

Collaborating to Access New Markets Workshop – June 29, 2011, Woodland CA

Notes from the workshop – Compiled by Tracy Lerman, Penny Leff and Miriam Volat

Some basic lessons learned:

- Start fairly simple and small
- Don't try to grow faster than you can control; re-evaluate regularly
- A spearheading grower can make an essential difference at the beginning
- Competent management and board review of manager are essential for sustainable operations
- Make sure there is substantive need from the growers for the collaboration
- Support new and existing growers with ag support resources and contacts

1. The Needs; Group Brainstorm

What are the needs of small- and mid-scale growers that might be better met by collaboration?

- Small and medium farm survival
- Beginning farm support
- Business advice
- Post-harvest logistics
 - a. Aggregation
 - b. Distribution
 - c. Cold storage
- Understanding how farmers are benefitting from existing marketing channels
- Access to new markets: wholesale, fresh fruit and vegetable, grains, exports to Asian markets, direct marketing options
- Regional branding programs
- Good cost-sharing models
 - a. Insurance, etc.
- Funding
- Information Technology support
- Small-scale processing
- Livestock processing
- Ability to grow and market one or two crops on small acreage
- Regulatory issues
 - a. Understanding regulations
 - b. Coordination of food safety, size, pack & label, environmental health protocols
- Agritourism support and coordination

2. The Past

The YoCal Story, presented by YoCal founding members Dru Rivers (Full Belly Farm) and Jeff Main (Good Humus Produce)

- See report based on interviews with 6 YoCal members and 3 YoCal employees:
<http://www.sfp.ucdavis.edu/events/11collaborating/yocal.pdf>
- See presentation: [The Cooperative Principles and their Impacts on YoCal](#) (202 kB) by Shermain Hardesty, director, UC Small Farm Program
- Dru Rivers summarized four major needs that YoCal was formed to meet
 - **Access to new markets** – In the early 1980s, the organic fresh produce market was very limited. Yolo County farmers sold much of their organically grown produce on the conventional market, but the ability to market produce as organic through a wider distribution system brought a price premium.
 - **A collaborative/collective voice to represent the farmers** – They had more market power and received faster payment as a group than as individual growers.
 - **Coordinated production** – They planned together to avoid a glut of one product at a time when the group collectively represented a large segment of the organic fresh vegetable market, and to be able to offer a wholesaler a longer season of a crop

- **Transportation** – They wanted to be farmers, not truckers. This was probably the most important need because they were farming during the day and trucking at night and it was really dangerous

Rivers' primary message was that YoCal was a great cooperative and it helped the members out a lot. Even now she would still say that YoCal was a great idea, but it was too early on in the game for them to have the knowledge and wisdom to understand how to work together as the scale of production and marketing grew. There is still a need for something like this for growers in Yolo County.

- Jeff Main talked about his memories of his years with YoCal
 - An incredible mix of feelings to bring back up 5-10 years of life dedicated to the idea of creating a cooperative produce venture in Yolo County's food marketing system, which coincided with a lot of ideals for the young farmers in the group
 - YoCal was a growing business fulfilling a lot of needs but they couldn't keep it going. They passed through the pioneering stage with a good set of committed farmers, and made it through the second stage of growth. After this, they had to hire out and let go, and that's when they failed.
 - Main is convinced that the real problem with YoCal happened because they were not able to hire adequate management
 - Finding a manager to maintain the growing business was really hard.
 - Good managers were not attracted to what YoCal had to offer, partly due to lack of potential for career advancement.
 - The board's interview process gave them no understanding of how the manager would perform.
 - The strength of a co-op really centers on the board's ability to assess the competence of the manager. YoCal board waited six months rather than three to let poor managers go.
 - Growers increased the amount of their product marketed through the YoCal label, but they also marketed their own products separately. When YoCal did break down, they benefitted from the markets that were developed through the YoCal brand and were able to pick and choose the customers whom they wanted to do business with. Main felt that the return to his farm was well worth it, in spite of the financial loss at the end.
- **Questions from participants:** What is the critical mass for a viable co-op in terms of number of members and acreage? Is there a relationship between gross product of business and the cost of management? In hindsight, would they establish a gross product minimum that would support the business, or a percentage of sales?
 - **Answer from Jeff Main:** It's more important to know exactly what you want to accomplish and have every one of your members invested in that. YoCal started with three members, then went to five, acquiring resources sporadically. Their experience had always been that this is the way you start things, rather than having the experience to know what large-scale capital investments were needed to have a successful business. Main wouldn't advise people to get a lot of capital before starting their business, but would tell people to be clear on their goals first.
 - **Answer from another participant:** A cooperative in Colorado that is very successful has 50 members and a very professional manager. For them to be successful, the number of members is important because it gives them the clout to be able to negotiate.

- **Question:** Exhaustion seems like a problem endemic to all small farmers. YoCal farmers were pioneering in all sorts of ways, plus the added work of starting a co-op. Now that a lot of these channels have been figured out, would they have more chance of success now?
 - **Answer:** (Dru Rivers) There would be a better chance of success, but she is curious that some of the same needs exist now. New markets are really opening up, and standards are much more easily understood, but now there is a lot more competition.

- **Question:** Any suggestions for a group of Livermore olive growers that are having trouble staying together because no one in the group can invest the time needed and they don't have the expertise to hire someone, but they want to be able to market the benefits of heritage olive productions?
 - **Answer:** YoCal had the same problems the olive growers have. Anyone who goes into a cooperative venture and thinks they don't have to put the time in is seeding its destruction. You have to put the time in.

3. The Present

Presentations about current collaborations by Jim Crawford and Dru Rivers

Jim Crawford, Tuscarora Organic Growers Cooperative

- **New Morning Farm** – Crawford first talked about his own farm in South Central PA – Certified organic since 1972, 200 acres; 45 acres of that farmed, growing 60 different crops, direct marketing and selling through co-op, using high tunnels for season extension, smaller size equipment, 25 employees including locals working hourly, H2A workers from Mexico & Jamaica and 11 apprentices. Direct market is Washington, D.C.
- **Tuscarora Co-op history** – 3 founders in 1988 were unhappy with wholesale marketing situation, not getting organic premium or access to kinds of markets they wanted. They decided to do wholesale marketing together for more efficient transportation and marketing. Recruiting letters got 5 people to first meeting. Finance investigation committee found no financing options. Moved forward with no capital or elaborate plan. Crawford had an extra, small building for office, extra cold storage and trucking capacity & extra half-time employee. Group aggregated produce on Crawford's farm. Half-time employee went out to find customers. He didn't have business skills, just common sense. Didn't hire a full-time manager until 6th or 7th season. They tried to match their infrastructure and assets to their needs. They didn't grow in terms of membership the first five years because other growers wanted to wait it out and see how they did. They didn't form a legal structure or incorporate for a long time. They had no long-range business plan; only planning season by season, assessing and adjusting at the end of each season. Slow growth is key factor.
- **Tuscarora Co-op current situation**
 - Seasonal staff of 15-20
 - Move several thousand cases per week
 - 300 different crops
 - Sells to restaurants, stores, and 20% back to the growers to sell at farmers markets and farm stands that allow reselling of neighbors' crops
 - 39 member farms
 - 7-member board of directors
 - Steady slow growth since beginning – this is a strong point because they could adapt to their growth.
 - ¾ of income goes back to growers; rest goes to co-op for operating costs.
 - Annual sales are almost \$3 million

- **What made Tuscarora Co-op work?**
 - Grower need – recruiting growers was hard at the beginning, but that’s because they didn’t need the co-op.
 - Group kept it simple and tightly defined:
 - All had to be certified organic
 - Only produce carried (now also eggs)
 - Marketing was & is only service offered – no packing, processing
 - A great manager who stayed with them for 14 years, after 4 different managers in first 5 seasons.
 - A founder who spearheads co-op. Crawford stuck with spearheading it; the co-op needed him in first 4 years & was able to survive on its own in the 5th year
 - Great growers who are very diverse, including Amish & Mennonite. It’s not that hard to get them going if they all understand what the co-op is for.

Dru Rivers, Capay Valley Farm Shop

- **Full Belly Farm** - Dru Rivers first talked about her own farm. She is one of 4 partners who own Full Belly Farm and collectively make decisions – Full Belly farms 300 acres, 70 full-time employees, 6 large trucks that go out every day. They’re still exhausted; Rivers is up at 3 a.m. for farmers market every Saturday.
- **Capay Valley region** – 20 miles long, a few miles wide, #1 in the country for number of small organic farms as percentage of farmland in region. Started Capay Valley Vision about 10 years ago to brand Capay Valley farmers, instigated in part by local Native American casino growth & push for highway expansion. Capay Valley Vision is nonprofit with Agricultural Task Force committee which started “Capay Valley Grown” as a regional brand – used on boxes by growers.
- **Capay Valley Farm Shop**– 27 investor/shareholders each invested \$10,000. Started retail shop that failed due to poor location. Morphed into collaborative CSA that buys from Capay Valley growers, selling to corporate sites so as to not compete with individual farm CSAs that are home-neighborhood delivery based. They are trying to get corporations to see it as an employee benefit. Currently buying from 18 different farms, some of them really tiny. It is not a cooperative model – Farm Shop does not buy only from shareholders.
- **Capay Valley Farm Shop operations**
 - One full-time staff, 8 part-time staff, one half-time marketing person
 - Farm Shop buys from individual growers, picks up produce, packs & delivers the boxes
 - Shareholders elect a board of directors who work with the general manager who makes most of the decisions.
 - Sometimes it takes a founding farm to get these projects off the ground. Full Belly filled that role in the Farm Shop/Farm Shares by providing facilities & shared trucking.
 - Farm Shop is also wholesaling produce to corporate kitchens and employee food service programs
 - Capay Valley Farm Shop has transparency on website, telling farmers’ stories.
 - CSAs’ growth path is unclear – they could crash, particularly in light of lack of regulations and possible plan to create them.
 - Farm Shop is only an additional account for most growers; not big enough to be their primary marketing channel.
 - Full Belly hopes to get rid of their CSA if Farm Shop does really well.

4. The Future - Participatory group exercise

Workshop participants were given an imaginary scenario involving a regional distributor suddenly going out of business, leaving suppliers with unsold crops in the fields and orchards. Participants were divided into three groups, with each group given a different challenge.

- **Group 1 was the new farmers or ranchers and students.** Their challenge was to list what services, equipment and skills were just lost and to discuss what alternatives the group might have to replace these for the short term and in the longer term.
 - **Lost:** Cold storage, transportation to end user, marketing, established customer list and relationship with those customers, business structure and knowledge of market demands (quantities, margins), confidence, packing infrastructure, security, revenue
 - **To do options:**
 - Establish immediate contact with end customers
 - List and pool resources with fellow growers
 - Look for another distributor
 - Assign tasks and accountability structure
 - Decide if we work together or individually
 - Explore taking over the distributorship
 - Immediately contract for short-term help
 - Trucking companies
 - Rent cold storage
 - Long-term: expand farmers markets, build or expand CSAs
 - Start own collaborative

- **Group 2 was the experienced farmers or ranchers.** Their challenge was to discuss and evaluate marketing options, including collaboration, and to discuss who should be in the collaborative and what kinds of agreements would be needed.
 - **Learn how to work together**
 - Combined logistics and sales/pricing
 - Quality management in production and harvesting
 - Collaborative brand/label
 - Crop planning
 - I.T. sales
 - Price negotiation
 - Understanding customer needs

- **Group 3 was the farm and ranch support people.** Their challenge was to discuss what resources would be available to the group of growers as they decide what to do next.
 - **Producer resources**
 - Leadership
 - Self-evaluation to assess resources
 - **Information Resources**
 - University of California:
 - Small Farm Program, UC Cooperative Extension
 - Sustainable Agriculture Research and Education Program (SAREP)
 - Sacramento Area Council of Governments (SACOG)

- **Gather a team of advisors** – people to provide preliminary information, volunteers and facilitators
 - Small Business Development Center (SBDC) <http://www.sba.gov/content/small-business-development-centers-sbdcs>
 - California Center for Cooperative Development (CCCD) <http://www.cccd.coop/>
 - University of California Cooperative Extension http://ucanr.org/county_offices
 - Legal advisors
 - Government advisors
 - Business/finance advisors
 - Producer networks
- **Define objectives** – resources to help with this:
 - County Departments of Economic Development and Agriculture
 - Planning grants possibilities, all from USDA Rural Development
 - Value Added Producer Grants (VAPG)
 - Rural Community Development Grants (RCDG)
 - Rural Business Enterprise Grants (RBEG)
- **Business plan development**
 - Market study
 - Supply assessment
 - Operating plan
 - Infrastructure
- **Action!**

5. Next Steps for Participants

Many mentioned multiple times:

- Small farmers need to talk to each other
- Find other small farmers in your 5-mile area
- We need a mentorship structure, a structure for advice
- We need more and highly effective ways of sharing information
- We don't have to reinvent the wheel
- Get information on Esparto project (organized by Jim Durst) out to all of us
- Outreach to growers about regional support for farmers from policy bubble to a level more immediately practical to the growers.
- Need to define “collaborative, hub, aggregation etc.” and what these provide as value to the producer
- Ag support need contacts of small producers who can't hire staff so they can actually support them
- Ag support resources need to be available in many ways to growers
- We need to start small and simple to have success
- Help each other find land
- Set obtainable goals – find mentorship, have baby steps so we build confidence