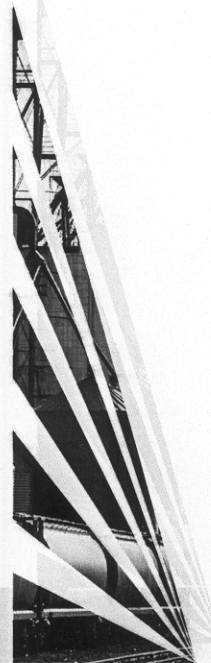
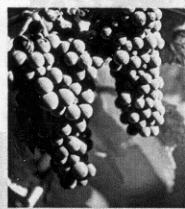
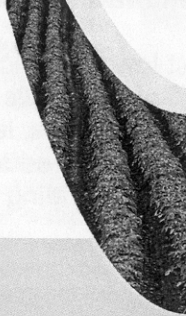
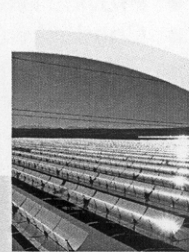
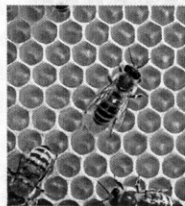
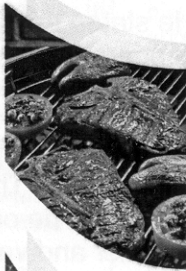
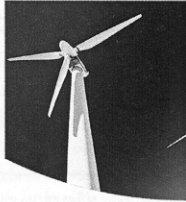




Iowa Agriculture
Innovation Center

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Iowa Agriculture
Innovation Center

Iowa Ag Innovation Center

Strengthening Iowa's Value-Added Agricultural Businesses

The Iowa Agriculture Innovation Center was started December 2003 with seed money from USDA and generous in-kind contributions from Board and Council organizations. The Center provides the expertise, the knowledge, the relationships and the confidentiality required to help value-added businesses succeed.

The Center provides superior one-to-one business planning and financial assistance for value-added producers and processors. It also provides training to increase the knowledge level of Iowa's producers and processors. These farmer-owned, family-owned businesses stay in Iowa, generating revenue to help the economy of local communities and the State.

History

Iowa was one of ten states to obtain a one-time grant to start an Ag Innovation Center in FY03. "Iowa's Ag Innovation Center program is the only one that operates as I intended," stated USDA Program Manager, Marc Warman. He stated that Iowa's Center was the most successful. It was the first Center to become operational and it started providing business services within 6 weeks.

No State funds have been used to run the Center. The ten partner organizations provided in-kind contributions to help the Center become established. The Iowa Department of Agriculture provides office space in the Wallace Building. The organizations all provide promotional resources and staff time to assist the Center and value-added companies.

In the last 2 months, 13 companies have contacted the Center for assistance. Only two of these companies were looking for "free money." Eleven of these companies wanted help. They want help with their budget, help with their business plan, and help working with their finances. The Center provides unbiased, knowledgeable assistance with these businesses. We help businesses look at their businesses as a banker would. They need a good, sound business plan with detailed financials and reasonable projections.

The Center has made great strides helping value-added businesses. We need a way to continue operations. With the State's support the Center can help value-added businesses succeed.

Future Goals

The Center plans to continue, expand and enhance programs that provide unique, complete and thorough business and financial assistance to Iowa's value-added ag-based businesses:

- Provide one-on-one business services to assist Iowa producers and processors
- Conduct workshops to increase business and financial skills of businesses owners
- Provide small matching grants to value-added businesses, leveraging additional funds
- Provide professional business services at no charge or reduced rates
- Assist ag-based businesses to apply for and secure funding (i.e.: bank loans, Federal grants)

Activities

When lowans want to start or expand an ag-based business, they don't always know what those first steps should be. We guide them through the various stages of commercialization. With a thorough feasibility study and business plan, all areas of the business and its risks are addressed before excessive amounts of funds are invested. Without planning assistance and guidance, many of these companies would not be able to successfully build their value-added businesses.

Many value-added companies are small in size and limited in resources. They are unable to pay for these types of services, even though they often need these services most. Without State funding for the Center, these services will be eliminated.

The Organization

The Iowa Agriculture Innovation Center (IAIC) is a non-profit corporation that is governed by a Board of Directors who are the administrative heads of seven agriculture organizations:

Iowa Farm Bureau Federation	Iowa Farmers Union
Iowa Corn Growers Association	Iowa Cattlemen's Association
Iowa Soybean Association	Iowa Pork Producers Association
Iowa Department of Agriculture and Land Stewardship	

The Center has an Advisory Council, which includes:

Iowa Department of Economic Development
Iowa Area Development Group
USDA Rural Development

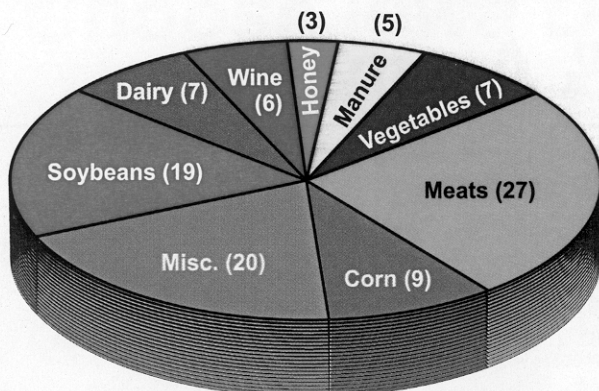
The Center is building a sustainable corporation that, with a staff of five experienced professionals, provides complete, confidential business services to ag-based producers and processors engaged in value-added ventures.

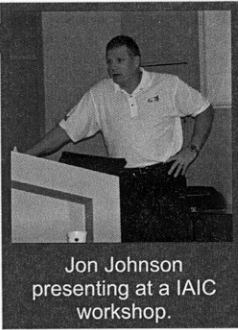
Value Added Clients

In the first 70 days of operations, 74 Iowa producers and processors contacted IAIC for assistance. They ranged from large producer-owned cooperatives to small one-owner companies. The Center guided these businesses through business plans, marketing, feasibility studies, business analysis and educational workshops:

- At 2.5 months = 74 businesses
- At 7 months = 103 businesses
- At 12 months = 137 businesses

Companies have a need for these business services. In the last 60 days, 13 new clients called asking for business assistance.





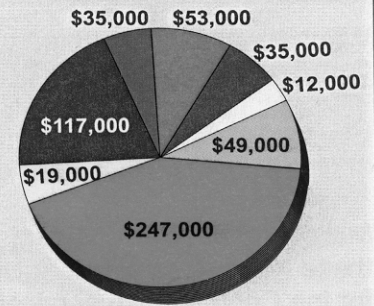
Jon Johnson
presenting at a IAC
workshop.

The Centers Staff

The Center was fully staffed as of March 2004.

- Executive Director
- Business Development Specialists (2)
- Marketing and Technology Specialist
- Admin and Accounting

Year One Expenses



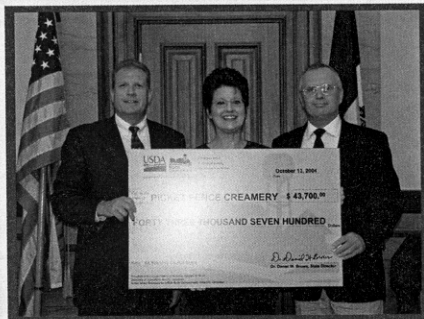
- Producer Grants
- Promotion
- Meetings - Conferences
- Office
- Client Business Services
- Equipment
- Insurance
- Feasibility Studies

Feasibility Studies

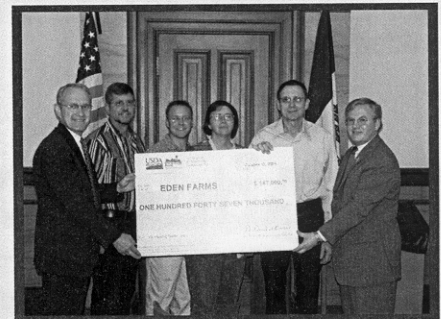
- Family-owned packing plant to expand operation and receive USDA certification
- On-farm dairy processor and USDA Value-Added Producer Grant application
- Natural chicken processing conducted financial feasibility and sensitivity analysis

Grant Writing Services

Successfully assisted two producer-owned business to secure \$190,700 in Federal funds for their businesses. (USDA Rural Development Value-Added Producer Grant)



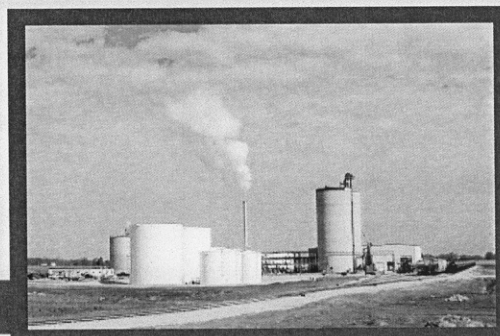
Picket Fence Creamery
Jeff and Jill Burkhart



Eden Farms
Kelly and Nina Beinson

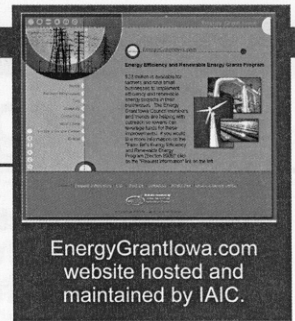
Business Planning & Analysis

- Start up businesses
- Established businesses
- Individually owned businesses
- Coops, LLC, groups
- Producers and/or processors



Programs and Services

- Business and market planning, business analysis, facilitation, business education
- Feasibility and pre-feasibility studies
- Grant services - writing, grant and application and monitoring assistance
- Marketing material development and printing
- Web services - development, maintenance, hosting
- Conferences, workshops, training, marketing events and shows
- Choose Iowa Value-Added Directory
- With a thorough business plan, value-added companies will be able to secure financing

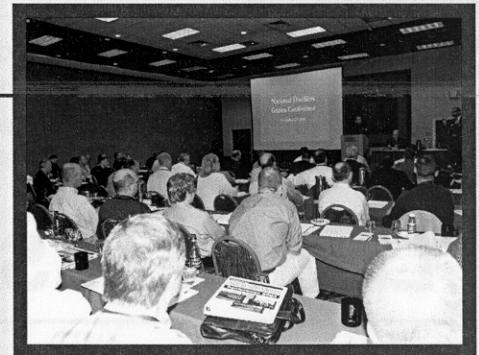


Project Facilitation

- Facilitated investigation of five Iowa producer groups regarding purchase of soybean processing facility
- Working with a Southern Iowa producer group and local college investigating starting a biodiesel refinery.
- Working with a Western Iowa producer group to start a 30 million gallon facility that will produce biodiesel from soybean oil and animal fat.

Workshops

- Eastern Iowa Dairy Conference
- National Distillers Grains Marketing Conference
- Niche Dairy Processing Workshop
- Country Roads Ag Tourism and Marketing Workshop
- Distillers Grains Workshops (6 sites)
- Combined Heat and Power Workshop
- USDA Renewable Energy & Energy Efficiency Workshops
- Anaerobic Digester Workshops
- Trade show Marketing Workshop



Choose Iowa Directory Program

Over 900 producers and processors are listed with their contact information, a brief description of their products, and links to company web sites.

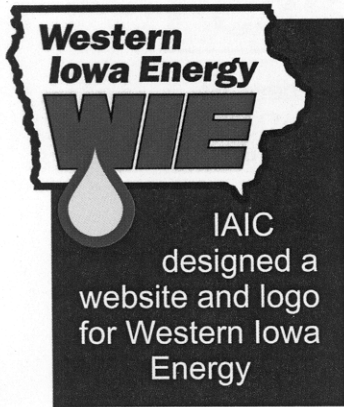
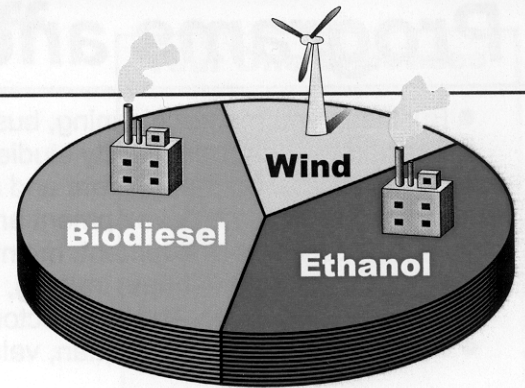
Sponsored Value-Added Producer Events

Iowa agricultural producers and processors sampled and sold their value-added products directly to consumers:

- Choose Iowa State Fair Show - 11 days with 8 vendors
- Choose Iowa Holiday Show - Fairgrounds – 2 days with 30 vendors

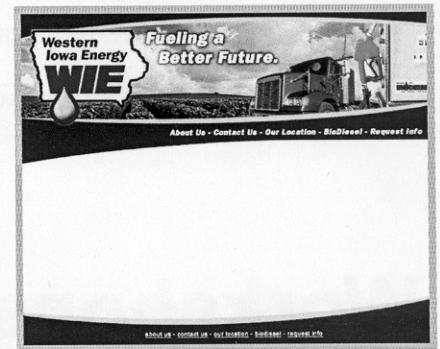
Energy Projects

Energy projects have been a topic of great interest. Over ten percent of the projects are investigating or pursuing some type of renewable energy projects. IAIC also sits on the 9006 Energy Grant Iowa Council, a group created to bring Federal dollars to Iowa businesses.



Western Iowa Energy

- Started working with Western Iowa producer group on March 24, 2004
- Continuous consultation throughout the year to position WIE for equity drive
- Developed business plan
- Conducted pre-feasibility study
- Compiled pro-forma financial statements
- Wrote Value-Added Producer Grant application
- Created logo
- Designed and hosting web site



Letters of Support

"Dear Sir or Madame,

This letter is being written to support the continued funding of the Iowa Ag Innovation Center in Des Moines, Iowa. Jon Johnson, a business development specialist at the Center, and his co-workers were instrumental in helping our family write a successful grant proposal for a USDA value-added grant. We received a \$43,700 matching funds grant in October, 2004, which is now helping to pay for a part-time employee, develop a website, and fund an advertising program."

"I feel their help was the reason we obtained the grant. The proposal was more concise, followed the guidelines exactly, and was very well-written. As owners of three businesses, we did not have the time, nor the expertise, to complete the grant writing task. We are grateful there was an outlet to provide us with help, and also show enthusiasm for our project!"

Jeff & Jill Burkhart, Owners of Picket Fence Creamery



Clients in the News

The Burkhart's leverage media to gain name recognition.



CO-OP MEMBERS' SMALL-TOWN BUSINESSES HIT THE BIG TIME

Picket Fence Creamery

BY BILLIE SHELTON

At Picket Fence Creamery, a dairy farm near Woodward, visitors can purchase a gallon or two of 100 percent natural milk and other dairy products, check out the local merchandise for sale and chat with owners Jeff and Jill Burkhart while they're hard at work. That's just what the Burkharths had in mind a few years back, when they decided to change the direction of their dairy operation.

At the time, the Burkharths already had been operating their dairy for 21 years. However, low milk prices meant they had to take a different approach to stay on the farm, so they decided to create their own dairy with on-site processing. It's one of only three such operations in the state.

The family's creamery building and milk house were completed and ready for use June 1, 2003, and the dairy's very first gallon of milk was bottled the following October. Today, production runs 1,000-1,200 gallons per week.

While some raw milk is sold in bulk to a dairy cooperative, the rest is bottled for sale at the Burkhart's store, stores in several area communities and the Metro Market in Des Moines. Wherever it's sold, the appeal of their product is in its flavor and nutrition.

"People are really interested in the food they eat and where it comes from," Jill relates while packaging Very Berry ice cream for sale. "Many people have forgotten that there should be flavor in milk."

The natural dairy products are made from milk from pasture-raised cows and have no artificial hormones, antibiotics or chemicals added, which gives the milk—including the skim—a rich flavor and full body. In addition to skim, two-percent and whole milk, the Picket Fence Creamery label appears on cream, butter, cheese curds and ice

Jill Burkhart shows some of the Iowa-made products offered for sale at the Picket Fence Creamery store. "I like all the local things," she says. "It's nice to know I'm helping someone local who has put their heart into it."

cream.

While neither Jeff nor Jill grew up on a dairy farm, Jeff worked on one before operating his own. The couple's decision to expand their operation was what Jill calls

a leap of faith—one that included a business plan, a feasibility study and numerous consultations with Iowa State University Extension. Although she always had worked off the farm, during fall 2003 Jill traded her job at Woodward-Granger School for morning milkings, buying products for the couple's store, delivering the dairy's products, assisting with processing milk, cleaning, helping customers and a myriad of other duties.

"We thought we were busy as dairy farmers, but we had no idea what busy was!" Jill exclaims. "Jeff and I put in some pretty long days, and we haven't had a day off since we started. But that's typical of any new business."

Expanding their farm operation



Jersey calves, in a row of pens near the creamery building, are a big hit with visitors.

was made easier with help from Guthrie County Rural Electric Cooperative Association. "They ran larger service and a transformer for the whole farm, and they encouraged us,"

says Jeff. "Now they go out of their way to respond to emergency calls, and that's really important since we're dealing in a perishable product."

But the Burkharths see linemen even when there's no emergency. "They stop to buy ice cream when they're in this area," notes Jeff, "and they bring back their families when they're off work too." ■

FOR MORE INFORMATION

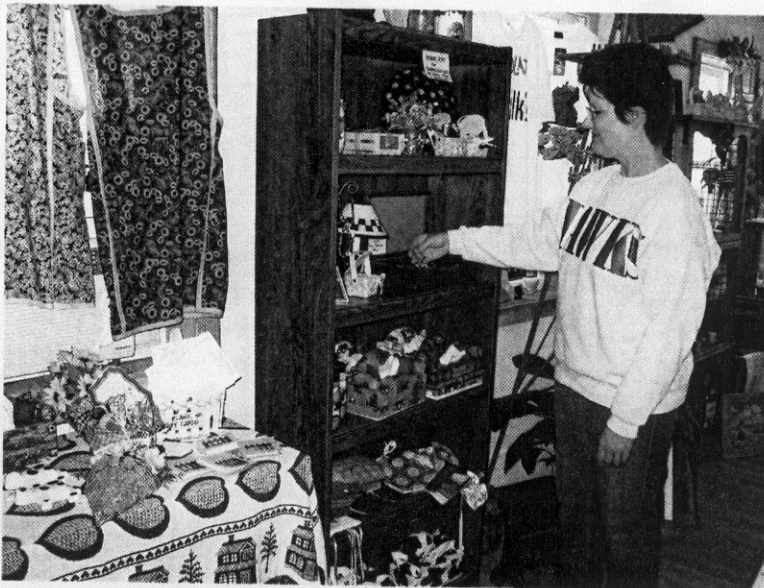
Picket Fence Creamery

Address: 1447 S Avenue, Woodward, IA 50276

Phone: 515-438-2697

Web site: <http://www.localharvest.org/farms/M8835>

E-mail: jbmilk@netins.net



Photos by Billie Shelton

Letters of Support

Dear Sir,

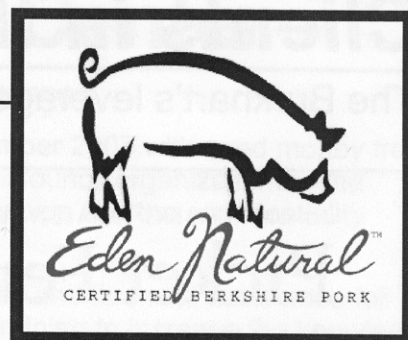
Eden Natural, LLC is a group of Iowa pork producers that have banded together to produce and market Berkshire pork.

The Iowa Ag Innovation Center was instrumental in helping Eden Natural, LLC write its business plan and project feasibility study. This enabled Eden Natural, LLC to obtain a working capital Value Added Producer Grant from USDA. Without assistance in obtaining these funds our producer group would have had difficulty competing in the market place.

The Iowa Ag Innovation Center is also assisting Eden Natural, LLC in budget preparation for this coming year. This assistance will help ensure Eden Natural, LLC will maintain a strong financial basis.

These types of services are critical to the agricultural producers that are moving into the value-added arena. Eden Natural, LLC strongly supports the efforts of the Iowa Ag Innovation Center in obtaining funding to continue these much needed services.

Sincerely,
Kelly Biensen
Eden Natural, LLC
State Center, IA 50247



Iowa Agriculture
Innovation Center

Iowa Agriculture Innovation Center
502 E. 9th Street
Des Moines, Iowa 50319

Phone: 515-281-7825
FAX: 515-281-7792

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