

Federal-State Marketing Improvement Program
Final Performance Report
For the Period of September 30, 2013 – April 30, 2016

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Recipient Name: *Cornell University*
Project Title: *Cooperative Marketing Solutions to Meet Local Food Channel Demands*
Grant Number: *12-25-G-1716*
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An Outline of the Issue:

Many small- and mid-scale farms face challenges marketing and distributing their products, primarily because of the difficulties in linking to food supply chains (typical supply chain links include: inputs; producer; processor; broker; distributor; wholesaler; retailer; consumer). In addition, accessing appropriately scaled markets is difficult for small- and mid-scale farms as supply chains become more polarized (King et al., 2010). This polarization is due in part to the consolidation of large-scale, supermarket retail and wholesale operations. These markets demand large volumes, low prices, and consistent quantities and qualities that meet increasingly strict food safety standards. The procurement systems in such markets are often vertically and horizontally integrated, global in scale, and aim to maximize efficiency. In addition, the cost of wholesale marketing of food products has increased considerably over the past four decades, mainly because of rising costs of labor, transportation, food packaging materials, and other inputs used in marketing (King et al., 2010; Lyson et al., 2008; Richards and Pofahl, 2010; Sexton, 2010; Tropp et al., 2008)

Recent attention towards the development of regional food hubs has expanded marketing efforts to retail, wholesale, and institutional channels, and these efforts are often combined with a commitment to utilize small- to medium-sized local producers whenever possible (Barham et al., 2012). A food hub is a business or organization that actively manages the accumulation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand (Barham et al., 2012). In the past five years, there has been a proliferation in the number and recognition of new and existing food hubs across the United States. While new and alternative business models are developing to meet diverse food hub objectives, food hubs in various forms have existed for many years. In particular, farmer marketing cooperatives are often formed to address a myriad of food hub marketing issues, such as combatting marketing power of large downstream buyers, addressing economies of scale in processing and distribution, reducing producer transaction costs, and improving access to markets. Food hubs, no matter what their business structure, face challenges in aggregation, processing, marketing, and distribution of products much like farmer marketing cooperatives who engage in similar activities. In addition, the characteristics of a cooperative as a user-owned, user-controlled business that distributes benefits on the basis of use can provide unique advantages as a business model for existing and emerging food hub operations. In particular, potential strengths of the cooperative food hub model are the ability to draw upon the expertise and resources of their member-owners, and to promote collaboration and understanding of each member's skills, which may lead to greater resilience and improved returns (Borst, 2010).

Investigation of the literature suggests that first-mile aggregation food hubs have several key challenges. They include:

- Balancing the supply of product available from producers and the demand for the product by customers due to seasonal production, and weather-related events that reduce or increase yields.

- Aggregating sufficient quantity of product to be sold at competitive prices as some producers have little desire to expand operations, will sell to competing businesses or expect to be paid at prices significantly higher than wholesale.
- Accessing consistent quality as cooling facilities on the farm or at the hub may be insufficient to conserve product quality.
- Evolving food safety regulatory requirements which may or may not be a concern of the buyer and can be cost-prohibitive to the producer.
- Changing consumer preferences make it difficult to determine products that have traction in the market place and are worthy of producers' time to learn how to grow the crop and investment in machinery to plant and harvest.
- Accessing infrastructure at a reasonable price as investment in facilities and equipment can be cost prohibitive.
- Building business stability as margins in the industry are slim and growth and building competitive advantage is essential.

The insight of experiences in sourcing member product and meeting customer demands of cooperative businesses coupled with the social role that cooperatives play within their membership is useful in strengthening food hub enterprises so that they remain a viable market opportunity for small and mid-size producers now and in the future. This project utilizes a case study approach to investigate the aggregation, marketing, and distribution strategies used by small scale farmer cooperatives. Best practices have been identified to assist food hub owners and managers in recognizing and addressing potential pitfalls as they work to provide a desirable market alternative for producers while meeting the preferences of customers.

References:

Barham, J., Tropp, D., Enterline, K., Farbman, J., Fisk, J., and Kiraly, S. 2012. *Regional Food Hub Resource Guide*. U.S. Dept. of Agriculture, Agricultural Marketing Service. Washington, DC. April.

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King, R.P., Hand, M.S., DiGiacomo, G., Clancy, K., Gomez, M., Hardesty, S.D., Lev, L., and McLaughlin, E.W. 2010. *Comparing the Structure, Size, and Performance of Local and Agriculture*, Economic Research Service. June.

Lyson, T., Stevenson, G.W. and Welsh, R. eds., 2008. *Food and the Mid-level Farm : Renewing an Agriculture of the Middle*, Cambridge, Mass.: MIT Press.

Richards, T.J. and Pofahl, G., 2010. "Pricing Power by Supermarket Retailers: A Ghost in the Machine?" *Choices: The Magazine of Food, Farm & Resource Issues* 25(2):1-12.

Sexton, R.J., 2010. "Grocery Retailers' Dominant Role in Evolving World Food Markets." *Choices: The Magazine of Food, Farm & Resource Issues* 25(2):1-13.

Tropp, D., Ragland, E. and Barham, J., 2008. *Supply Chain Basics: The Dynamics of Change in the U.S. Food Marketing Environment*, Agriculture Handbook 728-3. U.S. Department of Agriculture, Agricultural Marketing Service, Washington, DC. July.

Goals and Objectives:

GOAL 1: Improve the understanding of best management practices of farmer marketing cooperative food hubs.

Objective 1.1: Identify four agricultural cooperatives to serve as case studies. The project area included New York State, Pennsylvania, and New England. The project team consulted with collaborators from the Cooperative Development Institute (Northampton, MA) and the Keystone Development Center (Ephrata, PA) to develop criteria for cooperatives who would be approached to serve as case studies. Benchmarks included that the cooperatives should have been in business for 10 or more years, that the bulk of its members and products

are sourced from the project area, and that the organization was viewed by its peers and the industry as successful.

Objective 1.2: Construct surveys for the cooperatives' leadership team members. Three surveys were developed to build consistency across the case studies. The *General Information Survey* included questions on distances traveled by farmers to deliver product to the aggregation facility and distances traveled to distribute product to buyers; description of aggregation facility, number of employees and responsibilities, market channels in which the product was sold, and products handled by the cooperative. The *CEO or General Manager Survey* focused on supply agreements, managing product supply, marketing strategies, response to market signals, entrance to new market channels, and modes of distribution. The *Board Chairman Survey* collected information on the history of the organization, governance, how the cooperative is capitalized, and how it manages relationships with its farmer-members.

Objective 1.3. Interview cooperative board chairman and senior level manager. Separate interviews were conducted for each board chairman and senior level manager at the cooperative's place of business. Interviews with the board chairmen served a three-fold purpose: (1) providing insights into the governance of the cooperative; (2) better understanding farmer-supplier expectations of the cooperative; and (3) better understanding the relationships between the board of directors, farmer-members, and the management team. Interviews with senior-level managers provided insights in how the cooperative maintains relationships between its farmer-owners and the cooperative, successful marketing strategies in accessing new intermediated markets, and management practices that support appropriate member supply commitments to control supply to meet demand.

Objective 1.4. Identify best practices utilized by small-scale cooperatives in aggregating, marketing, and distributing product sourced from their members and summarize findings in best management practices bulletin. Four research case studies were developed and analyzed based on comprehensive evaluations of four successful small-scale farmer marketing cooperatives in the broader Northeast region. Commonalities and best practices across each of the cooperatives were identified in product aggregation and marketing. Each cooperative managed distribution differently, which proved to be particularly interesting, leading to the conclusion that the best distribution system for the product handled by the cooperative is driven by the unique situation and location of that cooperative. The information was summarized in *Building Success of Food Hubs through the Cooperative Experience – A Case Study, Extension Bulletin 2015-04, Cornell University, Charles H. Dyson School of Applied Economics and Management, Ithaca, NY.*

GOAL 2: Promote the formation and operation of farmer marketing cooperative food hubs addressing expanded market access through local intermediated marketing channels.

Objective 2.1: Coordinate with collaborators to develop and deliver presentations for persons interested in developing a cooperative-structured food hub. Two types of presentations were developed and presented at several events. One presentation focused on the case studies and the best practices in aggregating, marketing, and distributing locally-sourced products from cooperative members. The second presentation focused on various business structures, why a group of people form a cooperative-structured business along with the process to organize the business.

GOAL 3: Set the stage for continuing discussion of challenges and opportunities for farmer cooperative food hub development.

Objective 3.1: Identify target audiences. Several audiences and stakeholder groups were identified to receive information about the case studies that would guide public and private farmer cooperative food hub development initiatives. Audiences included extension educators located throughout the United States with particular emphasis on those educators in New York, Pennsylvania, and New England. Other audiences included government agencies that support the marketing and distribution of locally-sourced food products, economic development professionals, community development consultants, cooperative development consultants, and farmer-producers.

Objective 3.2: Develop online training materials. A website was constructed to house the outputs of the project and links to project partners who can assist with the formation of cooperative-structured food hub enterprises (<http://cooperatives.dyson.cornell.edu/food-hub/index.php>).

Contribution of Project Partners:

Cooperative development centers provide technical assistance to persons interested in organizing cooperative-structured businesses. We partnered with development centers serving the study area. Partners for the project included the Cooperative Development Institute (Northampton, MA) and the Keystone Development Center (Ephrata, PA). They identified candidates for the case studies in New England and Pennsylvania, respectively. When the draft report of the Extension Bulletin was complete they reviewed the report and suggested edits, which were incorporated into the final document. Each developed presentations and shared materials about the development and formation of cooperative-structured businesses, which were then incorporated into the online training modules.

Results, Conclusions, and Lessons Learned:

A review of the literature identified key challenges of first-mile food hubs in aggregating, marketing and distributing locally-sourced product from small and mid-sized farms. These key challenges were useful to construct the questions answered during the interview process. Table 1 summarizes the cooperative response to alleviate these challenges.

Opportunities and challenges emerged throughout the project. One of the opportunities was to present at established, prestigious conferences (e.g., Pennsylvania Association for Sustainable Agriculture (PASA) and Empire State Fruit and Vegetable Expo) and emerging and high-profile events (e.g., Farm to Institution New England (FINE)). One unintended opportunity for the project was a presentation made by all project collaborators at the 3rd Biennial Food Hub Conference organized by the National Good Food Network, Winrock International. This presentation raised nationwide awareness of the project and awareness of the expertise that cooperative development centers located throughout the United States could provide in developing food hubs.

Several challenges emerged during the project. One was the difficulty in finding enough cooperatives willing to participate. The season was quickly approaching when the business would be accepting product from its members. The boards of directors of the case study cooperatives were invited to participate in a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis as part of the project. They declined the opportunity as they believed that they had knowledge of the issues and opportunities impacting their cooperatives. When engaging in projects such as this, it is important to consider the season of the year. Another challenge was that the researchers and project partners anticipated that food hub organizers attending presentations would have some inclination that a cooperative was an appropriate business structure from which to develop a food hub. Assessment of the program participants indicated that cooperative development advisors were very familiar with developing cooperatives but less knowledgeable about food hubs, farmers were knowledgeable about growing product and direct-to-consumer sales but were unfamiliar with cooperatives as a business structure, and economic and community developers were intrigued with the concept of a cooperative-structured food hub but were in an exploratory phase of food hub development. The project partners are engaged in local food systems and cooperative development. As opportunities for new cooperative-structured food hubs emerge following the project they will be available to provide technical assistance.

Evaluation:

The project was continuously evaluated throughout the duration of the grant by submitting regular progress reports to the USDA Agriculture Marketing Service. Project partners, the Cooperative Development Institute and Keystone Development Center provided assistance to develop the criteria of the cooperatives to be used in the case studies. Case study methodology and face-to-face interviews were determined as appropriate means of investigation when unique or interesting stories can be told. Case studies provide the opportunity to explore individuals and organizations through more than one lens to understand complex relationships (Baxter, 2008). Case studies support the deconstruction and reconstruction of a topic of interest. The case study approach is

Table 1. Cooperative Food Hub Best Practices in Mitigating Key Organizational Challenges.	
KEY CHALLENGE	SUCCESSFUL COOPERATIVES
Balancing supply and demand	<ul style="list-style-type: none"> • Work collaboratively with grower members to construct pre-season commitment plans identifying the level of available supplies and expected delivery dates to construct weekly sales forecasts. • Pulse the buyers in the off-season to evaluate their buying experience and gain knowledge of products needed in the next season.
Consistent product quality and food safety standards	<ul style="list-style-type: none"> • Farmer members wash, sort, grade, and pack at the farm prior to delivery to the aggregation facility. • Product inspected upon delivery and tracking number assigned. • Product handled to maintain quality and safety standards of the buyer and to minimize risk and liability of foodborne outbreaks.
Aggregating sufficient quantities of product to be sold at competitive prices	<ul style="list-style-type: none"> • Devote sufficient time to establish and maintain strong relationships with buyers AND their member-suppliers. Trust and reputation are important in both dimensions. Most buyers will not contract to purchase product. • Utilize sales staff to manage expectations of buyers as member-farmers may not have the capacity to deliver desired quantity at specified time. • Recognize long term growth requires the cooperative to encourage members to expand production along with securing more buyers or larger volume buyers. • Develop a brand for marketing purposes, recognizing the brand may not transcend the market channel in which the product is sold.
Changing consumer preferences	<ul style="list-style-type: none"> • Recognize the palate of the consumer is becoming more diverse. • Understand that farmers will grow limited quantities of new products until they gain experience in production and have confidence (through their cooperative) that there is sustained demand.
Accessing infrastructure at reasonable cost	<ul style="list-style-type: none"> • Operate cooling and refrigeration facilities with the capacity to adjust temperature and control moisture to levels that maintain product quality and extend shelf-life for a diverse range of products. • Understand that transportation costs are one of the largest costs to the business, especially long distances. • Conduct careful analysis of infrastructure costs when evaluating the investment in a building, purchase of a truck, or contracting for refrigeration space, long-hauls, and deliveries.
Business stability	<ul style="list-style-type: none"> • Recognize that the member’s capacity to produce, the cooperative’s capital, facilities and staff need to be in balance across the business. • Hire staff with expertise in the food system and provide training when necessary.

appropriate when the focus of the study is to answer “how” and “why” questions and when the boundaries are not clear between the subject of interest and the environment in which it exists. A multiple case study approach allows comparisons and contrasts to be identified across each case study. The project was successful in identifying best practices of cooperatives in aggregating and marketing products sourced from their members and describing the means by which product is distributed, although no consistent best practice was identified. A draft extension bulletin was created. The document was reviewed by the collaborating partners and the case-study board chairmen and senior level managers for accuracy and clarity in content.

Overall, the researchers consider the study to be successfully completed as proposed. The project was implemented within the original timeline. A no-cost extension was requested and subsequently approved to allow for an additional presentation at the 3rd Biennial Food Hub Conference organized by the Wallace Center, Winrock International.

Two quantifiable metrics are listed below to reflect the project’s outcomes, the scope of the audiences reached, and the change in status of the project from initiation to completion.

Metric 1. Measurable Outcomes	
Outcome	Measures
Best practices of cooperatives in aggregating, marketing, and distributing source-identified product identified.	<ul style="list-style-type: none"> • 4 individual case studies developed • 1 Extension Bulletin created to comprehensively summarize findings • 4 factsheets created • 1 academic journal article drafted for submission to <i>Journal of Extension</i> • 1 web site created
Presentations	<ul style="list-style-type: none"> • 14 presentations delivered by PIs and collaborators
Metric 2. Scope of Audiences Reached	
Conference	Audience Size
Cornell Cooperative Extension Agriculture & Food Systems In-service (CCE)	22
Farm to Institution New England (FINE)	18
Empire State Fruit & Vegetable Expo	16
Pennsylvania Association of Sustainable Agriculture (PASA)	43
Cornell University Agribusiness Strategic Marketing Conference	20
National Association of County Agriculture Agents (NACAA AM/PIC)	15
3 rd Biennial Food Hub Conference (NGFN)	12
Notification of project website (email notification of targeted audiences)	125

Project Beneficiaries and Current or Future Benefits:

Four groups emerged as project beneficiaries. They include:

- **Economic and Community Developers, State Agencies** (70 persons). Government agencies, i.e. agriculture, economic development, are interested in expanding opportunities for locally-sourced foods. Food hubs are one means to build marketing opportunities for farmers to access intermediary market channels. A contact list of agencies doing business throughout the Northeastern United States was developed. These agencies were notified about the website that contains the outputs developed as a result of the project.
- **Land Grant Extension Educators** (55 people). Extension educators frequently serve as resource and technical advisors to persons interested in growing and marketing local food products. The presentations and project outputs, along with the website linking the project web page to other resources provides easy access to information about food hub development. In addition the project researchers were involved in an initiative to examine the opportunities for food hub development in six Northern New York counties. Information gathered from the case study cooperatives was useful construct the surveys and final report, *An Analysis of Opportunities for Food Hub Development in Northern New York* (<http://publications.dyson.cornell.edu/outreach/extensionpdf/2016/Cornell-Dyson-eb1606.pdf>)
- **Farmers and Producers** (115 people): Cooperative-structured businesses are a traditional means by which farmers organize to market products. New and beginning farmers have less experience with the business model. The presentations, workshops, and materials were useful to them to build understanding of the business structure and consider how they might move forward to organize a cooperative.
- **Cooperative Development Consultants** (30 people). Cooperative development centers located throughout the United States specialize in organizing cooperative structured businesses. They are less knowledgeable about food aggregation, marketing, and distribution. The presentations they attended acquainted them with the best practices used by cooperatives that assemble, sell, and transport product

on behalf of their members. These presentations and web page resources will be useful to them as they assist persons in developing a cooperative-owned food hubs in the future.

Recommendations for Future Research:

The best practices identified through the project are useful. When adopted by new or emerging food hub enterprises, they will contribute to their success. The information learned from the project will be incorporated into the *Smart Marketing* article series (<http://dyson.cornell.edu/outreach/smart-marketing-newsletter>) for 2016, managed by the Cornell University Food Industry Management Program (FIMP) and journal articles will be submitted to the *Journal of Extension*. The project researchers will continue be a resource to Extension educators and economic and community developers with interests in organizing cooperative-structured food hubs.

Several research needs were identified as a result of the project. The aggregation facilities of the project case studies were located near the farms of their members. When developing new food hubs, it is not clear where they should be located. Investigation into where to establish a food hub would prove useful. Coupled with the location of the food hub are the costs of transportation and distribution, and this presents a challenge of measuring economies in aggregation versus diseconomies in distribution. The project did not specifically address the costs of doing business. Two of the case studies mentioned that transportation costs and associated regulatory compliance were two of the largest challenges encumbered by their cooperative. More interesting is that each cooperative handled the logistics to deliver product in very different ways – from ownership of a truck fleet, contract for transportation services, reliance on nearby trucking firms and independent truckers, to farmers transporting the products to the buyer. Additional information on distribution logistics would prove useful. Finally, a feasibility analysis and subsequent business plan are important to attract members (when a cooperative-structured food hub) and secure credit. Some economic analysis of food hubs has been done and this work should be continued and expanded.

Additional Information:

A website (<http://cooperatives.dyson.cornell.edu/food-hub/index.php>) was created for the project that includes the following:

1. Building the Success of Food Hubs through the Cooperative Experience
 - a. Full report with appendices of the 3 surveys
 - b. Executive summary
2. Power Points with commentary
 - a. Product aggregation
 - b. Product marketing
 - c. Product distribution
3. Project presentations
 - a. Building the Success of Food Hubs through the Cooperative Experience – provides additional insights and comparisons and contrasts between the 4 case studies
 - b. The Cooperative Advantage – showcases the formation of Lancaster Farm Fresh cooperative, from Keystone Development Center
 - c. Cooperative Food Hubs – Structure and Start Up – focuses on multiple business models and process to form a cooperative
4. The Four Case Studies including links to each individual case study write up
 - a. Eden Valley Growers
 - b. Tuscarora Organic Growers
 - c. Upstate NY Growers & Packers
 - d. Capital District Cooperative
5. Guides to Develop Food Hub Enterprises – three modules to assist persons moving a first-mile food hub enterprise from concept to launch

- a. Module 1. Identifying the Opportunity – focuses on testing the concept of a food hub, developing a steering committee, feasibility analysis
 - b. Module 2. Creating the Food Hub Business – concentrates on business organization, necessary legal documents, developing a leadership team, securing commitment from producers, and developing the business plan
 - c. Module 3. Launching the Food Hub Business – identifies the systems that need to be in place, necessary staffing, and considerations for future success
6. Supplemental Information
 - a. Assessing the Need for a Food Hub
 - b. Food Hub Expectations of Farmer-Producers
 - c. Relationship Building for New Food Hubs
 7. Supplemental Resources
 - a. Brockhouse, John W. Jr. and James J. Wadsworth. 2010. [Vital Steps: A Cooperative Feasibility Study Guide](#). U.S. Department of Agriculture, Rural Business-Cooperative Service. Washington, D.C. Service Report 58. December.
 - b. Henehan, Brian M. and Bruce L. Anderson. 2001. [Considering Cooperation: A Guide For New Cooperative Development](#). Cornell University, Department of Applied Economics and Management. Ithaca, NY.
 - c. Rapp, Galen, and Gerald Ely. 2010 (revised). [How to Start a Cooperative](#). U.S. Department of Agriculture, Rural Business-Cooperative Service. Washington, D.C. Cooperative Information Report 7. November.
 - d. Vanderburgh-Wertz, Darrow and Malani Ram Moraghan. 2014. [Food Hub Business Assessment Toolkit](#). Wholesome Wave. Bridgeport, CT. March.
 8. Useful Links
 - a. USDA Agriculture Marketing Service
 - b. National Good Food Network
 - c. Managing Cash Flow for a Low Capital Food Hub Start-Up
 - d. Using Accounting Software for Food Hubs: Processing Traceable Orders
 - e. Production Planning for Aggregators



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Cooperative Marketing Solutions to Meet Local Food Channel Demands

A research project conducted by Cornell University, Charles H. Dyson School of Applied Economics and Management and funded through the USDA Federal State Marketing Improvement Program in collaboration with the Cooperative Development Institute and Keystone Cooperative Development Center.

GENERAL INFORMATION SURVEY

The purpose of the project is to utilize the experiences of cooperative-structured businesses with small and medium scale member-producers in aggregating, marketing, and distributing source-identified products into existing and emerging market channels to identify best management practices useful to emerging food hubs. The best management practices of these successful cooperative businesses will be shared through project reports, educational meetings for cooperative leaders and food hub managers, and web-based training materials.

Permission is requested to record interviews. Participating cooperatives are invited to review and comment on the project reports prior to publication. If you have additional questions, contact:

Roberta Severson, Cornell University, 234 Warren Hall, Ithaca, NY 14853; phone: 607/255-1987; email: rmh27@cornell.edu

GENERAL INFORMATION:

Name of the cooperative: _____

Address of the cooperative: _____

Person supplying following information: _____

Contact information: Phone number _____ Email _____

1. Cooperative history:

A. When was the cooperative organized? _____

B. How many members did the cooperative have when it was first organized? _____

C. What was the geographical location of the members when the cooperative started?

D. What was the approximate average distance between the cooperative aggregation facility and the majority of the members when the cooperative was first formed?

E. How far away was the furthest member from the cooperative aggregation facility when the cooperative was formed?

2. Current status:

A. What is the geographical location of the members today?

- B. What is the approximate average distance between the cooperative aggregation facility and the majority of the members today?
- C. How far away is the furthest member from the cooperative aggregation facility?
3. Do members sign a supply or marketing agreement? (Circle YES or NO)
- A. If YES, please share a copy of the agreement.
- B. Does the cooperative source product from non-members? Why or why not?
- C. If your cooperative sources product from non-members, what is the geographical area from which that product is sourced?
- D. Based on total product sales in any given year, on average, what percent of product is sourced from non-members?
4. A. Are all products aggregated in a central location? (Circle YES or NO)
- B. If NO, please explain how product is aggregated.
5. Please estimate the distribution of members based on sales of product.

Value of sales to the cooperative	Percent of members
Less than \$50,000	
\$50,000 to \$100,000	
\$100,001 to \$250,000	
\$250,001 to \$500,000	
Greater than \$500,000	
TOTAL	100%

6. What are the current physical assets (office space, warehouse, packing shed, etc.) of the cooperative?

Number of physical locations	
Total office space (sq. ft.)	
Refrigerated warehouse space (sq. ft.)	
Freezer warehouse space (sq. ft.)	
Packing shed (sq. ft.)	
"Other" space (sq. ft.)	Describe use:
Motor fleet (number of>>>>)	Tractor Trailers: Box Trucks: Pick Up Trucks: Cars:

7. How many employees (classified by primary job responsibilities) are currently on the payroll?

Primary Job Responsibility	Number of employees (FTEs)
Product Aggregation (including limited processing and packing)	
Product Marketing	
Distribution	
Management/support staff	
Total employees (FTEs)	

8. Please share the percent of total sales of the cooperative to each of the following market channels?

SALES DATA:

MARKET CHANNEL	DESCRIPTION	PERCENT OF SALES
DISTRIBUTOR/WHOLESALE	Purchase product for resale	
FOOD SERVICE	Resale to institution (schools, hospitals, prisons)	
RESTAURANTS	Direct to restaurants	
PROCESSOR	Further manufactured products	
GROCERY STORES	Direct to grocery stores	
SPECIALTY PRODUCTS	Direct to gourmet, natural, health stores	
FOOD BANKS	Emergency food aid, assistance	
DIRECT	Cooperative store or off the dock	
TOTAL		100%

9. Based on the products aggregated by the cooperative, please share the percent of total sales by product category.

PRODUCT CATEGORY	DESCRIPTION	PERCENT OF SALES
Vegetables	Perishable	
	Root vegetables, squash, pumpkins	
Fruits	Berries/soft fruit	
	Tree Fruit	
Dairy	Refrigerated	
	Frozen	
Meat	Refrigerated	
	Frozen	
Eggs	Refrigerated	
Other	Please describe:	
TOTAL		100%

10. From the central aggregation point of the cooperative, please share the percentage of product that travels the following distances.

MILEAGE DATA:

DISTANCE (one-way, miles)	PERCENT OF PRODUCT PROCURED FROM MEMBERS	PERCENT OF PRODUCT PROCURED FROM NON-MEMBER SOURCES	PERCENT OF PRODUCT SALES
Less than 100 miles			
100 to 400 miles			
More than 400 miles			
TOTAL PERCENT	TOTAL PROCURED 100%		TOTAL SALES 100%
Furthest distance one-way			

PLEASE PROVIDE THE FOLLOWING DOCUMENTS:

1. Member supply/marketing agreement (if applicable)
2. Most recent annual report with balance sheet and income statement.

Thank you for providing this important information!



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CEO OR GENERAL MANAGER SURVEY

The purpose of the project is to utilize the experiences of cooperative-structured businesses with small and medium scale member-producers in aggregating, marketing, and distributing source-identified products into existing and emerging market channels to identify best management practices useful to emerging food hubs. The best management practices of these successful cooperative businesses will be shared through project reports, educational meetings for cooperative leaders and food hub managers, and web-based training materials.

Permission is requested to record interviews. Participating cooperatives are invited to review and comment on the project reports prior to publication. If you have additional questions, contact:

Roberta Severson, Cornell University, 234 Warren Hall, Ithaca, NY 14853; phone: 607/255-1987; email: rmh27@cornell.edu

GENERAL INFORMATION:

Name of the cooperative: _____

Name of CEO or General Manager: _____

CEO or General Manager Phone Number: _____ Email address: _____

AGGREGATION:

1. Does the cooperative have supply and/or marketing agreements with the members?
 - a. If yes, why are supply/marketing agreements important?
 - b. What role does management play in crafting member marketing or supply agreements?
 - c. What circumstances (e.g. co-op profitability, regulations, market conditions) trigger a change in the agreement?
 - d. If no, why is there no contractual arrangement with cooperative members?

2. How does the cooperative evaluate what products and quantities of products are needed from the members?
 - a. How does the cooperative balance the supply of product available with demand of product on a day-to-day or week-to-week basis?
 - b. How does the cooperative deal with over-supply of a product?
 - c. What does the cooperative do to notify members of the anticipated demand for a product?
 - d. From a management perspective, how confident are you that members will provide the requested product in a timely manner?
 - e. How does the cooperative address under supply, if for example, farmer-members were to experience a crop failure?
3. How is source-identity maintained?

MARKETING:

1. Have you seen an increase in demand for locally-sourced products in the intermediary market channels in which you operate?
2. How has that demand impacted the cooperative?
3. What opportunities do you see in the future for local, source-identified foods?
4. Does the cooperative maintain the farm identity of the product for marketing purposes? YES NO
5. If yes, how does the cooperative maintain source identity and traceability of the member product?
6. Is member branding part of the cooperative's marketing strategy? Or service provided to members?
7. Does the cooperative have a cooperative brand label for marketing purposes? YES NO

8. How is the cooperative brand maintained or preserved through various market channels?

9. In which market channels do you directly sell product?

MARKET CHANNEL	DESCRIPTION	CHECK ALL THAT APPLY
DISTRIBUTOR/WHOLESALER	Purchase product for resale	
FOOD SERVICE	Resale to institution (schools, hospitals, prisons)	
RESTAURANTS	Direct to restaurants	
PROCESSOR	Further manufactured products	
GROCERY STORES	Direct to grocery stores	
SPECIALTY PRODUCTS	Direct to gourmet, natural, health stores	
FOOD BANKS	Emergency food aid, assistance	
DIRECT	Through cooperative store or off the dock	

10. Has the cooperative always been in these channels?

- a. What changes have occurred inside of these channels?

- b. How did the cooperative respond to these changes?

11. How do you decide in which channels the cooperative will participate?

12. What strategies or processes does the cooperative utilize to identify new market opportunities?

13. What are the indicators (sources of information, trends, etc.) that you consider when deciding to enter or exit a particular market channel?

14. What value-added services or activities are conducted by the cooperative to prepare the product for each market channel? **(check those that apply)**

SERVICES	MARKET CHANNELS							
	DISTRIBUTOR OR WHOLESALER (Purchase product for resale)	FOOD SERVICE (Institutions including schools, hospitals, prisons)	RESTAURANTS (Directly to restaurants)	PROCESSOR (For further manufactured products)	GROCERY STORES (Direct to grocery stores)	SPECIALTY PRODUCTS (Direct to gourmet, natural, health stores)	FOOD BANKS (Emergency food aid, assistance)	DIRECT (Through cooperative store or off the dock)
Washing								
Grading								
Packing								
Transportation (Co-op to market channel)								
Marketing with co-op brand								
Marketing with source identified (farm) brand								
Other, please describe								

15. How have these services mentioned above changed recently?

- a. What motivated these changes?
- b. What processes have you developed or use to identify emerging needs of customers within a particular market channel?
- c. What other services will market channels expect in the future?
- d. How will the cooperative respond to these expectations?
- e. How does management evaluate the success of these changes?

16. Given limitations of resources (staff/financial) available, how does management determine what resources will be allocated for marketing purposes?

17. How does management evaluate if the resources invested in marketing purposes provided the expected returns?

DISTRIBUTION:

1. What services (e.g. packing, transportation logistics, etc.) does the cooperative provide in each market channel to distribute the products that have been sold?

2. How have these services changed over time?

3. Have these changes been driven by the buyers?
 - a. Have these services been provided by the cooperative as a means to secure competitive advantage?

4. How has food safety regulations impacted the cooperative?

5. How do you see transportation/distribution/logistics changing in the future?

6. How will these changes impact the cooperative?

7. Given limitations of financial resources available, how does management determine what resources will be allocated for distribution purposes?
 - a. How does management evaluate if the resources invested for distribution functions provided the expected returns?

8. What advice would you give to a start-up cooperative business focused on aggregating, marketing and distributing locally-sourced foods?

Thank you for your time and assistance!



Cornell University
Charles H. Dyson School of
Applied Economics and Management

Cooperative Marketing Solutions to Meet Local Food Channel Demands

A research project conducted by Cornell University, Charles H. Dyson School of Applied Economics and Management and funded through the USDA Federal State Marketing Improvement Program in collaboration with the Cooperative Development Institute and Keystone Development Center.

BOARD CHAIRMAN INTERVIEW

The purpose of the project is to utilize the experiences of cooperative-structured businesses with small and medium scale member-producers in aggregating, marketing, and distributing source-identified products into existing and emerging market channels to identify best management practices useful to emerging food hubs. The best management practices of these successful cooperative businesses will be shared through project reports, educational meetings for cooperative leaders and food hub managers, and web-based training materials.

Permission is requested to record interviews. Participating cooperatives are invited to review and comment on the project reports prior to publication. If you have additional questions, contact:

Roberta Severson, Cornell University, 234 Warren Hall, Ithaca, NY 14853; phone: 607/255-1987; email: rmh27@cornell.edu

GENERAL INFORMATION:

Name of the cooperative: _____

Name of Board Chairman: _____

Phone number: _____ Email address: _____

COOPERATIVE HISTORY

1. What was the market failure or opportunity addressed by working cooperatively?

2. What is the unique advantage in organizing the business as a cooperative?

3. Briefly describe the history of the business and changes to present day functions.
 - a. Original mission/vision and objectives

 - b. Current mission/vision and objectives

 - c. Original market channels

- d. Current market channels
- e. Services provided to members at start up
- f. Services provided to members today

COOPERATIVE GOVERNANCE:

1. How many directors currently serve on the board? _____
2. What are the titles of the officers of the cooperative?
 - a. Are there any board sub-committees that focus on aggregating, marketing, or distributing products of member-producers?
 - b. If yes, what was the motivation to form such committees?
3. How has the structure of the board of directors changed (e.g. more or less board members, etc.) as the organization has evolved?
 - a. What motivated such changes?

FINANCE:

1. What are the current membership fees and equity investment to become a new member of the cooperative?
2. What is the equity plan of the cooperative? How is equity revolved?
3. How does the cooperative determine what net returns will be distributed to members in cash?
 - a. Net returns distributed as allocated reserves?
 - b. Net returns distributed as unallocated reserves?

COOPERATIVE MEMBERSHIP AND PRODUCT AGGREGATION:

1. Does the cooperative have a closed or open membership?
 - a. Why?

2. How would you describe the size and scale of member farms today?
 - a. How has the size and scale of member farms changed (or not) since the cooperative started?

 - b. How do you see the membership evolving (or not), in the future, in terms of size and scale of production?

 - c. Do members have a willingness and resources to scale up production?

 - d. How will members respond to changing product needs of the cooperative?

 - e. Do members have flexibility to respond to changing market needs?

3. Does the cooperative have supply and/or marketing agreements with the members? YES NO
 - a. If yes, how have these agreements determined? What role does the board of director's play in crafting member marketing or supply agreements?

 - b. What are the requirements for members to deliver product to the cooperative?

 - c. How are the agreements allocated across the membership?

 - d. How have these agreements changed through time?

 - e. What motivated these changes?

4. Is the cooperative looking for new members?
 - a. How do you solicit new members?

 - b. What are the criteria to become a member?

5. Does the cooperative accept non-member product? Why, or why not?

6. What are the current services provided by the cooperative to members?
 - a. How have these services changed through time?

 - b. What additional services will be requested by members in the future?

 - c. How might this impact the cooperative in the future?

7. In your view what are the keys to success, activities or services to maintain member loyalty?

8. What role does the board play in identifying and selecting the various market channels in which the cooperative will operate?
 - a. What factors does the board take into consideration when making the decisions to enter or exit a given market channel?

MARKETING:

1. Have you seen an increase in demand for locally-sourced products in the intermediary market channels in which you operate?
 - a. How has that demand impacted the cooperative?

2. How does the cooperative connect producers to consumers in the various market channels? (For example – maintain farm name as branded product or maintain cooperative as a branded product)
 - a. Is it important?

3. Some cooperatives have showcased members to connect producers to consumers. What role do members play in branding the cooperative to the various intermediary channels in which the cooperative markets product? (For example – “meet the grower” events, farm featured on cooperative website, etc.)

DISTRIBUTION:

1. What role does the board play in directing resources towards product distribution through market channels or is it a management recommendation with board approval?
2. What factors does the board take into consideration when making decisions regarding allocation of resources towards product distribution?
3. What advice would you give to a start-up cooperative business focused on aggregating, marketing, and distributing locally-sourced foods?

Thank you for your time in providing answers to these questions!