

## **Duckett's Tree Farm Case Study**

Steve Duckett  
Buncombe County Cooperative  
Extension

### **Background Information**

The driving force behind Duckett's Tree Farm is Kevin Duckett. He is 36 years old and holds an Associates Degree in carpentry and cabinet making from Asheville Buncombe Technical Community College.

Kevin Duckett has had widely varied job experiences, many of which contributed to his idea of raising ornamental trees. He grew up on a beef cattle and tobacco farm near

Asheville, N.C. In the Big Sandy Mush community. After earning his degree from A.B. Tech, he worked as a cabinet maker and carpenter, while still farming on the side. Then he began working part time for Sandy Mush Herb Nursery, where he discovered an aptitude for nursery plant production, and learned a great deal about the demand for ornamental and medicinal plants.

In recent years, Kevin has continued to work on the family farm, while also working with a landscape architecture firm installing landscape plants and building features like fountains and ponds. Working with this firm helped lead Kevin to his ideas on starting his own tree operation.

### **Business Description**

Duckett's Tree Farm consists of a 0.5 acre block at the lower end of a 35 acre tract of bottom land on the family farm. The main thrust of this venture is to take

small ornamental tree liners purchased from a tree nursery as 2 to 4 foot whips and grow them into a marketable 6 foot or larger tree that will offer landscapers a high quality local ornamental tree for the booming residential landscape market near Asheville, N.C.

These young liners can be purchased for \$4.00 to \$6.00 dollars per tree. After they are transplanted, fertilized and grown out to 6 foot size or better, each young tree can be worth \$40.00 to \$60.00 in the upscale residential market. Mr. Duckett plans to primarily sell the trees wholesale to area landscapers, with perhaps a small quantity sold to individual homeowners at retail.

Large trees like these, of popular species like red maple, will be aimed at high end residential clients through landscapers. Many people in this clientele group are older, affluent retirees. These homeowners don't want to wait for their landscape to grow in. They want to have large trees that will provide a finished look too the landscape in a few years. Mr. Duckett believes that focusing his production on this exclusive type of customer will provide good returns on his investment, and allow him to quickly establish a reputation among high end landscapers as a quality source for a premium tree to use in upscale projects. Focusing his production for this client group should allow Mr. Duckett to gain visibility and a good reputation quickly in this small market arena.

### **Importance of Location**

Location is significant to this business in some ways. First, proximity to the city of Asheville and the booming housing market there provides a growing market

for premium ornamental trees.

Another plus of this location is the growing buy local movement in the Asheville area. Many residents feel it is an important part of their philosophy of community to purchase locally produced items whenever possible. This factor gives a marketing edge to local products.

Having the farm within 20 miles of Asheville also means Mr. Duckett's trees will be acclimated to local conditions, giving them an edge on survival over trees from other areas. Another positive side of this location is that shipping costs for the trees into the Asheville area will be minimal.

The location also has some purely agronomic advantages. Irrigation water is readily available, and the soils are clay loam, which should provide good growing conditions for the young trees. The land also has very little slope, so machinery access to the field is easy. This will lower labor costs, and make caretaking much simpler than it would be on most land in the area.

### **Number of Employees**

The tree operation can be run by one person most of the time. Additional help will only be needed at planting and harvesting time. During planting, 1 to 2 additional helpers will be needed for 3 to 5 days, depending on the size area to be planted that season. Harvest or digging will require 1 to 2 additional persons for 1 to 3 days, again depending on the size order to be dug. This additional labor requirement will be met with family labor, and perhaps 1 to 2 local youths over school breaks or on weekends.

### **Nature of the Business**

The nature of the business is diversification of traditional local agriculture. For nearly three generations this farm has depended on burley tobacco and beef cattle production for almost all farm income. Some vegetable production, namely sweet corn and pole beans, has been done from time to time. Lack of harvest labor and fluctuations in vegetable prices make these crops undependable in terms of income generation from year to year.

The low acreage of tillable land on this farm makes a high return per acre crop appealing. Tree production can be accomplished primarily with existing labor and generates a high return per acre, while fitting in well with the cattle production schedule of the farm.

Ornamental tree production should provide additional income without overtaxing available labor or farm resources. The main trade off for this is that it takes approximately three years to realize income from the ornamental trees.

### **Business Idea Discovery Process**

Kevin Duckett has a good degree of prior business experience to draw upon. He has been farming part time for 18 years in partnership with his father and aunt. For two years he worked as an independent contractor primarily building barns and other agricultural buildings for various clients. He also spent three years working for a local greenhouse and nursery operation, where he gained practical experience in the horticulture field.

The ornamental tree farm idea first came to Mr. Duckett when he began working with Chris Jayne of Restorative Design Landscape Architecture. Mr. Jayne is a landscape architect, and he and Kevin went into business together installing the landscape plants and features for some of Mr. Jayne's design clients.

Restorative Design specializes in native species and natural landscaping. Both men noticed how difficult it was to find quality locally grown plants for their clients. Their discussions about this problem led to the idea of Mr. Duckett producing some of the needed material on his farm.

The tree production idea relates directly to Mr. Duckett's work in the landscape industry. His association with Restorative Design gives him a good idea of the trees that are in demand, and his previous horticulture experience gives him a good knowledge base to insure that he can produce a quality product that his customers will buy, plus having a ready made sales outlet through Restorative Design Landscaping.

The incentive to follow through with the business came when Kevin Duckett wrote up his ideas and applied for a small grant from the WNC Ag. Options program. This \$2500.00 grant gave him the start up money he needed to get the enterprise off the ground.

The primary obstacles Mr. Duckett faced were determining the most popular tree species to plant, and what mix of tree species would work best. Another obstacle was identifying a reliable supplier for nursery liners.

Mr. Duckett went to Cooperative

Extension to get some budgeting and planning assistance. He also worked with Chris Jayne on species selection and what mix of trees to plant. Fairman Jayne of Sandy Mush Herbs was his resource on aspects of husbandry for these ornamental tree species.

Mr. Duckett spent about 2 months talking with various people and researching growing practices. His consultations with landscapers, growers, and potential residential clients convinced him that his tree enterprise could work successfully.

The key people that helped Kevin with his idea were his local extension agent and Erin Jasin, WNC Ag. Options grant coordinator. Chris Jayne of Restorative Design helped with variety selection and locating seed stock. Fairman Jayne helped with ideas on cultural practices and fertilization. Mr. Duckett also consulted other landscape industry professionals in the area, and some local homeowners who he had worked with on installing landscape materials.

### **Market Discovery Process**

The most important first customer for Mr. Duckett will be Restorative Design Landscaping. Restorative Design's need for high quality locally grown trees was a large motivator for Mr. Duckett to start his tree operation. Restorative Design's use of his material is anticipated to be the outlet for most of Mr. Duckett's first year to two years of production. This customer's use of his trees is anticipated to drive other high end residential landscapers to his operation.

Finding customers for his product has largely been accomplished through

contacts Mr. Duckett has made in his work with Restorative Design Landscaping. Many of the larger residential jobs the company undertakes use several contractors for various aspects of the building job. These contractors in turn make recommendations to their clients on companies to use for other jobs. This type of word of mouth advertising coupled with the visible quality of the ornamental trees in the landscape should cover Mr. Duckett's sales for the foreseeable future.

Market research for Duckett's Tree Farm was primarily done by Kevin Duckett and Chris Jayne. Being active in the landscape business, they have a first hand view of what ornamental materials are in demand. This knowledge drove Mr. Duckett's selection of tree species to plant. Other useful market information was gained through Mr. Jayne's involvement with his professional association. Landscape architects in the area discuss sources of plant material and their experiences with different suppliers and species. This information helped clarify the demand picture, and helped Mr. Duckett avoid low demand items and those that are prone to disease and transplant problems.

Marketing activities have been limited for Mr. Duckett. He already has the necessary contacts to move the volume of trees he anticipates growing in the next five years. Therefore he has not pursued an aggressive marketing program. In the future, he anticipates advertising in landscaping trade magazines and home improvement publications as his business expands.

Since Duckett's Tree Farm is a new

business, his sale strategy has not undergone any changes as yet. Mr. Duckett feels that sales to Restorative Design and other landscape contractors will absorb his production for the foreseeable future, so no changes in market strategy are anticipated at this time. The big decision to make in the future will be whether or not to move into retail sales of trees, or stick to the wholesale format he is establishing. This decision will be driven by customer demand in the Asheville area, and by the availability of labor for the tree operation.

The people most beneficial to Mr. Duckett in the market discovery process were Chris Jayne of Restorative Design Landscape Architecture, and Perry Morrow of Perry's Landscaping. Mr. Duckett has worked with both men extensively in the past, and they both have strong knowledge of the landscaping business and the demand level for many kinds of ornamental plants and trees. Their knowledge of the opportunities in growing high quality local ornamental trees, and the lack of competition in this arena were big factors in Mr. Duckett's decision to move into tree production.

### **Capitalization Process**

The primary asset that Kevin Duckett needed to finance at the start of his business was the tree seedlings themselves. The tree seedlings for his 0.5 acre plot totaled \$1,992.00. While total costs for starting the operation amounted to \$2,914. The balance of the financed assets included equipment, fertilizer, and weed and insect control materials.

Mr. Duckett primarily looked at two funding sources when he was doing his initial financial research. The first source he explored was Carolina Farm Credit. While these lenders were more knowledgeable about agricultural lending, the long time frame for getting a return on a tree crop made repayment options somewhat limited. Then Mr. Duckett learned about the WNC Ag. Options grant program from his extension agent. This program fit very well with his goals of diversifying his production from tobacco. Being a tobacco farmer helped him fit well into the goals of the grant program. Since this avenue of funding was successful, and provided most of the capital he would need, he did not pursue other funding sources any farther.

The grant selection board who decided to fund Kevin Duckett's tree operation were interested in his farm experience, and also in his work in the horticulture field. This group did not strongly emphasize education level, other than how it impacted doing a strong, articulate application. The selection board was also interested in Mr. Duckett's advisors and cooperators, and how well they could help him be successful in his new venture.

A complete business plan was not a requirement of getting financing, however a detailed budget was required. A time line and narrative of the steps in establishing the new venture were also required, so the process did produce a mini business plan for the venture.

The grant coordinator and local extension agent were involved with advice on proper steps to make in completing a successful application.

Site visits and reports were used to make sure the plan stayed on track, and addressed any problems that came up.

A strong criteria for Mr. Duckett in deciding to go with the grant program was the reduced financial risk grant money provided. Another strong motivator was the planning assistance and advice provided by the grant program and its system of encouraging participants to cultivate knowledgeable cooperators in the business of choice. Lastly, this program's focus on helping tobacco growers diversify gave them good insight into Mr. Duckett's situation, and helped make the process go more smoothly.

Fortunately, there was not a large gap in capital for start up expenses. Mr. Duckett used the approach of trading his labor with his farming partners for the use of equipment for the tree operation. This approach removed the need to rent equipment and allowed the operation to go forward without the stumbling block of securing additional operating money.

Record keeping for this operation was simplified due to the grant program Mr. Duckett is working with. WNC Ag. Options provided him with a record keeping notebook to keep track of expenses and any sales or operational notes that need to be taken. Mr. Duckett plans to keep using this record framework, at least for the first four to five years of his operation.

Key people involved in Kevin Duckett's capitalization process were Erin Jasin of WNC Ag. Options and her board and cooperating extension agents. David Lee of Carolina Farm Credit provided helpful initial input as well. Chris Jayne

of Restorative Design and Fairman Jayne of Sandy Mush Herb Nursery helped with putting together the operating budget and finding plant materials and cost estimates.

### **Regulatory Process**

When Mr. Duckett started this business, he expected to have to resolve regulations dealing with interstate shipment of trees, although this issue may not come up for some years, assuming his production levels outgrow local outlets. Other regulations he anticipated needing to address were proper pesticide application and NRCS rules governing soil conservation and potential runoff. These latter issues were addressed by Mr. Duckett by maintaining a private pesticide application license and by filing a farm plan with NRCS.

Cooperative Extension and the Natural Resources Conservation Service were helpful in addressing Mr. Duckett's concerns with regulations. Ornamental tree farming is not a highly regulated business since it does not deal with food products or any type of value added processing. Mr. Duckett has not employed legal counsel for his business. He does not anticipate any major legal issues with this business, at least not in the early stages.

Mr. Duckett suggests that future business owners seeking to navigate the regulations maze should first contact others in the same type of business to seek their advice. He also recommends enlisting the help of agencies familiar with the regulatory structure of your particular business. In his case, Cooperative Extension and the Natural

Resources Conservation Service were very helpful. Mr. Duckett also suggests finding local representatives of the agencies you will be working with to steer you through the process, if possible.

Key people and agencies that steered Mr. Duckett through his regulation process were Loring McIntire with NRCS, Erin Jasin with Cooperative Extension, and Kenneth Reeves with Cooperative Extension.

### **Conclusion**

Kevin Duckett found that the keys to diversifying his farm business were relationships with key people and finding ways to use his existing knowledge and skills to find a creative way of replacing lost tobacco income. He would advise others in this situation to look for innovative funding sources, like grants or low cost loan programs for tobacco farmers. Even more important in his experience was partnering with the right people who were willing to share their ideas and skills. Mr. Duckett says that fitting your idea into your existing skill set, resources and maximizing existing resources on the farm is the key to turning a good idea into a viable business operation. He has discarded several ideas on improving farm income before he found that ornamental trees was the right choice.



From left: Kevin Duckett, Steve Duckett, Chris Jayne at the tree site

Steve Duckett