An Amish Lesson for Small Business Success

By using 21st-century tools to create highly specialized products, smaller firms can outcompete the giants

Pioneer Equipment makes horse-drawn farm tools for Amish customers. Photo: Doug Scheetz

By Adam Davidson
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Dalton, Ohio is an unlikely place to find fresh insight into how to thrive in a chaotic 21st-century economy. It is the world's largest Amish settlement and home to Pioneer Equipment, a manufacturer of plows, tillers, manure spreaders and other forms of horse-drawn farm equipment. Pioneer is owned and run by the Wengerd family, who are Old Order Amish, which means that they get around in a horse-and-buggy and keep their homes disconnected from the power grid, free of telephones, computers and other modern technologies.

Yet despite the antiquated nature of what Pioneer Equipment makes and how they make it, the company is a success. Started in the 1970s as a part-time hobby business in a barn, it has grown explosively. The company employs nearly fifty people, making it one of the largest Amish businesses in the world—a dozen of whom are members of the Wengerd family. (All but one of the staff are Amish.) Leon Wengerd, the CFO, told me that the company's goal is not solely financial success. They want to be a "light to the world and grow sustainably to further the kingdom of God."

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A company like Pioneer could not have been nearly as successful in a previous era. It is, in its own way, thoroughly modern and embodies what I call the "passion economy": The Wengerds are doing work they love, capitalizing on the tools the 21st-century economy provides and responding both deeply and fleetly to the needs of their customers, who are largely Amish as well. The tools of modern commerce—easy access to sophisticated shipping and logistics, the ability to reach and connect with customers all over the globe—are now available even to the most technologically unsophisticated businessperson. This allows something new: intimacy at scale, in which companies can create highly specialized products that reach customers thinly spread around the world.

The Pioneer business model would be hard to pitch to a group of investors. The core addressable market is fewer than 25,000 farmers, with decidedly below-average purchasing power. That market cannot be reached through digital ads, TV or radio. The products themselves are big and bulky and need to be shipped from rural Ohio to remote customers across North America. Amish rules typically forbid connecting a home or business to the power grid, though some Amish use generators to power work-related tools. Pioneer has a pneumatic tool system to run their machines and a small handful of computers and flip phones.

Yet the Wengerds have managed to thrive within these constraints. None of them will ever visit Japan (they are proscribed from flying), yet they hired a consultant to train them in the Toyota Production System and have embraced lean manufacturing, to be able to quickly customize their gear around a common base model. None of the Wengerds know much about the scientific aspects of metallurgy, yet they have developed close relationships with metal dealers who offer them the latest forms of steel created for the automotive industry, which allows them to make strong, light frames. Through a partnership with XPO, the logistics company, Pioneer developed an effective system for shipping their massive gear to the most remote of Amish settlements at reasonable rates.

Pioneer's salespeople might not talk to their customers on the phone very often, but they keep in touch well enough to learn what they are craving. For example, Amish farmers are increasingly shifting from bulk commodity grains to higher-value produce, which means they need entirely different kinds of gear. Many Amish are moving north, leaving their historic districts in Pennsylvania, Ohio and Indiana for relatively cheap farmland in the deindustrializing Rust Belt and the prairie out west. This means they are farming colder, rockier ground and need plows that are stronger and more pliable. At the same time, different Amish communities have different sorts of religious proscriptions—some reject rubber wheels, for example, while others embrace them—so Pioneer offers roughly 90 different options.

In today's economy, the narrowness and complexity of Pioneer's market is actually a strength. While 25,000 farmers aren't enough to attract the full attention of the big players like John Deere, Kubota and Caterpillar, they are more than enough to support Pioneer and several other Amish farm equipment makers, all of which are growing healthily. And the Amish population is growing far faster than the non-Amish, roughly doubling every two decades, so that even as the relative number of Amish farmers diminishes, the absolute number is growing rapidly.

Companies like Pioneer will not replace large firms, which are getting bigger and more dominant in the American economy. Fortune 500 companies make up two-thirds of U.S. GDP, up from just over half 20 years ago. Global trade, automation and the internet have clearly been engines for growth and scale for the massive firms that have embraced them. On the surface, the notion of competing with big players who have such advantages can look quite dispiriting.

But companies like Pioneer offer an alternative path. By focusing obsessively and passionately on an audience that they know uniquely well, and by embracing the tools that will help them serve that audience while rejecting those that won't, such small businesses are able to thrive in the 21st-century economy.

—Mr. Davidson is a co-founder of NPR's "Planet Money" and a writer for the New Yorker. This essay is adapted from his new book "The Passion Economy: The New Rules for Thriving in the 21st Century," published by Alfred A. Knopf.