

Innovative Business Arrangements

October 2003

The Innovative Business Arrangements Initiative

The purpose of this factsheet series is to help keep producers and processors informed about new ways of working together and the key issues and components of using alternative business structures.

The business of agriculture is changing; no longer is a hungry world ready to buy whatever we grow. Twenty-first century consumers expect local, national or global markets to provide the products they want. Instead of "producer-push," it's now "consumer-pull."

Alberta Agriculture, Food and Rural Development's Role

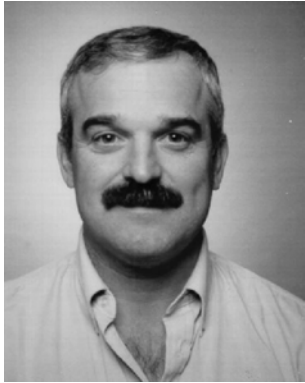
In the 21st century the basics of business arrangements still apply, but our industry is changing rapidly. As farm businesses get larger, business arrangements get more sophisticated. A large proportion of farms operate as limited companies; alliances, supply chains and other relationship-based arrangements are more common; and hybrids such as production joint ventures are starting to make an appearance. The role of AAFRD's Innovative Business Arrangements Team is to work with Alberta producers to help them find the best way to organize their businesses.

The New Generation Co-op...a new alternative for working together

Working together is one of the important ways that producers can respond to these trends, and finding the right business arrangement is one of the first questions that arises. The New Generation Co-op (NGC) is the newest of Alberta's legal business entities, and it comes with excellent references from the north-central US. In the 1980's and 1990's more than eighty NGC's were formed, and some of these have grown into major industry players.

Because it's new, the NGC has become a "door opener" for Alberta Agriculture, Food and Rural Development's (AAFRD's) Innovative Business Arrangements Team. We've responded to countless requests for information and made many presentations throughout the province. Sometimes an NGC makes sense and sometimes it doesn't. Sometimes the answer is a different type of business arrangement such as a corporation, joint venture, partnership or licensing agreement. The important thing is that producers who are looking for ways to work together find a business arrangement that will help them achieve their goals.

AAFRD's Innovative Business Arrangements Team



**Merle Good, P.Ag. –
Team Leader**

Merle has considerable ability and experience in business arrangements. He was the first to promote the concept of joint ventures in agriculture, has authored countless articles and publications, and has exceptional technical knowledge in the area of tax. Merle spends a significant portion of his time working with accountants and lawyers in the area of agricultural tax management. His research interests include business agreements and structures such as new generation cooperatives, limited partnerships and production joint ventures. Contact Merle at: (403) 556-4237. merle.good@gov.ab.ca



Ted Darling, P.Ag.

Ted has extensive experience in working with farm business owner/operators. His expertise is in talking to farm audiences and writing about a broad range of business arrangements including joint ventures, partnerships, new generation co-ops and corporations. He uses the term “farm business reorganization” because farms, and the families that operate them, are almost always in the process of evolving from one organizational structure to another. Contact Ted at: (403) 948-8524. ted.darling@gov.ab.ca



Graham Gilchrist, P.Ag.

Graham has broad-based knowledge of business arrangements gained both from his work with farm businesses and from his own family business interests. He specializes in rental agreements, production contracts, cooperatives, corporations and unanimous shareholder agreements and corporate governance. Contact Graham at: (780) 632-5417. graham.gilchrist@gov.ab.ca



Linda Hawk, M.Ed.

Linda's experience with business development and her outstanding communications skills are invaluable in her role as the team's communications coordinator. She works in quality control - writing and editing promotional materials, publications, fact sheets and web site content. Linda also manages the team's website and helps with event planning. Contact Linda at: (403) 528-5250. linda.hawk@gov.ab.ca

Resources

New Generation Co-operatives: 10 Things You Need to Know

Go to Ropin' the Web at <http://www.agric.gov.ab.ca>. Click on Business and Economics > Business Management > Business Arrangements.