

# **Value-Added Producer Grant Workshops**

**June 16, Dodge City**

**June 17, Manhattan**

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# Overview

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

# 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 Program

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

# Kansas Cooperative Developer

April 2004

## Kansas Cooperative Developer

A Publication of the Kansas Cooperative Development Center (KCDC) Volume 1 Issue 4

The monthly Kansas Cooperative Developer focuses on the businesses awarded grants through the IAG program and the business and technical assistance provided by the KCDC to these recipients.

**In this issue:**

- History of the Kansas Cooperative Development Center 1
- 21st Century Alliance 2
- AgVentures LP 2
- Kansas Organic 2
- Tallgrass Prairie Producers 2
- Psionix Grain Farmers 3
- Ethanol corner 3
- Ubcombine Events 3
- The Consortium 4
- Contact Info 4

### History of the Kansas Cooperative Development Center

The Kansas Cooperative Development Center (KCDC) was established in 1996 when the Arthur Capper Cooperative Center (ACCC) under the leadership of Dr. David Burton, ACCC Director and Agribusiness Professor, received a USDA Rural Cooperative Development Grant (KCDG) for \$100,000. For four consecutive years after the initial award, KCDC was successful in receiving this grant from the USDA. Additionally, the level of the grant increased from the initial \$100,000 in 1996 to \$200,000 in 2000.

But the history of the KCDC is traced to the establishment of the Kansas Cooperative Development Consortium and the Great Plains Cooperative Development Consortium by Dr. Burton in 1992 with financial support from the Cooperative Development Foundation. Chris Williams, currently vice president of business development at 21st Century Producers, was the first employee hired by Burton.

David Coltraine joined KCDC as coordinator in January 1999. A Memorandum of Understanding was signed in May 1999 between K-State, Kansas USDA and KDOCH that defined the activities of the KCDC in implementing education programs, resource development and technical assistance for group-action oriented agricultural value-added businesses.

In its first two years the KCDC developed educational material for value-added businesses including the following: *Value-Added Opportunities and Strategies; Differences Between New Generation Cooperatives and Traditional Cooperatives; Kansas Directory of New Generation Cooperatives and Other Producer Alliances;*

*and Selecting A Business Structure: A Value-Added Reference Guide* was also developed with a great deal of information for starting a value-added business. The guide is available on the KCDC website.

In 2000 the KCDC established the Initial Assistance Grant (IAG) to assist producer groups embarking on value-added business ventures in their formative stages. The IAG has helped the KCDC identify and work with groups since that time. Since its inception, 26 applications have been approved with a total outlay of \$160,000.

KCDC started conducting research on renewable energy in 2001 when interest in the subject became prominent among Kansas producers. Two papers - *Economic Issues with Ethanol and Biodiesel* & *It Worth Considering?* - have thus far been produced. Their focus on the fundamental economic questions that need to be addressed by producer-investors for producer groups to benefit from ethanol and biodiesel ventures. Since 2001 when it started its renewable energy program, KCDC has conducted 25 educational presentations to various groups interested in the basic economic factors about ethanol and biodiesel production.

The KCDC is evolving to meet the needs of Kansas producers seeking to enhance their economic well-being through value-added initiatives. Its achievements would not have been possible without the support of the USDA and KDOCH and the interest of the agricultural producers of Kansas.

# 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

# Business Development Support

- One-on-one coaching
- Strategic planning
- Strategic management support
- Marketing advice
- Financing strategies
- Education and outreach

# Value Added Idea

- Great idea
- Now what?



# Initial Assistance Grant

- KCDC initiated IAG in 2000
- 40 Projects have been awarded nearly \$190,000
  - 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, \$5,000 limit
  - Problems: many groups, including small groups might need larger amount
- Updated application
  - Groups successfully fulfill guidelines and show need for more than \$5,000, larger grants are possible

# 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, KDOC, USDA/RD)

- Applications judged on

Potential

Commitment

Leadership

Matching funds

Experience

Budget information

# IAG Timeline

- Send Completed application to KCDC
- 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

# 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

- KCDC
  - <http://www.agecon.ksu.edu/accc/kcdc/Default.htm>
- Ag Manager
  - <http://www.agmanager.info/>
- Kansas Ag Innovation Center
  - <http://www.ag-innovation.org/>
- Agricultural Marketing Resource Center
  - <http://www.agmrc.org/homepage.html>

# VAPG Template

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

# IAG Information & Application

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