

# Opting For ORGANIC



Jim Sattelberg

PHOTO: ELAINE SHEIN

Despite obstacles, these conventional farmers made the switch to improve their profit potential. **BY CHARLES JOHNSON AND ELAINE SHEIN**

**K**neeling on the ground to scrape away at the soil, Jim Sattelberg and son Ben check the dirt in their field near Snover, Mich.

As organic farmers, they need to know what is happening with the dirt if they want a good crop. Timing is everything. The Sattelbergs monitor soil temperature and usually wait until May to plant. They need the 50-degree soil temperature at 4 inches deep for 10 days for the corn to germinate.

They do their own soil tests, checking the pH to see if they need to add gypsum or more calcium. Sattelberg stresses if the soil chemistry is right, the crop is healthier, pests are less of a problem and weeds are easier to control. It also helps fight fungal diseases.

"Knowing what you need is the issue," says Sattelberg, "... learning how all this is going to work for you. The learning curve is quite steep. But it's easier once you do it, once you get out of your comfort zone."

That challenge and the premium prices that come with it continue to intrigue a tiny percentage of the nation's farmers to grow organic. Sattelberg represents

an even smaller subgroup—commercial farmers with sizeable acres who switched to organic production. For him, organic farming doesn't reflect a change in philosophy. Instead, like most business decisions, economics was the driving factor.

**A DIFFERENT DIRECTION.** After going through the agricultural crisis from the mid-1980s to early 1990s, Sattelberg had his farming operation and financials professionally analyzed. At the time, the family farmed conventionally as Bayshore Farms near Tuscola, farming up to 4,000 acres in three counties.

"It was kind of shocking," he recalls, following the review. The "eye-opening" numbers made him realize they had to do something different—either sell out or turn to producing more value-added crops.

They went organic in 2002 when they bought Thistle-down Farms near Snover. Their children, Ben, Matt and Sarah, were still in school. Today, Ben, Matt and their wives are involved with the farm business as well as Jim's wife, DeAnn. They farm about 2,600 acres, all organic.

Growing organic crops earns Sattelberg ▶

significant premiums. In 2008 he earned about \$11 to \$12 per bushel for organic corn when conventional farmers were getting \$5 to \$6.

On soybeans, he got \$30 per bushel, compared to less than \$10 for conventional soybeans. Dried beans earned \$75 per cwt versus an average of \$35 for other producers. In 2010, organic corn paid \$6 to \$7 per bushel, \$25 to \$26 per bushel for organic soybeans and \$72 per cwt for organic dry beans.

Sattelberg is farming less land than he did as a conventional farmer, but the margins aren't as tight and the stress levels are lower. "I'm also growing better crops than I used to. There are less pests and disease issues. Plus, during drought or wet seasons, the soil handles stress better."

Organic yields are the same or higher than his conventional crops. His wheat consistently ranges from 70 to 100 bushels per acre, more than 40 bushels for soybeans and 140 to 150 bushels for corn. Organic dry beans generally average 20% more than conventional beans. Sattelberg admits marketing is more challenging. "You have

through 2012. Organic food sales reached nearly \$25 billion in 2010.

Even premiums pushing corn and soybean prices to as much as double the market rate for conventional crops haven't enticed enough organic acreage to supply the U.S. market, however.

"With soybeans, tofu and soy milk are hugely growing markets," says Catherine Greene, USDA economist who tracks the organic business. "With corn, we were in a huge supply crunch because the organic dairy market was growing so fast in the middle of the decade. So we've actually been importing a lot of organic corn and soybeans. This is a premium market for producers that want to tap it."

**WEED CONTROL CRITICAL.** One of the challenges with organic production is weed control. To be successful, organic farmers must disrupt weed cycles, says John Teasdale, research leader at USDA's Sustainable Agricultural Systems Laboratory at Beltsville, Md.

"That's the key strategy. If you have a complex rotation so crops are planted at different times or at different points of the weed life cycle, a perennial like alfalfa or a fall-planted crop like wheat will compete well with weeds in the spring."

For just that reason, Charlie Johnson, Madison, S.D., divides his 1,800 acres of organic cropland six ways—a third each in alfalfa and soybeans, and one-sixth each in corn and oats. Johnson and his brother Allan have been organic since 1976, when their father made the switch from conventional production.

"Our corn yield is around 125 bushels per acre—not too bad where conventional yield runs 140 to 160 bushels. Our soybean yield is only about 30 bushels per acre, but we're growing food-grade, clear-hilum soybeans. They don't yield as much but get a good premium," Johnson says.

In 2009, that food-grade soybean price ran as high as \$22.50 per bushel. The Johnsons shoot for a \$400 gross per acre across the entire farm, aiming for a \$600-per-acre gross on corn and soybean fields, and \$200 to \$300 on oats and alfalfa.

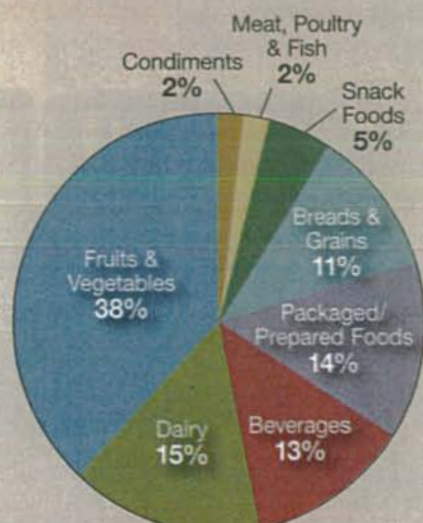
"Lower than that and we just won't be competitive," Johnson says. "Our costs are pretty similar to our conventional neighbors' production costs."

He budgets \$30,000 for hoeing crew labor on the 900 acres of row crops, and figures cultivation and rotary hoeing costs on top of that. Since manure from 200 beef cows helps meet much of the crops' nutrient needs, fertility costs run only about \$50 per acre.

Don't look for a big percentage of U.S. farmers to switch to organic. Premium crop prices look inviting but potential pitfalls are large. Still, the lure is great for some farmers. ●

## U.S. Organic Food Sales, 2009

According to USDA estimates, U.S.-certified organic cropland increased 41% between 2000 and 2008, and was up 51% between 2005 and 2008. While it only accounts for about 2.2 million acres, organic food sales in the U.S. were expected to reach nearly \$25 billion in 2010.



SOURCE: ORGANIC TRADE ASSOCIATION'S 2010 ORGANIC INDUSTRY SURVEY

to know the game plan, what is selling, did the guy give you the facts? You have to know how to play the markets."

**SMALL MARKET SHARE.** As of 2009, only 0.2% of the nation's corn and soybean acreage was certified organic. Soybeans have been at that level for several years. Organic corn acreage doubled over the past five years. Overall, only 0.7% of U.S. cropland is certified organic, along with 0.5% of the pasture, according to USDA statistics.

Nationwide, organic grains, fruits, vegetables and livestock have captured 3.7% of retail sales. Growth in organic retail sales averaged 15 to 21% a year from 2000 through 2008, according to the Organic Trade Association. It projects growth at 7% annually