



Resources to Grow Value Added Dairy Business

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Outline of the Presentation

- “Resources” – Loans, Grants, and In-kind Services
- What resources are available for each stage of business?
- Examples of selected grants for value added dairy
- Conclusion – “Bottom Lines”



Resources -- Loans

Loans include those available through private or government sources. Public funding may have a better interest rate and take a subordinate position, but may also require job creation or other economic development needs.



Resources -- Grants

Grants are “free money” – are not paid back if the terms of agreement with the funding agency are fulfilled. Virtually all grants:

- have requirements for eligibility
- require a well written proposal
- require matching resources
- require interim and final reports



Resources – In-Kind Services

In-kind services are technical services offered to companies free or at a reduced rate. Typically offered through non-profits, public organizations, associations, etc



What Resources are Available for Each Stage of Business?

Stages include.....

- Planning
- Product Innovation
- Business Operation – Bricks and Mortar
- Business Operation – Production
- Business Operation – Market Dynamics



Planning

- Objective(s) of the new venture/product/initiative
- Rationale
- Resources Needed
- Expected Outcome (or cost/benefit or Return on Investment)
- Management of Venture/Product/Initiative
- Timeline
- Budget (include all costs)
- Impact



Help with Planning

- Strategic, Business, and Market Planning
 - ✓ Early Planning Grant -- <http://www.commerce.state.wi.us/MT/MT-FAX-0809.html>
 - ✓ DATCP Assistance
- 1:1 consultation through DBIC
- Agricultural Innovation Center & Agricultural Marketing Resource Center
 - ✓ <http://aic.uwex.edu>
 - ✓ www.AgMRC.org
- Colleagues, academics, etc



Innovation

- Adoption of ideas
- New ideas and products
- New systems to save time and money



Help with Innovation

- Agricultural Diversification and Development (ADD) grant
 - ✓ <http://datcp.state.wi.us/mktg/business/marketing/val-add/add/index.jsp>
- Small Business Innovative Research (SBIR) USDA grant
 - ✓ <http://www.csrees.usda.gov/funding/sbir/sbir.html>
- Babcock Institute Travel Funds
 - ✓ <http://babcock.cals.wisc.edu/artisan/index.en.html>
- AgVest
 - ✓ <http://www.badgeragvest.com/>
- Private funding – venture capital and angel funding



Business Operation – Bricks, Mortar, and Major Equipment

- Land
- Re-habilitation of a current facility
- New construction
- “Equipment” versus “Supplies”



Help with Bricks and Mortar

- State and Federal government loans
 - ✓SBA
 - ✓WHEEDA
 - ✓CDBG
- Wisconsin Business Development Finance Corporation
 - ✓<http://www.wbd.org/>
- Private Bank Financing
- Industrial Revenue Bonds
 - ✓<http://www.commerce.state.wi.us/CD/CD-bed-irb.html>
- Coordination with Municipality
- USDA 9006 Grants - Renewable Energy and Energy Efficiency
 - ✓<http://www.rurdev.usda.gov/rd/energy/>
- Focus of Energy
 - ✓<http://www.focusonenergy.com/>



Business Operation - Production

- Revise recipes
- Re-think production floor
- Working capital for production
- Training
- Tax Breaks



Help with Production

- In-kind resources from CDR or DBIC
 - ✓ <http://www.cdr.wisc.edu/> and <http://www.dbicusa.org/>
- Wisconsin Manufacturing Extension Partnership
 - ✓ <http://www.wmep.org/>
- Agricultural Development Zone Program
 - ✓ <http://www.commerce.state.wi.us/CD/CD-bed-az-general.html>
- Customized Labor Training Fund
 - ✓ <http://www.commerce.state.wi.us/BD/MT-FAX-0802.html>
- Value Added Producer Grants (manufacturing new product)
 - ✓ <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>



Business Operation – Market Dynamics

- Market research
- Labeling and Packaging
- Product verification and placement
- Working capital for marketing product



Business Operation – Help with Market Dynamics

- WMMB market research and support; university; DBIC
- DBIC label and packaging assistance
- DBIC focus groups
- Value Added Producer Grants
- DATCP programs



Three Examples – VADI, ADD, and VAPG General Characteristics

	Granting Agency	Awards	Applicants	Deadlines	Contacts
Value Chain Development	DATCP (with USDA \$\$)	Max: \$50,000 Avg: \$10-20,000	Value added dairy in WI	Ongoing – awards about every 2 months	Jim Cisler (DATCP)
Agricultural Development & Diversification	DATCP (state money)	Max: \$50,000 Avg: \$20,000	All ag and farm related groups in WI	March 15 deadline; awards in July	Mike Bandli (DATCP)
Value Added Producers Grant	USDA	Max: \$300,000 for working capital; \$150,000 for planning	All ag value added in US	March 31 deadline; awards in August/Sept	Barb Brewster (USDA – Stevens Point)



Value Chain Development

Elements of the proposal:

- Attached business plan and financials
- Project objectives
- Plan of work
- Project results and expected economic impact

Notes:

- Interview to discuss the project
- Proposal submission to award = 2-3 months
- Bi-monthly reports & final report
- Because USDA funds, must follow federal guidelines



Value Chain Development Awards

Awardees include:

- Seymour Dairy Products, Inc
- Crave Brothers Farmstead Cheese
- 3-D Cheese Shapes, Inc
- North Hendren Co-op Dairy
- Roth-Kase
- Winona Foods
- Alto Dairy Co-op

- ...and many more....



Agricultural Development and Diversification

Elements of the proposal:

- Proposal Concept Statement
- Proposal Introduction
- Project Objectives
- Plan of Work
- Project Results and Expected Economic Impact
- Key Personnel
- Proposal Budget

Notes:

- Interview with semi-finalists
- Competitive process
- Important to consider what has been funded in the past



Agricultural Development and Diversification

Awardees (2003-2005) include:

- Feasibility and Business Planning for a Grass-based Dairy Processing Cooperative – Columbia-Dodge Grazing Network
- Re-Designing Affinage Facilities for Wisconsin Specialty Cheese – Crave Brothers Farmstead Cheese
- Reducing Concentration of Phosphorus, Suspended Solids, and Biological Oxygen Demand in Salty Waste Water at an Italian Cheese Manufacturing Plant – Cedar Valley Cheese
- Upper Midwest Dairy Artisan Distribution Center – Cultural Landscapes, LLC
- Develop and market a line of seafood spreads, which incorporate a minimum of 50% Wisconsin dairy products in the formation – Baensch Food Products Co



Value Added Producers Grant

Elements of the proposal:

- Applicant, product, and activity eligibility
- Executive summary
- Proposal narrative
- Disclosure statements
- Verification of matching funds
- Documentation of matching funds
- Letters of support
- Budget

Notes:

- Iterative grant writing process
- Use USDA WI office to verify completeness
- Planning versus Working Capital grants



Value Added Producers Grant

Awardees (2002-2005) include:

- Burnett Dairy Cooperative
- CC's Jersey Creme Ltd.
- Wisconsin Dairy Graziers Cooperative
- Alto Dairy Cooperative
- Westby Cooperative Creamery
- Organic Choice Coop
- Wisconsin Farmers Union Specialty
- Chippewa Valley Cheese Corporation



Conclusion – Some Bottom Lines...

- Make sure that your business is in order
- Define the project before starting
- Understand the resources available to you
- Evaluate the cost of resource acquisition
- Use professional services when cost-benefit makes sense
- During grant or loan period, keep \$\$ source informed
- Complete the final report on time
- Evaluate the experience