In Defense of Specialization
By Ulf Kintzel

The case has often been made that a diverse farm is less vulnerable if the market for one of its products fails. The other products produced on the farm will compensate for the lost income, so goes the theory. It is "hip" again to speak up for the diverse farm like we knew it from our grand-parents. Why did farms specialize in the first place? Most arguably it is because of cost reduction. The more units are produced with the same machinery, with the same personnel, the less the cost per unit. This has brought us the 1,000 cow farm and the several thousand acre cash crop farm that grows corn, soy beans and nothing else. The argument is that these specialized farms bring environmental problems with them and are unsustainable. In addition, they are highly vulnerable to a collapse of the market for their specific product. The small diverse farm on the other hand is supposedly more sustainable, while writers and advocates imply that the mega farm is the most vulnerable to demise. Perhaps this is true, but why pick the extreme farm to make the case against specialization? Let's compare applies to apples instead. Let's compare a small specialized farm with a small diverse farm.

I raise sheep and that is basically all I do. While I raise some chickens, eggs, ducks, squash, and many vegetables - all these products are for home consumption. The sheep and lambs I raise are basically the only commercial products I am indeed highly specialized. I am also considered a small farm. I farm about 130 acres of pasture. I buy all my hay. Together with my wife's off-farm income we make a comfortable living. Specialization allowed me to get a special set of knowledge about sheep and about pasture. While it is impossible to know everything, I am confident that my knowledge has a lot of depth. Few sheep diseases or unforeseen events surprise me or put a dent into the profitability of the farm. If one feels the need to have some diversification in production to escape boredom, perhaps you have larger problems. If you are managing the farm well, the collapse of one market should not have a devastating effect on your whole enterprise.

Markets can be created, at least to a degree. Does the reader believe there was a market for "Facebook" or the TV show "The Apprentice"? I doubt there was. I am convinced marketing created these markets. That can be done with your product as well. In the case of my sheep I entered the market for breeding ewes of a hairsheep breed. While I certainly have buyers who all along wanted hairsheep, I have far more buyers who bought that hair sheep ram for their flock because it is now easily and affordable available. I furthermore diversify my market by selling frozen lambs off the farm or via a buying club in New Jersey. These are perhaps 80 or more customers. There is just no conceivable market collapse that can much impact a customer base which is not at all ethically uniform and extremely diverse indeed. I also sell lambs to another organic farmer who is good in raising pigs and beef but needed a supplier of excellent grass-fed lamb. I am also selling to two distributors - one small and local and one large. Last but not least, did I mention that I train herding dogs and give sheep herding lessons as well?

The products offered from a single species can be rather diverse. In case of sheep it can be wool products, freezer lamb, sheep sausage, individual cuts versus half or whole lambs, burgers and the list goes on. One can also entertain the thought to buy additional products from other farmers like pork, beef, eggs, chickens, and honey as my neighboring sheep farmer does. It is a win-win scenario for both him and the producers. He attracts customers and the promotional producer has a market for what he or she does best: producing his or her specialized product.

The specialized farm also gives me the time to do the marketing necessary in order to add value to my product instead of selling it as a commodity product. How many farmers have you heard saying "it got no time for that" when asked about marketing their product. They simply have too much work and can't focus on marketing. If you want to satisfy one hundred customers each year that want to buy half a freezer lamb, or a ram lamb, or five breeding ewes, you will need to be able to take that time. A specialized small farm will give you that time.

If you raise a variety of products, market to a broad customer base, and still run into financial trouble, perhaps you have larger problems that even a diverse farm would not save you from. If you are managing the farm well, the collapse of one market should not have a devastating effect on your whole enterprise.

Specializing your production does not mean that one should not grow a few other crops or raise a few other animals to complement your main production, i.e. raising a few pigs on wheat that would otherwise go to waste when you make cheese. It also does not mean you should not have a few side projects that your kids will do as chores like feeding a few hens or growing tomatoes. We certainly do that. It does mean, however, that the focus should be on one specific way of raising animals or growing crops instead of having several production venues at once that all carry the same weight and have the same importance. And don't kid yourself about the nature of your farm. If three-quarters or more of your income comes from one or two products, you are a specialized farm no matter how many side projects you entertain.

In summary, running a specialized farm has in my opinion more advantages than disadvantages: cost reduction, in depth knowledge, and peaks but also down times in labor. These down times in labor can be used to take care of your customers, to recover from labor peaks, or perhaps to go on vacation. To reduce the vulnerability of such farm to market swings and possible collapses, one should try to diversify the market as much as possible. If one feels the need to have some diversification in production to escape boredom and wants to make it interesting, one can always raise some poultry, beef or pork or grow some vegetables and fruit for home consumption. That might be just enough diversification to satisfy you without burdening you with a lot of labor and cost.

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