

Kansas Cooperative Developer

A Publication of the Kansas Cooperative Development Center

Volume I, Issue I

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

KCDC and its Initial Assistance Grant Program

Introducing KCDC

The overall goal of the Kansas Cooperative Development Center (KCDC) is to improve earnings and economic conditions for agricultural producers and other rural businesses. Encouraging and assisting cooperative business development through value-added marketing and processing of agricultural products is one way to accomplish this goal. The KCDC is funded by a grant from USDA and matching fund support from K-State and Kansas Department of Commerce.

The KCDC realizes that one of the critical elements essential for creating new business ventures is professional services provided by legal, accounting and business consulting experts. However, many group-action organizers do not have the cash resources to pay for these services and run the risk of not starting their businesses the right way. KCDC established the Initial Assistant Grant (IAG) to assist producer groups embarking on value-added business ventures in their formative stages. The grant may be used to pay for expenses related to legal, accounting, consulting and other busi-

ness development services for group business start-ups.

The IAG is designed to add value to agricultural commodities and to foster long-term economic growth. Therefore, it is available to applicants who can demonstrate that their business idea has the potential to profitably add value through processing or marketing of existing agricultural commodities or alternative crops and livestock. It is also limited to initiatives owned and supported by producers.

Since its inception in January 2000, 38 of the 50 applications for IAG have been approved. A total outlay of \$181,000 has been disbursed to recipients. The range of awards is between \$2,000 and \$10,000.

In addition to the IAG, the KCDC provides business development support for IAG recipients. These services include one-on-one coaching, strategic planning, strategic management support, marketing advice, financing strategies and, of course, education and outreach.

KCDC is governed by an Executive Board comprising Kansas State University, USDA and Kansas Department of Commerce.

Inside this issue:

KCDC & IAG	1
Focus: Earth Pals, LLC	2
Upcoming Events	3
The Consortium	4
Contact Info	4

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Earth Pals, LLC, Geary County

Earth Pals LLC began operation in 2002. They produce and market high quality compost for the local market. The business is located just outside of Manhattan, Kansas. The Earth Pals are Earl and Sandy Robinson, Jayne Link and Dennis Groves, and Margy Stewart and Ron Young, and are bound together by a common desire to produce compost.



Dennis Groves and Earl Robinson check the internal temperature for the raw material that will be high quality compost in three or four months.

According to Stewart, Earth Pals might have ceased operation without the assistance and guidance provided by the KCDC.

The partners started Earth Pals when they learned that their long-time certified organic-compost provider was quitting the business. First they panicked and searched for an alternative source of compost and then after putting their heads together, they realized they could take on the business

themselves. And Earth Pals was born.

Knowing that they would need assistance to help develop and grow their business, Earth Pals applied for a KCDC Initial Assistance Grant (IAG). Stewart said that the application process motivated them to evaluate their business and their goals and also pushed them to do some necessary self-evaluation and planning for the future. Earth Pals received a \$5000 IAG in February 2002. The budgeted items in their IAG application included business establishment expenses for attorney and accounting fees. They also planned to do market analysis for their business as well as technical development by initiating test plots and testing of the finished product.

David Coltrain, coordinator of the KCDC, had the first opportunity to work with Earth

Pals when they applied for the Initial Assistance Grant. “Since that time I have visited with them on numerous occasions, providing guidance and assistance in their business development and answering their business questions,” Coltrain said. “Earth Pals has been an outstanding group to work with. They have always done a thorough job completing and submitting their quarterly IAG reports. They are always open for suggestions and have the desire to work on their business to make it successful.”

“The process of writing quarterly reports helped us monitor our progress, identify difficulties, and search for solutions,” Stewart said.

Dr. Vincent Amanor-Boadu, Director of Kansas State University’s Value-Added Business Development Program, has also assisted Earth Pals in their business development. He has provided them specialized expertise in marketing and business development.

Stewart said that they have learned a lot about business over the last two years, but it has not been without its problems. “The steady growth of our business feels healthy and solid to us, as it appears to be based on customer satisfaction,” Stewart said. “Nevertheless, we have discovered that business is one problem after another, and thanks in part to the KCDC, we are more and more confident in our ability to problem solve.”

Earth Pals LLC received an additional IAG in January 2004 to continue the growth of their

Earth Pals, LLC

business. Before receiving this second grant, Earth Pals was encouraged by KCDC to think about how to achieve profitability and increase their competitive advantage.

KCDC helped Earth Pals implement beneficial alliances by partnering with existing industry players. They have initiated two partnerships that have the potential to increase their compost marketing this year. They are collaborating with an organic grower in Lawrence to retail their product. They have also located a trucker that will deliver 24 yards of compost to Lawrence, a win-win action for both partners. Earth Pals is also working with a Manhattan landscaping firm that plans to expand its organic lawn care line with the help of compost from Earth Pals. These alliances have provided Earth Pals with a more guaranteed demand of their product. To complement its bulk outlets, Earth Pals is expanding its bagged compost product line. “Our customers have constantly told us how good our product is,” Stewart noted.

According to Stewart, Earth Pals might have ceased operation without the assistance and guidance provided by the KCDC.



The finished compost runs through a sifter that sorts out the large composted materials.

Upcoming Events

- February 13, KCDC Consortium, Topeka
- February 26, “Opportunity Scoping: The Art of Discovering Profitable Value-Added Businesses,” Manhattan
- March 12, K-EAT “Kansas Ag Innovation Center and Opportunity Scoping,” Manhattan (Contact: David Coltrain, 785.532-1523)
- March 18, “Managing Value-Added Businesses I,” Manhattan (Contact: Seleise Barrett, 785.532-1522)
- March 19, Find Direction for Your Marketing: A Step-by-Step Marketing Plan Workshop, Topeka (Contact Ruth Smerchek, 785.296-7006)
- April 2, KCDC Consortium, Topeka (Contact: David Coltrain, 785.532-1523)
- April 3, “How to Set Up a Kitchen on a Small Budget,” Kansas City (Contact: Karen Pendleton 785-843-1409)
- April 5, “Strategic Alliances: The Smart Way to Grow Profitable Businesses,” Manhattan (Contact: Seleise Barrett, 785.532-1522)

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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.

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Kansas Cooperative Development Consortium

The Kansas Cooperative Development Consortium meets regularly during the year and is a public-private partnership. Its purpose is to improve the economic conditions of agricultural producers and other rural residents by increasing returns to agricultural producers, increasing the per capita earnings of rural residents, and reducing or reversing rural population net out-migration trends. The fundamental strategy is to assist in the development of new cooperative-oriented businesses that add value to current and new agricultural products through marketing and processing activities. The current membership list includes the following individuals:

Vincent	Amanor-Boadu	Value-Added Business Program, KSU
David	Barton	ACCC, Professor, KSU
Dennis	Blick	CoBank
Michael	Boland	ACCC, Professor, KSU
Larry	Carnahan	USDA Rural Development
David	Coltrain	Kansas Cooperative Development Center
Janna	Dunbar	Kansas Dept Of Commerce
Jeff	Kistner	CoBank
Ray	Hammarlund	Kansas Dept Of Commerce
Dana	Hoffman	Kansas Wheat Growers
Mike	Irvin	Kansas Farm Bureau, Legal Foundation
Paul	Johnson	Kansas Rural Center
Kevin	Lickteig	Kansas Grain Sorghum Commission
Ronald	Madl	Value-Added Center, KSU
Jesse	McCurry	Kansas Dept Of Commerce
Janet	McPherson	Kansas Farm Bureau, Public Policy
Loren	Medley	Kansas Electric Power Coop. Inc.
Ed	Reznicek	Kansas Organic Producers
Gary	Satter	Glacial Hills RC&D
Gary	Smith	USDA Rural Development
Dave	Spears	Kansas Farm Bureau, Agriculture Solutions
Greg	Stephens	National Farmers Organization
Robert	White	Kansas Corn Growers Assn.
Chris	Williams	21st Century Alliance
Meleesa	Younggren	Burns & McDonnell