

2015

# Business development producer alliances

Don Hofstrand

Follow this and additional works at: <http://lib.dr.iastate.edu/agdm>



Part of the [Agribusiness Commons](#)

---

## Recommended Citation

Hofstrand, Don (2015) "Business development producer alliances," *Ag Decision Maker Newsletter*: Vol. 8 : Iss. 1 , Article 1.  
Available at: <http://lib.dr.iastate.edu/agdm/vol8/iss1/1>

This Article is brought to you for free and open access by the Ag Decision Maker at Iowa State University Digital Repository. It has been accepted for inclusion in Ag Decision Maker Newsletter by an authorized editor of Iowa State University Digital Repository. For more information, please contact [digirep@iastate.edu](mailto:digirep@iastate.edu).



# Ag Decision Maker



## A Business Newsletter for Agriculture

Vol. 7, No. 1      www.extension.iastate.edu/agdm      November 2003



### Business development producer alliances

by Don Hofstrand, extension value-added ag specialist, 641-423-0844, dhof@iastate.edu

**P**roducers are joining together to focus on adding value to the crops and livestock they produce. Rather than developing just one value-added business, some of these new alliances are focusing on developing a variety of businesses by identi-

fying new markets and creating new business ventures to service these markets. In other words they are in the business of creating value-added businesses.

#### Examples

Below are three examples of these new producer alliances. Many more have either been formed or are in various stages of formation. Although each alliance is unique, they all share the basic mission of creating new value-added businesses.

members and has recently expanded in other states.

- **Ag Ventures Alliance**— This Iowa-based company was formed in 1998 and currently has over 1,100 members. Its mission is to create and facilitate the development of value-added businesses. Ag Ventures has created a corn ethanol business and helped existing value-added businesses like Golden Oval Eggs expand.

- **Heartland Agdeavor**— Based in Ohio, Heartland enhances farm income by

*continued on page 2*

**Handbook Updates**  
For those of you subscribing to the *Ag Decision Maker Handbook*, the following updates are included.

**Crop Planning Prices**—A1-10 (1 page)

**Lean Hog Basis**—B2-41 (2 pages)

**Live Cattle Basis**—B2-42 (1 page)

**Suggested Closing Inventory Prices**—C1-40 (1 page)

Please add these files to your handbook and remove the out-of-date material.

- **21<sup>st</sup> Century Alliance**— Kansas-based 21<sup>st</sup> Century Alliance was organized in 1996. Its mission is to provide profitable agribusiness opportunities for its members. The alliance has established seven value-added businesses including flour milling, a dry bean company and dairy production. It has about 700

### Inside . . .

Federal estate taxation of farm and ranch estates ..... Page 2

New soybean oil eliminates need for hydrogenation and cuts trans fats .....Page 4

The Agricultural Marketing Resource Center for value-added agriculture .....Page 5

Business development producer alliances, continued from page 1

providing investment opportunities to its members in businesses that add value to agricultural commodities. It serves as a clearinghouse for value added ideas, conducts feasibility studies and prepares business plans.

### Advantage of alliances

These new alliances provide advantages for producers involved in value-added business development that are not available when working in isolation on a single project. Alliances provide a unique form of business “incubator.” Not an incubator in terms of physical space and equipment, but an incubator in terms of skills development, leadership, idea sharing and access to resources.

- **Developing business skills**—Instead of developing entrepreneurial and business skills to build just one value-added business, these skills can be used over and over to build several businesses. In the process, these skills are further developed and honed.
- **Building leadership skills**—Critical to the success of developing value-added business are leaders. These individuals are often called “champions” because they provide the drive and momentum needed to take a business idea and create a viable business from it. Alliances provide a forum for leaders to get together to learn and draw strength from each other.

- **Sharing idea**—Alliances bring together individuals from different backgrounds with different market and business ideas. This allows for interaction and sharing of ideas that would not occur in isolation.
- **Building relationships**—Alliances provide a framework for building relationships with other organizations and individuals such as researchers, financial providers, technology providers, public sector providers and others who are critical to building viable value-added businesses.
- **Accessing funds**—Alliances may provide “seed” capital for investigating potential business ideas. Alliance members may be a source of equity for the capitalization of business ventures.
- **Timing business**—As critical as “which” market or industry to enter is the question of “when” to enter. Alliances provide the longevity and patience needed to wait until the proper time to enter an industry or market with a new business.

Producers are attempting to enhance the value-added business development process by creating these entrepreneurial organizations. In the eyes of this observer, these alliances are critical to the success of the value-added movement.



## Federal estate taxation of farm and ranch estates \*

by Neil E. Harl, Charles F Curtiss Distinguished Professor in Agriculture and professor of economics, 515-294-6354, harl@iastate.edu

**R**epeal of the federal estate tax (as well as the generation-skipping transfer tax) effective for deaths after 2009 and the “sunset” provisions specifying that “all provisions of, and amendments made by the Act shall not apply to “estates of decedents dying, gifts made or generation-skipping transfers after December 31, 2010” have focused attention on

the wisdom and the consequences of that part of the Economic Growth and Tax Relief Reconciliation Act of 2001.

*continued on page 3*

*\*Reprinted with permission from the Sept. 23, 2003 issue of Agricultural Law Digest, Agricultural Law press publications, Eugene, Oregon. Footnotes not included.*