

Branding Kentucky Beef

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There are no secrets to success. It is the result of preparation, hard work, and learning from failure.

- Collin Powell

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Green River Cattle Company (GRCC) has become synonymous with all-natural locally raised beef in restaurant circles across Kentucky. At the 2007 Derby, GRCC garnered international recognition as a source of premier all-natural locally-raised beef, as a part of a Kentucky Proud meal fit for a queen.

The road to the roses has not been smooth for this small Kentucky farmer owned company, but perseverance and commitment to providing a source-verified all-natural quality product to their consumers have kept GRCC in the challenging race to build a Kentucky natural beef brand.

Building a Brand
GRCC began in 2001 when a small group of beef and tobacco producers in Green County rose to the challenge set forth by the state to look at alternatives to tobacco production.

This small group of

The GRCC members joined Chef Gil Logan of Churchill Downs celebrate GRCC burgers served at the Derby.



farmers decided to diversify with a focus on what they knew—beef—and they received Agricultural Development Funds to research the feasibility of finishing beef cattle in Kentucky and also to look at markets for locally grown and finished beef.

“The marketing study made it clear that the long-term appeal of locally grown beef would only be there if it was a safer, high-quality product,” explained Givens. “As local small-scale operations (small family farms), we can guarantee the customer a natural product and that is how you market a locally grown brand.”

What emerged from the

group’s planning and studies was a strong focus for a GRCC brand. A brand built on Kentucky Proud farmers raising and marketing a source-verified, all-natural beef product.

The Crossroads
Over the next several years, GRCC owners faced many challenges that any young company faces in building a business and market.

A chance meeting of Givens and Larry Snell, Director of the Kentucky Center for Agriculture and Rural Development, introduced an opportunity for GRCC to bring a fresh perspective on their business analysis.

The working relationship
continued on page 2

Who Knew!

Recently I came across some co-op data that was very surprising even to me, a person that thought he was fairly well-informed on cooperative businesses in the U.S..

Data collected by the National Cooperative Business Association revealed that in the U.S. there are approximately 154 million American citizens that are members of cooperatives. That

number means that one out of two Americans are members of cooperatives or seven out of ten adults.

In the United States the six largest cooperative sectors are agriculture, grocery, energy and communications, finance, hardware and lumber, and others count over 21,000 co-ops that serve American citizens.

There are 3,000 cooperatives that serve the

agriculture sector alone, generating over 62 billion in revenues.

Cooperatives range in size from Fortune 500 companies to small community businesses with less than a dozen members. Co-ops in America provide half a million jobs, pay taxes and give back to their communities.

In Kentucky we recognize our local electric or

telephone cooperative, our local farm supply co-op, and perhaps the credit union that we belong to but who knew that these and other cooperative sectors generate \$273 billion in revenues that contribute greatly to a healthy U.S. economy.

It should give us all something to think about as we interact with the cooperatives in our local community.

Branding KY Beef... *from the cover*

began in early 2006, as KCARD conducted a management audit of GRCC's operations.

"We went in and worked with GRCC for two weeks and gave them a thorough evaluation of their business," said Brent Lackey with KCARD.

The analysis encouraged GRCC to refocus and begin to look at how the organization was functioning. Above all, it helped the owners finally start to realize that they could not plan just for tomorrow, selling the meat on hand, but to begin long-term planning in all areas.

KCARD continues to
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work with GRCC on a regular basis to bring an unbiased evaluation to the business and suggest new avenues for growth.

"Working with KCARD has been a wonderful experience," said Givens. "When Green River is still going strong in two years we will point back to 2006 as the turning point."

The Derby and Beyond

"Horses are not the only things that take three years to get to the Derby," said Phil Hieskell of GRCC. "Green River Cattle Company has taken four."

GRCC's four-year journey

has been paved with the help from many individuals and organizations across the state including the University of Kentucky, the Kentucky Proud program, Allied West Food Marketers, and Kentucky Cattlemen's Association.

Yet it is the unwavering support of Chef Gil Logan, with Levy Restaurant at Churchill Downs, that gave GRCC almost complete exposure at the 133 Kentucky Derby. From burgers at the Kentucky Cattlemen's



GRCC steamboats were the main dish as the 9th annual National Value Added Conference hosted by UK College of Art in May.

tent in the infield to select cuts in Millionaire's Row, GRCC beef was showcased in a variety of styles and venues.

"We hope that by building a brand and a consistent market for our product, product will have a broader impact on area farmers," said Givens.

Meet the KCARD Board

Mark Haney

As a fourth generation farmer on his family farm in Pulaski County and first vice president of the Kentucky Farm Bureau, Mark Haney knows a little about Kentucky agriculture.

Haney and his brother are partners in a cattle operation, but their claim to fame in agriculture circles is their partnership in the 134 year old family orchard. Haney's Orchard is one of the oldest agritourism venues in the state with a complete retail farm market where the brothers sell the over 30 varieties of apples and peaches raised on the farm, along with fresh jams, jellies and additional Kentucky Proud products.

"Having the market on the farm has allowed us to build a relationship with our customers and community," said Haney.

Haney believes that the changing trend to buy local produce will allow Haney's Orchard to continue to grow. In fact, he hopes to have the opportunity to turn the family operation over to the next Haney generation.

Farm Bureau Leader

Haney's interest in Kentucky Farm Bureau began with his grandparents who were actively involved in the organization. Haney became active in the Farm Bureau young farmer's program

early in his career and became president of the young farmers in the late 1970's.

"I started as a board member at the county level and served as every office on the county farm bureau," explained Haney in talking about his leadership in Farm Bureau. "About 15 years ago I was elected to the state board, and I have slowly risen to the position of first vice president."

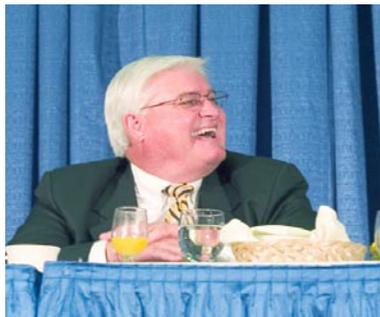
It was Haney who, as a state board member, pushed for the organization of the Roadside Market program to promote educational efforts and provide advertising assistance to small farm markets.

KCARD Board

Haney's leadership role in farm bureau has given him an opportunity to play an active role on several boards and associations in Kentucky agriculture, including KCARD.

Haney began meeting with the group that formed KCARD during the development of the organization.

"In the beginning it was the Kentucky Center for Cooperative Development and the focus was on the cooperatives," explained Haney. "Wisely two or three years ago we shifted



gears and expanded the focus, the name was changed to Kentucky Center for Agriculture and Rural Development to reflect the change in focus."

Haney believes that KCARD's new focus will allow the organization to have a greater impact on Kentucky's agricultural and rural communities.

"I think it is hard to go to a young organization and have them recognize the benefit of KCARD and then be willing to pay for the service," said Haney. "Many times though these are the groups that really need KCARD's assistance."

Reaching out and helping growing and emerging businesses in rural areas is as well as agriculture organizations across the state, is critical to the growth of Kentucky's economy.

"I'm proud to be a part of an organization like KCARD," said Haney. "I believe it is playing and will continue to play an important role in Kentucky's diversifying

KCARD Board

President

Luther Bakken
CoBank

Vice President

Wayne Cropper
Burley Tobacco Growers
Co-op Assoc.

Secretary

Dennis Cannon
KY Association of Rural
Electric Cooperatives

Treasurer

Mickey Miller
KY Council of
Cooperatives

Debra Chaney
Chaney's Dairy Barn

Bill Green
Aquaculture/Nursery
Cooperatives

Mark Haney
Kentucky Farm Bureau

Michael Judge
KY Department of
Agriculture

Keith Rogers
KY Governor's Office of
Ag Policy

Ann Bell Stone
Lexington Farmers'
Market

Lionel Williamson
UK College of Agriculture

Ex-Officio Members

Jeff Jones
USDA Office of
Community Development

Tim Woods
UK College of Ag

Finding a Niche in the Retail Meat Market

Foothills County Meats (Foothills) began in the late 1990's when Curtis Harris and other innovative hog farmers in the Wayne County area decided to look at the opportunity to market home grown pork.

Yet to garnish a high profit for their finished hogs, they would have to add value to the meat. The answer was simple; provide customers with a high quality product in the cuts they want.

This dream to market their own hogs has grown into a thriving retail and wholesale meat processing business with unlimited potential in Monticello, Kentucky.

Location, Location, Location

The first Foothills processing facility was an old USDA meat processing plant in McCreary County, purchased by several of

the producers. Though the focus of the business at this time was the wholesale market, this first building had a small retail store.

In early 2000, the bottom fell out of the hog market and many of the farmers got out of raising hogs. The owners of Foothills had seen success with the processing facility, so they gave up on the hogs but not the processing.

As the business continued to grow it became apparent that the small facility in Pine Knot was inadequate to meet the demands of customers.

The wholesale market, which was the cornerstone of the business, was expanding and needed space to grow. So in 2004, a new location was found along Highway 90 in Monticello and construction began on the new facility.

cooler and freezer space, and we are just very satisfied with our plant."

Though the reason for building the new plant was to allow room for the wholesale market to grow, it has been the retail market that has grown exponentially in the new location.

"The growth in the retail market has been the most exciting thing about the plant here," said Harris. "It has grown and continues to grow, and I believe a key factor in that growth is our convenient location."

Evaluation is key

Harris had known about the business analysis services provided by the Kentucky Center for Agriculture and Rural Development (KCARD), because he worked with the organization on another investment project.

When KCARD restructured in 2005 to allow the staff to work with private agribusinesses along with cooperatives, Foothills turned to KCARD for



Curtis Harris, Mike Frost, and Ryan Gregory of Foothills

business assistance.

"The first thing we did with Foothills is a Business Management and Operations Analysis program," explained Brent Lackey a Business Development Specialist with KCARD. "We came down and spent a week interviewing individuals and reviewing records."

Gregory stands behind KCARD's work and said that Foothills has benefited extensively from KCARD's analysis.

"They were honest with us, even though we didn't want to hear some of what they were telling us," said Gregory. "Yet we took their recommendations and made changes in our operation and the changes have made us more profitable."

KCARD is helping

continued on page 5



Mike Frost has been with Foothills for almost ten years.

Management & Operations Analysis

The Business Management and Operations Analysis (BMOA) is a comprehensive study of a business' operations.

The objective of the analysis is to provide management and the board of directors with information and materials that will help in planning and decision-making. Strengths, weaknesses, opportunities, and threats for the business will be identified with alternative courses of action. This study also provides the business with benchmark materials from which to measure progress and growth during the next few years. The BMOA service is becoming nationally recognized

as a valuable tool to assist agribusinesses and cooperatives.

Before the BMOA will begin, the organization's directors must request the audit and complete the KCARD's Technical Assistance Packet. Furthermore, the board should have a strong commitment to increasing the efficiency of their organization, i.e. reducing operating and overhead costs and increasing marketing efficiency.

The BMOA program is an intense week long study of a business' operations.

During the BMOA, KCARD will interview key business personnel (board members, manager,

and key staff), members/ owners, buyers, suppliers, and community leaders to identify common themes in the business operations.

KCARD also conducts detailed investigation into the financial condition, record keeping, and legal documents of the business. A verbal report is given to the business immediately after the completion of the BMOA, and a written report is submitted to the business with ten (10) working days. The BMOA program is designed to assist the businesses, but it also provided in-depth details for KCARD staff to identify and develop business service opportunities.

Finding a Niche... *from page 4*

Foothills get back to its roots by assisting with their efforts to align with producer groups across the state that are marketing specialty home grown meat products.

Lackey sees these partnerships as a way that Foothills can continue to diversify their client base for a stronger business. Harris said that Foothills is also planning to turn to KCARD as a consultant

when they begin with the development of their business plan for the upcoming year and with other business projects as they develop.

"I think it is always valuable if you can get someone to come in and give you an unbiased evaluation of your business," said Harris.

"KCARD has done that for us and the assistance has been invaluable in helping us to compete successfully in our industry."



Mike Frost shows Matthew Thompson the beef carcass in the meat cooler.

Grant Update

Sustainable Agriculture Research & Education is a competitive grants program funded by USDA and EPA to promote research and education about sustainable agriculture.

Professional Development Grant

SARE is requesting pre-proposals for projects of one to two year(s) duration that provide training on sustainable agriculture for agriculture professionals and educators who serve farmers and other interested people in USDA's southern region. For more information contact David Redhage at (918) 647-9123

Research and Education Grant

SARE is requesting pre-proposals for research and education activities that address issues of sustainable agriculture of current and potential importance to the region and nation. For more information contact Jeff Jordan at (770) 412-4787.

SARE website
www.southern.sarega.edu/grants.htm

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Agricultural 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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