

Value-Added Producer Grant Best Practices

The following information was collected through interviews with many state Business Program Administrators and Specialists. Although we do not know what the exact scoring criteria for the next VAPG cycle will be, the following tips will almost certainly apply. We extend our thanks to everyone interviewed for their time and valuable tips to help potential applicants increase the odds of grant application success.

One of the biggest critical success factors is to start early. This gives the applicant time to pull together a strong application. It also gives the applicant the ability to submit the application early so it can be checked by the state specialist to make sure it meets qualifications and is complete and gives the applicant time to revise and supplement information.

Another key factor is to make contact with your state Business Program Administrator or Specialist--introduce yourself and ask questions. Also, program administrators state that a third-party review prior to submission can be beneficial.

Probably the most common mistake identified by program administrators is not submitting the appropriate information to qualify the applicant as eligible. Ineligible applicants are dropped immediately from the process. Some good applications are often rejected because the applicants did not clearly cover their program eligibility. State administrators said as many as 20% to 50% of the applications are rejected because of ineligibility.

Other Common Mistakes

- Applications are incomplete (10% to 30% ineligible).
- The intent for the money does not match the grant--planning grant applications for planning activities and working capital grant applications for working capital funding.
- There were many errors on the matching fund verification or ineligible expenses--this was of particular focus last year.
- The omission of how the project “adds value” to the local community through increased producer income, employment impact, education and training or other rural economic development benefits.
- Not being thorough in describing the business and industry; however, do not add undo fluff to the application. Do not assume the judges scoring your application have familiarity with your business or industry. There is a distinct chance that some of the judges will be from different parts of the country.
- Not submitting your grant on paper and by mail or, if you use the electric submission process, not making sure you verify with your state administrator that your full application has been received.

The Scoring Process

The states now receive grant applications first, process the applications, perform the state scoring and then forward the applications to the federal level. In 2008 the applications were scored by the state and three independent reviewers (government or private) from across the country.

Support Letters

The emphasis of support letters has changed over time. Some examples of letters that may help your support letter score are:

- Support from buyers or end-market support
- Support from local business leaders on how the project adds value
- Support from business owners that may do business with your entity or may benefit from the value-added venture
- Support from economic development groups
- Support from the producers involved
- Support from city, county or congressmen (but do not mean as much as in prior years)
- Support from state industry groups such as marketing groups, associations, farm bureau
- Support from investors showing each level of involvement

Some Additional Notes

Working Capital Grant

- States seem to treat commodity contribution for matching funds differently. Check with your state administrator for how they will look at your commodity contribution as matching funds.
- Grant applications may require applicants to submit their feasibility and business plan to support the application. In the past the feasibility and business plan were only referenced in the application and submitted if awarded a grant. Last year it was left to the states to decide if they wanted to see a copy of the feasibility and business plan with the application.

Regulations

In addition to the NOSA, there are regulations that can help you assess important features of the VAPG program, including detail around eligibility.

Background on Ascendant Partners Inc.

Ascendant Partners Inc. was formed to respond to market demand for tailored business solutions delivered through capable, committed and accountable professional resources. Ascendant's historical focus has been serving mid-size clients in the food, agribusiness and renewable energy industries. Ascendant Partners brings together a combined 125 years of management consulting, corporate finance and investment banking experience. Ascendant Partners has an intimate knowledge of client markets, what it takes to succeed and how to manage volatile environments. Two years ago Ascendant Partners formed Ascendant Financial Partners LLC, a licensed FINRA Broker-Dealer, to perform dedicated investment banking services.

Examples of Ascendant Partners' Experience

Western United States – Advanced biofuels initiatives for sugar processing cooperatives and producers; strategic planning with a dairy genetics company; marketing initiative with dairy nutrient company; integrated high oilseed production, processing and biodiesel feasibility and

business planning; retail convenience store acquisition; wood pelleting and cellulosic ethanol feasibility.

Great Plains of the United States – Integrated unit train grain, fertilizer and petroleum loading and unloading facility for a local cooperative; integrated bio-energy center (including coal-fired power plant emissions to algae, ethanol production, biodiesel production, dairy production and anaerobic digestion); biomass to cogeneration heat and power; integrated high oilseed production, processing and biodiesel feasibility and business planning.

Mid-Western United States - Market assessment and company turnaround for a grape juice cooperative; fruit and vegetable ingredients company on marketing planning for new product launch; natural soy lecithin ingredients company on business feasibility; provided strategic planning, merger and acquisition services to traditional grain, farm supply and energy distribution cooperatives; ethanol and biodiesel feasibility, business planning, investment analysis and project development services.

Southeastern United States – Merger for raw sugar processing cooperatives; fresh vegetable feasibility study and development of pilot marketing program; producer integrated natural pork production, toll processing to retail and wholesale market feasibility and supply chain alignment; integrated high oilseed production, processing and biodiesel feasibility; woody biomass renewable fuel pellet for green fuel initiative; multi-feedstock to ethanol investment analysis; ethanol and biodiesel feasibility and business planning; mushroom producer group production feasibility and marketing plan.

Northeastern United States – Integrated potato marketing and farm supply cooperative business and technology reengineering; dairy processor consolidation of operations and manufacturing technology assessment; ethanol and biodiesel feasibility and business planning; state biomass market assessment.