



Kentucky Cooperator

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Growing a Cooperative: Central KY Growers Association

Central Kentucky Growers Association (CKGA) began in 1998 as a vegetable marketing cooperative when a small group of growers decided to diversify away from tobacco which had been a mainstay on farms in the area, and focus their efforts on horticulture production.

“I had already begun transitioning away from tobacco into vegetable and fruit production, selling at farmers markets and from a small farm market,” said Kevan Evans, Evans Orchard. Becoming a member of the co-op gave me another marketing option to expand my horticulture production before we really started to grow our agritourism business.”

The co-op became a key marketing outlet for current CKGA president, Zeldon Angel, as he began producing horticulture products when he saw the change looming for Kentucky’s tobacco industry.

“Over the years we have tried almost every marketing approach that exists,” said Zeldon. “Some have worked and others haven’t, but we have always been open to hear new ideas.”

Currently CKGA is working with Castellini Co. and Cabbage, Inc. to market products. While the core crops at CKGA are cucumbers and

peppers, as those are the items that can be packaged across the line, other products they have seen success with include green beans and the recent contract for cabbage with Cabbage, Inc.



*Zeldon Angel is
President of CKGA*

“In the early years our members had to step up financially to get the co-op going,” explained Zeldon. “Over the years we have seen that level of financial commitment from our members and the community. It has been that determination that kept us going even when other co-ops were closing the doors.”

In 2001, CKGA received a boost when they were awarded almost a half of a million dollars in Kentucky Agricultural Development Funds for the purchase of equipment and market development for the cooperative. These funds allowed CKGA to work with more growers and buyers, and soon the growing company was in need of another expansion. In 2003 the group received an additional \$300,000 to update a production line, expand to year-round marketing, and to meet

continued on page 3

IN THIS ISSUE

Plan for Success.....2

New Agritourism Liability Law.....2

KCARD Services: Business Plan Development.....4

Board Spotlight: Tim Woods.....5

VAPG Update.....5

Save the Date

KCARD Fall Board Meeting

October 18, 2012

Summer 2012

1

KCARD

Plan for Success

As Kentucky agribusinesses strive to operate successfully in these difficult economic times and adapt to the continually changing agribusiness environment, it is more important than ever before to do strategic planning for the future success of the business. A familiar quote that I often hear from successful, experienced business leaders is "Failing to plan is planning to fail."

Basically strategic planning is strategizing to improve your current business operations and to make the most effective use of all available business resources such as employees, facilities, capital, etc. Strategic planning done correctly should answer four basic but important strategic questions that all agribusinesses constantly face: (1) Where is the business now?, (2) Where is the business going?, (3) Where should the business be going?, and (4) How is the business going to get to where it should be going? Identifying where your business should be going, rather than where you

personally want it to go is invaluable to operating a successful business today.

Once you determine where you should be going it is not hard to map out a route to get you there and the same holds true for businesses. KCARD can help you with strategic planning if you are interested in planning for the successful operation of your business for the short term (1-2 years) or the long term (3-5 years).

Conducting strategic planning for a typical agribusiness requires two or three two hour sessions away from the business and involves the owner(s), manager and other key employees. We strive to make it a fun process rather than a long formal process that is tedious to everyone involved. A small amount of your time now devoted to strategic planning for your business will enable you to reap benefits from the successful operation of your business over the next 3-5 years.

Kentucky's New Agritourism Liability Law

A new state law provides Kentucky agritourism destinations with limited liability protection.

The law, filed as House Bill 440, was passed by the General Assembly and signed into law earlier this year and creates a new section of KRS 247.800 to 247.810 requiring agritourism attractions to post an 18-by-24-inch warning sign stating that, in the absence of operator negligence: "You are assuming the risk of participating in this agritour-

ism activity." The law provides limited liability protection if the injury or death of a participant results from the inherent risks of the agritourism activity and/or in the absence of negligence.

Agritourism operators may purchase the plastic warning signs from the Kentucky Department of Agriculture at cost for \$1.75 each. For more information, contact Shaffar at ben.shaffar@ky.gov or (502) 564-4983, extension 223.



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USDA Office of Community Development

Tim Woods

UK College of Ag

the needs of new and existing growers.

Kevan admits that the funds from the Ag Development Board were critical to the early development and growth of CKGA, but serving as current secretary and one time president Kevan also recognizes that there were challenges the group faced in those early years with inexperienced members, production, retaining buyers and general management issues that needed more than just money to fix.

Kevan and Zeldon both point to CKGA's involvement with the Kentucky Center for Agriculture and Rural Development (KCARD) as the key factor to helping the organization overcome the challenges along the way.

"In 2005 we were struggling with several issues at the co-op and went back to the Ag Development Board for funding assistance and received about \$121,000 as a forgivable loan to stabilize management and purchase necessary equipment," explained Zeldon. "Yet, what made the difference with this round of funding was that we began working with Larry and KCARD to get a handle on financials."

Zeldon explained that working with KCARD the CKGA Board of Directors realized what needed to be done each year to make accurate projections on how to run the business.

They followed KCARD's recommendation and brought in an outside company in 2006 to run the business for a year to give them ideas on management.

"When we began working with KCARD, we were in the red, but Larry and staff just kept working with us on what we needed to do on the financial side to get a better handle on things and to make accurate projections so we could pull enough out to balance the budget," said Zeldon. "Between the determination and willingness to sacrifice on our guy's part and KCARD's dedication to work with us we were able to pull out of the red."

Since that experience Zeldon explained that they have continued to work with KCARD periodically to review finances, policies, and general management. Recently, the group had to turn to KCARD once again as they meet with the Agriculture Development Board to review the terms of their forgivable loan.

"If we hadn't worked with KCARD during this evaluation of our agreement with ADB, then the deal probably wouldn't have gotten done," said Zeldon. "KCARD's knowledge of the industry and the fact that they were working with us to address the terms of the agreement brought to the table a level of credibility



Butch Case is a producer in Harrison County. He raises a variety of produce that he markets through the co-op.

that helped us to achieve a workable agreement."

"The major strength of CKGA is the leadership and unwavering commitment of its Board of Directors over the years," said Larry Snell, KCARD executive director. "They are determined that the cooperative will succeed and provide a reliable market for commercial vegetable growers in Central Kentucky."

Zeldon realizes there will continue to be challenges for CKGA. This year the major challenge has been the weather. Dry, hot conditions have made it difficult for the group to produce quality products to take to the market, but he believes that the commitment to the CKGA remains.

"As much hard work as we have all put into the co-op I hope we are still going strong in five to ten years," said Zeldon. "We want to make it self-sustaining and keep it going. It will work but we just need to find a few more growers that are willing to make the sacrifices to produce a quality product for the market."

Business Plan Development Assistance

Developing a comprehensive business plan is a company's road map for success. A strong business plan answers the key questions about the business: who, what, where, when, why, and how. Plus, a business plan establishes goals and benchmarks for the business. For a developing business, the business plan begins the process of making an idea materialize into reality. It is also a tool that can help in determining whether or not an idea should become reality.

A comprehensive business plan makes it easier for a business to receive external support, especially in terms of financing from potential investors, lenders, and grant sources. Possibly the most important reason to develop a business plan is that going through the process of planning forces the business owners and/or managers to think through every detail of the business.

In creating a comprehensive business plan for a company, the individuals should address the following key points:

- Description of Business (products, locations, ownership, structure, history)
- Marketing Plan (target customers/markets, positioning, products, pricing, distribution, advertising, sales force)

- Management Plan (organizational structure, roles for management team, hiring & training personnel)

- Financial Management Plan (accounting system, inventory control, loans)

- Financial Projections (3-year pro forma cash flow and income statement projections)

The staff at KCARD specializes in facilitating the process of developing or updating a business plan for new and existing businesses. In working with clients on business plan development KCARD takes a very hands-on approach, but KCARD only plays the role of facilitator. KCARD will not just produce a business plan for a company without any input from the company's owners or managers.

In assisting with the development a business plan, KCARD will:

- 1) Facilitate working meetings with members (3-5 members is the optimal number involved) of the management team. Each of these meetings last around 2-3 hours, move very quickly, and are relatively intense.
- 2) Ask members of the management team questions related to the basic components of business plan,

and assign homework to participating management team members on various aspects of the business;

- 3) Develop financial projections based upon agreed upon assumptions by members of the management team;

- 4) Write draft of the plan from the input of the participating management team members, and producing final copy after management members review and edit draft of plan;

- 5) Give oral report of the completed business plan;

- 6) Complete the business plan in 6-8 weeks—the speed in which completed is determined by how quickly management team members can meet and work through the key questions.

The staff at KCARD believes that the business and employees benefit from the research and discussion that takes place in developing or reviewing a business plan. Plus, at the end of this process, KCARD is very confident that a business will not only have a very comprehensive business plan, but a plan that is truly theirs.

For a complete list of KCARD Services go to www.kcard.info.



Tim Woods

Tim Woods has worked with many different types of producers since starting his career in agriculture. Before coming to UK he worked with pecan growers in Texas and apple and blueberry producers in Michigan and Maine.

“I guess I got my start working with coops when I came out of school at the University of Maine,” explained Woods. “I helped a wild blueberry grower’s fresh fruit market cooperative get going, it was a great experience and that was when I realized I wanted to do extension work and marketing that would help producers find more opportunities.”

Woods came to the University of Kentucky in 1995 as an Assistant Extension Professor and through the years has worked with a variety of programs to assist producer and grower groups. He was actively involved with the discussions that led to the development of KCARD and has served on the KCARD board as an ex-officio member since the organization was established in 2000.

“From the beginning we have had a really good working relationship between KCARD and Extension. KCARD really compliments the work we do in extension, and can help the producer or small business owner in ways we cannot,” explained Woods. “I’ve been incredibly impressed with the swath of knowledge that KCARD is able to bring to clients with such a small staff.”

Woods said that MarketReady trainings are a great example of how

Tim Woods serves as an Ex-Officio member of the KCARD Board and is an Extension Professor at the UK College of Ag.



KCARD’s involvement really compliments an extension program. The one day training covers the basic business functions farmers and small value-added businesses need to sell products to restaurants and commercial institutions.

“Larry and the KCARD group have been tremendous assets to Market-Ready trainings,” said Woods. “I emphatically encourage folks to contact KCARD and sit down with them to talk through management, accounting, and logistic issues. These are key success factors for any small or start-up enterprise.”

Woods notes there are other great programs in the state that provide assistance to farmers, but he points out that KCARD is a great resource for those farm-based integrated enterprise/value added products that are not just a commodity.

“KCARD is in a great position help take our firms to the next level, in some ways more than KDA or Extension,” explained Woods. We are all partners, but KCARD brings a t perspective and set of services that can be customized to the individual producers and businesses.”

VAPG Update

The U.S. Department of Agriculture has released a notice inviting farmers to apply for Value-Added Producer Grants (VAPG).

VAPG is a competitive grants program that awards grants to producers to help them develop farm-related businesses that add value to basic agricultural products through branding, processing, product differentiation, labeling and certification, and marketing.

Grants may be used to develop business plans and feasibility studies (including marketing plans) needed to establish viable marketing opportunities for value-added products or for working capital to operate a value-added business venture or alliance.

Applications are due by October 15, 2012. Paper applications must be post-marked and mailed, shipped or sent overnight by this date. Electronic applications are permitted via www.grants.gov only, and must be received before midnight on this date.

The complete application package is available from the USDA Rural Development site at http://www.rurdev.usda.gov/BCP_VAPG_Grants.html.

You can also find out more about eligibility and the application process guidelines by contacting your local USDA Rural Development Office.

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growth by developing and
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to enhance their
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To learn more about KCARD visit our web site at
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