

Kansas Cooperative Developer

A Publication of the Kansas Cooperative Development Center (KCDC)

Volume 1 Issue 7

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.

Value-Added Conferences

The KCDC jointly sponsors with Kansas Department of Commerce (KDOC) and USDA/Rural Development an annual state-wide cooperative development and value-added conference for clients, partners and other interested parties.

These conferences empower individuals and communities to pursue their individual economic visions by providing education with information, ideas, and assistance. With this impetus, it is hoped the process will continue with people sharing information and ideas.

Different regions of the state host the conference each year so that more individuals will have nearby access over a 3-4 year period and therefore will learn about value-added business and cooperative development. This also allows individuals from bordering states to have an opportunity to attend.

This year's conference, *Fields of Green: Building Agritourism So They Will Come*, will be held in Great Bend on November 3-4. The conference targets farmers, ranchers and communities interested in learning about agritourism. For more information about this year's conference call 785-368-7260. Topics to be covered at the conference include:

- Starting an agritourism business from scratch

- Marketing to attract visitors and increase sales
- Enhancing your existing operation
- Understanding new liability laws
- Developing a great website
- Many other topics

Here is a short review of the Value-Added Conferences held in the previous five years. *Value-Added Opportunities in Agriculture* was held September 1, 1999 in Pittsburg with 220 in attendance, including 25 visiting farmers from West Australia. The 2000 conference, *Value-Added Opportunities in Agriculture: Are They Profitable?* was held in Hays on August 30, 2000 with 210 in attendance. The 2001 conference and value-added tour was held August 6-7, 2001 in Garden City with about 130 attending. On November 12-13, 2002 the Value Added Conference and Tour was held in Wichita in conjunction with the Kansas Commodity Classic. The 2003 conference was held December 9-10, 2003 in Manhattan also in conjunction with the Commodity Classic.

All of these value-added conferences present existing and potential KCDC clients with business ideas and education to move forward with their ventures.

In this issue:

Value-Added Conferences	1
Our Daily Bread	2
Upcoming Events	3
Ethanol Corner	3
The Consortium (Kansas RC&D)	4
Contact Info	4

Kansas Cooperative Developer



Our Daily Bread's logo

“The assistance provided by the Kansas Cooperative Development Center has enabled us to develop a strong strategy for success. It also allowed us to identify those areas crucial for a new business venture to prosper, and anticipate potential pitfalls,” wrote Our Daily Bread in a quarterly IAG report.

Our Daily Bread Bake Shoppe

Our Daily Bread, Inc. was established in July 2002 in Washington County, specifically in Barnes, a small community of about 150 population. Their mission statement contains this phrase, “to bring the wonderful taste of home baked goods in a warm and inviting environment of times gone by.”

In December 2002, Our Daily Bread Bake Shoppe opened for business in a converted garage as a family venture involving four sisters and their mother. Two of the sisters, Connie Wilkens and Kayleen Drebes, work full time with the bake shop. The other sisters, Cindy Hiesterman and Marilyn Link help with the accounting, marketing and web design on a part time basis. Their mother, Norma Drebes, has a great deal of business experience to offer.

Recognizing a need for assistance in developing their business, Our Daily Bread applied for an Initial Assistance Grant and received \$2,500 in July 2003 to develop a business plan incorporating their specific objectives. Their budgeted items were mainly directed at market and business analysis.

David Coltrain, Coordinator, Kansas Cooperative Development Center and Vincent Amanor-Boadu, Director of Kansas State University's Value-Added Business Development Program, first met with the group in the summer of 2003 and helped them focus on how their business plan is a roadmap for them to examine their destination (future plans) and how they can achieve those goals.



The business rapidly grew and in October 2003 moved to a distinctive building built in 1866 on Main Street in Barnes. Its 13 foot high ceilings covered with ornate molded tin provide an old fashioned feel for the business. In addition to breads, pies, cookies, cakes, muffins and other types of baked goods; lunches are served and an adjoining banquet room is available for special catered activities.

Our Daily Bread's philosophy has always been to treat customers like extended family. To make them feel like they are getting products from grandma's kitchen. To expand this philosophy, Our Daily Bread applied and received a second IAG for \$5,000 in June 2004 to focus on customer relation and retention.

When providing technical business development assistance, KCDC has pointed out to Our Daily Bread how important it is to capture all the information about their customer's buying patterns and to use this information to provide the best possible service, products and incentives. Our Daily Bread plans to develop a Point-of-Sale System to initiate this service.

Another aspect of their business plan soon to be incorporated is to use local grown wheat ground in their portable grinder as the flour for their baked products.

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“Our Daily Bread has been an exciting group to work with as they have rapidly become a successful value-added business,” Coltrain states.

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)
- November 3-4, Fields of Green: Building Agritourism So They Will Come, Great Bend (Contact: KDOC, 785-368-7260)

Ethanol Corner

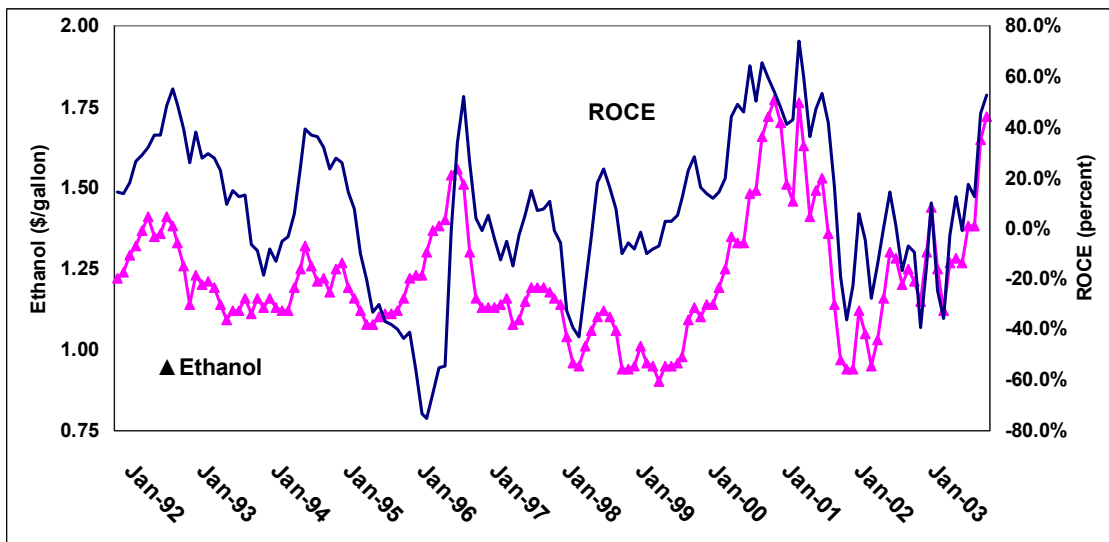
Investors in an ethanol facility face risk in three major categories: processing technology risk, marketing and operation risks, and government and regulatory risks. The KCDC recently completed a paper that addresses these risks. The paper *Risk Factors in Ethanol Production* may be downloaded from the KCDC website (<http://www.agecon.ksu.edu/accc/kcdc/Default.htm>) and the Ag-Manager website (<http://www.agmanager.info/agribus/energy/default.asp>).

A statistical tool, correlation coefficient, is used throughout the paper to compare factor relationships. A perfectly positively correlation of 1.0 signifies the two factors rise and fall together. A negative correlation -1.0 indicates as one factor falls, the other rises. A correlation of 0.0 denotes that the two factors have no relationship to each other.

This figure illustrates a comparison between monthly ethanol prices and Return on Common Equity (ROCE), which is the ethanol facility owners’ return on their initial investment. To compute ROCE, each month’s price series for the following variables is

used in a simulated projected model plant: ethanol, DDGS, unleaded gasoline, grain sorghum, natural gas and electricity.

As expected, the correlation coefficient of ROCE and ethanol prices is a relatively positive 0.58. Similar figures comparing factors with each other and with ROCE are discussed in the paper.



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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.

The purpose of the Resource Conservation and Development (RC&D) program is to accelerate natural resources, improve the general level of economic activity, and to enhance the environment and standard of living in designated RC&D areas. The program also establishes or improves coordination systems in rural areas. Current program objectives focus on the improvement of quality of life achieved through natural resources conservation and community development which leads to sustainable communities, prudent development and the management and conservation of natural resources. Currently, Kansas has nine established RC&D districts and two more in formation. For more information about Kansas RC&Ds, contact Gary Satter, Glacial Hills Coordinator, 785-945-6292.

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