

Rural Times

Building Economic Development in Rural Oklahoma
A service of the Oklahoma Department of Agriculture, Food and Forestry's
Market Development Services Division



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A little vision and a lot of experience can lead to a new level of success. That's been the case for John and Janice Grundmann, owners of Valley View Pecan Company, Shawnee.

The couple took a lifetime of experience in the pecan business to build a pecan shelling plant near Earlsboro.

"At the time we were beginning our expansion, we had been in the pecan business for 29 years. We knew in our hearts that the need was there for a pecan shelling plant, and with our experience, we were very certain of the feasibility of our venture," Janice said.

"We felt that Oklahomans would benefit in two ways," she added. "We would be able to supply the consumer with a quality product processed here in the state. Secondly, we would greatly enhance the pecan growers' product by custom shelling their nuts and allowing them to sell them to their customers in the shelled state."

The plant opened in October 2002. "Although our company is still young," John said, "We are confident that with continued hard work and professionalism, Valley View Pecan Company will grow and provide Oklahoma pecan growers with a clean, affordable, friendly business to team with." The business has had record-breaking business and continues to grow in popularity with out-of-town customers through shipped orders, he said.

Valley View's success was made possible in part through the Oklahoma Agriculture Enhancement and Diversification Program. This state legislated program was designed to develop or improve uses for agriculture products, expand the state's production of value-added products and to encourage diversified farming. The Oklahoma Department of Agriculture, Food and Forestry oversees the program.

Valley View Pecan Company received a Marketing and Utilization Loan to allow the company to move from a local retail outlet to the pecan shelling facility.

"The loan we received provided start-up money for advertising and marketing efforts," Janice said. "It has been a great resource to encourage our creativity with marketing. Oftentimes, marketing isn't funded really heavily with a start-up business so much funding is going to inventory, etc. This reversed that issue."

The funds were used to promote the plant through signs, brochures, trade shows, fairs and advertisements in magazines and newspapers.

"We divided the money offered in the loan for several projects," John said. The advertising allowed the company to publicize the change in name and address as well as reach a greater audience and increase their customer base.

"A new sign was built at the site of our new building to let the community know of our opening, and we printed special boxes, bags, a bulk mailing and clothing to use as advertising as well," he said.

One of the largest marketing projects the company tackled was a booth in the Made In Oklahoma building at the Oklahoma State

of Agriculture regarding business planning and marketing opportunities," Janice said.

OAED program funds must be used to produce alternative ag products or to process and/or market state agriculture products. Resulting activities must create rural economic development, jobs and the probability of success.

Interest-free loans and grants are available in four categories: Cooperative Marketing Loan, Marketing and Utilization Loan, Basic and Applied Research Loan/Grant and Farm Diversification Grant.

Loans may not be used to buy land, buildings or equipment. They may be used for feasibility studies, business plans, legal expenses, consultant fees, product development and marketing.



Valley View Pecan Company, Shawnee, developed a pecan shelling plant to help enhance the Oklahoma pecan growers' product. The plant was made possible in part through the Oklahoma Agriculture Enhancement and Diversification Program.

Fair. "Our presence there led to several other trade shows we exhibited through," John said.

The loan also allowed the Grundmanns to lease office equipment along with helping with a team of lawyers, accountants, building designers and a Web master to manage their Web site.

"This program encouraged us to visit with statewide businesses about their successes and lessons shared in marketing. It also provided us with feedback from the Oklahoma Department

Applications are evaluated quarterly. The next deadline for the OAED program is Monday, July 3, 2006. Applications are available from the Oklahoma Department of Agriculture, Food and Forestry at www.oda.state.ok.us by clicking on the "Loans" link. For more information, contact Jason Harvey at (405) 522-5563 or jason.harvey@oda.state.ok.us or Gary Bledsoe at (405) 830-1341 or gary.bledsoe@oda.state.ok.us.

A CLOSER LOOK:

Oklahoma Agriculture Enhancement & Diversification Program

In 1999, the Oklahoma legislature established a funding program to help Oklahoma's farmers and ranchers diversify their operations. The Ag Enhancement and Diversification Program was designed to promote and facilitate uses for agricultural products, expand the state's production of value-added products and to encourage diversified farming.

FUNDING CATEGORIES

Interest-free loans and grants are available in four categories:

- Cooperative marketing loan
- Basic and applied research loan/grant
- Marketing and utilization loan
- Farm diversification grant

PROGRAM GUIDELINES

Funds must be used to produce alternative ag products. They also may be used to process and/or market Oklahoma agriculture products. These activities must create rural economic development, jobs and indicate the probability of success.

Preference is given to applicants whose:

- industrial and non-food production processes use ag products;
- food, feed and fiber products and uses are innovative and add value to ag products;
- applications demonstrate a high probability of job creation and return-on-investment;
- proposals feature research that is innovative as well as commercially plausible;
- proposals demonstrate a high probability of rapid commercialization;
- projects demonstrate a shared commitment for funding from other private or public sources or from the applicant;
- proposals center efforts on rural locales;
- principals are individuals, a group of individuals, an individual on behalf of a group or corporation that meet the criteria set forth: to market a product or formulate or implement a marketing plan for products that

have not been marketed through existing marketing cooperatives;

- proposals must have potential to create additional income for the farm unit; and
- proposals must provide new and innovative plans for marketing the product.

Loans may not be used to purchase land, buildings or equipment. They may be used for feasibility studies, business plans, legal expenses, consultant fees, product development and marketing.

Farm Diversification Grants are limited to \$5,000. Loan proposals are not limited to a specific dollar amount; however, the available loan and grant monies are finite. The advisory board has the right to increase or decrease the amount of requested funding based on its findings and on its level of available funds.

APPLICATION PROCEDURE

Applicants must be at least 21 years of age and reside and be a legal resident of Oklahoma.

Proposals may be submitted at anytime. Applications are evaluated quarterly by the Ag Enhancement and Diversification Advisory Board.

Multiple proposals from the same applicant will be considered if each proposal covers distinctly different projects.

Proposals submitted under other state loan/grant programs may be considered simultaneously by the advisory board. Proposals that contain matching funds from other loan/grant programs shall demonstrate contingent approval from appropriate sources before release of funds by the advisory board.

EVALUATION CRITERIA

Each board member evaluates proposals on a 100-point system.

- Likelihood of each proposal's success — up to 10 points
- Probability and extent of new wealth creation — up to 30 points
- Credibility and merit — up to 30 points
- Timeliness — up to 15 points
- Matching funds — up to 10 points
- Geographic consideration — up to 5 points.

OAED CATEGORIES

Cooperative Marketing Loan
Basic and Applied Research
Loan/Grant

Marketing and Utilization Loan
Farm Diversification Grant

OAED 2006 APPLICATION DEADLINES

Tuesday, January 3

Monday, April 3

Monday, July 3

Monday, October 2

Visit www.oda.state.ok.us
for more information.



The Oklahoma Agriculture Enhancement & Diversification Program is overseen by the Oklahoma Department of Agriculture, Food and Forestry. For more information and applications, contact:

Oklahoma Department of
Agriculture Food and Forestry
Market Development Services

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Oklahoma City, OK 73152

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www.oda.state.ok.us

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