

# Alternative Farm Business Arrangements and Structures

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# 1. Land Investment Company

- Local investors
- Subchapter S, LLC, limited partnership
- Annual capital contribution requirement
- Leasing arrangement
- Buy-sell provisions

# 2. Geographic Diversification

- Potential advantages
- Micro and macro versions
- Examples
- Making it work

### 3. Joint or Shared Ownership

- Machinery, breeding stock
- Liability and maintenance issues
- Examples, including timeshare arrangements

### 4. Real Estate Investment Trusts and Other Patient Investors

- Land ownership with long term leases
- Dairy example

## 5. Gifting Minority Ownership to Key Suppliers

- Example
- What the business gets in return

## 6. Limited Partnerships and Joint Ventures with Landlords

- Risk sharing
- Capital access
- Farm program and tax reasons

## 7. Value Added Alliances and Closed Co-ops

- Examples
- Fallacies and fantasies
- Federated arrangements

## 8. Branded Farms

- Qualified suppliers
- Franchise elements
- Requirements
- Benefits

## 9. Mergers

- As a growth strategy
- Whole businesses
- Operating entities
- Buy:sell and employment agreements

## 10. Just-In-Time Arrangements With Suppliers

- Example
- Benefits
- Costs

# 11. Alternative Debt/Equity Instruments

- Common Stock
  - Voting
  - Non-voting
- Preferred stock
  - Cumulative
  - Convertible
  - Participating
  - Combinations
- Convertible debt
- Straight debt with options/warrants

## 12. Service Bureaus and Pooling Arrangements

- Services, purchasing, marketing
- Older and younger farmers

## 13. Peer Groups

- Multiple formats
- Success requires trust and openness
- Potential benefits

## 14. Partnering With or Underwriting Employee Spouses and/or Former Employees

- Examples
- Benefits

## 15. Equity Investments in Input Suppliers and Service Providers

- Examples