



Kentucky Cooperator

Volume 5, Issue 3

Fall 2007

Custom with Computers

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Harold and Shannon Burton still refer to their custom heifer business as “the farm”, but they recognize that their family farming operation is one of the fastest growing agribusinesses in Northern Kentucky.

The Burton’s purchased their first farm in 1988 and started milking 30 to 40 cows. As the dairy operation grew to about 250 Holstein cows, Harold decided to expand the operation by selling and feeding heifers.

“I always had extra feed and I enjoyed selling and buying heifers and I guess it got in my blood,” explained Harold on why he branched out into the heifer business. “Then it expanded and more dairies wanted me to raise some of their calves and send back, and that is how the custom side got going.”

Going Custom

In about 1998 the Burton’s sold their last dairy herd and from there began custom raising heifers full-time. In the beginning they were running about 500 to 800 head in the custom operation. This level grew

Shannon Burton uses Microsoft Excel to keep track of the heifers that are placed with area farmers.



slightly over the years, but Harold knew the opportunity was there to expand.

“The dairies up north have to get permits for the number of cows on an operation, so if they have 1000 cow permit they only want 1000 cows that are milking,” explained Harold of the opportunity. “So I knew they were looking for growers like me to raise their heifers until they are ready to milk.”

Then in 2005 Harold met with Brian Furnish, who at the time was the Deputy Director of the Governor’s Office of Agriculture Policy, and learned about the opportunity for financing the expansion with Agricultural Development Funds (ADF).

Burton’s Livestock applied for and received \$430,000 in ADFs to build a feeding

facility. The Burton’s also received \$967,000 loan from the Kentucky Ag Finance Corporation through their coordinated value added program to help with covering the cost of feed and other operating costs.

The feeding facility and operating capital has allowed Burton’s to expand the number of heifers it can custom raise, allowing for the fast expansion of the operation.

“There is no way I would have grown this quickly without the funds,” explained Harold. “I could have gone to the banks, but with me already financing each head that comes through here it would have been difficult.”

Cattle & Computers

As the operation began

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Can you delegate?

A major function of management is delegating specific job responsibilities to key employees. Too often managers try to do "too much" themselves and become so involved in running the day-to-day business that they lose sight of their overall management responsibilities.

Delegating important business activities to others is difficult for some managers, especially if the manager has not

prepared employees to accept and perform those activities well.

A good manager prepares employees before delegating by discussing a written job description with the employee and by investing time and money in training the employee. A good manager monitors and evaluates the job performance of employees as they carry out assigned responsibilities.

Evaluations can be a part of learning and

improvement for the employee.

Managing a business can be extremely hard if you try to be "hands on" about everything that goes on in the business, but if you prepare and entrust employees with some of the day-to-day business activities the business will function better and you will have more time to devote to other critical management functions.

A good manager delegates. Can you?

Teamwork

"Teamwork is the ability to work together toward a common vision.

The ability to direct individual accomplishments toward organizational objectives.

It is the fuel that allows common people to attain uncommon results."

--Andrew Carnegie

Custom with Computers... *from the cover*

growing this spring Shannon decided to leave her off-farm job and return to the family farm to work full-time as the bookkeeper for Burton Livestock. What she quickly discovered is that the growth in the business would require a new way to handle the books, not only from an accounting standpoint but from a tracking standpoint

"I met with Nathan (Routt) from KCARD and we began looking at ways we could use the computers to help with the bookkeeping and tracking," said Shannon. "Then KCARD gave me a chance to attend a special training for Quickbooks."

KCARD worked with

Shannon and the accountant for Burton's Livestock to set up Quickbooks as the bookkeeping software to meet the needs of the business. Also, Routt worked with Shannon to evaluate the cattle tracking needs of the operation and established a tracking system for the calves in Microsoft Excel.

"Their assistance and the continuing support has been wonderful," said Shannon. "It would have taken a while for me to know which way to go on this if we hadn't had their help."

Custom Future

Harold and Shannon both admit they are surprised at

how quickly the operation has grown in the last year.

"We thought it would take us two years to reach 6,000 head of cattle and yet here we are only seven months after we finished our feeding facility," said Harold. "If this growth continues we are expecting to be at 20,000 in about two years."

This growth isn't only impacting the Burton family, but families throughout the Northern Kentucky region.



Harold Burton focuses his attention on taking care of the over 6,000 heifers Burton Livestock is now finishing.

"We have over forty farms that we work with in the operation, and we have eleven employees," explained Harold. "As the business continues to grow we are going to be able to work and provide opportunities for more farm families in the area."

Meet the KCARD Board

Ann Bell Stone

Ann Bell Stone and her husband Mac live on the Bell family farm in Scott County where Ann was born and raised.

Growing up on the farm Ann did not plan to become a farmer. After college, Ann worked in the public sector, but soon realized that farming was in her blood.

When Ann came back and joined her father and brother on the farm she decided to pursue her own interests, and began raising vegetables and focusing on direct marketing.

“Growing up we raised angus cattle for breeding stock and burley tobacco,” explained Ann. “We still raise tobacco and have a cow/calf operation, but we’ve also diversified into wholesale horticulture production, organic

production, pastured poultry, and direct marketing programs.”

The diversified family operation now supports Ann’s family, her brother John’s family, and their parents.

As Ann became involved in the family operation, she also became an active member in agriculture organizations.

While serving as a Board member on the Lexington Farmer’s Market, Ann had the opportunity to work with the Kentucky Center for Agriculture and Rural Development (KCARD) staff when they helped the Market restructure the organizations.

At that time KCARD was looking for a Board member with experience in retail, and they asked Ann to serve. Now on her second term



Ann spends her Saturday mornings at the market for Elmwood.

photo by Matt Barton, UK College of Ag

as a Board member Ann is even more supportive of the work of the organization than when she first began.

“I think the work that the organization provides to individuals and farm groups is essential to the success of individuals and organizations in Kentucky agriculture,” said Ann. “By providing organizational development, leadership development, professional management skills and other services at a minimal expense to fledgling organizations are invaluable.”

KCARD awarded USDA grant!

Agriculture Secretary Mike Johanns announced in September that the Kentucky Center for Agriculture and Rural Development (KCARD) was one of 18 Rural Cooperative Development Centers in the nation to be approved for a Rural Cooperative Development grant in the 2008 fiscal year.

“These funds will help strengthen the rural economy and assist farmers, ranchers, and rural business owners across the nation in establishing and marketing cooperatives,” Johanns said. “Rural Cooperative Development Centers are important to our efforts to support rural America’s entrepreneurs.”

KCARD was established to facilitate agricultural and rural business development in Kentucky. KCARD provides technical assistance, educational opportunities, and business support services to businesses that are mutually owned by producers.

KCARD Board

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Luther Bakken
CoBank

Vice President

Wayne Cropper
Burley Tobacco Growers
Co-op Assoc.

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Electric Cooperatives

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Keith Rogers
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Ann Bell Stone
Lexington Farmers’
Market

Lionel Williamson
UK College of Agriculture

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Jeff Jones
USDA Office of
Community Development

Tim Woods
UK College of Ag

Marshall County Cooperative

Transitioning a Community Cooperative

In Marshall County when you hear someone talking about the Co-op, it isn't a commodity receiving station they are referring to; it is the long standing farm supply store.

Building a Cooperative

The Marshall County Co-op, officially the Marshall County Soil Improvement Association, began in 1935 as a part of a program between TVA and UK Extension to test newly developed fertilizer materials produced by TVA. The local organization incorporated in 1940 and began providing agriculture supplies to farmers.

In 1946, the farmer owners and the board of the cooperative decided that there was a need and a desire to expand the farm supply services.

Enthusiastic cooperation from farmer owners led to the Co-ops growth over the next thirty years. By 1975 the Co-op had grown to realize an annual volume of business in excess of one million, had more than 2300 members, and operated in one of the finest farmer owned

cooperative facilities in the entire area.

High interest rates in the 80's led to the collapse of farms throughout the area, and many of those that remained were large commercial farms. Although the Co-op suffered several years of losses during this period, it was able to maintain its position as a viable agribusiness in the area and continue to grow into the new millennium.

A Cooperative Transition

In 2005, Tim Ferrell, manager of the Co-op, began looking to the future. He was seeing more and more changes in his customer base as the agriculture industry continued to change.

"In the area we had large commercial farmers that were going to larger farm stores or direct to a dealer for their needs," explained Ferrell. "What we were seeing in our store were more and more mini-farmers."

One day while Ferrell was having lunch with Lincoln Martin, the Marshall County Extension agent, Martin suggested that KCARD might be a good resource to help in the

planning for the future of the Co-op.

Ferrell contacted KCARD and after an initial meeting with staff it was determined that a business management and operational audit would be the first step in the collaboration.

"KCARD came in and spent three days with our staff and customers, reviewing information, doing competitive shopping in the area, it was just much more than I expected," said Ferrell "Then they presented the results to our board on that Thursday, it was a great experience."

Beyond the efficient and thorough evaluation process, Ferrell was impressed by the information KCARD presented in the report. Ferrell, a former stock broker, felt the financial analysis was a key component in explaining business recommendations to the board.

"A cooperative is a business and for a business to survive it has to make money,"



Marshall County Co-op carries products to target their new clients, farmers with 5, 10, and 20 acres.

explained Larry Snell, Executive Director of KCARD. "In a Business Management Analysis we try to show this to a board by explaining the finances of the cooperative."

Ferrell said the Co-op has used the analysis results to improve on pricing at the store now that they have a better understanding of the price points for main products. It has also allowed them to look at branching out beyond the traditional items carried in the store.

"The one thing that was extremely helpful for me was that the KCARD study showed that our cooperative had major name recognition in the area," said Ferrell. "We

KCARD Services

Record keeping Development

As the end of the year nears and tax season looms ahead, record keeping and accounting will be on the mind of many business owners.

To help clients tackle the task of preparing for taxes and set up bookkeeping practices to help their future business, KCARD provides record keeping development and hands on accounting assistance.

KCARD tailors assistance to the needs of their clients, which can range from simple record

keeping practices to more complex development solutions.

Recently, KCARD sponsored several clients to attend a QuickBooks accounting software training session. They also have QuickBooks training DVDs for training or loan out to clients.

Helping clients develop better business practices is just one of the many ways KCARD continues to provide assistance to Kentucky rural and agricultural businesses.

KCARD assistance includes such services as:

- Helping clients set up and use spreadsheets
- Consulting with clients on making a decisions about which accounting software to purchase
- Assisting with the set up of accounting software
- Developing efficient receipt and record systems
- Developing member equity accounts

*Next KCARD Board meeting will be held
January 18, 2008*

Transitioning Co-op *from page 4*

had been considering a name change, and these results kept us from committing marketing suicide.”

Community Cooperative

As the Co-op transitions to a lifestyle market, a focus will remain on providing services to the area producers.

The Co-op continues to be the source of information for the agriculture community. The hay

bulletin posted at the store continues to be the best place in the area to find hay for sale. Then there is the daily agriculture radio show Ferrell does on a local radio station that is a mix of agriculture news and entertainment.

“Meeting the needs of the coops members is the main

focus of the Co-op,” explained Ferrell. “It has also been instrumental in the survival and is critical to the growth of the Co-op.”



The Co-op now has speciality items such as jewelry and belt buckles.

Drought Assistance

Organizations across the state are working together to provide much needed drought assistance to KY producers.

Ag Dev Board

The Board approved minor changes to the County Model Programs to make them more “drought friendly”.

Farm Service Agency

The state has announced cost-share assistance under the Emergency Conservation Program (ECPD) for farmers suffering drought conditions, to learn if you qualify contact the local FSA County Office.

KY Dept of Ag

KDA has a Hay Hotline to assist producers find quality hay for livestock the number is 1-888-567-9589

UK College of Ag

UK created a Drought Quick Response Team to respond to needs of the public. Visit the website by going to www.ces.ca.uky.edu and click on drought information under the quick links.

***Kentucky Center for
Agriculture and Rural
Development fosters
business success and
growth by developing
and delivering technical
assistance and by
providing educational
opportunities for
agricultural and rural
businesses seeking to
enhance their economic
opportunities.***



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To learn more about KCARD visit our website at
www.kcard.info

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