

# **Value-Added Producer Grant Workshops**

**July 1, Hays**

**July 2, Emporia**

**David Coltrain**

**Kansas Cooperative Development Center**

**785-532-1523**



# Overview

- **Kansas Cooperative Development Center**
- **Initial Assistance Grant Information**
- **Important Websites**

# **KCDC Program**

- **Established in 1998**
- **Managed by Arthur Capper  
Cooperative Center, KSU**
- **Cooperation and assistance from**
  - **KDOCH Agriculture Products Division**
  - **USDA Rural Development**
- **Funded by USDA grant and matching fund  
support from KSU and KDOCH**

# Critical Need & Strategy

- **Critical need exists in Kansas to improve the rural economy**
- **Effective strategy is to develop new business enterprises and add value to agricultural products**

# KCDC Goal

**Improve earnings and economic conditions by encouraging and assisting cooperative business development focused on value-added marketing and processing of agricultural products**

# **KCDC Objectives**

- 1. Provide educational programs**
- 2. Provide business development education and assistance to clients**
- 3. Provide a cooperative development information clearinghouse**
- 4. Strengthen and expand state-level, regional-level and national-level partnerships**

# **KCDC Objectives**

- 2. Provide business development education and assistance to clients**
  - Review market and feasibility studies, and business plans**
  - Initial Assistance Grants**

# Value Added Idea

- Great idea
- Now what?

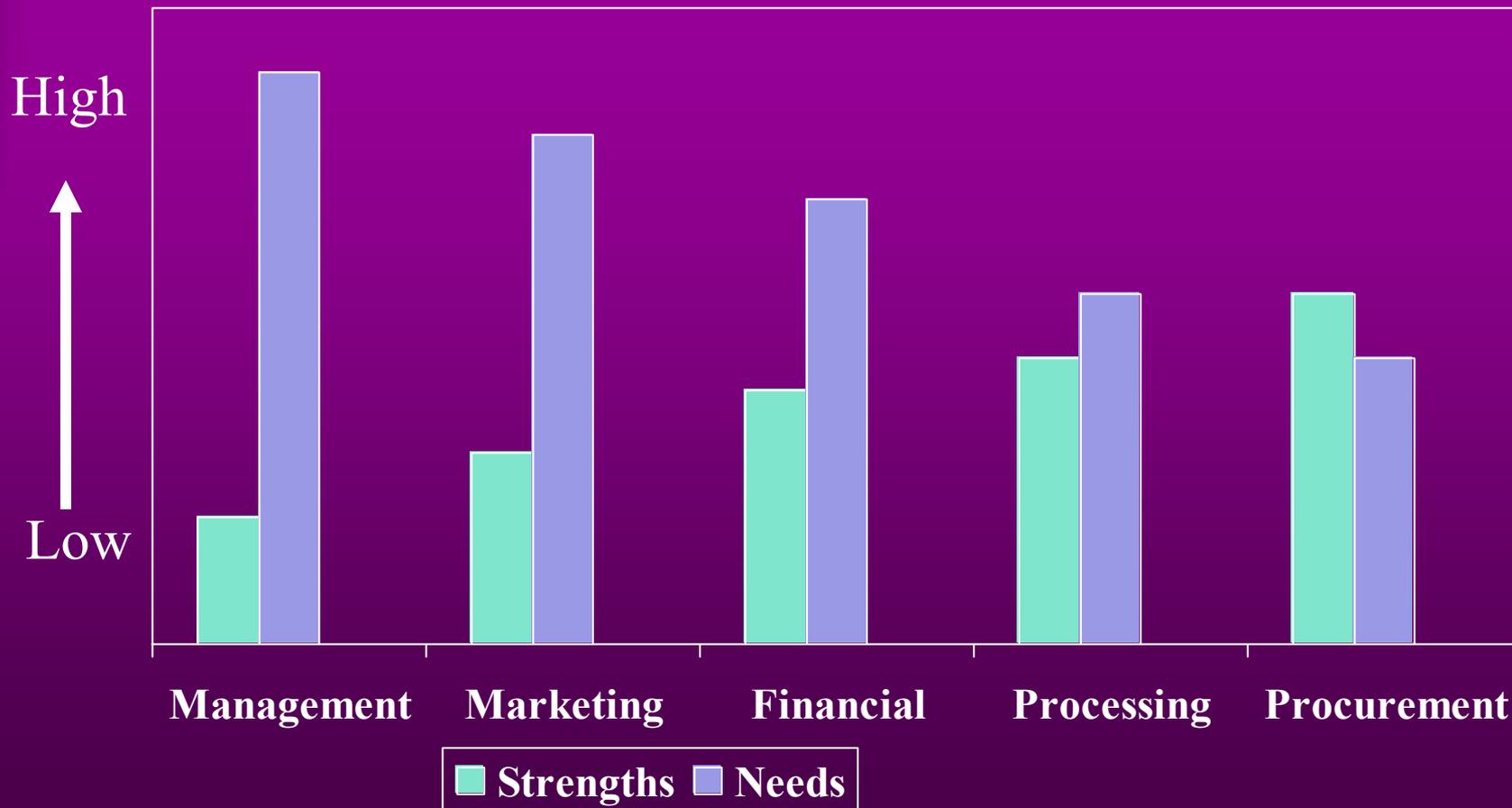


# **Business & Technical Assistance**

- **Producers often need education in business development and operations**
  - **Economic**
  - **Business**
  - **Legal**
  - **Technical information**
- **Feasibility Study**
- **Business Plan**



# Obstacles for Start-Up Ventures



# **Initial Assistance Grant**

- **KCDC initiated IAG in 2000**
- **31 Projects have been awarded \$145,000**
  - **Handout**



# **IAG Recipients**

- **Large Projects**
  - **AgraMarke, Inc. (Lifeline Foods)**
  - **Ethanol Projects**
  - **Co-Ag Soybean Processing**
- **Small Projects**
  - **Herb Growers**
  - **Land to Hand Alliance**
  - **Earth Pals**
- **Exploratory Projects**
  - **KOP Organic Dairy**
  - **Tallgrass Prairie Agritourism**
  - **21<sup>st</sup> Century Alliance Dairy Processing**

# IAG size

- **In the past, \$5000 limit**
  - **Problems: many groups, including small groups might need larger amount**
- **Updated application**
  - **Groups successfully fulfill guidelines and show need for more than \$5000, larger grants are possible**



# **IAG Timeline**

- **Completed application to David Coltrain**
- **KCDC executive committee decision on approval**
- **Award notification and written agreement mailed**
- **Return signed written agreement**
- **Takes about 30 days for check from K-State**
  - **During this period, KCDC and group meet to determine educational needs**
- **Check mailed to group**

# **IAG Eligibility**

- **Group or association of agricultural producers**
- **Some Kansas producers**
- **Document a one dollar match for every two dollars approved**
- **Potential to add value to agricultural commodities**
- **Legal, accounting and consulting fees**
- **Market analysis, feasibility study**

# **Not Eligible**

- **Individual producer value added businesses**
- **Enhancing or enlarging existing crop and livestock enterprises**
- **Salaries, equipment, buildings, inputs**

# **Application Requirements**

- 1. IAG cover sheet (provided)**
- 2. Project Description**
  - Product, process, targeted market**
  - Progress summary to date**
  - Projected results and marketing plans**
  - Specific objectives and timeline**

# **Application Requirements, continued**

## **3. Project Needs**

**Business establishment**

**Market and business analysis**

**Technical development**

**Other project needs (travel, communications)**

## **4. Project Budget (provided)**

# **IAG Evaluation**

- **KCDC executive committee  
(ACCC/KSU, KDOCH, USDA/RD)**

- **Applications judged on**

**Potential**

**Commitment**

**Leadership**

**Matching funds**

**Experience**

**Budget information**

# **Responsibilities**

- 1. Quarterly progress report on activities accomplished and expenses incurred**
- 2. Final financial report**
- 3. Final written report**
- 4. Presentation to Kansas Cooperative Development Consortium**

# Important Websites

- **Agricultural Marketing Resource Center**
  - <http://www.agmrc.org/homepage.html>
- **Ag Manager**
  - <http://www.agmanager.info/>

# An Information Resource for Value-Added Agriculture

Commodities & Products

Investigate Value-Added Products

Markets & Industries

Explore Market and Industry Trends

Business Development

Create and Operate a Business

Directories & State Resources

Locate Consultants and Businesses

Search

Search the AgMRC Site

- What's New
- Ask A Specialist
- Upcoming Events
- Register
- What is AgMRC
- Site Index



**NEW**

Renewable Energy Systems and Energy Efficiency Improvements Grant Program Section 9006, USDA-DOE

Value-added Consultants...

Business Development

Bids are being accepted for Ag Economic subcontract research work

Ag Marketing Resource Center  
AgMRC@iastate.edu



Internet

This section provides information about creating, developing and operating a value-added agricultural business. Each section contains AgMRC developed information, information from other sources and links to other Web sites. Check out "**What's New**" to access recently developed information and tools. If you have a specific question or would like help with a problem, "**Ask a Specialist**."

### Assessing Business Opportunities

- **Value-Added Agriculture** - Defines value-added agriculture and how value is created and captured from the marketplace.
- **Market Opportunities** - Feasibility analysis, due diligence, consultants, grants.
- **Public Policy** - Government policies that affect value-added agriculture.
- **Business Analysis** - Business profiles, case studies, success/failure analysis, economic/financial analysis, grower contract evaluation and risk management.

### Starting a Business

- **Entrepreneurship/Leadership** - Entrepreneurial and leadership skills for building viable value-added businesses.
- **Business Creation** - Business creation process, business plan development, legal organization, consultants, media management, siting and other organizational issues.
- **Governance** - Governing the business involving the board of directors, managers and others.
- **Regulatory Considerations** - Government regulations of business operations.
- **Financing** - Equity, credit and grants.

### Operating a Business

- **Personnel Management** - Hiring, training, supervising, motivating, evaluating, rewarding and terminating management and staff.
- **Quality Management Systems** - Quality assurance, ISO and others.
- **Branded Products** - Creating and building a brand.
- **Exporting** - Selling products in international markets.
- **Direct Marketing** - Marketing products directly to consumers.
- **Competitiveness** - Competing with business rivals.
- **Business Operation** - Issues of operating a business.



[Commodities & Products](#)[Markets & Industries](#)[Business Development](#)[Directories & State Resources](#)[Search](#)

## Business Development - Business Creation

External links on this page will open in a new browser window. You must have a current version of Adobe Acrobat Reader to view pdfs. For a free download, [click here](#).

### Business Creation

- [Business Creation Process](#)
- [Business Plan Development](#)
- [Consultants](#)
- [Legal Organization](#)
- [Home-based Businesses](#)
- [Media Management](#)
- [Siting and Other Organization Issues](#)

### Business Creation Process

- AgMRC Developed Materials
  - [Preparing for Agricultural Value-added Business Initiatives: First Things First](#), AgMRC, Kansas State University.
- Other Information
  - [A Guide to Value-Added Cooperative Development](#) (pdf), Dakota Cooperative Development Center, North Dakota Association of Rural Electric and Telephone Cooperatives. September 2002
  - [Starting a Food Business in Minnesota](#) -- This outlines the processes, procedures and issues of starting a food business.
- [Links to Other Sites](#)

### Business Plan Development

- AgMRC Developed Materials
  - [Strategic Business Planning](#), AgMRC, Kansas State University.







- ▾ Crops
- ▾ Livestock & Meat
- ▾ Farm Management
- ▾ Policy
- ▾ Human Resources
- ▾ Income Tax & Law
- ▾ Agribusiness
- 
- ▾ Programs
- ▾ Ag Econ News



**A Website Providing Information and Tools For The Competitive Business**

Contact Us:  
 Department of Agricultural Economics  
 342 Waters Hall  
 Manhattan, KS 66502  
 (785) 532-6702

**MAST**  
 A Learning Program for Contemporary Farm Managers  
 click for more info

**Risk & Profit**  
 conference  
 Summer 2003

**Site Updates**

- [Ag Econ News: Faculty Radio Interviews](#)  
June 20, 2003
- [Crops Market Update](#)  
June 20, 2003 by Bill Tierney
- [Estimated CRC and IP Winter Wheat Harvest Price](#)  
June 17, 2003 by Art Barnaby
- [GRP Ready for Enrollment](#)  
June 17, 2003 by Brad Lubben
- [Case Study of Wheat Market Advisor](#)  
June 17, 2003 by T. Kelso, T.



about contributors useful links site map feedback Search

[Home / Agribusiness](#)

# Food & Agribusiness Management

This site contains case studies, feasibility calculators, and other tools for analyzing various agribusiness scenarios and value added opportunities.

- **Business Development**
  - Value-Added
  - Initial Assistance Grant (IAG)
  - ACCC, KCDC, AgMRC
- **Economic Issues Series**
  - Crops, Livestock, and Food and Agribusiness Management
- **Performance Research**
  - Food and Agribusiness Industry Publications
- **Renewable Energy**
  - Biofuels Publications
  - Ethanol Prefeasibility Calculator

Agribusiness Links



- ▾ Crops
- ▾ Livestock & Meat
- ▾ Farm Management
- ▾ Policy
- ▾ Human Resources
- ▾ Income Tax & Law
- ▾ Agribusiness
- 
- ▾ Programs
- ▾ Ag Econ News

# Agribusiness: Business Development

## Assessing Business Opportunities

- Interested in value-added business development? Check out these publications.

## Value-Added Reference Guide

- Section 1: What's Value-Added?
- Section 2: Considering Cooperatives
- Section 3: USDA: Understanding Cooperatives
- Section 4: Starting Your Business
- Section 5: Directories & Assistance

## Feasibility Study

- Requests for Proposals
- Feasibility Study Guidelines
- Lists of Consultants

## Initial Assistance Grants (IAG)

- Your group may be eligible for up to \$5,000 for a value-added business development project.

## Arthur Capper Cooperative Center (ACCC)



# Agribusiness: Assessing Business Opportunities

- ∨ Crops
- ∨ Livestock & Meat
- ∨ Farm Management
- ∨ Policy
- ∨ Human Resources
- ∨ Income Tax & Law
- ∨ **Agribusiness**
- 
- ∨ Programs
- ∨ Ag Econ News

Title	Author	Date	PDF
Preparing for Agricultural Value-Adding Business Initiatives: First Things First	<a href="#">Amanor-Boadu</a>	May 2003	<a href="#">Download</a>
Assessing the Feasibility of Business Propositions	<a href="#">Amanor-Boadu</a>	May 2003	<a href="#">Download</a>
Strategic Business Planning for Agricultural Value-Adding Initiatives	<a href="#">Amanor-Boadu</a>	May 2003	<a href="#">Download</a>
Options for Financing Agricultural Value-Adding Business	<a href="#">Amanor-Boadu</a>	May 2003	<a href="#">Download</a>
Evaluating Agricultural Value-Adding Opportunities for Equity Participation	<a href="#">Amanor-Boadu</a>	May 2003	<a href="#">Download</a>

[Back to top](#)

In order to read the PDF documents you will need Adobe Acrobat Reader. Click the on the following icon to download the free software.



# VAPG Template

- **KCDC will develop a VAPG template for producers interested in applying for either a Planning or Working Capital grant.**
- **Available after the VAPG regulations and instructions are announced**
- **Template will be available on these websites**
  - **AgManager**
  - **Kansas USDA/Rural Development**

# Groups with good ideas

**50% Ideas probably will not work:**

- Market too small
- Economics appear poor
- Entry costs prohibitive

**50% Groups with good ideas:**

- Supply cost advantage
- Growth markets
- Technology available

**25% Total ideas upon further investigation:**

- Cannot meet economic/ marketing objectives or lack leadership for project

**25% Total ideas appear to have attractive returns, interested in marketplace, strong leadership to take project to next level**

**15% Total ideas lack commitment from Board or qualified management to proceed to final steps**

**10% Good ideas have dedicated Board, management, attractive returns, complete successful equity drive**

**Closing**

# **IAG Information & Application**

**David Coltrain**

**Kansas Cooperative Development Center**

**Department of Agricultural Economics**

**Kansas State University**

**303 Waters Hall**

**Manhattan, KS 66506**

**785-532-1523**

**[coltrain@agecon.ksu.edu](mailto:coltrain@agecon.ksu.edu)**

**<http://www.agecon.ksu.edu/acc/kcdc/Default.htm>**