2016

4 Average direct and overhead expenses reported by transitioning farmers in Minnesota for the 2015 Farm Business Management program, FINBIN database

Discussion Questions:

Below are examples of the kinds of questions the decision case study facilitator can use to stimulate discussion of the issues in this case. Participants may discuss some of these questions in groups of two to four and some questions as a large group. The questions used can vary depending on your time limit and the issues you wish to discuss. Other questions may be added as needed and appropriate to the situation.

1. What are the barriers to transitioning to organic that Eric and Angie are facing?
2. What are the benefits for them to transition?
3. How does age factor into their decision?
4. What is important to Eric and Angie as farmers?
5. What are Eric's feelings regarding organic farming? How might his feelings affect their decision?
6. How important might having a mentor be for success in organic farming?
7. Why might it be important to know whether their son plans to take over the farm when they retire?
8. If you were in their situation, what would you do?