

# Kansas Cooperative Developer

A Publication of the Kansas Cooperative Development Center (KCDC)

Volume 1 Issue 8

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.

## Arthur Capper Cooperative Center

The Kansas Cooperative Development Center is managed and administrated by the Arthur Capper Cooperative Center (ACCC). The ACCC is an educational unit in the Agricultural Economics Department at Kansas State University. It was organized in 1984 and its purpose is to provide cooperative-related educational programs to industry, students and the public. The ACCC mission is to serve as a premier center of excellence in cooperative education by providing research-based information, education and assistance to people affiliated with and interest in cooperative businesses.

The ACCC is named for Arthur Capper, who was prominent in both Kansas and cooperative history. He co-sponsored the Capper-Volsted Act of 1922 that clarified the status of agricultural marketing cooperatives and granted them a limited exemption from antitrust prosecution.

The ACCC educational program offers technical assistance to cooperatives on critical topics including equity management issues, financial performance, strategic management and board governance. It provides educational programs including an annual symposium on cooperative issues and an annual

CEO Round Table, an educational forum for CEOs of large marketing and farm supply local cooperatives across the U.S. who have a strong desire to improve the performance of the businesses they lead.

The ACCC also provides direct technical assistance for cooperatives investigating a merger or acquisition, and working on in-depth equity management issues.

The ACCC has established a library containing over 4000 documents, books and videos. A series of case studies has been developed including studies on U.S. Premium Beef, Minnesota Corn Processors, 21st Century Alliance and other important businesses. Extension publications addressing economic issues with various commodities are also available.

The ACCC manages a Summer Intern Program to provide students with a valuable learning experience about cooperatives and an opportunity for summer employment.

Dr. David Barton is the ACCC director and Dr. Michael Boland is the associate director. For more information about the ACCC, check out its website: <http://www.agecon.ksu.edu/accc/default.htm>

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# Kansas Cooperative Developer

## Central Soyfoods, LLC

Central Soyfoods, LLC formed in August 2003 to take over ownership and operation of a soybean processing business that had



operated in Lawrence for over 25 years. Central Soyfoods, LLC produces three main products, tofu, tempeh and soymilk. The primary product, tofu, is a soft, cheese-like food made by curdling fresh hot soymilk with a coagulant and pressing into a solid block. Tempeh is a fermented food with a firm texture

and a nutty mushroom flavor. Central Soyfoods produces about 1400 pounds of tofu in a 12 hour day. In addition to tempeh and soymilk, by-products whey and okara are also produced in substantial volumes.

Kansas Organic Producers received a \$5000 Initial Assistance Grant in December 2002 to evaluate the feasibility of partnering with the original Central Soyfoods business to increase the production, processing and marketing of organic soyfoods. An additional \$3000 IAG was received in March 2003 to assist with this evaluation.

With the financial assistance of these IAGs, KOP looked into what was necessary to increase the use of organic soybeans by Central Soyfoods. It soon became apparent that the previous ownership structure was close to bankruptcy. Interested potential investors for Central Soyfoods were located and options were assessed so that the business could transition to a new entity without stopping production and marketing activities.

KOP looked into production problems

and solutions, production and marketing costs, yield information and potential markets. This information led seven investors to form Central Soyfoods, LLC. They negotiated a contract with Kansas Department of Commerce to purchase the majority of equipment from the previous owner.

The following changes were made to help Central Soyfoods become a more viable business:

- To address production expenses involved with cleanup, 12 hour days of one or two days per week were initiated
- Organic certification was received
- Contract manufacturing for another tofu plant was instigated
- Increased the base price of tofu

“We have production going quite well, but we still have a challenge ahead of us in creating a larger market. The Initial Assistant Grant was a critical factor in helping us get this project off the ground. We would not be where we are now without it,” stated Ed Reznicek, one of the owners of Central Soyfoods, LLC.

Central Soyfoods, LLC received another \$3000 IAG in June 2004 to further expand the marketing and distribution for their organic soyfood products that are currently marketed mainly in the Lawrence, Kansas City and Topeka area. They also hope to develop markets for tofu by-products like whey that has potential as a liquid fertilizer for organic horticultural growers.



Tempeh

***“We have production going quite well, but we still have a challenge ahead of us in creating a larger market. The Initial Assistant Grant was a critical factor in helping us get this project off the ground. We would not be where we are now without it,” stated Ed Reznicek.***

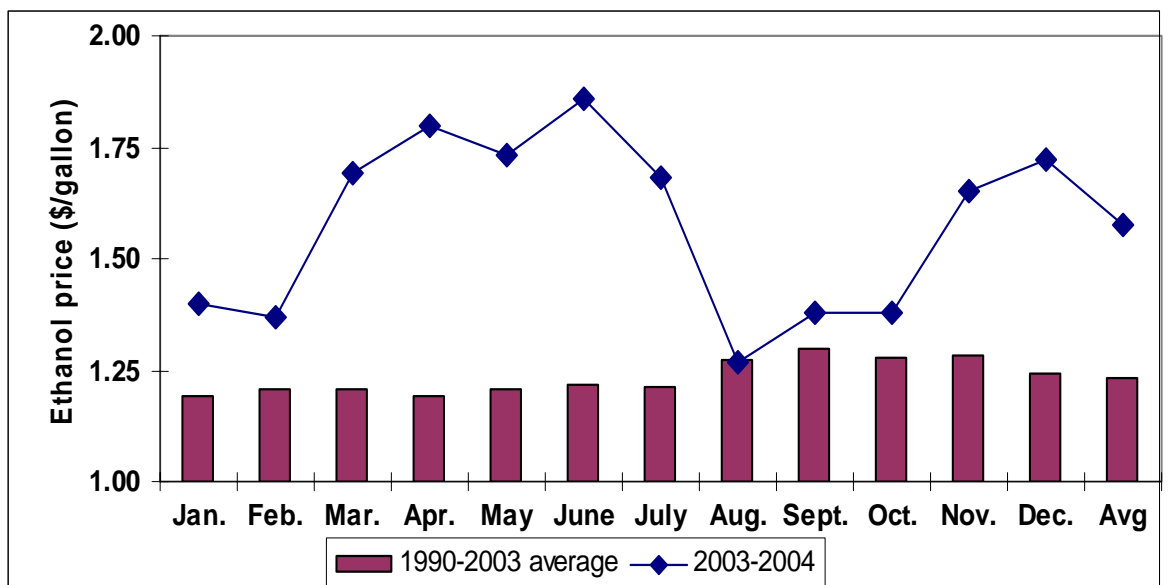
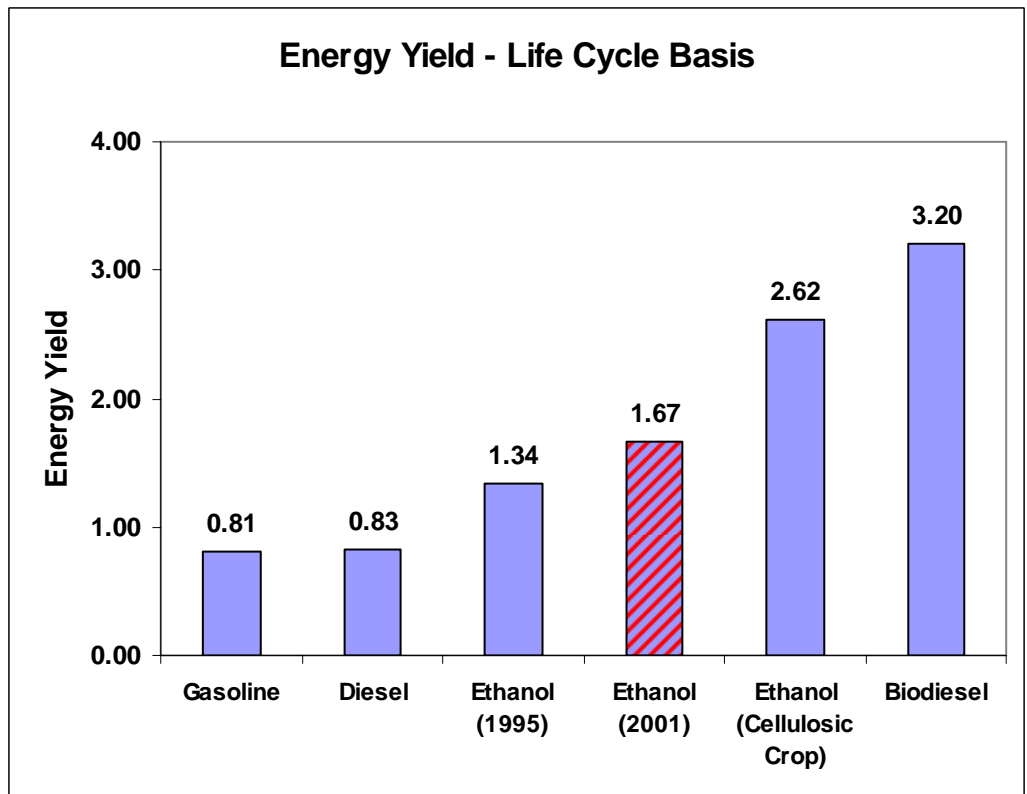
## Upcoming Events

- August 19-20, Risk & Profit Conference, Manhattan (Contact: Deborah Goins, 785-532-1504)
- August 25-27, Rangeland Management Advanced School, Scott City (Contact: Duane Cheney, Western Prairie RCD, 785-462-2602)
- October 7, Kansas Cooperative Development Consortium, Topeka (Contact: David Coltrain, 785-532-1523)
- November 3-4, Fields of Green: Building Agritourism So They Will Come, Great Bend (Contact: KDOC, 785-368-7260)

## Ethanol Corner

The figure to the right shows the net energy balance for various fuels. The information in the blue (solid) figures comes from a USDA/DOE Study, "Lifecycle Inventory of Biodiesel and Petroleum Diesel for Use in an Urban Bus." May 1998. The striped ethanol figure is from an updated USDA study, "The 2001 Net Energy Balance of Corn-Ethanol." This study shows ethanol has a net energy balance of 67 percent more energy than it takes to generate.

The figure below shows the price of ethanol this past year has been much higher than the average monthly price of ethanol from 1990-2003 (\$1.23 per gallon). In fact for the past nine months, the price of ethanol has averaged \$1.66 per gallon with June 2004 averaging \$1.86. On June 7, 2004 the price of ethanol reached a high of \$1.94. The source for this information is the Nebraska Ethanol Board for Omaha rack ethanol.



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The overall goal of the Kansas Cooperative Development Center is to improve the earnings and economic conditions of agricultural producers and other rural residents. The strategy is to encourage and to assist cooperative business development focused on value-added marketing and processing of agricultural products. The KCDC is managed by the Arthur Capper Cooperative Center (ACCC) in Kansas State University's Department of Agricultural Economics with the cooperation and assistance of two primary partners, the Kansas Department of Commerce Agriculture Products Development Division, and the cooperative development program of the Kansas USDA/Rural Development office. The KCDC is funded by a grant from USDA and matching fund support from KSU and KDOC.

**Our Web address**

**[http://  
www.agecon.ksu.edu/  
accc/kcdc/Default.htm](http://www.agecon.ksu.edu/accc/kcdc/Default.htm)**

## Kansas Cooperative Development Consortium

The Kansas Cooperative Development Consortium meets regularly during the year and is a public-private partnership. This portion of the newsletter focuses on consortium members. If you are interested in joining the consortium, please contact David Coltrain.

Kansas Electric Power Cooperative, Ind. (KEPCo) was incorporated in 1975 as a not-for-profit generation and transmission cooperative. KEPCo procures an adequate and reliable power supply for its 19 distribution rural electric cooperative members who serve more than 100,000 electric meters in rural Kansas.

KEPCo members support other services such as rural economic development and marketing and diversification opportunities. KEPCo is a Touchstone Energy Cooperative, which is a nationwide alliance of over 560 cooperatives committed to promoting the core strengths of electric cooperatives— integrity, accountability, innovation, personal service and legacy of community commitment. For more information about KEPCo, contact Loren Medley, Business Development Coordinator, 785-271-4846.

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