

# Alpaca Owners and Breeders Association (AOBA)

## Build A Tent Initiative, an industry collaboration Executive Summary

October 12, 2010

Open Invitation for the Build a Tent Initiative (the "Initiative")

Dear Invitee,

### Introduction and Invitation to Participate

At its August Face to Face Meeting, the AOBA Board of Directors reviewed and approved participation in a new initiative involving fiber and the development of a domestic alpaca market. The Build a Tent Initiative proposes the establishment of an industry collaboration and a business model designed to be inclusive and comprised of:

- (a) Independent producers;
- (b) Nonprofit and for profit organizations representing producers; and
- (c) Other industry stakeholders.

The impetus for moving forward is both in a response to member requests and as an industry the understanding that the role of domestic alpaca is increasingly important in our marketplace. The initial objective of the Initiative will focus on domestic sourcing and production with an immediate goal in 2011 to provide farms with improved access and ability to participate at some level in the specialty fiber market.

This letter is an open invitation to industry producers and representatives from producer organizations to attend a meeting. The meeting, scheduled for November 19, 2010, will be held at the AOBA office in Nashville. The meeting will provide an opportunity to review the Initiative details, refine the vision and establish criteria for participation. An agenda for the meeting will be available shortly. An Executive Summary containing additional information and an 18 month implementation plan have been enclosed with this letter.

### Participants and Structure

The proposed business model for the Initiative is a low profit limited liability company (an L3C) and can best be described as a "for-profit business with a non-profit soul". Built on **for profit** principles, the model contemplates a financial return for investors, but is fundamentally required to have as its primary business objective a "socially responsible" purpose. Representative examples of using L3Cs in other industry sectors include economic development projects, family farm preservation and support of industries facing significant financial challenges – think manufacturing and newspapers!

The model is such that participation by both independent producers and organizations representing producers is possible, flexible governance strategies can be adopted and varying levels of financial and voting rights can be established. A key advantage of the model is that as a vehicle for social entrepreneurship, there is also an enhanced ability to attract funding that is typically only available in the non-profit sector and potentially from other organizations such as private companies and foundations focused on socially responsible investing.

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### What the Initiative Is and Is Not!

The Initiative has a proposed Plan of Work that is intended to be:

- a. Financially and operationally sustainable;
- b. Scaled for regional implementation; and
- c. Where possible, to leverage existing efforts whether public or private in achieving the Initiative objectives

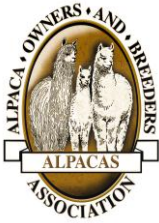
What the Initiative is not is an attempt to replace established organizations, function as a cooperative, compete against private enterprise or undertake such activities as holding end product inventory for sale. Rather, the focus is intended to look at production and marketing strategies and the value added services required to increase producer access and participation in a fiber market. The answers to these questions will, in part, help determine what is “built inside the Tent”.

Complete the attached questionnaire. If you answer YES to 6 out of the 6 questions, have an interest in the fiber industry and are willing to devote some time to learning more, join us on November 19<sup>th</sup> in Nashville for the discussion. Reserve your spot by e-mailing [BuildATent@aobamail.com](mailto:BuildATent@aobamail.com) by November 5, 2010. Please indicate with your reservation whether you are attending on behalf of your own farm as an independent producer, private company or as a representative of an industry organization.

Sincerely,

The AOBA Board of Directors

AOBA Fiber Committee



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### Build A Tent Initiative

#### A Quick Test – Current State of Fiber as an End Product

#### Producing and Marketing Goods and Services

Yes

No

**Imperfect Markets?**

**Uncertain Production Prices & Costs?**

**Nonexistent or Unreliable  
Infrastructure?**

**Weak or Totally Absent Governance  
Structure?**

**Untested Applications & Technology?**

**Unpredictable Competitive Response?**

**If you answer yes to 5 out of the 6 questions – we have a spot for you at the first Build A Tent Stakeholders' Meeting.**

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