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A Message from the Co-Chairs

We are pleased to report that after just over a year of existence, the New Ventures Team has made important strides. Our goal is to assist individuals/groups in making sound decisions to foster sustainable, value-added enterprises in Indiana’s food and fiber systems, and we have followed a two-step approach to accomplish this.

First, because this is a new venture for Purdue Extension, we recognized the need to build the intellectual capacity of the team. Second, we identified the immediate need to serve individuals and groups as they evaluate new ventures that produce food and agricultural-based products for consumers and industry.

We have achieved success on both fronts. Training for team members has been a top priority over the past year, with over 100 person days of training for the team. Team members have worked with over 40 individuals/groups, planned and conducted six workshops, delivered over 20 presentations as part of education programs, developed two displays to promote the team at different trade association events, created an extensive website that includes a comprehensive list of value-added resources, and participated in two successful grant proposals.

All indications suggest that the pace of activity will continue to accelerate for the New Ventures Team, as we continue to receive calls and e-mail requests each week. We recognize that we have only scratched the surface and look forward to the role we have to play in assisting decision-makers to evaluate and explore value-added business enterprises in Indiana.

Thank you for your support,

Joan Fulton                Jerry Nelson
Associate Professor      New Ventures Educator
Department of Agricultural Economics
A Team of Purdue Extension Educators and Specialists

Vision
The Purdue New Ventures Team facilitates the development of new ventures that produce food and agricultural based products for consumers and industry. Our effort will lead to a more sustainable, diversified, and value-added agricultural and food system for Indiana.

Mission
The Purdue New Ventures Team educates and facilitates decision making processes that enable groups/individuals to make sound decisions to foster sustainable, value-added enterprises in Indiana’s food and fiber systems. We are a community-based part of the land-grant system, with strong ties to local communities and access to research-based knowledge generated at Purdue and other land-grant universities across the U.S.

Goals
1. Serve as a facilitator and resource for clientele in Indiana who are considering new business ventures for food and agriculture.
2. Build partnerships with individuals and agencies that can assist Indiana clientele as they work through the process of evaluating new business ventures, deciding whether to invest, and proceeding with development and investment.
3. Develop and deliver educational programs related to new business ventures for food and agriculture.
4. Develop educational materials related to new business ventures for food and agriculture and repurpose existing ones.
5. Expand the resource base of the New Ventures Team beyond the original membership to include additional personnel as well as financial resources to expand the scope of the team’s work.
6. Encourage more applied research that is directly applicable to the challenges associated with new ventures.

For more information contact: Joan Fulton or Jerry Nelson (Co-Chairs)
## New Ventures Team Member Profiles

### Purdue Extension Specialists

<table>
<thead>
<tr>
<th>Name</th>
<th>Department</th>
<th>Expertise</th>
<th>Name</th>
<th>Department</th>
<th>Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joan Fulton, Co-Chair</td>
<td>Agricultural Economics</td>
<td>Agribusiness marketing</td>
<td>Kirby Hayes</td>
<td>Food Science</td>
<td>Food processing</td>
</tr>
<tr>
<td>Janet Bechman</td>
<td>Consumer Sciences &amp; Retailing</td>
<td>Family resource management</td>
<td>Tom Jordan</td>
<td>Extension Administration: Assistant Director-Program Leader, Agriculture and Natural Resources</td>
<td></td>
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<tr>
<td>Craig Bevrouyt</td>
<td>Agronomy</td>
<td>Entrepreneurship</td>
<td>Laura Hoelscher</td>
<td>Agricultural Communication</td>
<td>Communications</td>
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<tr>
<td>Sam Cordes</td>
<td></td>
<td></td>
<td>Christy Lusk</td>
<td>Agricultural Economics</td>
<td>Business planning and organization</td>
</tr>
<tr>
<td>Craig Dobbins</td>
<td>Agricultural Economics</td>
<td>Business management</td>
<td>Maria Marshall</td>
<td>Agricultural Economics</td>
<td>Rural business development</td>
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### Purdue Extension Educators

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<tr>
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<th>Expertise</th>
<th>Name</th>
<th>Location</th>
<th>Expertise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jerry Nelson, Co-Chair</td>
<td>Floyd County</td>
<td>Entrepreneurship, food businesses, new generation cooperatives</td>
<td>Jim Luzar</td>
<td>Montgomery County</td>
<td>Alternative agricultural systems, business planning, small fruits, agricultural tourism</td>
</tr>
<tr>
<td>Roy Ballard</td>
<td>Floyd County</td>
<td>Farmers markets, alternative horticultural crops/markets, feasibility studies</td>
<td>Mike Manning</td>
<td>Interim Northwest District Director</td>
<td>Ethanol businesses</td>
</tr>
<tr>
<td>Steve Engleking</td>
<td>LaGrange County</td>
<td>Small farms, alternative enterprises, NxLevel training, farmstead milk processing</td>
<td>John Mesko</td>
<td>Hancock County</td>
<td>Alternative agricultural systems, small farms, marketing, strategic planning</td>
</tr>
<tr>
<td>Vickie Hadley</td>
<td>Allen County</td>
<td>Entrepreneurship, consumer questions</td>
<td>Tom Springstun</td>
<td>Scott County</td>
<td>Entrepreneurship</td>
</tr>
<tr>
<td>Nick Held</td>
<td>Dearborn County</td>
<td>Economics, farm management, finance, small farms</td>
<td>Craig Williams</td>
<td>Cass County</td>
<td>Entrepreneurship, small farm enterprises, alternative livestock enterprises</td>
</tr>
<tr>
<td>Ron Larew</td>
<td>Franklin County</td>
<td>Business organization, human resources, budgeting, accounting</td>
<td>Dan Wilson</td>
<td>Decatur County</td>
<td>Entrepreneurship</td>
</tr>
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</table>
**Team Accomplishments**

**Facilitation Activities**

During 2002-2003, New Ventures team members worked with over 40 individuals or groups interested in new business ventures. These ranged from evaluating the production and marketing strategies for new crop varieties to corn processing into ethanol and masa flour. The variety of products/services being explored is extensive, including:

- Agri-tourism
- Aquaculture
- Beef
- Black beans
- Bio-products
- Bottled water
- Cheese
- Commercial kitchens
- Garlic
- Grapes
- Goat milk
- Greenhouses
- Natural products
- Wildflowers
- Wool

**In-Service for Team Members**

Because this is a new program area for Purdue Extension, developing the intellectual capacity of team members has been crucial during its first year of operation. Team members have traveled within Indiana and also out-of-state to attend value-added conferences in Michigan, Kentucky, and New Mexico. In addition, the team has held three training retreats (August 2002, December 2002, and August 2003). Overall, this involved over 100 person days of training.

**Public Relations Activities**

The New Ventures Team has actively promoted its services and availability. One of largest undertakings was the development of a comprehensive value-added website (www.agecon.purdue.edu/newventures), which several team members helped to create. Team members have also made presentations at area Extension meetings, the state P-CARET conferences, an area vocational agricultural educators’ program, farm machinery shows, and the Indiana Farm Bureau annual meeting. In addition, team members worked with the Department of Agricultural Communication to plan and produce a well-received State Fair display. A notepad was also designed and printed to handout at events to advertise the New Ventures Team.
Team members participated in important networking activities with other groups involved in value-added business development, including the Indiana Commissioner of Agriculture’s office. Copies of news articles featuring the New Ventures Team are included beginning on page 10 of this report.

**Presentations**

Team members made several educational presentations to groups throughout the state and nation. These included the district Farm Bureau meeting, NEPAC Field Day, Regional Rural Development Summit, Purdue Ag Alumni events, Midwest Agricultural Banking School, Annual Extension Professional Development Conference, Agriculture and Natural Resource Training Conference, and the American Bankers Association. A highlight of this year’s Farm Management Tour (sponsored by the Indiana Farm Management Association) was the evening program featuring New Ventures Team members presenting “Marketing a New AgVenture.”

**Grants**

The New Ventures Team was an integral component in the formulation of the Agricultural Innovation and Commercialization Center (AICC). The successful proposal for the AICC resulted in $1,000,000 of funding for Purdue from the USDA Rural Business-Cooperative Service. Team members have also secured funding from the USDA Risk Management Agency for over $100,000. In addition, the New Ventures Team has been active in assisting clientele in locating sources of grant funding.

**Workshops & Training**

Several New Ventures Team members have trained over 150 individuals in workshops such as “An Introduction to Starting a Specialty Food or Food Ingredient Business in Indiana (2-day program),” two NxLevel “Tilling the Soil of Opportunity” workshops (each 10 weeks in duration), and training programs specific to technical areas of agriculture such as milk processing. The team also produced a “Value-Added Grant Writing Workshop,” with eight locations around the state joining the on-campus broadcast via IP video and featured guest speakers from the Indiana Office of the Commissioner of Agriculture and Indiana USDA Rural Development Office. Several handouts have been developed in conjunction with the workshops and training, including a 13-page document titled “So You Want to Start a New Agricultural Business.”
Peer Reviewed Publications

Two peer-reviewed Extension publications were created.

• Fulton, Joan. (In press). “Value-Added Business Ventures Through Producer Alliances” (ID-318). Department of Agricultural Economics, Purdue University.

What People Are Saying About Us

“The help and support of Purdue University was absolutely vital in the early stages of our Company. Without their assistance both on campus and off, our project would not have come together to get the point were are now - capital formation. Purdue University and the local CED, Mike Manning, cannot be thanked enough!”

Michael J. Aylesworth, Iroquios Bio-Energy Company (IBEC) President

“Withough Purdue Extension, our project would be two years behind schedule. Purdue has been a tremendous help to us, and the expertise Jerry Nelson brought to the project was irreplaceable.”

Louie Rusch, Premium Producers Association (PPA) President

“I was very impressed with the quality of the program put together by Purdue's New Ventures team. Kirby Hayes has a passion for teaching and communicating food safety to his audience. The New Ventures team brings a new expertise out to the real world. The attendees at this conference brought away a wealth of knowledge and understanding of very complex issues.”

“Purdue’s Jerry Nelson played a key role as a facilitator and catalyst during the beginning stages of the PPA project. He was able to link the PPA board to resources at Purdue that were invaluable in the evaluation of our project.”

Don Villwock, Indiana Farm Bureau President
Purdue receives $1 million grant for agricultural innovation

WEST LAFAYETTE, Ind. – Purdue University will receive a $1 million grant from the United States Department of Agriculture to create an agricultural innovation center in Indiana. The award, which was announced today, will assist farmers and rural businesses in developing value-added agricultural ventures.

The grant is part of a multi-state $10 million award. Centers will be established in 10 states to aid in developing value-added businesses that promote greater use of agricultural commodities.

"We think it’s important to assess the technological and commercial viability of any new venture, and that is what we will focus on with this center," said Michael Boehlje, professor of agricultural economics who will help oversee the Indiana Agricultural Innovation and Commercialization Center. "We plan to create assessment tools for entrepreneurs to use in developing their businesses."

Boehlje said four projects have already been identified for initial testing and business analysis. The projects include a soy-based laundry detergent additive, new pork products, a soy nutritional enhancement for food and a feasibility study for a corn mesa flour plant.

"After innovations have gone through the assessment phase, we will turn them over to our New Ventures team for assistance in implementing their ideas," Boehlje said. The New Ventures team includes Purdue Extension educators
and specialists who assist entrepreneurs with obtaining funding and staffing for new enterprises.

A board of directors, representative of Indiana’s farm, commodity and government groups, will be selected to give direction to center activities, Boehlje said.

Randy Woodson, director of Purdue's agricultural research program, said, "This is a wonderful opportunity for Purdue to continue to help Indiana producers and agricultural industries to create new products and innovations that promote economic development in our rural areas. Purdue was selected as part of a competitive process, based on a track record of achieving value-added successes”

Other institutions that will receive funding for innovation centers include: Michigan State University; Montana State University; Cornell University; Rutgers University; the Agricultural Utilization Research Institute in Minnesota; the Iowa Department of Agriculture and Land Stewardship; the Commonwealth of Pennsylvania; the Kansas Department of Commerce; and the North Dakota Association of Rural Electric Cooperatives. Each award is for approximately $1 million.

The 2002 Farm Bill provided for technical and business development assistance for developing markets and processes for valued-added agricultural commodities and products. According to the USDA, those institutions selected to receive the innovation-center funding developed strong work plans with an emphasis on utilizing non-federal funding and a commitment to measuring the performance of the value-added activities.

Writer: Beth Forbes, (765) 494-2722; forbes@purdue.edu

Sources: Michael Boehlje, (765) 494-4222; boehljem@purdue.edu

Randy Woodson, (765) 494-8362; woodson@purdue.edu

Ag Communications: (765) 494-2722; Beth Forbes, bforbes@aes.purdue.edu; http://www.agriculture.purdue.edu/AgComm/public/agnews/
Purdue News

December 2, 2002

Purdue team leads charge on new generation co-ops

WEST LAFAYETTE, Ind. – Agricultural cooperatives were born from the principle that there's strength in numbers. Today's co-ops go a step further: There's added strength in turning crops, livestock and other commodities into marketable products.

These new generation cooperatives are gaining momentum, and Purdue University is committed to helping Indiana farmers interested in them.

A group of Purdue Cooperative Extension Service specialists and county educators has formed the New Ventures Team. The team will provide Hoosier producers with educational information and other services to establish value-added businesses, often structured as new generation co-ops (NGCs).

The team's first project is Extension publication ID-315 – "New Generation Cooperatives: What, Why, Where and How." ID-315 is available at county offices of Purdue Extension or on the Internet.

"This publication is an Internet guide," said Joan Fulton, an associate professor in Purdue's Department of Agricultural Economics and New Ventures Team co-chairperson. "There are a lot of materials that have been developed in other states because this activity has been going on in other places. What we've put together is a resource for those interested in a new venture so that they can explore the possibilities.

"We plan to publish a whole series of materials on new generation co-ops."

"New Generation Cooperatives: What, Why, Where and How" lists 43 articles on NGCs, ranging from general overviews of how they operate to NGC directories. The articles were written by experts from Purdue and other universities, the U.S. Department of Agriculture, economic journals and other sources. Links to the articles appear on the Web version of ID-315.

Agricultural co-ops have been around for decades. A co-op is a business owned by the members that use the business, either by marketing their products through the co-op, purchasing inputs from the co-op or using the co-op's services. According to the Center for Cooperatives at the University of California, there are more than 4,000 ag co-ops in the United States, with an annual total net business volume of more than $89 billion.
While sharing many characteristics with traditional co-ops, NGCs are different in three significant ways, Fulton said.

"One is that the new generation cooperatives are involved in value-added processing of the farmer's commodity," she said. "You might have an ethanol plant processing corn, or you might have a corn masa flour plant processing corn.

"The other differences have to do with the organizational structure. In traditional cooperatives if you want to get your equity investment out of the cooperative, the cooperative has to pay you out. Often the cooperative pays out equities at the time of death – they pay out estates – and some will revolve equity over time, but that creates a cash flow challenge for many cooperatives.

"In the new generation cooperatives, the producers/owners can sell their shares – what we called 'tradable equity shares.' So a corn grower invested in an ethanol plant’s shares will be associated with a certain number of bushels of corn to be delivered. If they want to leave the co-op they can sell those shares to someone else, who would then take on the responsibility to deliver that number of shares."

NGC members are obligated to deliver product, Fulton said. In a traditional co-op, patronage is voluntary.

NGCs are most common in the upper Midwest and Great Plains states, Fulton said. Wheat growers in the Dakotas formed a NGC to produce frozen bread dough. Sugar beet growers in Minnesota's Red River Valley joined forces to establish the American Crystal Sugar Co. To add value to their corn, a group of Minnesota growers started ValAdCo. The co-op operates hog-breeding farms.

Several Indiana producer groups hope to establish value-added businesses, and many expect to use the NGC structure, Fulton said. A Jasper County corn growers’ group is looking to process its crops into ethanol. LaGrange County fruit and vegetable producers who've established a successful market might expand. And corn growers in southern Indiana are evaluating the potential for investment in a corn masa flour plant.

"Purdue's getting involved because of the increased activity and interest we're seeing by the citizens of Indiana," Fulton said. "They're saying, 'Let's see what's available in terms of value-added processing of the products we produce.'

"We have some activities going on right now. In southern Indiana in the beef area, we've got different groups looking at value-added opportunities. Some are looking at freezer beef direct sale to home markets. Others are looking to work together to buy inputs so that they can gradually increase the quality of the breeding stock and increase the quality of the beef product and add value in that way."

Purdue's New Ventures Team is made up of Extension specialists in agribusiness marketing, consumer economics, community development, food processing and rural business development. Extension educators from 15 Indiana counties also serve on the team.
For more information, contact Fulton at (765) 494-0594 or by e-mail at fultonj@purdue.edu; or New Ventures Team co-chair Jerry Nelson, educator, Purdue Extension Knox County, at (812) 882-3509 or by e-mail at jnelson@purdue.edu.

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Sources: Joan Fulton, (765) 494-0594, fultonj@purdue.edu
Jerry Nelson, (812) 882-3509, jnelson@purdue.edu

Ag Communications: (765) 494-2722; Beth Forbes, bforbes@aes.purdue.edu; http://www.agriculture.purdue.edu/AgComm/public/agnews/

Purdue News Service: (765) 494-2096; purduenews@purdue.edu

This article is also cited on the Ag Answers Page at http://www.agriculture.purdue.edu/aganswers/2002/11-27_Purdue_Leads_Charge_Co-ops.htm.
Plowing new ground

New Ventures Team helping farmers adapt to business realities

Unless you work in the business of producing or manufacturing food, it can be easy to overlook the revolution taking place down on the farm. The casual observer might drive past ostensibly staid farmsteads and believe them exempt from the progress transforming the rest of the world.

But the business of farming and of the broader world of agriculture is changing, a fact that Joan Fulton, associate professor of agricultural economics and co-chair of Purdue Extension’s New Ventures Team, conveys regularly as she consults with Indiana farmers. Fulton and the rest of the team work with farmers and other agricultural business people on how best to cope with the change in their industry and work it to their advantage.

Today’s new businesses in agriculture are being launched by farmers who grew up believing they would carry on their families’ long-held farming traditions, growing and raising food the way their fathers and grandfathers had. But the national trend toward consolidation and concentration of farm enterprises, and a similar boom in mergers and acquisitions of agribusinesses, has created a whole new, stiffly competitive marketplace for food and fiber, and forced once-traditional farmers to rethink everything.

They now seek new ways to be competitive and add value to their enterprises through newly defined cooperative business arrangements with other producers, or by planting unconventional crops, or marketing their products in novel ways. Most families that once produced Indiana’s customary corn and soybeans and raised livestock may still be doing some of that, but most are doing it differently and in combination with other ventures.

As co-chair of Purdue Extension’s New Ventures Team since August 2002, Fulton and fellow co-chair Jerry Nelson, an Extension educator, work alongside 13 Extension educators and Extension specialists in agribusiness marketing, consumer economics,
community development, food processing and rural business development. Their goal: to help farmers do business differently in ways that make good sense.

"We help people evaluate the risks and avoid making bad decisions or just decisions that are too risky," Fulton says. "What can sometimes happen at the beginning of a new venture is a real euphoria, and that can lead to putting blinders on. We are the reality check."

A good day for Fulton is when she sees farmers and others involved in the business of agriculture "seeing and understanding both the opportunities and risks, and being excited about those challenges and opportunities."

The producers behind the new Clearspring Produce Auction in the northeastern Indiana county of LaGrange, saw and understood, and got together to pursue one popular way to address the changes in agriculture – forging a cooperative venture. The venture represents a change for many of the organization’s 40 farmers who are Amish – the most traditional of farming backgrounds.

The auction, which sells melons, peppers, tomatoes, pumpkins, flowers and other agricultural products from 40 farms, brought in a healthy $430,000 in sales last year. Purdue’s New Ventures Team continues to provide the auction’s manager, Steve Western, and its farmers technical and management advice.

"The Amish want to farm 20 acres of corn and milk 15 cows, and that doesn’t cut it anymore. You’ve got to get bigger," Western says. "For these Amish boys to stay on a 60- or 80-acre farm, they’re going to have to diversify with this produce. This is the up-and-coming thing. We’re striving to be successful. We just need a little more oomph to get over the top."

Steve Engleking, LaGrange County Extension educator and member of the New Ventures Team, is a key provider of Clearspring’s "oomph." He has worked with the organization for three years – contributing to a mission he strongly believes in. He says there are a variety of reasons why Purdue Extension is helping Clearspring and other ventures that sustain small farms.

"One is profitability of the small farm. Small farms usually employ part-time people. They probably have as much or a greater need for education than some of the larger farms, which tend to turn to fertilizer and seed dealers for technical advice."

Engleking adds that small farms also strengthen national security and yield other important benefits.

"A decentralized food system is harder to attack (by terrorists)," he says. "It’s good for the overall economy. Small businesses employ most of the people in this country."
The idea of cooperatives among farmers isn’t new, but today’s so-called New Generation Cooperatives are not like their historical counterparts in that they follow their products off the farm and get involved with processing and marketing and they define membership differently, Fulton says.

Purdue’s New Ventures Team is spreading the word about NGCs to farmers who can benefit, as it engages others interested in Purdue Extension’s expertise on other new, value-adding strategies. In so doing, Purdue will continue helping farmers keep their businesses profitable during changing times down on the farm.

Story by Amy Raley, Perspective writer and Steve Leer, Agricultural Communications Service

PHOTO CAPTION:
John and Kim Doty, Purdue alumni both raised on "traditional" farms, started their new venture in agriculture in 1998. They now own the thriving, award-winning French Lick Winery. Some of the winery's juice comes from various grape varieties they grow on "Heaven's View Vineyard," a 3.5-acre portion of their 150-acre southern Indiana ranch. The Dotys consulted with Purdue agricultural experts in deciding where to locate their winery and what grape varieties to plant that would flourish under Indiana's extreme weather conditions.

Photograph by Tom Campbell

http://news.uns.purdue.edu/hp/NewVentures.persp.html
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