Humble Acres Organics
(South Carolina, USA)

On December 8, 2011, we interviewed Tim, from Humble Acres Organics, about running a composting business. Humble Acres is a family owned operation in Barnwell County, South Carolina. Hatching eggs, grass-fed cattle and sheep, and organic compost are the major commodities produced on the farm.

Our interview consisted of 6 questions, each with the intention of providing you with a greater insight into what running a composting business looks like. We hope you enjoy reading this as much as we enjoyed creating it.

Q1. Please tell us about yourself, and provide some general information for our visitors about your compost business

A. Our farm is located in the south-eastern US. Our compost site is located approximately one mile off the closet paved road, and three miles from the closest town. The site has forestry boundaries on all sides and no neighbors within 2,000 feet. We are located in a very rural county of less than 10,000 people. The closest large city is 35 miles away.

We started composting six years ago. My son and I do all of the composting. We hire four temporary employees for bagging.

We produce 3,000 tons of compost annually. We compost chicken layer manure, and agricultural crop residues. The chicken layer manure is a free resource from our chicken layer business. The agricultural crop residues are a cost to our composting business, although we are given the crop residues we have to bale them, haul them, and process them. This process takes equipment, labor, and fuel.

Q2. When you started running a composting business, how did you acquire land? (e.g. leased, purchased, inherited, pre-owned) How much land do you require for your present operation?

A. We compost in a 10-acre agricultural field that is rented from an uncle. Because we have an agricultural composting permit we were not required to build a pad. We also use the natural slope of the land and a natural grassed waterway to control rainwater.
Q3. If someone was wanting to start a composting business, what are five important factors they must consider during the planning stages of their business?

A. 1. **Location, Location, Location!** There are times that you're going to generate a lot of dust and odors. You need raw material storage areas for Carbon and Nitrogen sources. Although you may be doing a service for the community, and the environment your neighbors do NOT want to see it, smell your raw materials, breath in your dust, and hear equipment running all day.

2. **Understand the permitting process.** Your State Department of Health and Environmental Control governs compost permitting. Our state has different requirements for Agricultural Composting versus Commercial Composting. We comply to the agricultural compost regulations. The commercial composting regulations, in which you may qualify to be paid to take waste for composting, may be much more stringent.

3. **Determine the sources of your compost resources.** If you're going to be a commercial or agricultural compost producer, you need to know where your carbon and nitrogen sources are going to come from and what is available.

You'll also need to determine if you have to purchase any ingredients or haul any resources into your facility so you can achieve the proper C:N ratios.

You also need a good source of water. Chlorinated water (city water) is not desired. Water use in an operation our size is 5,000 to 6,000 gallons in a half-day during the heat phase of compost process.

4. **Determine your equipment needs and how you will fund them.** The compost turner and tractor to pull it will get you in the business, but you may eventually need front-end loaders, a dump truck to assist in moving raw materials, a compost screener, bale buster, wood grinder, row covers, bagging equipment, forklift, delivery trucks, application equipment, covered storage or work area, etc.

You may be able to hire an operator with a large grinder to come to your site occasionally to process your materials. You can always subcontract trucking in and out of your facility, but you will have to set up your own windrows. If you plan on bagging your product, you will most likely have to own the equipment.

5. **Determine your market and the value of your compost.** Even though you may have made the best product in your state, it takes a lot of work to prove it is worth more than your competitor's product.

Understand your competition and what their product is selling for because you will have to stay close to the their price. Don't forget to add delivery costs to your production costs.

Bulk compost sells less than bagged compost, but the bagged-compost market is more difficult to break into. We believe you need to have both markets.

Compost sales are regional. In my business, we are competitive for 100 miles on the agricultural sales, and 350 miles on a bagged product. We work with distributors on the bagged product and that adds an additional cost between you and the consumer. We have a markup, distribution has a markup, and the retailer has a markup.

The first couple of years you may have to give away some compost to customers and/or work with universities on test plots. We find product sales to be the least desirable part of the business. **During the first couple of years in operation, your objective should be to financially survive** until your product is known.
Q4. What do you foresee as the biggest obstacle to someone starting a composting business today?

A. Funding! For the first 5 years, funding is the biggest obstacle. I don't know of any compost company that was profitable in much less than 5 years. The successful compost producers started because they had something to compost that was a free resource of another business.

If all of the materials you compost have to be generated from somewhere else, you better partner with some business that has a waste product. Your equipment costs are high when running a composting business, and they are outlaid before any sales are generated.

You need to know how to develop a recipe, measure in cubic yards, determine bulk densities of raw materials, and be a good salesman.

Q5. Do you think the compost industry is a wise industry to get into in today's marketplace? In your opinion, is the market saturated? How have you found the demand for your products has changed over the years?

A. Composting is ALWAYS needed; however, few survive the first five years of work to get it off the ground. Those that have survived usually had other sources of income, or a business that paid the bills until it is profitable.

I don't believe the compost market is saturated, but competing on a smaller scale is not easy. To put things into perspective, we are considered small and we produce 3,000 tons of compost annually.

For the first five years we struggled to compete in the agricultural market. But in the last three years, with the increasing cost of commercial fertilizers, we are now competitive. Along these same lines, you have to be willing to educate your agricultural customers on the benefits of compost.

Your product demand will not increase without sales and marketing work. You must use and know your product to educate your customer.

Q6. What amount of financial capital do you suggest a prospective compost business owner have prior to starting their business? Where do you foresee this money being spent?

A. I think it takes a minimum of $100,000 worth of used equipment to get a windrow composting operation off the ground. If new equipment is purchased, you can double or triple that number.

Working 100 percent of the time him-/herself, the owner (with minimal help) requires a large annual financial outlay...probably between $50,000 to $100,000. Commercial composter permits may require a clay pad be constructed, with stormwater containment and that's another $50,000. Permit documents will need to be developed, and if you have to hire assistance you may need an additional $5,000.
That concludes our first interview in our *Pearls from the Pile Series* on *Starting a Composting Business*. Once again, we want to thank Tim and all of the support at Humble Acres Organics for making this interview possible. If you're interested to find out if Tim's products are available near you, visit their dealers page. We hope you found this interview beneficial and look forward to our next interview in the January.

If you've got a question for us or a compost producer, please contact us and let us know so we can ask it in our next interview session.

If you're a compost producer yourself and would like some publicity with our audience, please write to us.

Until next time...

Peace, Love, and Happy Composting!