



# **Getting Started in a Hemp Business**

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# Introduction

- **Background**

- **Perspective**

- **Approach**

- **Competing Views**

- **Sustainability**



# Concerns

- **Brad Lewis -- “Education is Expensive.”**
- **I wholeheartedly agree and would only add one caveat – “Ignorance Can Be Even More Expensive.”**
- **Jeff Witte – We don’t want anyone to fail.**
- **Go Cautiously. There are great opportunities – for success and for failure.**



# Concerns

- **Capital Requirements**
- **Knowledge Requirements**
- **Risk**
- **Competitors (other states)**
- **Lack of established marketing channels –  
will have to develop your own**
- **Processors and their sustainability**
- **Fragmented markets**
- **Mainstream consumers?**



# Concerns

- **Prior availability of processed hemp products**
- **Sugar beets, Guayule, Emus, Ostriches, Kenaf, Blue Corn, Mung Beans, ...**
- **Who will process fiber? Oils? CBD?**
- **MealMakers**
- **Cost & knowledge involved in processing. Processing capacity is key**
- **The economics of cannabinoid production are all over the map**



# Enlightenment

- **Many newsletters have something to say about hemp**
  - **Magazines – even Successful Farming & AgPro**
  - **Newsletters – GMA and the like**
- **Discussions with several of our workshop speakers & land-grant economists**
- **Pic Quik**
- **Mondelez**



# Mondelez International

- Cadbury
- Honey Maid
- BelVita
- Dentyne
- Chips Ahoy!
- Nilla
- Nabisco
- Oreo

# A Wide Variety of Hemp Products







# **New Mexico Cost and Return Estimates**

-  **Regular development and publication since early 1980s**
-  **56 representative farms across New Mexico**
  -  **Farm sizes**
  -  **Irrigation types**
  -  **Crop combinations**
-  **18 representative ranches across New Mexico as well**

# ● New Mexico Cost and Return Estimates

● <https://aces.nmsu.edu/cropcosts/>

- Dona Ana and Sierra county cost and return estimates for today's presentation
  - Fit hemp into the existing structure
  - Forces a whole-farm approach without assuming optimal use of equipment
  - Assumes an ongoing production unit
  - Tests hemp profitability relative to alternative crop opportunities

# Kentucky Hemp Cost and Return Estimates

Relied heavily on University of Kentucky hemp publications

## Industrial Hemp Budgets 2019

**UK** UNIVERSITY OF KENTUCKY  
College of Agriculture  
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This decision tool has been created to help producers budget for industrial hemp production. To navigate through the tool, please click on the tabs below. Additional comments have been added throughout the tabs to help guide you.

Last Updated 2/12/19

# Kentucky Hemp Cost and Return Estimates

 <http://hemp.ca.uky.edu/>

**\*NEW\***

 Dr. Tyler Mark, UK Ag. Economist, and Jonathan Shepherd, Ag. Economics Farm Management Specialist, have released new, interactive enterprise budget models for industrial hemp producers. This is an EXTREMELY useful tool for those newly considering or perhaps working to optimize hemp production efforts. The tabs at the bottom of the sheet denote different production models, and the data can be manipulated to evaluate different scenarios. The file can be found at this link and is freely available to the public.

# Kentucky Hemp Cost and Return Estimates

- **Hemp Grain**
- **Hemp Fiber**
- **CBD Row Crop Grain Harvested**
- **CBD Row Crop NO Grain**
- **CBD Tobacco Model**
- **CBD Plasticulture Model**

# **Kentucky Hemp Cost and Return Estimates – Return Above Variable Costs Per Acre**

	<b>Total Revenue</b>	<b>Variable Costs</b>	<b>Return Above Variable Costs</b>
<b>Hemp Fiber</b>	<b>\$ 700.00</b>	<b>\$ 1,077.31</b>	<b>\$ (377.31)</b>
<b>Hemp Grain</b>	<b>\$ 840.00</b>	<b>\$ 897.59</b>	<b>\$ (57.59)</b>
<b>CBD Row Crop Grain Harvested</b>	<b>\$ 4,600.00</b>	<b>\$ 1,682.09</b>	<b>\$ 2,917.91</b>
<b>CBD Row Crop No Grain / Silage</b>	<b>\$ 5,250.00</b>	<b>\$ 1,488.85</b>	<b>\$ 3,761.15</b>
<b>CBD Tobacco Model</b>	<b>\$ 30,000.00</b>	<b>\$ 15,763.19</b>	<b>\$ 14,236.81</b>
<b>CBD Plasticulture Model</b>	<b>\$ 36,000.00</b>	<b>\$ 10,470.57</b>	<b>\$ 25,529.43</b>



# Translated to Dona Ana County

- ✱ Hemp Grain
- ✱ Less risk of finding a market
- ✱ Less processing needs
- ✱ Can be shipped (maybe not huge distances, but much farther than fiber or fresh)
- ✱ Get your feet wet in the production of industrial hemp



# Translated to Dona Ana County

## ✦ Major assumptions

- 1,400 pounds per acre
- \$0.70 per pound
- Owned planting and cultivation equipment
- Surface / groundwater irrigation / furrow irrigation
- Custom harvesting
- 20 acres






# What is it going to take?

- ✱ A lot of study and planning
- ✱ A lot of trials
- ✱ A lot of work to establish the crop, learn the peculiarities of growing hemp without herbicides, without organic certification?
- ✱ Can't count on others to do it for you – establish all your own linkages
- ✱ How much can you afford to lose?



# Closing

- **Education is Expensive.  
Ignorance Can Be Even More  
Expensive.**
- **Go Cautiously.**



**THANK YOU!**

