

## **Oklahoma Food Cooperative Distribution and Transportation Project**

To enhance the Oklahoma Food Cooperative distribution system with better transportation equipment in order to handle the anticipated growth in sales and membership. Also, to develop a better computerized record keeping system, primarily by purchasing computer hardware for the Oklahoma Food Cooperative to accommodate the information requirements created by the rapid growth of both membership and sales volume. These improvements will expedite the delivery of produce using a web-based marketing and ordering system for regional producers.

[Final Report](#)



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### **1. Summary of the issues being examined.**

The Oklahoma Food Cooperative was the first “all local foods cooperative” in the United States. We operate via an internet ordering system connected with a volunteer delivery system. During our organizational campaign, we had no models to follow, so we had to develop our method of doing business one step at a time. Our history has largely been a tale of one challenge after another. We have always had to work fast to keep ahead of our situation, and come up with “out of the box” solutions to the problems and opportunities we encountered. As the coop grew, it became necessary to make additional capital expenditures for equipment, operating space, and software in order to work efficiently and intelligently on our project. The Oklahoma Food Cooperative experienced, notable increase in the volume of products delivered from \$442,233.00 in 2007 to \$650,363.00 in 2008 and are currently at \$562,252 with our two largest volume months remaining. Three areas in particular needed investment – transportation, software, and our work site. Through this grant, we were able to significantly strengthen our operating infrastructure in these critical areas, contributing greatly to the long-term stability and growth of our cooperative.

### **2. Descriptions of how the issues were addressed.**

The majority of the coop’s activities are within about 160 miles of Oklahoma City. On our monthly delivery day, producers bring their products to Oklahoma City, where they are sorted into individual customer orders. These orders then go out to 40 pickup sites. The largest cluster of pickup sites (in terms of number of orders), outside of the Oklahoma City-Norman area is in Tulsa, which is about a 2 hour drive from Oklahoma City. At first, orders were delivered to pick-up sites by cars and pick-ups. As we began to grow, we needed trailers, so we rented trailers or trucks each month from commercial rental agencies. This increased our operating expense and the work burden on the volunteer drivers, since someone had to arrange the rental, pick up the trailer, and then deliver it back to the agency.

To strengthen our transportation capabilities, we purchased trailers with the grant money, two of which are equipped with cooling equipment. While we pack our refrigerated and frozen items in ice chests (with water ice and dry ice respectively), our judgment was that we needed to do more to ensure that our producers’ products reached the customers safely and without any damage to the high quality of our food products. When we began shopping for refrigerated trailers, it was immediately evident that these are high dollar items. So instead of going the typical commercial route, we thought through the situation and developed an alternative “low-cost” solution incorporating off-the-shelf cooling equipment, trailer insulation, and an on-board generator. The trailers with cooling equipment thus cost us about half the typical retail cost of commercial equipment.

Software is critical to our enterprise. We are an “e-commerce” company. We developed our



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Local Food Cooperative Management System step by step, but at the time we applied for the grant, it was clear we needed to make some substantial improvements in the software to bolster its accounting capabilities. With the grant money, we did considerable work on our Local Food Cooperative Management System, making progress on the accounting, producer, customer, and admin functions. As an e-commerce business, this work will, of course, never be “finished”. The Coop continues to grow, and we will always be working on our software.

The software is more than just an Oklahoma Food Cooperative activity. We make this software available free of charge to other groups seeking to start similar cooperatives, under the General Public License system. Besides the Oklahoma Food Cooperative, local food cooperatives in Kansas (2), Nebraska, Michigan, Pennsylvania, Idaho (2), Ontario (2), and a new organizing campaign in South Dakota, use our software – ten altogether.

From our beginning, we used borrowed space for our delivery day sorting activities. We had no dedicated office space and used borrowed computer equipment. But as we grew, this became a problem. We had to haul everything we needed into the space we used in the morning, sort the food, send it out to the delivery sites, and then pack everything and clean up, all in one day. With a distributed management system, we needed a central office where records could be collected and maintained, meetings could be held, and coop staff could work. As the size of our business grew, it became clear that we needed a dedicated place to work. So we rented a “fixer-upper” warehouse, and using volunteer labor (except for specialized trades like electricians and plumbers), renovated it for our use. Grant money assisted us in equipping the office with computers, printer, and copier.

### **3. Results, accomplishments, conclusions, and lessons learned.**

We came out of this grant experience with significantly strengthened transportation, software, and office infrastructures. This experience propagates outwards from us to the growing network of local food cooperatives elsewhere, so that they have models to follow and so they can benefit from the significant contribution of a “turn-key” software system to manage the complex way that local food cooperatives do business. The grant expenditures enabled us to eliminate some operating expenses, including rentals of trailers for delivery day (typically \$500-600), storage unit rental (\$100), and U-haul rentals (\$100-200).

Several important lessons were learned, or reaffirmed, from our previous experience:

- t “Everything always takes longer and costs more”.
- t We were able to do all of this critical work on our infrastructure, using almost all volunteer labor, with no debt and without a need to borrow money to buy trailers or renovate our operations center.



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- t We need to strengthen our cooperative's management systems in order to plan and implement complex projects like this.

#### **4. People, Organizations, Marketing Entities, and Communities benefitting from this work.**

The Oklahoma Food Cooperative presently has 2600 members, of which 180 are producers. Members of the cooperative live in Oklahoma's large urban cities, regional cities, and rural towns. A significant number of our members (both customers and producers) are women. Racial and ethnic minorities, especially Native Americans, have also benefitted. All of these people and their families, perhaps totalling 10-15,000 people, are direct beneficiaries of this work. Through the coop, customers can access locally grown foods, most of which are grown either organically or with all natural methods. Producers can find a ready access to urban customers. With our low cost of entry, very small producers – who are often low income people – can start micro-enterprises and access a statewide marketplace for a single membership share purchase of \$51.75. These are important economic, social justice, and environmental sustainability benefits. If we want a more sustainable, just, and humane system of agriculture, there must be a market for the products of a sustainable, just, and humane system of agriculture. And that requires markets and structures, such as the Oklahoma Food Cooperative, to facilitate the process. We are helping create jobs in rural areas, by providing markets in urban communities.

The cooperative's operating expenses are less than they would be without the infrastructure investments made possible by the grant.

The Cooperative, as a marketing entity, has been significantly strengthened by this project. This enables us to continue serving our members and expand our services as we grow.

#### **5. Additional Information**

Additional information about the Oklahoma Food Cooperative can be found at our website, [www.oklahomafood.coop](http://www.oklahomafood.coop) . Information about our Local Food Cooperative Management System is at <http://www.localfoodcoop.org> .

Contact info for the other local food cooperatives is at <http://www.oklahomafood.coop/otherstates.php> .

Information that we provide to other groups interested in starting similar projects is at <http://www.oklahomafood.coop/organizing.php> .



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Facebook: <http://en-gb.facebook.com/pages/Oklahoma-Food-Cooperative/141570680842>

Twitter: <http://twitter.com/oklafoodcoop>

### Articles about the Oklahoma Food Cooperative

“Bon Appetit, y’all”, Plenty Magazine May 2007

<http://www.mnn.com/food/markets-groceries/stories/bon-app%C3%A9tit-yall>

Food Coop Model Bears Fruit, Ag Journal, March 2009

<http://www.agjournalonline.com/news/x1732142250/Food-co-op-model-bears-fruit>

Brookings Food Coop Meeting Planned, KXMC, South Dakota

(story about a recent outreach trip to South Dakota to help start a local food coop there)

<http://www.kxmc.com/getArticle.asp?ArticleId=433052>

Local Food: Oklahoma Coop creates jobs on the farm and supplies urban eaters with tasty food

National Catholic Reporter, September 14, 2007

[http://findarticles.com/p/articles/mi\\_m1141/is\\_37\\_43/ai\\_n20525295/](http://findarticles.com/p/articles/mi_m1141/is_37_43/ai_n20525295/)

Oklahoma Products on Oklahoma Tables, KOTV Tulsa Oklahoma

<http://kotv.com/news/local/story/?id=136777>

Coop Simplifies Direct Marketing

Farmer-Stockman, October 2007

<http://magissues.farmprogress.com/MDS/MS10Oct07/mds048.pdf>

Farmers Coops and Local Marketing

Rural Cooperatives Magazine, Sept-Oct 2008

<http://www.rurdev.usda.gov/rbs/pub/sep08/Farmers.htm>



Pictures of Delivery Day



Sorting Producer products for customers





Egg Check in



Producer Unloading



Sorting Dry Goods



Loading out