

# Improve Your Bottom Line: Diversify!

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*"Even if you are on the right track,  
you'll get run over if you just sit there."*

-Will Rogers

An ancient adage, no doubt from Incan times, says "don't put all your fleece in one basket". This is especially true for small farms. The alpaca industry has remained quite strong since 1984, weathering several periods of economic uncertainty with hardly a blip. On the other hand, individual farms report that sales in some years are better than in others, while new breeders wonder how to fund their start-up expenses. Fortunately there is an easy way to protect and improve your farm income: diversify!

Isn't this advice contradictory? After all, small businesses are routinely taught that specializing is the best way to compete with the big guys. In the alpaca industry I know breeders that specialize in certain colors of alpacas, or in certain bloodlines or in coat styles. There is nothing wrong with this - developing a specialized niche for your business helps you stand out from the crowd. But what if that fuchsia colored fleece you've been breeding for goes out of style next year? Or the bloodlines you've focused on lose favor for some reason? Breeders are well advised to maintain as much diversity of color, style, quality and pedigree as they can, in addition to their specialty animals.

For many breeders, selling alpacas is their sole means of producing income. And a great way to earn a living it is, too. But suppose a huge ranch opens right down the road from you and buyers are no longer coming your way? How about the new breeder who is still building up a herd and doesn't have any alpacas for sale yet? Unfortunately the bills do not hold off until you have sales. Wouldn't it be great to have another income stream to help defray your alpaca-related costs? It could be the difference between profit and loss for your alpaca business.

There are many ways to earn ranch income in addition to selling alpacas. Some breeders who started out offering a product or service as a sideline to their alpacas have discovered whole new passions. At the least, the extra dollars earned can go into your marketing fund or pay for your stud fees this year. Whether you branch out a little or a lot, do your homework to understand the financial and time commitments involved when you consider the following ideas for improving your bottom line:

Alpaca products for sale! Oddly enough, it is not uncommon to meet breeders with closets, attics and spare bedrooms stuffed full of fleece they are not using and are not selling. For heaven's sake, get that fleece out and make some money with it! What could be easier than pooling your fleece with other breeders and having it processed into lovely alpaca yarn, which you can either sell or have made into end products? Even the raw fleece itself can be sold easily enough to handcrafters of all sorts. I sell raw fleece straight off the animal, uncleaned and unskirted

for \$30 a pound. Cleaned, carded and bagged in 2 or 3 ounce quantities it goes for up to \$30 an ounce. What will it take to make these sales? Not much more than your presence at farmers markets or fiber shows, crafts fairs or fiber guild meetings, or a listing on your web site.

If you don't shear enough fleece to produce a product line, find a wholesale distributor and purchase your inventory, or travel to South America and import your own items. It is entirely possible to begin retailing alpaca products in a very low-key way. My first "store" was an antique trunk in my living room, and it grew from there. If you include a visit to the "store" as part of your standard tour for visitors you will, at the very least, sell enough to pay for your time leading the tour. You can build your clientele from there at your own speed. Retail or wholesale, nothing sells like alpaca products!

Don't forget that other ubiquitous alpaca product: poop. Selling this commercially probably requires prohibitively expensive testing and labeling, but there is nothing to stop you from selling it by the truck or wheelbarrow load to backyard gardeners or market growers. Worm farmers are always in need of nutrient rich material. Put an ad in your local nickel shopper and see what happens next.

Alpaca services for hire! The alpaca industry is chock full of talented folks. Whatever it was that you did prior to joining this industry could be a lucrative adjunct to alpaca breeding. Is there an expertise you have that breeders need? There are some skills or professions that come immediately to mind, such as shearing, transporting, training or providing vet care to alpacas. In addition, alpaca ranches from time to time need accountants, legal services, photographers, insurance agents, real estate brokers, marketing specialists, and so on. Be on the lookout for ways to match your background, experience and talents with the needs of the industry.

Alpaca-inspired products for sale! I know of an apple orchard where they make a great deal of money selling baskets lined with apple printed fabric. This has little or nothing to do with growing apples, but the orchard's owners realized that people who were willing to pick their own apples probably were apple lovers, and apple lovers might like anything that reminds them of apples. I suspect alpaca lovers are much the same! In my travels around the alpaca world I have seen alpaca jewelry (that is jewelry in the shape of alpacas, not jewelry worn by alpacas), soap shaped like alpacas, alpaca cookies, alpaca photographs, notepaper printed with alpacas and a large variety of other alpaca items. Find a source for products that can be imprinted with your ranch name and logo, or with a generic alpaca image, and alpaca lovers will open their checkbooks. You can market such items to your visitors, on your web site, via catalogs, or from vendor booths at alpaca events.

Farmland and outbuildings for rent! If you are a living example of land rich and cash poor, find ways to earn money from your land. Agisting other people's alpacas is probably a break-even proposition but if you have the acreage to do it on a large scale there may be a net profit to be had. Can you rent your grass? I lease grazing land we

own but don't live on to a cattle rancher and the money I earn pays my property taxes and then some. Alternatively, if you have a land you don't yet use for alpaca pastures, see if one of your neighbors wants to rent it for a hayfield. Got a spare bedroom, mother-in-law apartment, or cabin? Create a bed & breakfast business, with clients drawn from both inside and outside the alpaca world, or rent it out as an artist's studio. (Be sure and check on local zoning ordinances first, though). Land costs are often the largest investment for those getting into farming. Anything you can do to offset those expenses will be a great help to your bottom line.

The list of ways to earn additional income could go on and on, but you get the idea. Whether it is through speaker's fees, stud fees, consulting or shearing, creating new income streams is like insurance for your bottom line. The successful alpaca businessperson knows the value of diversity!