

# Alpaca Farms Changing Landscape

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September, 2009



The alpaca industry like many other industries in the United States is experiencing a slow down and in many parts of the country a recession. Just look on the alpaca internet sites (or your mailbox) and you will find alpaca farms selling their herds. The reasons vary from people :

- Losing their jobs
- Needing to raise money for retirement costs
- Trying to reduce their herd to save money
- General panic or
- Getting out of the business

Some of our fellow breeders have come to the harsh reality that the alpaca lifestyle is no longer for them. Call it what you like but we in the livestock industry are caught up as part of the economic downswing. As a result, prices for alpacas have come down dramatically over

the last couple of years due to the economy and some farms are selling their herds at fire sale prices to get out of the market. Money has tightened up so that many farms are reluctant to spend money on additional alpacas or outside breedings. Conversely, many new alpaca owners are taking advantage of the bargain prices that farms selling their herds offer and as a result are getting alpacas at costs that most farms are unwilling to sell their alpacas. So as an established alpaca farm, the current market has a lot of problems and not a lot of advantages.

Are you in this ever growing group? If so, how do you weather the storm and keep your herd intact while keeping your head above water? There is no simple answer to this question. We believe that this alpaca market shake-up will sort itself out as those farms sell their alpacas and new farms are created in their wake. The economy will recover and correct itself. The real question is, **Will you be ready to take advantage of the recovery when it occurs or will you be a casualty of the alpaca business?** There are steps that you can take that we believe will ease the costs of raising alpacas without jeopardizing the health and safety of your herd. There are also steps that you can take to improve your herd while others are standing still and waiting out the storm. Both of these will put you in a better position to improve your business in the long term.

### Have A Plan

The first task to do is to look at your business plan. You know the one you have stuck in that folder in your desk drawer. That's the one. Take it out and see where you are. If you never got around to developing a business plan, now would be an excellent time to create one. If you are like us, that plan was a great roadmap in 2004 but in 2009 the road is not as smooth nor did we anticipate the market that we are currently operating in. Revamp the business plan to take into account the current state of the market, your herd size and needs, and your financial resources.



Adapt the plan as if you were starting out in this economy. In developing the plan create a fund that you will use for unexpected events or purchases. Keep in mind that you do not have to replace the tractor if repairs will keep in going for another year or two. Healthy businesses always have a current plan and so should you. It is the best way to not have surprises creep up on you and will allow you to plan your expenditures wisely.

### Cut Your Costs

I know that the alpacas have to eat and our alpacas eat well, sometimes too well. We have managed to cut our feed costs by 30 cents a bag just by working with another alpaca farm close by that uses the same feed. We buy in bulk.



No, we do not buy tons at a time. Many farm co-ops and feed stores will give you a price break when you buy as few as ten (10) bags of grain. Pool your time resources and cut gas costs by sharing the burden of trips to the feed store. As a general rule, always ask the retailer if they will give you a discount for buying in bulk.

Hay is also cheaper when you pick it up in the field. Believe me

you will not need a gym membership after a day of loading hay onto a trailer as it comes out of the kicker. Farmers love to sell tons of hay at a time. Last year we worked with another farm ten miles away. We visited hay sources, agreed on the source and bought our hay supply in bulk. Three trucks, with trailers, and two trips later we were set for the winter. Are you without a barn to store all of that hay, no problem? Put down some 4 by 4 wooden posts to keep the hay off the ground, cross stack the bales, and cover the hay with a tarp. This should protect your hay all winter.

Use the Internet when shopping for farm and medical supplies. Websites like [www.statelinetack.com](http://www.statelinetack.com) and [www.valleyvet.com](http://www.valleyvet.com) are great sources for supplies. Free shipping is often available with a minimum order. Remember, you and your neighbor breeder can work together combine your order and save. Your veterinarian may also be a great resource for bulk medical needs. Wormers, syringes, and needles bought in large quantities can save you as much as fifty percent (50%).

It used to be if you wanted to make money selling a product all you had to do was put a horse on it and the word equine and it would double the cost. Now it is alpaca. Put an alpaca on the label and triple the cost. Be a smart, well informed shopper. Educate yourself and utilize your local resources when it comes to buying alpaca products, supplements, and supplies. Reading a few labels can often save you lots of \$\$\$. Pull your ingredient tags and compare. When in doubt, do not use the product before checking with your veterinarian. Your veterinarian can often recommend a substitute product that is more cost effective. Remember lower cost does not mean inferior quality products.

Talk to your veterinarian about how you can cut your costs with them. Ask about doing batch BVD tests instead of individual ones. For non emergency farm calls you may be able to save on farm call charges when being flexible and have the vet come by when they are in the area. Request that the vet call when she is thirty minutes out. This allows time to open gates and move the alpacas into the work station. Remember you are paying for the farm call and a professional fee or hourly rate. I am not sure what the veterinarian charge is to play rodeo to corral unruly patients. Have a list by animal of concerns, services needed, and questions. Having a heard health record available will help the vet quickly diagnose any health issues which may save you time and money. Does your veterinarian provide lab services such as fecal testing? Reduce your cost for routine lab services by utilizing your state agriculture lab. We can drop off fecal samples by 8:00am and have the results faxed to me by 3:00pm. The savings is 40% per test.



While everyone has sentimental farm favorites, it may be time to determine if they should be moved off the farm. Specifically, any non breed quality males. You should realistically assess the quality of your herdsires and upcoming males and determine if they can compete against the best that are out in the market and available for your use. If not, sell them as pets or donate them to a 4-H program. This will allow you more room on the farm, less herd maintenance cost, and more time to devote to the rest of the herd.

Shows are another way to look at saving money. How many shows do you really need to go to? If you have a top quality alpaca, you may want to think about going to a large national show to ribbon rather than a couple of smaller shows. National shows like MAPACA, AOBA, and Futurity have stronger competition and placing at a show like that will have more weight than capturing a ribbon at a small show. If you are still committed to attending shows, think about other cost cutting measures. Can you share stalls with another farm? Can you work with another farm to transport your alpacas? If you need to cut out halter shows entirely, think about fiber shows. Fiber shows are a great way to showcase the fiber quality of your alpacas at a fraction of the halter show cost. Your alpacas still ribbon and compete but the only costs are entry fees and the cost of sending in the fiber to be judged.

### Improving Your Herd During Tough Times

Now is the time to really take a hard look at your herd and understand what is happening in the market place. We believe that the alpaca market is a lot like being involved in the arms race. In order to continue to be successful, one has to continue to improve the quality of their herd to remain competitive. It is not enough anymore to just produce alpacas. If you continue to use the same studs, you will continue to produce the same quality alpaca while everyone else is breeding to the next generation of top studs. The result is that you are going to be left standing still while everyone else is improving the quality of their herds. Alpacas in the future will fall into one of two categories: average and premium. Buyers will have more choices and will be looking for better quality alpacas. The premium alpacas will demand the higher prices. It is easier to accomplish this on a big farm because they have more resources and more studs in their breeding program. On a small farm, if we are lucky, we have one stud quality male that we use. The trap that many alpaca owners may fall into, since resources are so tight, is to cut back or eliminate outside breeding. As



an alternative, they either use their own average studs or use more economical outside studs. Big mistake.

At all costs, do not sacrifice the quality of your breeding program. Why? Because now is the time to improve your herd while everyone else is cutting back.

Many top stud owners have seen a decrease in outside breeding because of the economy. This is the perfect time to sharpen your negotiating skills and work a deal for that “got to have” breeding. You may be able to get that \$5,000 breeding for as much as 30% off. Many stud owners are offering incentives for a first time breeding, drive-by breeding, and reduced stay breeding. Remember, there is no harm in asking for a discount. What is the worst thing that could happen? Also think about trying to work in a discount on an additional breeding while you are at it. There are many A-tier studs out there that will be competing for your business. They have seen a decrease in their breeding business as well so with fewer customers buying they will be dropping their prices to attract customers.

The chances are that the alpaca market will settle down as the economy improves. Now is the time to refocus and redouble your efforts to ensure that you are there with a top quality herd to promote and show. By reviewing your business plan, cutting costs wherever possible and strategically improving the quality of your herd will put you in a position to take advantage of the rebound.

#### **About the Authors:**

*Renee and Barry Prokop have created and developed Black Meadow Suris to provide a diverse collection of suri alpacas. We have a passion for quality customer service and friendliness. Come experience the power that a small dedicated farm can bring to your breeding program! Services that we provide include long and short term agisting, breeding services, and alpaca sales. We also are opening two stores; one online and the other at the farm. Renee and Barry operate Black Meadow Suris just outside of Fredericksburg, Virginia. Fredericksburg is located in the rolling hills just below the falls of the Rappahannock River and halfway between the two Civil War capitals , Washington, D.C. and Richmond, VA. Barry has published many articles about alpaca farming in American Livestock Magazine, Small Farm Today, and the New Zealand Lifestyle Farmer Magazine.*

*Renee, who is no stranger to the farm, manages the day-to-day operations of Black Meadow Suris. Both Barry and Renee will continue to explore, learn, and communicate better ways that they have found to manage their growing farm.*

*To find out more about Black Meadow Suris, call us at 703-764-9077; email us at [Renee@prokops.com](mailto:Renee@prokops.com) or visit us on the web at [www.blackmeadowfarm.com](http://www.blackmeadowfarm.com)*