

Kansas Cooperative Developer

A Publication of the Kansas Cooperative Development Center (KCDC)

Volume 1 Issue 3

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.

KCDC and K-State's Value-Added Business Development Program

The Kansas Cooperative Development Center (KCDC) is a part of the Value-Added Business Development Program (VABDP), which is an initiative of the Department of Agricultural Economics at Kansas State University. VABDP channels the business development resources of the Arthur Capper Cooperative Center, the KCDC, and the Agricultural Marketing Resource Center into a cohesive program that assists agricultural value-added businesses and enhances their performance potential. VABDP also works closely with K-State's Food Science Institute and Bioprocessing and Industrial Value-Added Program.

- Provide business development tools to help agriculture and food industry stakeholders improve their entrepreneurial decisions.
- Provide advisory services to help businesses position themselves competitively in new markets.

VABDP has produced an array of educational material to help individuals and groups assess their value-added business opportunities. The material starts at the beginning by describing what value-added means along with dimensions, types and opportunity slates in "A conversation about Value-Added Agriculture." "Preparing for Agricultural Value-Adding Business Initiatives: First Things First" encourages producers to become as efficient as possible before looking into value-adding businesses. "Developing a Business that Makes a Difference" is a quick review of important factors in business development.

Some of the other topics covered include opportunity scoping, value propositions, business feasibility, strategic business planning, financing options, and requests for proposal.

All of the educational material is available at the [Agmanager.info](http://www.agmanager.info/agribus/busdev/assess/default.asp) website. Connect by clicking on <http://www.agmanager.info/agribus/busdev/assess/default.asp>

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VABDP combines research, education and service by providing broad knowledge and education on the economic concepts and strategic management issues involved with developing and growing value-added businesses.

VABDP Goals and Objectives

- Increase knowledge about value-added business opportunities in agriculture and food industries.
- Provide dynamic educational programs—seminars, short courses, workshops—to facilitate the transformation of knowledge into practice and profits.

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“The assistance given by the KCDC both financially and the sharing of your knowledge in preparing the necessary steps to undertake the feasibility study has been extremely helpful,” stated Ron Hirst, Cottonwood Cheese Company manager.

Cottonwood Cheese Company, South Hutchinson

Cottonwood Cheese Company (CCC) is examining the potential for establishing a cheese processing facility to process locally produced milk into specialty cheeses.

Ron Hirst, CCC Manager, first met with David Coltrain, KCDC Coordinator, during the Spring of 2003 to discuss the business project idea and the beginning of a business plan for the project. During this discussion, Coltrain encouraged Hirst to apply for a KCDC Initial Assistance Grant. CCC applied and was awarded a \$5000 grant in July 2003 to conduct a feasibility study for the venture.

KCDC provided Hirst with suggestions for a scope of work needed for the feasibility study and assisted with locating a consultant to perform the study. Hirst hired a consulting company with knowledge about the cheese industry to complete the feasibility study. “The assistance given by the KCDC both financially and the sharing of your knowledge in preparing the necessary steps to undertake the feasibility study has been extremely helpful. When asked, you have responded in time and most importantly, with information that was useful and necessary for the decision we needed to make,” stated Hirst.

Hirst has been able to locate existing facilities that provide a pragmatic solution to his processing needs in South Hutchinson. He

has also made numerous trips to Wisconsin to learn about cheese making and the cheese market. A distinguished cheese maker has been identified and recruited to work with CCC in producing fine specialty cheeses once the plant becomes operational.

Hirst has maintained a close relationship with KCDC and the Agricultural Marketing Division of the Kansas Department of Commerce to explore opportunities for enhancing his business proposition. CCC has also maintained a close contact with local dairy producers in Kansas, meeting with them on numerous occasions in the past year. CCC’s strategy is to partner with these local producers to raise the required equity for the project as well as supply raw milk for the plant. A potential cooperative milk supplier from another state has also shown interest in the project.

Hirst attended the “Value-Added Business Management 101” program in October 2003 and the Opportunity Scoping program delivered by the Kansas Ag Innovation Center in March 2004. “He has been one of our very eager clients,” noted Coltrain. “He seems to search for and devour any education material which would make his project more successful.”

A final requirement for IAG recipients after the grant money has been used is to give a presentation at a KCDC meeting. Hirst fulfilled this requirement when he

reported on CCC's progress at a recent consortium meeting. In his presentation, Hirst stated, "The continued interest from KCDC in how the project is proceeding is appreciated. The required IAG quarterly reports have helped me stay focused and accountable."

In his presentation, Hirst reported on CCC's current business plan. The proposed \$1.4 million project in South Hutchinson plans to produce cheese from 105,000 pounds of milk per day. This is production from about 950 cows. The equipment for the plant could handle at least twice as much production as what is planned in the beginning. The various cheeses produced are projected to be marketed in a mix of about 50% private label, 25% Hispanic and 25% marketed locally. One important factor to focus on is the importance of developing a business producing cheeses that have the right consistency in quality at prices that are competitive in markets that are discriminating in their service needs.

CCC's business development process has benefited from the assistance it has received from the KCDC. By diligently progressing through a calculated business development process, CCC stands to increase its probability of success significantly once it gets into production and marketing.

"The continued interest from KCDC in how the project is proceeding is appreciated. The required IAG quarterly reports have helped me stay focused and accountable," stated Hirst.

Upcoming Events

- 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)
- April 6, "Unmatched Innovation—from Concept to Consumer" Manhattan (Contact: Gabe Schlickau, 785-628-4509)
- April 29, "Renewable Energy and Energy Efficiency Grant Program," Salina (Contact: USDA/Rural Development, 785-271-2702)
- June 3, KCDC Consortium, Topeka (Contact: David Coltrain, 785.532-1523)

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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.

Two consortium members represent USDA Rural Development, whose mission is to deliver programs that support increasing economic opportunities while enhancing the quality of life for rural Americans. Its mission is reached by helping rural individuals, communities and businesses obtain the financial and technical assistance needed to address their diverse and unique needs. As a venture capital entity, USDA Rural Development provides equity and technical assistance to finance and foster growth in homeownership, business development, and critical community and technology infrastructure in rural America. For additional information phone 785-271-2700.

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