



# Kentucky Cooperator

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## SAVE THE DATE

**KCARD Spring Board Meeting**

**April 24, 2008**

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## A Tough Business Decision

The story of Kentucky Specialty Grains (KSG) began when Chris Kummer, a Simpson County grain farmer, decided to 'think outside the box' to look at opportunities to add value to his grain crops.

Kummer pitched his idea to look at the potential for processing and marketing the soybean oil and meal as food ingredients to other progressive grain farmers in the area, and soon thirteen other farmers joined Kummer to form KSG.

"It was partway through the second phase of the feasibility work that the idea changed," said Kummer. "We determined it wasn't going to be practical to do what we wanted to do originally, so we began taking the idea in a new direction."

The goal for the organization was to integrate the idea with a realistic project that

farmers in the area would benefit from. As the market for high value food ingredients made from the meal became unrealistic, the next logic approach was to step down to the next tier, livestock feed.

### **KCARD enters**

In the winter of 2006, upon receiving approval of Ag Development Funds, the staff of the Governor's Office recommended that KSG work with KCARD, to help with several aspects of the business development, specifically the equity drive.

As KCARD staff began attending meetings and working with the KSG group on the equity drive, they became concerned over issues that kept arising. KCARD approached the KSG group about reevaluating the business structure by looking at the key issues and redeveloping the business plan.



KCARD began working with the group to set up teams to focus on marketing, operations, and finance to facilitate the process of analyzing the business feasibility.

"KCARD came in late to this project, but without them I really don't know if we would have made an informed decision," said Kummer. "They were critical in putting all the pieces together, and assemble them into a working business plan and help us evaluate the feasibility."

One example of KCARD's help that Kummer highlighted was how KCARD helped them realize their logistical advantage of their location. The group knew that being located near I-65 would be a positive for transportation, but in a couple of days

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# Thank you for a wonderful 2007!

It is hard to believe that another business year is coming to a close and in a few short days we will be embarking on a fresh, challenging New Year.

KCARD had the pleasure of working with many Kentucky businesses this year and we hope that the assistance and support provided helped make this year a successful year for all of the businesses.

We were able to work with several new business start-ups helping them to develop business plans, incorporate, and start business operations.

We worked with many existing business helping them analyze current business practices in order to improve in areas of management, operations, and financial controls that will lead them to even greater success in the coming year.

Jobs were created by the new businesses in rural communities where they are needed and appreciated. Existing jobs were saved by businesses that were able to improve business operations and continue to stay in business. Credit goes to those business owners and

managers that were open and receptive to business advice that would change their business practices in a positive way.

This coming year KCARD looks forward to working with enterprising entrepreneurs to explore the opportunity of starting new business and to providing additional assistance to those businesses that we have worked with this year.

On behalf of the KCARD Board of Directors and staff, we wish everyone a prosperous New Year!

## KCARD's Faces of 2007



*The Givens family is one of the families raising all natural beef for Green River Cattle Company*



*Harold Burton of Burton Livestock in Mason County.*



*Debra Chaney serves up the best Kentucky Proud ice cream at Chaney's Dairy Barn in Warren County.*



*Mike Frost cuts meat fresh daily at Foothills Country Meats.*

## Tough Business Decision... *from the cover*

KCARD was able to put that advantage into the business model by value per unit of oil and meal.

"KCARD has been the catalyst," said Kummer, "that is just the best way to describe them. We had all the pieces, but we were not able to bring it all together until KCARD began to work with us."

### *A tough decision*

As KSG and KCARD finalized the project, the group realized that circumstances had caused the project to be

significantly different than what was originally presented to the Ag Development Board.

Though the project showed good feasibility, the KSG Board did not feel it would be possible to raise the necessary farmer investment to build the farmer owned business they had presented.

"You have to have all the facts in place to make a sound decision," said Kummer. "As we finalized the business model it became clear that it was going to be difficult to

put the project together at this time, and we felt like we had to stay true to the original intent, to help our neighbors."

As a result the group decided to withdraw their application from the Ag Development Board, and put a hold on the project. Yet, the KSG group doesn't intend to let the project fall by the wayside.

"We have farmers interested in the project, and we have markets interested in buying our product," said Kummer. "We don't intend to shelf this project, but we do

recognize that now is not the best time for area farmers financially, so it is just on hold."

KSG is currently working to reduce the initial capital required and improve projected margins both of which should make the project more profitable for area farmers. They also continue to work with markets and keep the networking lines open for the future.

"As a group, and with the help of advisors like the KCARD staff, we still intend to put this together for area farmers," said Kummer.

## KCARD Making a Difference

# Quickbooks training for clients

**K** CARD sponsored 11 individuals from agribusinesses around the state to attend a Quickbooks accounting software training course offered in Louisville on December 10 and 11.

Approximately 93% of small businesses in the U.S. use Quickbooks for their accounting needs, according to Real World Training.

“The overwhelming popularity of this program underscores the importance of training the bookkeepers and managers of Kentucky’s small agribusinesses in the correct use of Quickbooks,” explained Nathan Routt. “At KCARD we have determined that there is a strong need for further education on the proper use of this software due to frequent questions from clients.”

Quickbooks can handle everyday tasks such as keeping track of



*Training participants Berea Ernst, Gorden Shear, Barbara Mracek, Carl Chaney, Debra Chaney, Gil Myers, and Richard Vansickle.*

inventory, paying bills, invoicing, receiving payments, and performing payroll. Along with these features, it has generous reporting abilities that make creating income statements, balance sheets, individual job profitability reports, and many other custom reports quick and simple.

The December training was designed to help beginning users learn the basics, while also providing training on the more complex features of Quickbooks.

“Many Quickbooks users are unaware of some of the important features, and as a result don’t get the full benefit from using the software,” said Routt. “Quickbooks can quickly

create many helpful reports that would take considerably more time and effort for someone using only a spreadsheet such as Microsoft Excel.”

The training was lead by an instructor from Real World Training, who matched the training to the needs of the group and provided ample time for questions and examples after brief lectures.

“Carl and I are both challenged by all computer programing but did feel we learned a lot,” said Debra Chaney of Chaney’s Dairy Barn. “We appreciate the opportunity KCARD gave us to help educate ourselves to be better financial managers.”

## Kentucky Farms are Fun Website

The Kentucky Department of Agriculture in collaboration with the Kentucky Department of Tourism will launch a new Kentucky Agritourism website at the Kentucky Agritourism Conference on February 21 at the Center for Rural Development in Somerset.

The new website will promote Agritourism in Kentucky and provide an interactive search site to help consumers find Agritourism venues across the state. The attractions search page will allow consumers to search by activity, region, or county to select the perfect Agritourism adventure.

If you would like to submit your Agritourism business information to be included on the site, contact Stephen Yates at (502) 564-0260 or [stephen.yates@ky.gov](mailto:stephen.yates@ky.gov) to request an information form.



**SAVE THE DATE: February 19-20, 2008**  
**Ohio River Valley Farm Marketing Conference**  
Registration information at  
<http://directmarketing.osu.edu/orvfm>



## Business Planning

**D**eveloping 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 (positioning, products, pricing, target markets, 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 specialize 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 a minimum of three 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. Two to three KCARD staff members will be involved in these meetings with one staff person taking notes and one staff person running the meeting;
- 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 4-6 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 a very comprehensive business plan, but a plan that is truly theirs.

To learn more about the business plan development process, visit the KCARD website and visit the Resource page. In our Business Development Toolkit you will find more information on business planing and other business tools to incorporate into your planning for 2008.

*KCARD Board and Staff say thank you*

## **Keith Rogers**

**K**eith Rogers began his agriculture career on his family farm in Sonora, Kentucky raising beef cattle, row crops, tobacco, and eggs.

In 1995, Rogers decided to put his leadership skills to work beyond the farm and accepted the position as the Ag and Natural Resource Legislative Liaison and later District Director for US Rep. Ron Lewis.

In 2003, Roger's role in Kentucky's agriculture career took another turn when he accepted the position as the Executive Director for the Governor's Office of Agriculture Policy, thus becoming a member of the KCARD Board.

"Keith has been a strong supporter of KCARD's work," said Larry Snell. "He recognized early on the assistance we could provide to projects and farmers in emerging businesses, and has encouraged people to contact us for business development help."

Rogers says he really saw the strength of KCARD and the instrumental role they could play in emerging businesses after working with the staff on issues surrounding the cooperatives.

"I was impressed by the overall professionalism of the staff and Larry's leadership," said Rogers. "They have had to deliver bad news to some



*Keith Rogers served four years on the KCARD Board. photo courtesy of UK College of Ag*

businesses, but it was what those entities needed to hear to make good business decisions."

KCARD wishes Rogers all the best as he begins his new path in his agriculture career after GOAP.

"I would just like to express my thanks to Keith for his commitment to KCARD and agriculture," said Snell.

*KCARD welcomes new GOAP Director*

## **Roger Thomas**

**G**overnor Steve Beshear introduced Roger Thomas as the new Executive Director of GOAP at the KY Agriculture Development Board's December meeting.

"Roger will make a great Executive Director for the Governor's Ag Policy office," said Governor

Beshear in announcing the appointment of Thomas to this position. "His background as a state legislator and his background in agriculture will be a great asset, as we work to move agriculture forward in the state."

Thomas will be taking office on January 7, but he is already working with the Governor and staff to

prepare for the upcoming Legislative Session.

"It is a once in a lifetime opportunity," said Thomas on his appointment. "I'm looking forward to working with Governor Beshear, the General Assembly, and working with agriculture, the community that I've been associated with for so long."

## **KCARD Board**

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KY Department of  
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*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.*



KCARD Staff

Larry Snell, Executive Director  
Brent Lackey, Business Development Specialist  
Nathan Routt, Business Development Specialist  
Rich Laing, Business Development Specialist  
Thelma Davis, Staff Assistant

To learn more about KCARD visit our website at  
[www.kcard.info](http://www.kcard.info)

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Kentucky Center for Agriculture and Rural  
Development  
411 Ring Road  
Elizabethtown, KY 42701