

Diversification: A Business Model

The Kushi Farm and the North Hadley Chili Pepper Company Story



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Located in the village of North Hadley in Hadley, MA, Kushi Farm and the North Hadley Chili Pepper Company, LLC are complementary businesses that serve to operate as small, multi-functional agricultural operation that focuses on providing both agricultural goods and agricultural services to the public and for the family. Formed in 2011, formalized in 2014 and created in honor of the original Kushi Farm that operated from 1907-1961, the goods and services offered include vegetable and resource crops with a specialty in hot peppers/hot pepper products (including our Hot Pepper Jelly), private research for innovative growing systems and development for interactive agricultural education exhibits.

The goals for the farm include producing quality crops and products for the public with a specialty in hot peppers, providing for ourselves, serving as proper stewards of the land and carrying on/spread the legacy of agriculture that is so vital to many. Kushi Farm uses a quality first mentality along with an understanding of agricultural policy and operations to achieve these goals.

To view more information on the farm, please visit <http://www.kushifarm.com>.

To view more information on the North Hadley Chili Pepper Company, LLC, please visit the farm website or follow the direct link to the farm page on the North Hadley Chili Pepper Company, LLC at <http://www.northhadleychilipeppercompany.com>.

History

The original Kushi Farm was operated by my great-grandparents. In 1903, Jozef Kuszaj and Salomea Wojnar came to the United States from the Galicia region of Austria-Poland. Like many other Polish immigrants who hailed from the small village of Jelna, Poland, my great-grandparents came to Hadley, Massachusetts and started to build their version of the American Dream through what they knew: Farming. Settling in the North Hadley part of town, my great-grandparents became known as Joseph Kushi and Salome Kushi. Eventually, they would work their way up and buy a farm and raise a family. My family still resides on some of that land to this day. The original Kushi Farm, the farm that my grandfather was raised on, was in operation from the early 1900's (likely around 1907) to 1961, where the farm was one of the large Tobacco and Asparagus producers in town.



Hot Peppers

- Jalapeno Peppers
- Hot Red Cherry Peppers
- Habanero Peppers
- Grown for a specific reason
- These varieties are used for a value-added product line
- Capsaicin provides the “heat” from cell membrane walls holding seeds



Value-Added Products

- Products derived from a natural product
- Examples include jams, jellies, butters, beverages, etc.
- Increases use and shelf life of an agricultural product
- Provides new uses for a product
- Can be marketed as a new business market and a new experience

Hot Pepper Jelly

- Hot Peppers are no different in this value-added marketplace
- Expands the use of hot peppers and increases shelf-life



Considerations for Diversifying

- Identify your **Mission Statement and Purpose**
- Study and re-design your **Business Plan**
- Identify your **Resources**
- Know your **Markets**
- Perform analysis on your **Accounting & Financial Books**
- Evaluate your **Operational Processes**
- Forecast your **profitability, risk and efficiency**
- **Implement**



Business Plan

- **Mission Statement**
- How does diversifying impact your existing operation?
- Does it complement, enhance or co-exist with your *current* operation
- Cost-Benefit Analysis
- Financing and Accounting considerations
- Operational considerations
- **What value is added?**



Markets

- Is there a demand for a new product? A Value-Added Product?
- Do you have the capacity to meet that demand?
- Retail vs. Wholesale
- Distribution Points
- Return on Investment evaluation

Operations

- What additional resources will you need?
- Create Standard Operation Procedures for new processes
- Ensure compatibility with existing structures and processes
- What policies and regulations do you need to consider?



Finances

- Profitability
- Return on Investment considerations
- Cost Analysis
- Record-Keeping



Keys to Success

- Does it add value to your current operation?
- Does it help finance your existing operation?
- Do you have capacity to expand or enhance your product line?
- Does it make business sense? Is there consumer and market demand with distribution outlets?

The answer to all of these should be “Yes”. They were for Kushi Farm and the North Hadley Chili Pepper Company.

- **Key Factor: Have a Plan**



Questions/Comments?
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