

ESTABLISHED FARMER CASE STUDIES

Cead Mille Failté

The Whole Under Management

Cead Mille Failté is a diversified farm that focuses on sheep, but also raises a fair number of pigs and chickens. The farm is owned and managed by Lynne and Sean O'Hanly. They have been farming for eleven years. The farm has 71 sheep which produce about 107 lambs each spring, 66 laying hens, 1,000 broilers, six pigs, five goats, eight kids, one cow, one calf, one pony and a donkey. Sean works off of the farm full-time, so Lynne and the couple's three boys do a good share of the work.

The farm consists of 15 acres of permanent hay (five acres rented), 60 acres of pasture and hayland, 6 acres of corn for grain and 5 acres of woodland. The predominant species in the wooded area are hemlock and sugar maple. Most all of the hayland is grazed, especially later in the crop season as the grass grows less vigorously due to the heat of the summer and limited soil moisture. The farm's soils are moderately well drained, and are shallow to hard pan. The farm is located in a non-brittle environment that receives 40 inches of rainfall throughout the year.

Sean believes that the farm is currently understocked in relation to crop and pasture acreage. Custom harvest is done once a year at first cutting and a custom brush-hogger cuts back the hay in later months. The plan view map details the farmland base, infrastructure and topography.

Cead Mille Failté direct markets all of its naturally produced farm products at the farm and through local stores. They also market their wool in the form of wool blankets that are spun and woven in Nova Scotia.

Quality of Life

With the support of a cooperative educator, Cead Mille Failté Farm developed the following quality of life statement:

"We want to continue to live on our farm providing food, fibre and a pleasant place to raise our children. We want the farm to provide them an opportunity to learn life skills and develop a career in farming if they desire it. We want to continue to work and travel together as a family."

While a holistic goal usually also includes a forms of production and future resource base statements to help direct thinking and decision-making for both the short- and long-term, Sean has not been motivated to develop them in written form, although the cooperative educator had explained the principle behind such a statement to him. Sean has in his

mind's eye his future resource base and is striving toward this end. It is unclear at this time what the effect of not having well defined forms of production and future resource base will have on his attaining the quality of life for which Sean and Lynne are striving.

Testing Decisions

The farm tested three potential investments: an egg mobile, grain bins, and a tractor with a bush-hog.

Egg Mobile Purchase

The egg production enterprise focused on a permanent housing system for the laying hens. The current system of egg production also required a large grain expense, and Sean believed that moving the chickens around on pasture would provide nutrition in the form of pasture grass and insects. There was also a large bare area on a highly erodible slope around the chicken coop that leads to erosion and is an eyesore. This eroding bare ground was not consistent with the future resource base that Sean and Lynne desired.

1) *Cause and Effect: Does this action address the root cause of the problem?*

Problem=High feed costs: Sean believed that the egg mobile addressed the root cause of the problem—high feed cost—in that it made it possible for the chickens to be on pasture versus being fed only purchased grain.

2) *Financial Weak Link: Does this action strengthen the weakest link in the chain of production?*

The weak link with regard to egg production was determined to be resource or energy conversion, that is, a lack of conversion of grass and insects to eggs. The investment in the egg mobile was modest at \$1,300, so it passed.

3) *Marginal Reaction: Which action provides the greatest return, in terms of my/our holistic goal for the time and money spent?*

In terms of time spent, labor to operate the eggmobile system was about the same as the old grain-feeding system. However, it was more enjoyable to move and clean the egg mobile than to clean out the old chicken coop (which took two people six hours twice a year) and spread the manure. Moreover, Sean estimates a twenty percent reduction in grain usage in the summer for a savings of \$120 over the pasture season.

The most significant economic benefit was that since the farm was now

selling a better product, pasture-laid eggs, they raised the egg price by \$0.25 per dozen. This price applied to an average of 6 dozen eggs per day, resulted in increased income of \$550 per year. Other cost savings were related to reduced loss of soil through erosion, a reduction of water quality impairment through better manure spreading and reduced manure run-off. Given these numbers, the egg mobile will pay for itself in 2-3 years, thus demonstrating good return on money spent.

While Sean did not do a formal gross profit analysis, since he wasn't comparing two enterprises, he believed from his calculations it was the best place to invest at that point in time.

4) *Energy/Money, Source & Use: Is the energy or money to be used in this action derived from the most appropriate source in terms of my/our holistic goal? Will the way in which the energy or money is to be used lead toward my/our holistic goal?*

The money for the egg mobile would have to be borrowed, but at very favorable rates; Sean felt comfortable with borrowing as a source of capital because of the low cost and quick return on the money invested. Moreover, the use of the money would lead to increased soil fertility and health, and a better product (pasture-raised eggs), so that the use of the money toward his future resource base helped this decision pass this test.

5) *Sustainability: If I/we take this action, will it lead toward or away from the future resource base described in my/our holistic goal?*

Sean believed that the egg mobile passed the sustainability test, as the system would eliminate the bare ground around the chicken coop, thereby reducing soil erosion. The egg mobile would also improve the farm's mass nutrient balance, since less purchased feed would be brought onto the farm.

6) *Society & Culture test: How do I/we feel about this action?*

Finally, Sean believed that this action passed the society and culture test, because Lynne and he felt very good about investing in the egg mobile. Pasturing the chickens was consistent with how they wanted to raise their animals.

Grain Bin Purchase

While we will not go into the same detail of the testing of this decision, Sean did go through the testing process for determining if purchasing two grain bins at this time was a good decision.

The cost of the two grain bins was \$3,000. The impetus for considering this purchase was high feed cost and the bins provided a handsome return in the form of reduced costs. The farm was

purchasing 50 pound sacks of grain that cost 50 cents more per bag, versus bulk grain. With the farm buying one ton of grain per week, the cost savings of purchasing bulk feed was \$1,040 per year.

Moreover, Sean and Lynne also had savings in the form of labor since they did not have to lug all of these sacks of grain. They determined that the payback period of this investment was about three years. No red flags came up when looking at the other tests, so they borrowed the money for the purchase and the bins were installed.

Purchasing a Tractor

1) *Cause and Effect: Does this action address the root cause of the problem?*

Problem=Over mature pastures. Sean felt that the tractor and bush hog did not address the root cause of over mature pastures, since he believed that the root cause was not having enough animals to fully graze the pastures and keep plants in a more nutritious condition.

2) *Weak Link: Does this action strengthen the weakest link in the chain of production?*

Sean decided that the weak link in the chain of production for the sheep enterprise was product conversion—i.e., too few animals to graze the forage that was grown. The farm desires to use all pasture and hay land so that it doesn't grow back to scrub.

However, since it will take the farm five years to build the flock to the carrying capacity of the pastures (due to biological and economic constraints), some form of mechanical clipping is a viable alternative in the short-run. In this way the tractor and bush hog could pass this test, but other options could be available such as custom mowing.

3) *Marginal Reaction: Which action provides the greatest return, in terms of my/our holistic goal for the time and money spent?*

Sean estimated the cost of the tractor and bush hog at \$7,000. They explored custom mowing as an option, but timing of mowing had been a problem in the past. Economically, custom brush hogging was inexpensive at \$25/hour (\$7.50 per acre) or \$150 per year. The general problem was timeliness of getting the pastures clipped to keep the pastures lush and forage quality high. So despite concerns about challenges of finding a reliable custom mower, the expense of the tractor didn't pass the test because of negative financial return, which caused them to look more closely at custom mowing.

Since this wasn't a comparison of two enterprises, the gross profit analysis test was not applicable.

4) *Energy/Money, Source & Use: Is the energy or money to be used in this action derived from the most appropriate source in terms of*

Sean estimates a twenty percent reduction in grain usage in the summer because of their egg mobile.

my/our holistic goal? Will the way in which the energy or money is to be used lead toward my/our holistic goal?

Money would have to be borrowed to purchase the tractor, but Sean argued that interest rates were low and the line-of-credit good. So by itself, borrowing money for a tractor didn't seem to be an issue for Sean, except there were other purchases for which they were also borrowing.

Energy usage for running the tractor was equivalent to having someone do the work on a custom basis, so it passed the energy/money source and use. Sean knows that ideally, having increased animal numbers would be the best way to maintain the forage, but at this point he was testing short-term solutions. However, the cooperating educator noted that one possibility they could explore was leasing the grazing to get their animal numbers up enough to do the job and actually earn income rather than spend money they have to borrow.

5) *Sustainability: If I/we take this action, will it lead toward or away from the future resource base described in my/our holistic goal?*

Sean considered the tractor purchase as something that would lead toward the future resource base because more lush pastures reduce the need for harvested supplemental feed. However, the cooperative educator questioned this analysis due to purchasing machinery for the short-term when Sean would eventually want livestock to harvest the forage directly.

6) *Society & Culture: How do I/we feel about this action?*

Even though Sean really desired to own a tractor, it didn't pass the society and culture test because Sean and Lynne felt much more comfortable with the egg mobile and grain bin alternatives and those were the first priority as purchases. They decided that the tractor was more of a want than a need, so they decided not to purchase a tractor. In the end, they found a more reliable custom operator to clip the pastures, providing improved pasture for the animals into December.

To Market, To Market

Sean and Lynne had marketed a large amount of their farm produce through a CSA in New York City. While the marketing outlet was very profitable, Sean and Lynne believed that it was taking too much labor and time away from home so it failed both the "marginal reaction" and "society and culture" tests badly. Cead Mille Failté farm will now focus on on-farm marketing and local stores.

Summary

Cead Mille Failté is doing well. They believe in consistent methodical improvement each year. If we look at the impact at the decisions they tested this year, we see the following results:

Decision/Process	Result
Purchase egg mobile	Increase net income ↑
Purchase egg mobile	Decrease erosion ↓
Purchase egg mobile	Improve soil fertility and health ↑
Purchase grain bin	Increase net income ↑
Purchase grain bin	Reduce grain expense ↓
Purchase grain bin	Decrease labor ↓
Not purchase tractor	Decrease overhead costs ↓
Marketing outlet decision	Decrease off-farm labor ↓
Marketing outlet decision	Improve quality of life ↑

Sean and Lynne are also looking forward to implementing Holistic Management® Grazing Planning this spring/summer. In a survey of their practice of Holistic Management the O'Hanlys stated that "Holistic Management helped us make some important decisions about our farm and family life this year." The development of their Quality of Life statement and testing decisions will lead to consistent decision making over time, and will help them to move more effectively toward the quality of life that they desire.

Decision Testing Summary

Decision—	Pass	Fail	Not Applicable
Purchase Eggmobile			
Cause & Effect	X		
Weak Link-Social			
-Biological			
-Financial	X		
Marginal Reaction	X		
Gross Profit Analysis			X
Energy/Money Source & Use	X		
Sustainability	X		
Society & Culture	X		
Outcome—Purchase eggmobile			

Decision—Purchase tractor	Pass	Fail	Not Applicable
Cause & Effect		X	
Weak Link-Social			
-Biological			
-Financial	X		
Marginal Reaction		X	
Gross Profit Analysis			X
Energy/Money Source & Use	X		
Sustainability	X		
Society & Culture	X		
Outcome—Don't purchase tractor.			