

Philosopher's Wool a model for sustainable business

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Kincardine News Staff

Inverhuron's Philosopher's Wool is being analyzed in a case study by the Sawyer Business School at Boston's Suffolk University, as a model example of a sustainable business.

Eugene Bourgeois has made his livelihood out of sheep farming and his other agricultural practices for the last 25 years. His efforts have translated into the acquisition of five per cent of the fleece market in Ontario and a chain of dependable suppliers and satisfied producers that cooperatively aid in each other's success.

"You pay attention to your customers and see what they want and need, but remember you can't run at a loss," Bourgeois said. "If you make sure you're profitable, you can't help but succeed."

His business model will be presented on April 19 at the Knowledge Globalization Institute's 2009 Conference in Boston, which focuses on social responsibility, sustainable business and is often attended by Nobel laureates and government agencies.

Two business law and ethics professors, lawyer Miriam Weismann and her partner,

picked up on his concept after reading about his farm in the book written by Eugene and his wife Ann, *Fair Isle Sweaters Simplified*.

"They decided to use the business model as a case study for business ethics," Bourgeois said, adding he was happy to share his ideas with the school. "I have a different measure of wealth. It's about the life you are able to live... not how much money you generate from the business."

The bestselling book, for which they developed a knitting technology to meet global standards, describes their romance with the Philosopher's Wool farm, which is located across from Inverhuron Provincial Park.

Bourgeois said his concept mimics the new business models being taught in the American business school, as a means of creating a "sphere of influence" that allows a business to benefit and remain sustainable, rather than expanding beyond its means.

Although the 40-acre farm has expanded from the 10-acres he started with when he built the house, barn and auxiliary buildings in 1975 with no farming background, it's still manageable for him and Ann. She once worked as a teacher and he obtained a degree in mystical philosophy, but also has a background in mathematics and computer science.

Starting a small sheep farm opened up his eyes to the industry, but a specific scenario triggered him to delve into the business with his own unique approach in 1983.

He stopped at the market to buy some yarn for Ann, who was happy knitting their Dorset ram's wool, but preferred knitting to spinning the yarn. A sign at



Troy Patterson photos

Philosopher's Wool owner Eugene Bourgeois shows a few of the many colours of yarn he produces at his farm just outside of Inverhuron. His business model is being recognized by a Boston business school as a model for sustainable business operation.

the store offered 20 per cent off if he spent \$200 or more and he couldn't refuse.

He thought long and hard about the sale on the way home during a snowstorm and realized the current business model he was selling his product within wasn't working.

While it cost him 70 cents a pound to shear his sheep, he was only earning 32 cents a pound for the fleece that was generated, which meant it cost him about \$22 a pound for the yarn to break even.

He then began to buy fleece from farmers for \$1.80/lb., rather than the 10-30 cents they'd usually receive.

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Sweaters made for Philosopher's Wool by local knitters, using their yarn and their own designs from their Inverhuron farm.



Kincardine continues to be a community in bloom thanks to the participation of our hard working volunteers. Again this year *Kincardine Communities in Bloom* will be entering the Friends category at the national level and we need your help maintaining existing beds throughout the town and/or on our annual planing day, May 30. Please contact Karen Trumbley, ktrumbley@bmts.com or 519-396-4873 for more information or to sign up.

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McDONALD'S CANADIAN TIRE ATHLETE OF THE WEEK

Jean-Ann Keelan

Jean-Ann is 12-years-old and attends Ripley Huron Community Public School. Her curling team recently placed 8th out of 80 at the Omeme tournament. She is the team's skip and she also plays basketball. Way to Go!



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Check out 'The Athlete of the Week' at www.kincardineneews.com

Investing in inventory and assets a key to sustainability

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Though unpopular with producers looking to make a massive profit, Bourgeois used the opportunity to secure a steady, reliable and quality supply for the buyers he developed relationships with over the

years.

"My plan was to pay farmers radically more for their product," he said. "I set up sustainable payments to farmers so they can actually make money. It's a way of taking a waste product (like wool) and turning it into gold."

Philosopher's Wool isn't a 'winning business' in the conventional sense, he said, as massive revenues aren't generated and investors won't see a 'big bank account,' which is the reason for his success. His business is dependent on reinvesting into itself, its producers and product to ensure there is always a cycle of revenue to pay his bills, maintain his farm, feed his family and leave a bit of money to travel North America, which is their passion.

"We keep our income as inventory and assets and we haven't cashed out yet," he said. "That way there is always money to pay the farmers and suppliers."

He plans to turn around his assets to fund his retirement when they're ready to move on from farming. He or Ann can now spend about an hour or so doing the chores each day to tend to the 20 sheep and about 30 chickens they have for both meat and eggs, leaving the majority of the day to use as they like or work in the gardens.

"We traded income for time," he said.

Their current lifestyle sees them work seven months of the year and has earned him a home where they produce all of the fruits, vegetables, meat and eggs to sustain

them throughout the year.

His focus is on the market in the United States, which is 10 times larger and allows him a larger variety of customers. The biggest problem he's faced is shipping and receiving his products since 9-11, as they now sit at the border for long periods of time as they wait for inspection.

He said he has cut back on his business significantly since he experienced health issues, but he has retained four years supply with 35,000 lbs. of wool available for him to liquidate.

"Through my networks and supply chains, I can scale up (the business) at any time," Bourgeois said.

Though he does welcome the attention his business has garnered, many have tried to mimic the model and failed because of their pursuit of large revenues. They operate their store, with knitted sweaters, pattern kits and a wide variety of yarn out of their home and attract business from their website.

But he has made it work without government assistance and he has rejected government grants, to prove the business can stand on its own.

"It's sustainable year after year, without end and everybody wins," Bourgeois said.

For more information call 519-368-5354 or visit www.philosopherswool.com



Many designs for sweaters are available at the Philosopher's Wool farm.



Troy Patterson photos

Philosopher's Wool owners Ann and Eugene Bourgeois show off a few of the many sweater kits filled with many different colours of yarn they produce at their Inverhuron farm, which can be purchased and transformed into sweaters of varying styles and sizes.



A mother sheep gets ready to feed her three-day old lamb at the Bourgeois farm. The couple has about 20 sheep, along with another 30 chickens and gardens to produce the majority of their own food throughout the year.

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