
Using Value-added Agriculture to Create a New Rural America

When people ask “What is value-added agriculture?” the discussion usually focuses on how to define it. Most define it as adding value to the commodities and products that farmer produce. Some say that it should be called value-retained or value-captured.

Regardless of how you define it, the essence of value-added agriculture is a change in the vision for agriculture and rural America. A transformation from a vision of out-migration of people, declining standards of living and decaying infrastructure; to a vision of economic vibrancy and a growing rural America. The key to this new vision is generating economic activity, not from government programs, but from the marketplace. I am not saying government does not have a role. Government needs to play a facilitator role for this new vision.

This change in vision will not be easy, but it is doable. Below are six critical factors that need to be addressed to achieve this new vision through value-added agriculture activities.

1. Opportunities

Lack of market and business opportunities is the reason often given for why we cannot achieve a new vision of rural America. But careful examination shows that opportunities do exist. Examples can be seen in the food and energy industries. Granted, many of these perceived opportunities may lead to dead-ends and failures. But the point is that there are true opportunities. We need to be smart enough to find them.

2. Leadership, Confidence, Persistence

A critical element is identifying people with the leadership, confidence and persistence needed to find these opportunities and act on them. There is not an abundance of these people in rural America. This is the weakest link in the chain for achieving the new vision. When we do find these individuals, they need to be nurtured and used as models for others to follow.

3. Business skills

Leadership, confidence and persistence alone will not achieve the new vision. It needs to be combined with business skills. This is the second weakest link in the chain. Business skills fall into three broad categories:

Idea identification and evaluation - This involves the ability to seek out business ideas and properly evaluate their business potential. The basic premise is whether you can provide “value” for the user or consumer that is not already being provided. Value may involve better quality, lower price, better service and a whole host of other things. If you don’t do this step correctly, the next two steps are irrelevant.

Business creation - This involves creating a business venture that provides the value identified above and turns it into an income stream. Value-added businesses are usually quite different from traditional farm businesses. So new skill sets need to be learned.

Business operation - Once a business is up and running, you need to keep it running. If you expect to continue to generate income from the marketplace, you need to adapt as market conditions change. The skills needed for business operations are quite often different from those needed for business creation. Value-added groups frequently overlook this.

4. Capital

Money is another critical factor for implementing a new vision for rural America. New structures need to be developed to link the financial resources currently existing in rural areas to the financing needs of rural business start-ups. Some claim that we need to attract venture capital from the financial markets. In some situations this may be true, but local investors are often willing to invest in businesses that affect their local communities.

5. Organization and support

Factors often overlooked are the organizational and support needs of value-added business groups. This can be as simple as the need for office, meeting room and clerical support. Extension offices and other local organizations can provide a great service to these groups with a minimal outlay of resources.

More sophisticated organizational and support services are being provided by an array of value-added alliances being created across rural America. These alliances focus on business development support by providing an organizational structure for interaction among entrepreneurs with similar interests, access to seed capital for investigating business ventures, networking opportunities with other groups and individuals, and a host of other valuable services.

6. Rewards

To make the new vision for rural America sustainable, we must adequately reward the individuals and groups providing the sweat and skills that go into business creation. Structures are being developed where financial rewards for the business founders are tied to the financial success of the business.

In some areas, the idea of rewards tends to go against rural culture where it is believed that these activities should be conducted as non-paid volunteers for the good of the community. However, this new vision cannot be accomplished with volunteer labor. Business creation is serious business and takes an incredible amount of time and dedication.

Call to Action

Achieving this new vision for rural America will require the involvement of individuals from all walks of life, existing rural institutions and the public sector. Examine the six factors listed above. Identify where the needs are and how you can have an impact. Get involved!