

# Rural COOPERATIVES

September / October 2014

## 3 IN A ROW!

Co-ops set third consecutive sales record

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UNITED STATES  
DEPARTMENT OF AGRICULTURE

*Office of the Secretary*  
Washington, D.C. 20250



## NATIONAL COOPERATIVE MONTH

*October 2014*

*By the Secretary of Agriculture of the United States of America*

### A PROCLAMATION

**WHEREAS** cooperative businesses unite their member-owners in pursuit of common objectives, helping both producers and consumers attain marketplace power that would be impossible to attain as individuals; and

**WHEREAS** cooperatives are member-owned, member-controlled businesses that operate for the benefit of their member-owners and their communities rather than to create profits for distant shareholders; and

**WHEREAS** the Nation's 30,000 cooperatives are vital in many sectors of the U.S. economy, including agricultural marketing and supply; credit and financial services; rural electric and telecommunications services; and housing as well as in local food supplies and markets; and

**WHEREAS** the Nation's cooperative community is helping to stimulate economic growth and improve the quality of life in many developing nations around the world through the creation of cooperatives, associations, and similar groups;

**NOW, THEREFORE**, in recognition of the important role that cooperatives play in strengthening the economy, providing greater economic opportunity, and creating member-owned benefits in rural America, I, Thomas J. Vilsack, Secretary of the U.S. Department of Agriculture, do hereby proclaim October 2014 as National Cooperative Month. I encourage all Americans to learn more about cooperatives and to celebrate cooperatives' unique structure, accomplishments, and contributions with appropriate ceremonies and activities.

**IN WITNESS WHEREOF**, I have hereunto set my hand this 2nd day of September 2014, the two-hundred thirty-ninth year of the Independence of the United States of America.

THOMAS J. VILSACK  
*Secretary*

# Features

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**ON THE COVER:** Specialty crops, dairy and grain all contributed to a third consecutive year of record-breaking sales and income by U.S. agricultural and fishery cooperatives in 2013. See page 4.







# 3 IN A ROW!

Grain, dairy sales help ag co-ops set revenue and income records





**Editor's note:** Information for this article was compiled by the Cooperative Programs statistics staff of USDA Rural Development. E. Eldon Eversull and Sarah Ali.



Farmer, rancher and fishery cooperatives set new records for sales and net

income before taxes in 2013, buoyed by continued strong prices for grain and many other



ag commodities. Farm supply sales by cooperatives also showed modest gains. Total business volume by agricultural co-ops of more than \$246 billion surpassed the previous record, set in 2012, by \$8 billion, a 4-percent gain (Table 1). This marks the third year in a row that U.S. agricultural co-ops have set sales records.

Net (pre-tax) income of \$6.2 billion was up 1 percent from 2012, when the previous record of \$6.1 billion was set. After-tax

**Table 1**  
**U.S. agricultural cooperatives, comparison of 2013 and 2012**

Item	2013	2012	Difference	Change
	.....Number.....			
<b>Sales (Gross, Billion \$)</b>				
Marketing	144.6	140.9	3.7	2.66
Farm supplies	95.9	92.2	3.7	4.05
Service	5.6	4.7	0.9	18.17
Total	246.1	237.8	8.3	3.51
<b>Balance sheet (Billion \$)</b>				
Assets	82.6	83.4	-0.8	-0.97
Liabilities	47.9	53.2	-5.3	-9.94
Equity	34.6	30.2	4.5	14.87
Liabilities and net worth	82.6	83.4	-0.8	-0.97
<b>Income Statement (Billion \$)</b>				
Sales (Gross)	246.1	237.8	8.3	3.51
Patronage income	1.2	0.9	0.3	32.78
Net income before taxes	6.2	6.1	0.0	0.75
<b>Employees (Thousand)</b>				
Full-time	136.2	129.4	6.7	5.21
Part-time, seasonal	54.9	56.2	-1.3	-2.33
Total	191.1	185.6	5.4	2.93
Membership (Million)	2.0	2.1	-0.1	-6.53
<b>Cooperatives (Number)</b>	2,186	2,236	-50.0	-2.24





income of \$5.6 billion was down \$10,000 from the record set in 2012.

Higher cooperative sales were driven by increased sales in the overall farm economy. U.S. crop production and livestock sales both increased 6 percent in 2013 and production input (farm supply) sales increased 2 percent. However, sales declined for many products, with cotton decreasing the most (-38 percent). For all of U.S. agriculture in 2013, vegetable sales increased 23 percent while dairy sales were up 8.7 percent. Overall, the farm economy saw U.S. sales decline for

many crops and production inputs.

### **Job numbers climb 5 percent**

Ag co-ops are also doing their part in helping put more Americans to work. The ranks of full-time co-op employees increased by almost 7,000, to 136,000. That's up 5 percent from 2012. Counting part-time workers, ag co-ops employ 191,000 people. Seasonal employee numbers decreased by about 1,300.

“Agricultural cooperatives — which are owned and controlled by their producer-members — are a major

economic force in rural America that benefits not only producers, but also their employees and communities,” says Doug O’Brien, Acting Under Secretary for USDA Rural Development, which administers programs that assist the nation’s cooperatives. “Co-ops are the major employer in many rural towns, and the increased number of full-time jobs they created last year are one indication that this time-tested business structure is as relevant as ever.”

Fiscal assets (property, plant and equipment) owned by farm co-ops — including everything from grain



**Table 2**  
**U.S. cooperatives net business volume, 2013 and 2012**

Item	2013	2012	Difference	Change
	.....Billion \$.....			
Products marketed:				
Bean and pea (dry edible)	0.24	0.17	0.07	41.2
Cotton	2.99	3.09	-0.10	-3.3
Dairy	40.18	39.74	0.44	1.1
Fish	0.18	0.19	0.00	-2.1
Fruit and vegetable	5.89	5.75	0.14	2.4
Grain and oilseed	66.25	63.71	2.54	4.0
Livestock	3.35	4.02	-0.67	-16.8
Nut	1.33	1.10	0.23	21.0
Poultry	0.73	1.45	-0.73	-50.0
Rice	1.73	1.55	0.18	11.5
Sugar	6.03	6.00	0.03	0.6
Tobacco	0.14	0.12	0.02	14.6
Other marketing	6.04	5.62	0.42	7.5
<b>Total marketing</b>	<b>135.81</b>	<b>133.18</b>	<b>2.63</b>	<b>2.0</b>
Supplies purchased:				
Crop protectants	7.33	7.19	0.14	1.9
Feed	12.72	11.84	0.88	7.4
Fertilizer	14.02	14.19	-0.17	-1.2
Petroleum	24.40	23.36	1.04	4.5
Seed	3.36	3.27	0.09	2.8
Other supplies	5.36	4.87	0.49	10.0
<b>Total supplies</b>	<b>67.18</b>	<b>64.71</b>	<b>2.46</b>	<b>3.8</b>
Services and other income	5.57	4.72	0.86	18.2
<b>Total business</b>	<b>208.56</b>	<b>202.60</b>	<b>5.95</b>	<b>2.9</b>

elevators and farm supply stores to major food and beverage processing plants — also showed a dramatic increase in 2013, rising to \$20.2 billion. That's up 8 percent from \$18.7 billion in 2012.

Co-ops range in size from a small handful of farmers or fishermen who join forces to market their crops and catch, to federated cooperatives (a cooperative for cooperatives) with many thousands of members in multiple states. While 33 cooperatives recorded more than \$1 billion in sales last year, 33 percent (726) of ag cooperatives had

less than \$5 million in sales.

USDA's annual survey of the nation's 2,186 agricultural and fishery cooperatives shows that net grain and oilseed sales by co-ops increased more than \$2.5 billion last year, while dairy product marketing increased more than \$400 million. All other ag marketing sectors had slight gains or declines, the net result being a total marketing gain of \$2.6 billion for these ag co-ops.

### **Petroleum sales fuel gains for supply co-ops**

Farm and ranch supply sales were up

by almost \$2.5 billion, primarily due to increased petroleum and feed sales. Primary factors for increased sales of supplies were energy costs and feed ingredient prices. Crop protectant and seed sales both increased by almost \$100 million while fertilizer sales declined \$170 million.

The livestock, vegetable and dairy sectors all saw at least a 3-percent gain in sales, but revenue declined for most other crops and inputs. While prices for most crops have weakened thus far in 2014 (which will be the focus of next year's report), member-owned ag cooperatives will remain a major provider of farm inputs and a market for members production.

The value of cooperative assets fell by almost \$1 billion in 2013. Liabilities also decreased, falling by \$5.3 billion. However, owner equity in co-ops increased by \$4.5 billion. Equity capital held by ag co-ops remains low, but it is clearly on an upward trend, with a 15-percent increase over the previous year.

Patronage income (refunds from other cooperatives resulting from sales between cooperatives) increased by almost 33 percent, to \$1.2 billion, up from \$900 million in 2012.

Farm numbers remained about the same as in 2012, with USDA counting 2.1 million in both years. The number of farmer cooperatives continues to decline — there are now 2,186 farmer, rancher and fishery cooperatives, down from 2,236 in 2012. Mergers account for most of the drop, resulting in larger cooperatives.

Producers held 2 million memberships in cooperatives in 2013, down about 7 percent from 2012. The number of cooperative memberships is slightly less than the number of U.S. farms. But this does not mean that every producer is a member of an agricultural cooperative. Previous studies have found that many farmers and ranchers are members of up to three cooperatives, so farm numbers and cooperative memberships are not strictly comparable. ■



# Top 100 Ag Co-ops

## Sales soar 9 percent over 2012

**By Eldon Eversull, Sarah Ali, David Chesnick**  
 Agricultural Economists  
 Cooperative Programs  
 USDA Rural Development



The nation's 100 largest agricultural cooperatives reported record sales revenue of \$174 billion in 2013, an increase of almost 9 percent over 2012, when revenue totaled \$166 billion (Table 1). This marks the third year in a row for record sales by the Top 100.

Net income for the Top 100 ag co-ops, at \$3.5 billion, was \$25 million less than the record set in 2012. The previous record for sales was set in 2012.

Iowa is the home to 16 of the Top 100 ag co-ops, the most of any state (Figure 1). Just 10 years ago, Iowa accounted for only 11 of the Top 100 cooperatives. Iowa is followed by Minnesota with 13 Top 100 ag co-ops, Nebraska with 9, Illinois and Wisconsin with 5 each, and California, Indiana, Kansas, Missouri and Ohio, with 4 each.



*Top of page: A construction progress meeting for Wheaton-Dumont Cooperative (WDC) Elevator's new Graceville Grain Terminal. At right (in striped shirt) is Philip Deal, general manager of the co-op, which made the biggest climb up the Top 100 in 2013, rising 58 places. Photo courtesy WDC. Above: The second biggest Top 100 climb last year was made by the Minn-Dak Farmers Cooperative, Wahpeton, N.D. Here, Minn-Dak farmer Tom Jirak gets some help from his grandchildren loading seed for next year's crop. Photo by Courtney Ficek, courtesy Minn-Dak*



## Grain sales biggest factor

Grain cooperatives have experienced the largest increase in representation in the Top 100 during the past decade. In 2004, there were 19 grain cooperatives in the Top 100, but that number rose to 41 cooperatives in 2013 (Figure 2). Dairy cooperative representation in the Top 100 fell from 28 to 21 cooperatives over the same time period, while farm supply cooperatives increased from 13 to 16.

Higher grain and oilseed prices, starting in 2008 and 2009, contributed to the growth of grain cooperatives in the Top 100. Higher sales were driven by increased sales in the overall farm economy. U.S. crop production and livestock sales both increased 6 percent in 2013 and production input (farm supply) sales increased 2 percent. However, sales declined for many products, with cotton decreasing the most (-38 percent). Livestock, vegetables and dairy all had at least a 3-percent gain in U.S. sales.

The Top 100 co-op sales represent more than 70 percent of the \$246 billion in total business volume made by all agricultural cooperatives in 2013 (see related article, page 4).

## Minnesota co-op makes biggest move

Wheaton-Dumont Cooperative Elevator, a grain co-op based in Wheaton, Minn., made the biggest climb in the Top 100. It rose 58 places, from 150 in 2012 to 92 in 2013. Minn-Dak Farmers Cooperative, Wahpeton, N.D., a sugarbeet co-op, was the next biggest “gainer,” moving from 131 to 98 in 2013.

Double-digit moves upward were accomplished by 23 cooperatives. Six of these moves were made by mixed co-ops (co-ops that handle both grain and farm supply sales). Dairy and grain each had two co-ops make double-digit gains, while cotton, rice and sugar each had one co-op jump by at least 10 places.



Wheaton-Dumont Cooperative (WDC) finished work on its Graceville Grain Terminal, near Graceville, Minn., in September 2013. The facility has upright steel-storage capacity of 5 million bushels, with a temporary capacity of 2.8 million bushels. The fully automated facility can receive grain at 60,000 bushels per hour. It is served by a loop track that can accommodate 120 railcars and loads at 80,000 bushels per hour. Photo courtesy WDC

CHS Inc., Saint Paul, Minn. — an energy, farm supply, grain and food co-op — remains as the nation’s largest ag co-op, as it has been for the past decade, with \$44 billion in revenue in 2013. It was followed by Land O’ Lakes Inc., Saint Paul, Minn., with sales of \$14 billion, and Dairy Farmers of America, Kansas City, Mo., with almost \$13 billion in revenue.

### Marked gains in annual growth rate

With total business volume having increased from \$80 billion in 2004 to \$174 billion in 2013, the Top 100 ag co-ops have enjoyed an annualized growth rate of 13 percent.

The annual “turnover” in the Top 100 is due to a number of factors, including trends in different commodity and product prices, mergers, acquisitions, etc. The top line in Figure 3 represents sales by the Top 100 cooperatives for each of the years while the bottom shaded area represents sales of the same 2013 Top 100 co-ops during the past decade. The 2013 and 2012 sales are the same, but in 2004 there is a 9-percent difference in sales. The difference narrows as the Top 100 cooperatives of 2013 grew, with a difference of 7 percent in 2005 that further narrows to 2 percent in 2011.

Cost of goods sold by the Top 100 ag co-ops was up 8 percent over 2012, mirroring the increase in total sales (Table 1). With marketing cooperatives — such as dairy, fruit and vegetable, cotton, sugar and grain co-ops — the cost of goods sold usually represent payments to members for their product.

Gross margins increased by 3 percent, from \$13.3 billion to \$13.6 billion, between 2012 and 2013. Service revenues were up 2 percent, to \$1.6 billion, compared to \$1.5 billion in 2012. Wages increased almost 6 percent; depreciation 8 percent; interest 5 percent; and total expenses 8 percent.

With total expenses increasing by \$900 million, net operating margins fell 15 percent in 2013, to \$3 billion, down from \$3.6 billion in 2012. Patronage income from other cooperatives increased 37 percent, to \$400 million and non-operating income increased from \$300 million in 2012 to \$450 million in 2013.

Net income before taxes of \$3.9 billion was virtually unchanged from 2012. Taxes increased 6 percent, leaving a net margin of \$3.5 billion in 2013, \$25 million less than the record net margin of \$3.6 billion in 2012 (Figure 4).

### Assets virtually unchanged

The asset base for the Top 100 grew by \$300 million between 2012 and 2013, or less than 1 percent, to a

total of \$53.8 billion in 2013 (Table 2). The largest 100 co-ops ended 2013 with \$33 billion in current assets, down 5 percent from 2012. Fixed assets (property, plant and equipment) increased \$1.5 billion from 2012 to 2013, or 13 percent, to more than \$13 billion.

Current liabilities declined by almost 10 percent, from \$25

Figure 1—Three states with the most top 100, 2004–2013

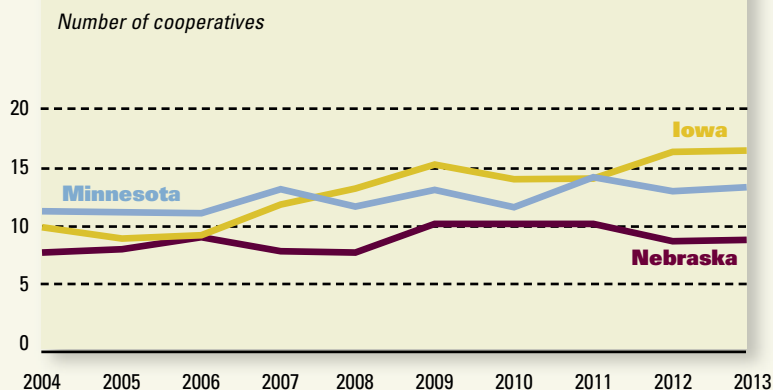
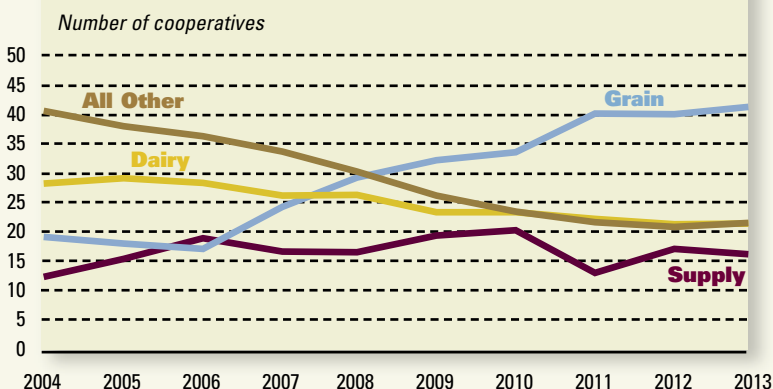
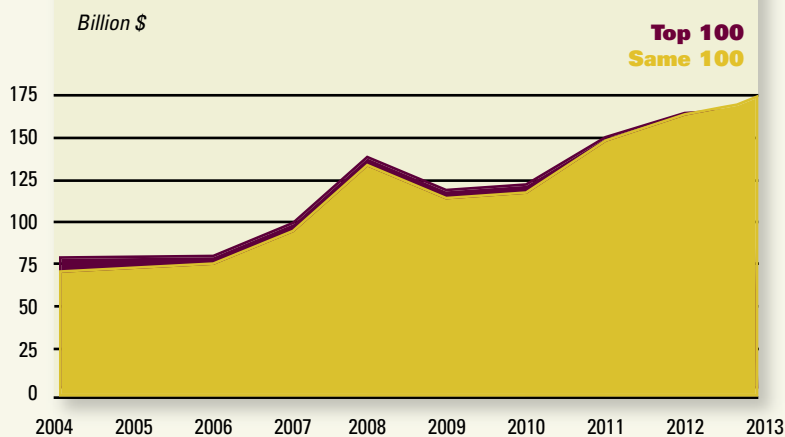


Figure 2—Change in composition of Top 100<sup>1</sup>, 2004–2013



<sup>1</sup>Grain includes 23 mixed (grain, supply) in 2013, while supply includes 11 mixed (supply, grain)

Figure 3—Total business volume — Top 100 and Same 100 — 2004–2013





billion in 2012 to \$23 billion in 2013. Long-term liabilities and total liabilities both declined by 9 percent. Long-term liabilities stand at \$10 billion while total liabilities dipped to \$33 billion in 2013, \$3 billion less than in 2012.

Equity allocated to members jumped 16 percent in 2013, to \$14 billion. Retained earnings increased 36 percent, ending the year at almost \$7 billion.

### Financial measures change little

Table 3 provides the combined financial ratios for the largest 100 ag co-ops. The current ratio increased slightly, from 1.38 to 1.46. The current ratio is a liquidity ratio — a measure of the cooperative's ability to meet short-term obligations. So, in this instance, current assets are 1.46 times current liabilities.

The debt-to-asset ratio illustrates what percentage of business assets are financed by debt. The ratio fell from 0.68 in 2012 to 0.61 in 2013 meaning 7 percent more of the assets are financed by equity.

Long-term debt and equity are generally used to finance a business' long-term assets. The long-term debt-to-equity ratio focuses on long-term financing. The ratio moved down from 0.66 in 2012 to 0.49 in 2013, meaning less long-term debt was used and more equity financed long-term assets.

The times-interest-earned ratio shows how much a business can cover its interest expense on a pre-tax basis. As a rule, the higher the ratio's value is, the better off the cooperative is. However, too high of a ratio may mean that the cooperative is using a high amount of member equity to fund the cooperative, when it could be using those funds more productively elsewhere. A low value could indicate trouble paying obligations. In 2013, the ratio was 6.62, a slight decrease from 2012's value of 6.82.

As a general rule, those co-ops with high amounts of fixed capital, such as processing co-ops, will have a lower fixed-asset-turnover ratio than some of those that provide mostly marketing services. In 2013, the fixed asset turnover was 12.8, down from 13.5 in 2012.

**Table 1**

### Abbreviated Income Statement for Top 100 Co-ops, 2013 and 2012

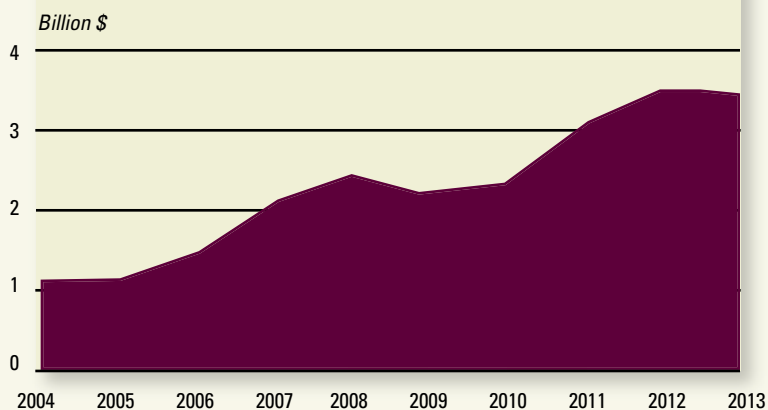
	2013	2012	Difference	Change
	..... \$ billions .....			Percent
Total Sales	171.91	163.94	7.96	4.9
Cost of Goods Sold	158.28	150.65	7.63	5.1
Gross Margin	13.62	13.30	0.33	2.5
Service and Other				
Operating Income	1.57	1.53	0.04	2.4
Gross Revenue	15.19	14.83	0.36	2.4
Expenses				
Wages	5.54	5.25	0.30	5.6
Depreciation	1.39	1.29	0.10	7.9
Interest Expense	0.69	0.66	0.03	4.5
Other Expenses	4.55	4.08	0.47	11.6
Total Expenses	12.17	11.27	0.90	8.0
Net Operating Margin	3.02	3.56	-0.54	-15.1
Patronage From Other Co-ops	0.41	0.30	0.11	37.3
Nonoperating Income (Expense)	0.45	0.03	0.42	1367.0
Net Margin Before Taxes	3.88	3.89	0.00	-0.1
Taxes	0.36	0.34	0.02	5.8
Net Margin	3.53	3.55	-0.02	-0.7

**Table 2**

### Abbreviated Balance Sheet for Top 100 Co-ops, 2013 and 2012

	2013	2012	Difference	Change
	..... \$ billions .....			Percent
Current Assets	33.05	34.59	-1.54	-4.5
Investments in Other Co-ops	2.17	1.85	0.31	16.8
Property, Plant & Equipment	13.41	11.84	1.57	13.2
Other Assets	5.14	5.17	-0.03	-0.5
<b>Total Assets</b>	<b>53.76</b>	<b>53.45</b>	<b>0.31</b>	<b>0.6</b>
Current Liabilities	22.65	25.08	-2.42	-9.7
Long-Term Liabilities	10.22	11.20	-0.98	-8.8
<b>Total Liabilities</b>	<b>32.87</b>	<b>36.28</b>	<b>-3.41</b>	<b>-9.4</b>
Allocated Equity	14.27	12.30	1.97	16.0
Retained Earnings	6.62	4.87	1.75	35.9
<b>Total Equity</b>	<b>20.89</b>	<b>17.17</b>	<b>3.71</b>	<b>21.6</b>
<b>Total Liabilities and Equity</b>	<b>53.76</b>	<b>53.45</b>	<b>0.31</b>	<b>0.6</b>

**Figure 4—Net margins for Top 100, 2004–2013**



**Table 3—Combined Financial Ratios, Top 100 Ag Co-ops**

	2013	2012
Current Ratio	1.46	1.38
Debt-to-Assets	0.61	0.68
Long-Term Debt-to-Equity	0.49	0.66
Times Interest Earned	6.62	6.82
Fixed Asset Turnover	12.84	13.47
Gross Profit Margin	7.93	8.17
Net Operating Margin	1.76	2.18
Return on Total Assets	8.49	8.43
Return on Member Equity	24.72	28.62

### Profitability ratios show slight declines

Profitability ratios are important for any business, as an unprofitable business will obviously not survive for very long. However, co-ops are in a unique position in that they try to operate as close to cost as possible. For example, gross margins for a cooperative will usually be somewhat lower than for a non-cooperative business in the same industry.

Between 2013 and 2012, co-op gross profit margins decreased slightly, from 8.2 to 7.9 percent, while net operating margins declined from 2.2 to 1.8 percent during the two years (Table 3). Return on total assets measures business earnings before interest and taxes against its total net assets. The average return on total assets for the top 100 ag co-ops slightly increased between 2013 and 2012, from 8.4 to 8.5 percent.

Return on members' equity measures net earnings after taxes against total equity. This examines the returns to members. In 2013, the return on members' equity was 24.7 percent. This is down almost 4 percentage points from 2012, when it was at 28.6 percent.

### Ranking of top 100 co-ops

Table 5 lists the rank, name, revenue and assets for the nation's 100 largest agricultural co-ops. These co-ops have been identified by type, as defined in Table 4. The co-op types (and the number of cooperatives in each group) are: farm supply (6); mixed farm supply and grain (33); grain (17); dairy (22); sugar (8); fruit and vegetable (7) and other marketing (7). ■

**Table 4—Cooperative Types Used For Top 100 Co-ops Analysis**

Type of cooperative	Cooperative defined
<i>Supply</i>	Derive at least 75% of their total revenue from farm supply sales.
<i>Mixed</i>	Derive between 25% and 75% of total revenue from farm supply sales; remainder from marketing.
<i>Grain</i>	Derive at least 75% of total revenue from grain marketing.
<i>Dairy</i>	Market members' raw milk; some also manufacture products such as cheese and ice cream.
<i>Sugar</i>	Refine sugar beets and cane into sugar; market sugar and related by-products.
<i>Fruit and Vegetable</i>	Generally further process and market fruits or vegetables, rather than marketing raw products.
<i>Other</i>	Includes co-ops that market livestock, rice, cotton and nuts.



**Table 5—Top 100 Agriculture Cooperatives***(Names withheld, by request, for cooperatives ranked 8, 14, 55, 77, 93, 97)*

2013 RANK	2012 RANK	NAME	TYPE	2013 REVENUE	2012 REVENUE	2013 ASSETS	2012 ASSETS
<i>\$ Billion</i>							
1	1	CHS Inc. Saint Paul, Minn.	Mixed (Energy, Supply, Food, Grain)	44.480	40.599	13.504	13.645
2	2	Land O'Lakes, Inc. Saint Paul, Minn.	Mixed (Supply, Dairy, Food)	14.287	14.138	6.758	6.357
3	3	Dairy Farmers of America Kansas City, Mo.	Dairy	12.879	11.917	2.641	2.860
4	4	GROWMARK, Inc. Bloomington, Ill.	Supply	10.236	10.150	2.366	2.763
5	5	Ag Processing Inc. Omaha, Neb.	Mixed (Supply, Grain)	5.678	4.937	1.348	1.395
6	6	California Dairies, Inc. Artesia, Calif.	Dairy	3.857	3.240	0.894	0.812
7	8	United Suppliers, Inc. Eldora, Iowa	Supply	2.673	2.375	1.097	0.942
8	<i>Name withheld by request</i>						
9	9	Southern States Cooperative Inc. Richmond, Va.	Supply	2.258	2.292	0.550	0.517
10	7	Northwest Dairy Association Seattle, Wash.	Dairy	2.243	2.465	0.632	0.548
11	11	South Dakota Wheat Growers Assoc. Aberdeen, S.D.	Grain	2.132	1.829	0.696	0.679
12	12	Associated Milk Producers, Inc. New Ulm, Minn.	Dairy	1.817	1.776	0.300	0.312
13	16	Foremost Farms USA, Cooperative Baraboo, Wis.	Dairy	1.762	1.649	0.409	0.423
14	<i>Name withheld by request</i>						
15	15	Prairie Farms Dairy Inc. Carlinville, Ill.	Dairy	1.725	1.660	0.727	0.726
16	17	Dairylea Cooperative Inc. Syracuse, N.Y.	Dairy	1.671	1.588	0.230	0.186
17	14	Ocean Spray Cranberries Inc. Lakeville-Middleboro, Mass.	Fruit	1.659	1.663	1.584	1.363
18	19	American Crystal Sugar Company Moorhead, Minn.	Sugar	1.597	1.479	0.951	0.899
19	18	MFA Incorporated Columbia, Mo.	Mixed (Supply, Grain, Livestock)	1.522	1.483	0.412	0.506
20	23	Maryland & Virginia Milk Producers Co-op Assoc., Reston, Va.	Dairy	1.373	1.298	0.165	0.163

**Table 5—Top 100 Agriculture Cooperatives**

2013 RANK	2012 RANK	NAME	TYPE	2013 REVENUE	2012 REVENUE	2013 ASSETS	2012 ASSETS
<i>\$ Billion</i>							
21	22	MFA Oil Co. Columbia, Mo.	Supply	1.369	1.310	0.396	0.386
22	27	Riceland Foods Inc. Stuttgart, Ark.	Other (Rice)	1.315	1.160	0.579	0.613
23	21	Farmers Cooperative Co. Ames, Iowa	Mixed (Grain, Supply)	1.236	1.329	0.338	0.416
24	24	Heartland Co-op West Des Moines, Iowa	Grain	1.217	1.284	0.248	0.350
25	32	Blue Diamond Growers Sacramento, Calif.	Other (Nut)	1.196	1.006	0.410	0.312
26	20	Innovative Ag Services Co. Monticello, Iowa	Mixed (Grain, Supply)	1.193	1.435	0.231	0.329
27	26	Producers Livestock Marketing Association, Omaha, Neb.	Other (Livestock)	1.152	1.199	0.149	0.131
28	28	Co-Alliance, LLP Avon, Ind.	Mixed (Grain, Supply)	1.147	1.112	0.293	0.378
29	25	Staple Cotton Cooperative Assoc. Greenwood, Miss.	Other (Cotton)	1.143	1.258	0.243	0.251
30	29	Aurora Cooperative Elevator Co. Aurora, Neb.	Mixed (Grain, Supply)	1.098	1.061	0.471	0.453
31	44	Plains Cotton Cooperative Assoc. Lubbock, Texas	Other (Cotton)	1.084	0.803	0.173	0.185
32	33	Sunkist Growers Inc. Sherman Oaks, Calif.	Fruit	1.081	1.004	0.215	0.168
33	30	Cooperative Producers Inc. Hastings, Neb.	Grain	1.068	1.047	0.243	0.321
34	39	Michigan Milk Producers Assoc. Novi, Mich.	Dairy	0.957	0.854	0.173	0.168
35	37	Agri-Mark Inc. Lawrence, Mass.	Dairy	0.954	0.884	0.345	0.319
36	58	Farmers Grain Terminal Inc. Greenville, Miss.	Grain	0.934	0.620	0.125	0.172
37	38	Cooperative Regions of Organic Producer Pools (CROPP) (aka Organic Valley), La Farge, Wis.	Dairy	0.933	0.858	0.235	0.216
38	35	Snake River Sugar Co. Boise, Idaho	Sugar	0.926	0.936	0.864	0.826
39	41	Select Milk Producers Inc. Artesia, N.M.	Dairy	0.907	0.839	0.186	0.110
40	49	North Central Farmers Elevator Ipswich, S.D.	Mixed (Grain, Supply)	0.906	0.725	0.267	0.252



**Table 5—Top 100 Agriculture Cooperatives**

2013 RANK	2012 RANK	NAME	TYPE	2013 REVENUE	2012 REVENUE	2013 ASSETS	2012 ASSETS
<i>\$ Billion</i>							
41	43	West Central Cooperative Ralston, Iowa	Mixed (Grain, Supply)	0.870	0.813	0.303	0.361
42	36	Lone Star Milk Producers Windthorst, Texas	Dairy	0.867	0.896	0.097	0.100
43	34	Farmers Cooperative Dorchester, Neb.	Mixed (Grain, Supply)	0.864	0.946	0.236	0.240
44	46	United Dairymen of Arizona Tempe, Ariz.	Dairy	0.837	0.785	0.197	0.130
45	42	Tennessee Farmers Cooperative La Vergne, Tenn.	Supply	0.800	0.827	0.286	0.278
46	40	NEW Cooperative Inc. Fort Dodge, Iowa	Grain	0.774	0.840	0.272	0.271
47	51	Upstate Niagara Cooperative Inc. Buffalo, N.Y.	Dairy	0.759	0.719	0.244	0.251
48	47	Trupointe Cooperative Piqua, Ohio	Mixed (Supply, Grain)	0.737	0.766	0.197	0.221
49	52	United Farmers Cooperative York, Neb.	Grain	0.732	0.716	0.153	0.227
50	48	Central Valley Ag Cooperative O'Neill, Neb.	Mixed (Grain, Supply)	0.726	0.748	0.255	0.259
51	60	Watonwan Farm Service Company Truman, Minn.	Grain	0.721	0.612	0.142	0.222
52	59	Sunrise Cooperative Inc. Fremont, Ohio	Mixed (Grain, Supply)	0.719	0.616	0.200	0.253
53	50	Frenchman Valley Farmers Cooperative Inc., Imperial, Neb.	Mixed (Grain, Supply)	0.715	0.723	0.247	0.223
54	72	Tillamook County Creamery Assoc. Tillamook, Ore.	Dairy	0.679	0.516	0.406	0.326
55		Name withheld by request.					
56	55	Heritage Cooperative Inc. West Mansfield, Ohio	Grain	0.636	0.637	0.133	0.150
57	54	United Cooperative Beaver Dam, Wis.	Mixed (Supply, Grain)	0.630	0.643	0.441	0.440
58	69	First District Association Litchfield, Minn.	Dairy	0.629	0.524	0.133	0.126
59	57	Citrus World Inc. (Florida's Natural Growers), Lake Wales, Fla.	Fruit	0.627	0.626	0.370	0.333
60	61	Equity Cooperative Livestock Sales Association, Baraboo, Wis.	Other (Livestock)	0.620	0.605	0.032	0.031

**Table 5—Top 100 Agriculture Cooperatives**

2013 RANK	2012 RANK	NAME	TYPE	2013 REVENUE	2012 REVENUE	2013 ASSETS	2012 ASSETS
<i>\$ Billion</i>							
61	56	Louisiana Sugar Cane Products Inc. Breaux Bridge, La.	Sugar	0.618	0.627	0.128	0.080
62	62	Michigan Sugar Co. Bay City, Mich.	Sugar	0.611	0.595	0.290	0.267
63	81	Alabama Farmers Cooperative Inc. Decatur, Ala.	Mixed (Grain, Fish, Cotton, Supply)	0.602	0.472	0.250	0.246
64	79	Producers Rice Mill Inc. Stuttgart, Ark.	Other (Rice)	0.571	0.479	0.250	0.244
65	80	Southern Minnesota Beet Sugar Cooperative, Renville, Minn.	Sugar	0.570	0.478	0.366	0.349
66	67	NFO Inc. Ames, Iowa	Dairy	0.565	0.541	0.027	0.028
67	65	Key Cooperative Roland, Iowa	Mixed (Grain, Supply)	0.563	0.570	0.127	0.137
68	68	River Valley Cooperative Eldridge, Iowa	Mixed (Grain, Supply)	0.561	0.541	0.120	0.133
69	70	Meadowland Farmers Cooperative Lamberton, Minn.	Grain	0.535	0.523	0.174	0.169
70	63	Farmway Co-op Inc. Beloit, Kan.	Grain	0.535	0.587	0.198	0.202
71	75	Pacific Coast Producers Lodi, Calif.	Fruit & Vegetable	0.534	0.500	0.345	0.304
72	64	Landmark Services Cooperative Cottage Grove, Wis.	Mixed (Supply, Grain)	0.519	0.575	0.194	0.217
73	73	First Cooperative Association Cherokee, Iowa	Mixed (Grain, Supply)	0.516	0.509	0.126	0.165
74	88	Farmers Cooperative Society Sioux Center, Iowa	Mixed (Grain, Supply)	0.514	0.453	0.157	0.199
75	89	Gold-Eagle Cooperative Goldfield, Iowa	Mixed (Grain, Supply)	0.513	0.453	0.117	0.170
76	87	New Vision Cooperative Worthington, Minn.	Mixed (Grain, Supply)	0.512	0.454	0.152	0.143
77		Name withheld by request.					
78	77	Frontier Ag Inc. Oakley, Kan.	Grain	0.509	0.493	0.167	0.205
79	91	Ray-Carroll County Grain Growers Inc., Richmond, Mo.	Grain	0.501	0.451	0.120	0.136
80	78	Horizon Resources Williston, N.D.	Mixed (Supply, Grain)	0.499	0.484	0.155	0.146



**Table 5—Top 100 Agriculture Cooperatives**

2013 RANK	2012 RANK	NAME	TYPE	2013 REVENUE	2012 REVENUE	2013 ASSETS	2012 ASSETS
<i>\$ Billion</i>							
81	74	Hopkinsville Elevator Co. Inc. Hopkinsville, Ky.	Grain	0.495	0.502	0.153	0.157
82	82	West Central Ag Services Ulen, Minn.	Grain	0.475	0.466	0.231	0.253
83	93	Pro Cooperative Pocahontas, Iowa	Mixed (Grain, Supply)	0.464	0.442	0.147	0.141
84	94	Mid-Kansas Cooperative Assoc. Moundridge, Kan.	Mixed (Grain, Supply)	0.462	0.439	0.228	0.209
85	84	Premier Cooperative Inc. Champaign, Ill.	Grain	0.457	0.465	0.133	0.145
86	90	Harvest Land Co-op Richmond, Ind.	Mixed (Supply, Grain)	0.455	0.452	0.120	0.145
87	103	Continental Dairy Products Inc. Artesia, N.M.	Dairy	0.451	0.386	0.152	0.127
88	66	Ag Valley Cooperative Non-Stock Edison, Neb.	Mixed (Grain, Supply)	0.449	0.549	0.165	0.169
89	76	Five Star Cooperative New Hampton, Iowa	Mixed (Grain, Supply)	0.446	0.496	0.104	0.103
90	95	Alliance Grain Co. Gibson City, Ill.	Grain	0.445	0.428	0.081	0.097
91	97	Bongards Creameries Bongards, Minn.	Dairy	0.440	0.420	0.103	0.098
92	150	Wheaton-Dumont Cooperative Elevator, Wheaton, Minn.	Grain	0.436	0.253	0.125	0.133
93		Name withheld by request.					
94	98	NORPAC Foods Inc. Stayton, Ore.	Fruit & Vegetable	0.434	0.417	0.274	0.265
95	100	Swiss Valley Farms Cooperative Davenport, Iowa	Dairy	0.432	0.404	0.108	0.118
96	86	Viafield Marble Rock, Iowa	Mixed (Grain, Supply)	0.430	0.459	0.101	0.126
97		Name withheld by request.					
98	131	Minn-Dak Farmers Cooperative Wahpeton, N.D.	Sugar	0.410	0.294	0.254	0.229
99	99	Gateway FS Inc. Red Bud, Ill.	Mixed (Grain, Supply)	0.405	0.414	0.112	0.120
100	104	Tree Top Inc. Selah, Wash.	Fruit	0.400	0.380	0.329	0.294



## SPECIAL SECTION

### *Making the Co-op Connection*



“The Co-op Connection” is the theme of Cooperative Month 2014, an apt reference to the virtually unlimited number of ways in which co-ops connect their members to marketplaces and services they might otherwise be unable to access. Elsewhere in this magazine, we focus attention on the nation’s 100 largest agricultural co-ops, grower-owned businesses that often have sales in the hundreds of millions of dollars, or more. In the following Co-op Month special section, we turn the spotlight on 10 small, grassroots co-ops that have been organized to meet a need in their community. Their missions range from small-scale solar energy generation to local food marketing — even a co-op of midwives working in rural Montana. Regardless of their purpose, one thing every co-op has in common is that cooperatives exist to benefit their member-owners. Whether large or small, co-ops make vital connections that make members and their communities stronger.

## Clean Energy Co-op promotes solar energy in Pennsylvania

By Cathy Smith,  
Cooperative Development Specialist  
Keystone Development Center, Inc.

The Clean Energy Cooperative of northern Pennsylvania ([www.cleanenergy.coop](http://www.cleanenergy.coop)) is entering an exciting new phase with its official launch as a business and the start of an equity drive to support development of solar electricity generation.

The mission of the member-owners of the Clean Energy Co-op is to develop renewable energy resources for a healthy, sustainable energy future for their communities. In doing so, it hopes to strengthen the local economy and provide a positive return for members.

Benefits of renewable energy projects include less pollution, a smaller “carbon footprint” and greater local energy independence. It is also a potential source of new jobs for the local economy. The primary focus of the new co-op is currently Wayne and Pike counties in northeastern Pennsylvania. But co-op leaders hope to eventually expand their efforts to a broader area.

### **Co-op started as ‘solar circle’**

The seeds of the co-op were sewn in July 2013 with the formation of a “community solar circle” within the nonprofit Sustainable Energy Education and Development Support (SEEDS) of Northeast Pennsylvania. The solar circle provided a forum for members to meet regularly and discuss various topics related to solar-generated power. Their initial goal was to demonstrate the feasibility of renewable energy projects at the community level.

The group’s activities soon stretched beyond what SEEDS (as a nonprofit) could do. So, in May 2014, the group



*Looking for a few good roofs – the Clean Energy Cooperative of Northern Pennsylvania is gearing up for rooftop installations of solar panels.*

became a fully independent legal entity, re-forming as a cooperative.

Co-op members have adopted the “seven cooperative principles” as part of their bylaws. These include adherence to the “one person, one vote” governance model and a commitment to benefitting their communities.

The Clean Energy Co-op is using a “slow money” business model, in which long-term, modest returns are acceptable. The money circulates locally, is managed by trusted individuals and provides other (non-financial) benefits for the investors and their community.

The co-op’s initial clean energy project is to install arrays of solar panels on local roofs and properties to generate electricity in the two-county area. It is specifically looking for local businesses or organizations interested in promoting clean, renewable energy that also have significant roof space or a land parcel that could be used for placing the solar panels.

No initial cash payment is required for obtaining a solar photovoltaic system from the Clean Energy Co-op. Rather, payments are made over a 20-year period, while all (or a portion) of the business’ electricity needs will be produced on-site. The overall cost of the project depends on the number of panels installed.

The co-op’s initial project(s) is targeting construction for spring 2015, and includes applying for Rural Energy for America Program (REAP) grants

when the application window re-opens in November 2014. The plan is to finance at least one 30-50 kilowatt system each year, and possibly start other (more traditional) co-op business activities, such as an equipment-buying club for “do it yourself” solar installations.

“We are excited about launching the business after over a year of effort,” says Jack Barnett, president of Clean Energy Co-op. “We expect to sign our first ‘host agreement’ before fall, and to then raise money for the project. The installation of the system is planned for early 2015.”

### **Co-ops as community investment vehicle**

The cooperative model as a vehicle for community investment is relatively new. A well-known success story is the

NorthEast Investment Cooperative (NEIC). It was formed to allow the people of Northeast Minneapolis to pool their resources and collectively buy, rehab and manage commercial and residential property in the neighborhood.

NEIC has nearly 200 member-owners and has raised more than \$270,000 in member capital. Both individuals and local businesses have joined as members.

The Keystone Development Center (KDC) has been involved with the Clean Energy group since the beginning. Initially, KDC helped the members understand the cooperative model and how it would work. KDC then provided support in basic organizational development, including reviewing policy formation, bylaws and the business plan. ■



## **Celebrating Community**

### **Whitley County Farmers’ Market marks seven years of steady growth**

*Editor’s note: This article is provided courtesy the Kentucky Center for Agriculture and Rural Development.*

The Whitley County Farmers’ Market is celebrating its 7th anniversary this year, with a record 45 vendors selling at three locations across this southeastern Kentucky Appalachian county.

“I just think it is amazing to see how this community farmers’ market has grown,” says Sandi Curd, the market president. “Seven years ago, the market was just three or four vendors set up under a carport for four weeks during the summer. What a difference seven years has made.”

Curd explains that as the market has added producers, the diversity of products offered at the market has increased. This diversity has allowed the market to expand the length of its season each year. This year the market opened in early spring and will continue until mid-October, providing fresh local produce to consumers. In an effort to help meet the customer demands and the producers’ schedules, the market has expanded to three days a week in three locations across the county.

### **Responding to opportunity**

Seeing an opportunity for significant growth on the horizon, a group of farmers market leaders came together in the fall of 2012 to begin the process of creating a formal business entity. Their efforts, along with



assistance provided by the Kentucky Center for Agriculture and Rural Development (KCARD), led to the incorporation of the Whitley County Farmers' Market Inc. in the spring of 2013.

The original steering committee met with KCARD business development specialist Nathan Routt in the fall of 2012 to discuss potential business structures and the benefits of legal incorporation. Through the course of that winter, additional meetings were held to draft bylaws and articles of incorporation and discuss cooperative principles that became the basis for incorporating under Kentucky's cooperative statute.

"I credit the wisdom of members of that initial steering committee with realizing a need to legally incorporate in order to grow the market," says Routt. "I'm encouraged and happy to see that the cooperative structure has served its members well by helping the market realize exceptional growth and succeed."

"It is the dedication of our farmers and the community spirit that has been instrumental in helping the market not just grow, but flourish in our community," explains Curd. "We have now reached beyond county borders and welcome neighboring farmers to join the market. But we still have a lot of room for growth."

## Business plan initiated

It is the desire to continue to grow their market that made the Whitley County Farmers' Market board of directors turn again to KCARD for assistance. Curd remembers meeting Routt for the first time in December 2013, when he provided business planning training for farmers markets as a part of a Community Farm Alliance event in Eastern Kentucky. Soon after that meeting, Routt began working with the board of directors to develop a business plan for the market.

"We had people on our board with a business background and others with



*Seven years ago, the Whitley County Farmers' Market had just three or four vendors. Today, it has more than 40. It also provides entertainment and is a community-gathering place.*

agriculture. Nathan was that bridge between the two perspectives and he helped us really look at our options," says Curd. "Our work with Nathan at KCARD led us to learn more about the grant assistance program and opportunities we could apply for to expand our marketing efforts."

This past spring, the Whitley County Farmers' Market board applied for a USDA Farmers Market Promotion Program grant, which KCARD also assisted with.

"The Agribusiness Grant Facilitation Program is designed to help Kentucky people (and organizations) like the Whitley County Farmers' Market," says Myrissa Christy, coordinator of KCARD's Agribusiness Grant

Facilitation Program (AGFP). The AGFP, funded by the Kentucky Agricultural Development Board, allows KCARD to assist producers and agribusiness in Kentucky in seeking out, applying for, and receiving funding.

"It was great to work with Whitley County Farmers' Market on their application. They were very dedicated to the application process and are obviously very devoted to growing their cooperative," Christy adds

"I think I might have thrown in the towel on the grant if it wasn't for the knowledge and assistance from Nathan and Myrissa," laughs Curd. "I was on the phone with Myrissa at 7:30 the night we submitted the application, having her walk me through the online submission process."

While awaiting the results of the grant application, Curd and the entire team at the Whitley County Farmers' Market remain focused on making this season the best yet for the market.

"Our market is focused on our community. We want our residents to come out and get to know our farmers. We want to help our farmers stay on the farm to provide our community with wonderful fresh local products. I think, as a market, we are helping bring together our community," says Curd. ■



## Farmers on the Move

### Michigan Hispanic growers co-op helps improve viability of small farmers

By Mark Thomas, [mthomas@anr.msu.edu](mailto:mthomas@anr.msu.edu)

*Editor's note: Thomas is Extension educator and innovation counselor at the Michigan State University Product Center, Michigan Cooperative Development Program.*

Farmers on the Move (FOTM) is a cooperative of Hispanic farmers, incorporated in June 2009, which is working to create a quality retail brand of fresh blueberries and vegetables for the Michigan and Midwest markets. The primary objective of the co-op, which made its first sales in 2011, is to be a reliable supplier of quality fruit and vegetable products.

Guiding this effort is Filiberto Villa



*Board President Filiberto Villa Gomez, setting out produce at a farmers market, has been the driving force behind Farmers on the Move cooperative. Above left, the co-op name is used to brand some products.*

Gomez, co-op board president, who has consistently striven to enhance member knowledge of both growing and marketing practices. The members work collectively to produce and package blueberries and vegetables. Together, the farmers process, package, deliver and share marketing expenses. The co-op sells to retail and wholesale markets, as well as through farmers markets.

FOTM currently has 14 members who farm from 5 to 50 acres. Sales this year will be in the low-to-mid six figures. Expansion of the member base and the additional market knowledge being steadily gained should help ensure that the co-op's sales will continue to climb.

The 2012 Michigan Ag Census listed 855 Hispanic farmers in the state, who are farming 115,087 acres. That's up from 794 Hispanic farmers with 102,546 acres in 2007.

Working together enables the producer-members to supply their products more efficiently and

competitively, helping growers realize greater profits. Additionally, the cooperative helps to preserve and expand the network of family-owned farms necessary for a healthy, economically viable local farming community. Family farms make up an important part of Michigan's agricultural industry.

MSU Extension and others have provided joint training and social interaction opportunities for co-op members, along with coordinating technical support.

### **Stronger framework for co-op members**

By creating a stronger production and marketing framework, FOTM helps to fuel the entrepreneurial spirit and sustainable business growth of the state's small, specialty crop farmers. The cooperative has also provided and coordinated training and educational resources for the Southwest Michigan Hispanic agricultural community. The training has included: good agricultural

production techniques, classes for pesticide application licenses, training in generally accepted agricultural practices (GAP), and various cooperative principles and procedural activities.

While the cooperative continues to gain brand acceptance and build sales volume, a membership development, marketing and communication plan — along with personal outreach — is being used to attract new members.

A co-op packing house was established in 2012. Sorting machinery was secured via additional member investments. Processing duties are shared by co-op members. By marketing their products together, members secure higher prices and build the co-op's brand.

FOTM got a boost when it received a USDA Small Socially Disadvantaged Producers and Ranchers technical assistance grant in 2009. The grant was awarded to the co-op to help develop marketing resources and materials.

### **Co-op promotes equipment sharing**

Facing a common need for reliable spraying equipment and a tractor that could be shared and moved among the farms, the co-op purchased the gear in 2013. This equipment is helping to ensure uniform pesticide applications are made and that the food safety compliance standards of buyers are met.

The logistics of equipment sharing — including timing, transport and cleaning — and differing grower expectations created some tensions early on, but these issues were worked out and a common understanding has been reached. This provides a good example of how to meet shared group expectations. In the long run, this experience should prove to be an important template for future equipment-sharing opportunities.

Financing has been achieved through a combination of new member investments in preferred stock and loans



taken out by the co-op, all of which have been kept current.

The cooperative is working with other regional cooperatives to obtain crop inputs — including fertilizer, crop protectants and plants — and for joint marketing efforts. Lines of credit for members have been secured.

New marketing opportunities include production of 2-ounce packages of berries specially produced for use

with conference meals and in schools. The co-op is also exploring greater use of hoop houses by members to extend their growing season.

Farmers On The Move has worked closely with the Michigan State University Product Center (<http://productcenter.msu.edu/>) during its formation and growth and has used various resources offered by the MSU Product Center, with additional support

from USDA Rural Development. FOTM leaders are available to make presentations at the local, state and national level on their cooperative development experiences, including progress made and difficulties faced.

The cooperative maintains a website at: [www.farmersonthemove.com](http://www.farmersonthemove.com), and a Facebook page at: <https://www.facebook.com/farmersonthemove>. ■



Proudly displaying a “We Own It” sign are members of the Green Pastures Senior Cooperative in Redmond, Ore.



## Ready-Made Communities

### Manufactured housing co-ops offer affordability, stability and security

By Chelsea Catto  
[chelseac@casaoforegon.org](mailto:chelseac@casaoforegon.org)

*Editor’s note: Catto is the manufactured housing cooperative development director for CASA of Oregon.*

Across the country, innovative manufactured housing cooperatives are attracting homeowners who seek a creative, affordable alternative to “stick-built” housing. Resident-owned manufactured housing park

cooperatives don’t just offer affordability, stability and security, but also they offer a ready-made community.

The concept of nonprofit cooperative ownership of manufactured housing communities is not new. What originally began as a New Hampshire Community Loan Fund project in 1984 has now been replicated throughout the United States by ROC USA, a social enterprise that offers training, networking and financing to help owners of manufactured homes gain security through ownership of their communities.

“We started ROC USA to help solve the three basic barriers to resident



Members of the Horizon Homeowners Cooperative in McMinnville, Ore., say their community is a great place to raise kids.

ownership: the opportunity for residents to purchase a home, to access expert technical assistance, and to secure financing to help homeowners become buyers when their community is for sale,” says Paul Bradley, ROC USA’s founding president. “We exist to make quality resident ownership possible nationwide.”



For Mary Lou Fitzgerald, a resident member of the Green Pastures Senior Cooperative in Redmond, Ore., a resident-owned manufactured housing cooperative was a perfect option. “It’s an ideal environment. It’s safe, secure and all of the people are retired or almost retired,” she says. “It’s a peaceful area — a peaceful environment.”

Fitzgerald said she values the sense of community and appreciates that while she can live independently, neighbors are close enough to look out for each other. “I have a good friend that lives just across the street from me. She keeps an eye on my house and when I open my window blinds, she knows I’m up and about.”

### Control of land needed for stability

Oregon’s 1,090 manufactured housing parks — equaling about 62,656 spaces — represents a large portion of the state’s affordable housing stock. Parks for seniors account for nearly 30 percent of the total. True stability cannot be achieved, however, unless residents also control the land under their homes through cooperative ownership.

To date, seven manufactured housing cooperatives in Oregon have been established with the assistance of CASA of Oregon, a Certified Technical Assistance Provider under the ROC USA Network. Each of these seven cooperatives, representing 431 manufactured housing spaces, has gone on to purchase and successfully operate their manufactured housing community cooperative, with ongoing technical assistance from CASA of Oregon.

Five of the seven communities are located in rural areas. Agricultural workers account for a majority of the members in two of them.

In addition to benefitting from stabilized housing and affordability, as cooperative owners of their communities, members of manufactured housing co-ops are able to make significant health and safety

improvements to existing infrastructure. Because they have formed nonprofit cooperatives, excess revenue from site rents is reinvested back into the community.

Moreover, the cooperatives are able to hire local contractors, keeping their investments truly “local.”

### Co-op improves community infrastructure

The Vida Lea Community Cooperative in Leaburg, Ore., purchased a manufactured housing park in 2012. It then converted its financing to a permanent loan in 2014, following an extensive capital-improvement effort that cost more than \$250,000.

Dan Fountain, the cooperative’s board president, beams with pride when he describes the new, improved community. “When we bought the park, the infrastructure was old and deteriorated. As the new owners, we

were able to replace the 30-year-old pump on our water system and paint the water storage tank,” he says.

The co-op also upgraded the septic system and added four new septic tanks. “We paved the roads and added a much-needed surface training system,” Fountain adds. “With a lot of tree trimming and tree removal, our park looks better than it ever has looked.”

The Bella Vista Estates Cooperative in Boardman, Ore., which converted to resident ownership in January 2014, fulfills a particular need in the region: ensuring that residents, many of whom are agricultural workers, are able secure affordable housing near their places of work.

Clarissa Jimenez, co-op board secretary, says: “We are excited to have accomplished this goal for the benefit of the hardworking families in our manufactured housing community.” ■



## Back from the Brink

### Grocery co-op conversion prevents food desert in rural Wisconsin

By Megan Webster, Outreach Specialist, and Courtney Berner, Co-op Development Specialist, University of Wisconsin Center for Cooperatives  
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The rural, family-owned grocery store is increasingly an endangered species in many parts of the United States. Challenges such as competition from “big box” and chain stores, changes in America’s shopping and commuting patterns, and rural-to-urban migration have all led to the closing of many rural grocery stores.

Rural communities that have



*Phil’s Supermarket in Plain, Wis., was slated for closure, but has been converted into a consumer-owned grocery cooperative, keeping alive the nearly century-long tradition of providing food to Plain and the surrounding communities.*

suffered this phenomenon are often called “food deserts,” which the United States Department of Agriculture defines as areas “without ready access to fresh, healthy and affordable food.” This is not a strictly rural phenomenon, as many food deserts also exist in low-income urban areas.

Local grocery stores are integral to keeping rural communities and economies vibrant, not only by providing access to food, but also by providing employment and tax revenue. The cooperative model is one possible tool that rural communities can use to keep their local grocery store in town.

### Store on brink of closure

Residents of Plain, a town of 792 in southwest Wisconsin, fought the prospect of becoming a food desert when the owners of Phil’s River Valley Supermarket decided it was time to sell the family business, ending nearly 95 years in operation. With the help of the University of Wisconsin Center for Cooperatives (UWCC), the community successfully converted Phil’s Supermarket to a consumer-owned grocery cooperative, keeping alive the nearly century-long tradition of providing food to Plain and the surrounding communities.

Courtney Berner, cooperative development specialist at UWCC, supported the conversion process from start to finish. She noted that a strong commitment from the local community kept the project moving forward during the nearly yearlong conversion process.

The interim board of directors, made up of local residents, led the process of incorporating as a legal entity and developing bylaws, implementing a survey, recruiting new members, securing member loans and hiring a general manager. Community engagement continued at the first annual meeting, with a very active electoral process for the first member-elected board of directors.

Honey Creek Market Cooperative officially began operating the store in

August 2013 and has had a busy first year. Since the grand opening in October 2013, the cooperative has organized Plain’s first farmers market, teamed up with a local coffee roaster to carry its own blend of coffee, launched catering services and implemented a member-reward system. Honey Creek continues to support and promote local and organic foods.

### A 100-year business model

Honey Creek has now turned its attention to building a financially sustainable business that will serve the community of Plain for the next 100 years. Like all rural grocery cooperatives, the success of Honey Creek Market Cooperative will depend on members’ support at the cash register.

“Honey Creek Market currently has 242 members. It was estimated that to maintain its success in coming years, the store will need at least 300 members who spend an average of \$50 per week

at the co-op,” says Tegan Krueger, Honey Creek’s store manager. “We’re looking forward to growing our membership”

What’s next?

“The main goal of Honey Creek Market Cooperative, stated simply, remains what it has been since our beginning one year ago: ‘To provide to the members, and the community, high-quality products and services at affordable prices,’” says David Buchanan, the co-op’s board president. “In 2015, our goals are to increase membership, increase sales with member and community participation and refine inventory selection.”

Co-op leaders are committed to keeping the market as a center of community activity that promotes local and regional food production, keeps capital and jobs in their area and that is committed to sustainable practices.

For more information, visit the co-op’s website at: [www.hcmcoop.com](http://www.hcmcoop.com). ■



## Soup’s On!

### Stone Soup Farm Co-op part of worker-owned farm trend

By Rebecca Everett

*Editor’s note: This article is reprinted courtesy of the Daily Hampshire Gazette, originally published April 14, 2014.*

Most farmers will tell you that cooperation is crucial to keeping a farm running like a well-oiled threshing machine. But at Stone Soup Farm Cooperative in Hadley, Mass., cooperation is everything.

Four young farmers formed the worker-owned farm collective in the fall of 2013 and have been working to grow greenhouse vegetables and raise

chickens since. Susanna Harro, 24, David DiLorenzo, 26, Amanda Barnett, 29, and Jarrett Man, 30, are owners, as well as employees, at the 81 Rocky Hill Road co-op.

Stone Soup Farm Cooperative is probably the first worker-owned farm co-op in the state, says Lynda Brushett, of the Cooperative Development Institute, which advises people in the agricultural, fisheries and food industries on starting cooperatives.

“We’re sharing the risk and the rewards,” DiLorenzo said while the four talked and munched on spinach leaves in one of their greenhouses. “That’s just a good way to live.”

They decided to start the co-op for numerous reasons, including the lure of

owning, instead of just working on, a farm and the dream of forming an equitable business with good friends. After five years of working and managing area farms, Man bought the Rocky Hill Road farmland and started working it three years ago.

He says the communal nature of farming is what drew him to it in the first place, and a co-op reinforces those



*Amanda Barnett and David DiLorenzo pull out spinach plants in a greenhouse at Stone Soup Farm Co-op in Hadley, Mass. Photo by Jerry Roberts*

values. He approached DiLorenzo and Barnett, who are married, and Harro last summer with the co-op idea.

“I thought it would be a more meaningful way of farming, and these are the people I felt best about farming with,” he says. “So I went to them and invited them to come research and implement a co-op together.”

There have historically been many co-ops in the agricultural industry, mostly those made up of member farms that join forces to better market and sell their products — think Cabot Creamery or the Pioneer Valley Growers Association. Brushett expects that more and more farmers, especially young ones, will be following the lead of Stone Soup and the few other

## Farmers work together to meet common needs

“Cooperative farming” encompasses the many different ways farmers can work together to address common farming needs: land, labor, facilities, equipment, markets and more. It includes co-ops that provide traditional agricultural services to independent farm businesses, such as marketing, processing, distribution and purchasing. It includes farms owned and operated by farmers as one collective enterprise or farmed separately. It includes land, labor or equipment owned and used by a group of farmers.

Cooperative farming is a new trend in agricultural cooperation, especially among young farmers. Besides the Stone Soup farm worker co-op approach, a Maine farmer group is exploring options to lease land to grow a single cash crop together to supplement their cooperative markets.

In Connecticut, refugees from the Karen state of southeastern Burma are looking at the feasibility of establishing a farm that includes co-op housing for the farming families, while other groups of refugees in New Hampshire have worked out joint ownership agreements for sharing hoop houses.

A New York group of farmers is planning a permaculture cooperative on jointly owned land where

each member owns their part of the enterprise.

The guidebook, *Cooperative Farming: Frameworks for Farming Together*, explores these new ways of cooperation. Author Faith Gilbert writes: “I began this research motivated by a desire to farm with peers – to work together in managing land, sharing costs and equipment, and generally making our lives easier. Throughout this process, I’ve found that desire echoed countless times, in many variations, by farmers across the country. It’s clear that we face common challenges. It’s also clear that by working together, we get more than just a solution to a problem: we get solidarity.”

Find it at: <http://www.thegreenhorns.net/category/media/guidebooks/>. ■

worker-owned farms in Vermont, California and Quebec (see sidebar, above).

She worked with lead author Faith Gilbert to create a free guide to cooperative farming. It was downloaded over 1,000 times in the first two weeks after it was released Feb. 26 on [www.TheGreenhorns.net](http://www.TheGreenhorns.net), a nonprofit that supports young farmers.

All kinds of co-ops are on the rise now, Brushett says. The Cooperative Development Institute fields several

calls per week from people interested in starting market and cafe co-ops, child care co-ops, arts co-ops and others.

She credits the trend to a growing interest in socially responsible business ownership and workers’ urge to be “more than just a cog” in a company. And when people have a stake in the business, they often make better workers, Brushett notes. “They’re invested and everyone’s equal. You have colleagues you can trust to close the gate before they leave for the day.” ■





## Twin Cities Co-op

### Local food system study finds success factors

By Joan Stockinger, Cooperative Development Services  
 Dave Gutknecht, *Cooperative Grocer* magazine

Interest in local food system development continues to run high, and many cooperative approaches to advancing this sector are being tested. A recently published case study from Cooperative Development Services (CDS) describes a successful, mature local food value chain with commercially viable businesses at each level or node of activity, ranging from co-op retailers to a co-op distributor and specialty producers.

Most notably, the system moves a significant amount of local product from farm to consumer.

This system is centered in

Minneapolis-St. Paul, Minn., a metropolitan area of 3.4 million people. Historically and at present, this is a demand-driven system based on the values and participation of large numbers of co-op owners and shoppers.

Built over a period of 40 years, this local food value chain comprises an estimated 300-350 producers, a cooperatively owned distributor of organic products, and 15 consumer cooperatives that operate 17 retail food stores, backed by more than 90,000 co-op member-owners and an additional 50,000 shoppers.

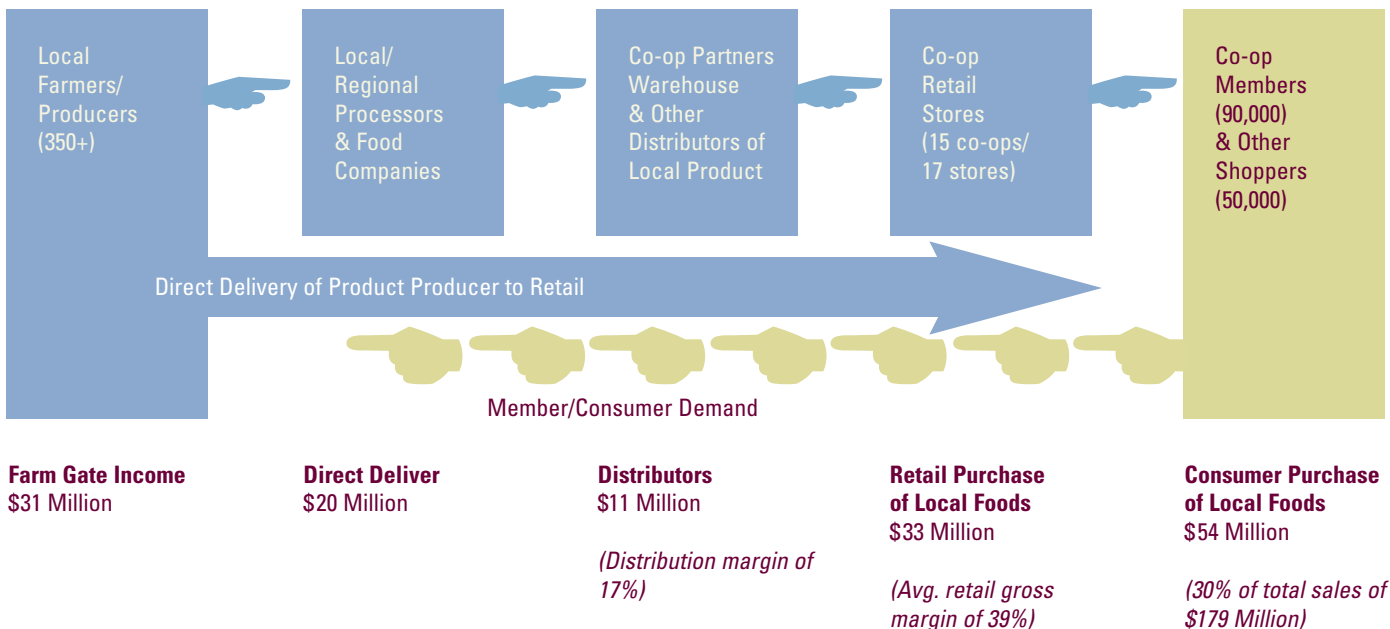
In the year prior to this study, total retail sales through this cooperative system were \$178 million, with local product accounting for 30 percent of sales, or around \$54 million. Local farmgate income (income flowing to producers), after subtracting distributor and retail margins, is estimated to be over \$31 million.

The chart (below) shows the flow of demand (coming from members and other shoppers) and the flow of product, with key metrics.

### Key success factors identified in the study:

- *Demand-driven:* From inception, cooperative member-owners organized and joined to obtain food they could not find elsewhere.
- *Many owners:* Member-owners generally join based on shared values around food and community; they support the system through patronage/purchases, through financial investments, and through board policies and member activities.
- *Shared values:* There is a base of shared values around healthy food, local food, sustainable farming and community, extending from farm to member-owner. The high level of shared values is a critical distinguishing factor between this and other more typical retail systems. This provides evidence of what we believe are more positive net margins for producers.
- *Mission includes local food:* This is explicit at all levels, as evidenced in many producer-friendly practices.

### Twin Cities Cooperative Local Food System: High Level Dollar Flows



- *Supportive environment:* This is a rich and diverse farming environment and one with a strong and diverse history of cooperatives.

- *Business focus:* There is a history of professional management and an appreciation of good business practices to achieve the scale and viability needed to achieve mission.

- *Shopping convenience:* The retail co-ops provide year-round product and variety to attract and retain many shoppers.

- *Fostering of trust:* The cooperative culture fosters trust across the system in many formal and informal ways.

- *Resilience and learning from mistakes:* There has been learning from notable failures.

## Key challenges to this local food system:

- *Limited additional capacity:* While total sales through the system continue to grow through store expansion, there is limited opportunity for new local producers of primary products, since existing producers can meet most of growing demand, at least for the foreseeable future.

- *Economies of scale:* All the enterprises at all levels are challenged by operating at “mid-scale” in their respective sectors (producers, distributor, retailers). Margins are slim, and there are limited funds for marketing and promotion and purchasing, compared to larger players.

- *Values tensions:* Values tensions, requiring continual management, often arise around price:

- Providing a fair return to farmers who use sustainable and humane practices;

- Paying employees fair wages and benefits;

- Providing healthy, high-quality food to people of ordinary means.

The ongoing, successful management of these tensions, and effective communication about them, is also a key success factor.

## Producer-friendly practices and financial impact

Producers interviewed for this study described a range of producer-friendly practices from the co-op retailers that support them and help keep them in business. These include fair pricing (“not being squeezed or shopped on price”), retaining product identity (“co-ops tell our story best”), loyal relationships, commitments to pre-season orders “that we can grow to,” sharing of market information, allowing

multiple distribution methods, staying loyal through drought or flood (“co-ops held our position for the next year”), etc.

The financial impact for local producers is significant, with more than \$31 million in income provided to over 350 producers. Farmgate income from this co-op system ranged from \$5,000 to \$700,000 for individual producers.

This study was funded by the Minnesota Department of Agriculture. The complete study can be found at: <http://www.cdsus.coop/node/152>. ■



Participants in youth training sessions, such as this one in Marquette, Mich., work together to learn how they can use co-ops to strengthen rural America. “Our region has a strong history of cooperation on which we, as young people, need to build to ensure a just and democratic economy for the future,” says Emily Lippold Cheney, co-op organizer for Youth TCI. Photo courtesy Youth TCI, Northcountry Cooperative Foundation



## On the Road with Youth TCI

### Peer-to-peer training program helps young people pursue co-op dreams

By Emily M. Lippold Cheney, Cooperative Organizer, Youth Traveling Cooperative Institute  
e-mail: [coop youth@gmail.com](mailto:coop youth@gmail.com)

Youth Traveling Cooperative Institute (Youth TCI) is a peer-to-peer

cooperative development training program for young people (under age 35) that is conducting sessions in 25 rural towns in the Upper Midwest this year. The program works to engage rural youth in conversations about the cooperative business model and the role co-ops can play in their lives and communities.

The second part of the training, taking place this winter, will provide an

overview of the cooperative development process and how to draft a business plan outline. Cooperative development experts will participate in these training sessions and will continue to provide assistance afterwards to help bring co-op ideas to fruition.

Youth TCI is a part of the broader Kris Olsen Traveling Cooperative Institute. It operates under the Northcountry Cooperative Foundation, a nonprofit organization based in Minneapolis that provides education, technical assistance services and other programs to cooperative organizations.

Kris Olsen, the program's namesake, was a cooperative "circuit rider" in the 1970s and 80s who traveled throughout the Midwest helping to start cooperatives. He worked in the tradition of the Farmers' Alliance and the Grange movement, which helped launch some co-ops that have been in operation for more than a century.

Youth TCI today uses grassroots organizing techniques to work with young people who may never before have heard about cooperatives. Online training efforts, while efficient for many purposes, are not a good substitute for the face-to-face training needed for this type of effort.

This first year of the TCI program primarily focuses on building trust and creating new networks of co-op entrepreneurs. As of late August, 10 training stops had been held in Wisconsin and the Upper Peninsula of Michigan, with as many as 15 participants in each. Another 15 stops will be made in Minnesota and the Dakotas before the end of October.

Some participants attended "just to see what it was all about," but said they found the sessions so rewarding that they plan to urge others to attend future training sessions. One participant from a Native American community college is trying to get a cooperative curriculum added at the college, which may even host a future Youth TCI program. One participant

said cooperatives can offer career alternatives to youths who often have few other job options.

Building on experiences of past co-op development efforts, Youth TCI seeks to promote a regional movement of young people involved in developing new co-ops. Immediate goals for the program are to work with a core group of cooperative entrepreneurs and keep them connected both to each other and to the existing cooperative development infrastructure of the region.

Embedding cooperative training into

community institutions and programs is a long-term goal of the program. If more rural communities can provide their own cooperative education to youth, the role of the "traveling trainer" might not be necessary in the future.

Building co-op awareness and supporting young people during the first steps of cooperative development through the use of a peer-to-peer training model will help create more sustainable cooperative businesses that can provide meaningful work and strengthen rural communities. ■



## Mothers Milk Co-op

### Co-op provides critical help for premature babies while generating income for moms

By Tom Kalchik, Manager  
Michigan Cooperative Development  
Program, kalchikt@msu.edu

*"I sit at the crossroads of marrying issues that are important to families with the business of milk banking. It means infusing 'warm blood' back into business so that the dollars and cents don't leave the 'people' element of business behind. Every decision made at the Mothers Milk Cooperative is weighed against what I would do for my own family, and then supported by a solid infrastructure of business sense, safety and quality." — Adrienne Weir, co-founder and CEO of Mothers Milk Cooperative.*

Mothers Milk Cooperative (MMC) is believed to be the first cooperative in the country that aggregates and markets human milk. The cooperative was incorporated in 2012 to achieve two major objectives:

- Provide a safe, shelf-stable human milk product to Neonatal Intensive Care Units (NICU) in hospitals, aiding



The cooperative currently has 1,000 members in 45 states who earn an average of \$800 per month. They use these kits to ship milk to the processing plant in Lake Oswego, Ore.

in the survival of the 300,000 premature babies born each year, and

- Provide income to women with babies to allow them to remain at home with their babies for a longer period of time.

With those objectives in mind, Elena Medo, an internationally recognized expert in the field of human milk and its use in NICUs, and her daughter, Adrienne Weir, approached the Michigan State University Product Center and its Michigan Cooperative



Development Program (partially funded by a USDA Rural Cooperative Development Grant). After investigating different options, the concept of a cooperative was developed



approved, they must complete a blood test to ensure that there are no diseases, drugs or other medical issues that might affect the safety of the milk they will deliver.

A membership fee of \$100 is required, but it can be “paid” by delivering 100 ounces of milk. Women can also elect to “pay it forward,” gifting their milk to a family in need.

### Co-op members in 45 states

The cooperative currently has 1,000 members in 45 states. The average value of a woman’s milk deliveries is

*“Mothers Milk Cooperative (MMC) is empowering nursing mothers while offering the first business plan to help fix the shortage of human milk in the U.S.,” says Laura Moore, an MMC member from Eugene, Ore.*



*Mothers Milk Co-op members such as Anna Marie Nieboer, seen here with her husband and child, are helping to aid in the survival of 300,000 premature babies each year while earning income.*

to allow the women who supply the human milk to reap some of the financial gain, as well give them a voice in how the cooperative is managed.

There are significant costs associated with membership in the cooperative. Applicants are screened based on a complete medical history form. If

\$800 per month, although some women are earning as much as \$4,000 each month. The milk is delivered to the Mothers Milk Co-op and Medolac Laboratories offices in Lake Oswego, Ore., where it is tested and processed into Co-op Donor Milk. A new human milk fortifier is planned in the near

future to expand the company’s product lines.

Both of these products are intended for use in clinical and post-discharge settings. The relationship between Mothers Milk Cooperative and Medolac Laboratories is defined in an agreement that specifies quality assurance and safety testing, a commitment to the World Health Organization Code of Marketing Breast Milk Substitutes and financial support by Medolac Laboratories.

While the safety of the milk delivered by the members is important, so is the health of the members and their babies. Educational training of the members is therefore provided to ensure that the mothers do not sell their milk through the cooperative in preference to feeding their own babies.

“Mothers Milk Cooperative is the only milk bank that cares for its donors, as much as they care about the infant lives they save,” says Laura Moore, an MMC donor from Eugene, Ore. “I wanted to be part of something bigger, that could potentially change the future of milk banks for the better. MMC is empowering nursing mothers while offering the first business plan in helping to fix the shortage of human milk in the U.S.”

The impact of MMC is best summed up with another quote, from member Anna Marie Nieboer in Kalamazoo, Mich.: “The creation of this cooperative and its clearly defined values is definitely an encouragement to myself as a mother, obstetrics nurse and woman. There is a strength in embracing motherhood that I feel enables mothers to be incredibly productive and bring about wonderful change in the world around them. The future of babies, mothers and families will benefit greatly from the MMC!”

The cooperative website is: <http://www.mothersmilk.coop>. It also maintains a Facebook page at: <https://www.facebook.com/mothersmilk.coop>. ■



## Turning solitude into solidarity

### Montana Midwives Co-op helping to improve conditions for workers and clients

By Sharise Clostio, President  
Montana Midwives Cooperative

Midwives in America have a deep love for women and a reverence for the normal process of birth. Studies show that women find midwifery care to be highly satisfying. Although midwives are licensed in most states, they are often overlooked, misunderstood and even invalidated within the obstetrics field.

They serve long, tireless hours — often at low, or for no wages, depending upon the financial welfare of our clients. Midwives usually work in solo practice, take little time off and are on-call for their women clients, 24 hours per day, 7 days per week.

Because of these practice conditions, many midwives do not have the physical and emotional support they need and are susceptible to alienation and frustration — even fatigue and burnout over time. In Montana, the great distances that often separate midwives add to the challenges of providing support for each other.

### Co-op idea takes root

In the summer of 2010, an idea took root that perhaps midwives in Montana could band together, pool resources and practice in closer proximity to each other, turning solitude into solidarity. The idea followed to create a “hospital” for midwives, where member midwives could practice alongside each other, enhancing their ability to provide the best possible care to clients.

But what business framework was best to use?

A corporation seemed ill-suited to our ideology, and we were not interested in a partnership. An Internet search led to the concept of a cooperative. It seemed to be the perfect model for this new venture!

We needed resources to help us along the path, to learn how a cooperative really works and what we



*“I love everything about the birth center – the atmosphere, the midwives and the care given. My experience there has been wonderful,” says Erin Wood, being examined here by Melissa Brake, CPM. Wood also had her last baby at the center.*

would need to do to start a co-op. We connected with the Montana Cooperative Development Center, where CEO Brian Gion and the staff led us through every step in forming a cooperative. They helped us form as a Montana legal entity, answered our questions and offered to make site

visits, as necessary — all free of charge.

The Montana Midwives Cooperative (MMC) owns the Community Birth Center, the largest free-standing birth center in the Northwest. It is our mission to provide affordable, holistic and loving midwifery care to women and their families throughout Montana.

“When the thought of forming a midwifery co-op was brought to my attention, I jumped at this concept wholeheartedly,” says Michele Neal, the co-op vice president. “It was the perfect solution to join forces with other midwives, to build a place where we could practice together and keep our own personal style of midwifery, whether at Community Birth Center or in our own homebirth practices.

“Being members of the Montana Midwives Cooperative allows us to equally influence how we want to run the birth center and equally share the burden and benefits,” Neal continues. “As individuals, we would not have been able to do this, but we could do this together as a co-op. I love my fellow midwifery co-op members and they are also included in my family.”

### Goal to build more birth centers

It is the co-op’s goal to build more birth centers in other areas of Montana, where women have little or no access to midwives, and to benefit from the special client-centered care midwives provide.

We also hope to provide apprenticeships for those who might like to pursue a career in midwifery, adding new cooperative members as we go.

As health care costs rise, and women demand more say in how they want to deliver their babies, midwives and out-of-hospital birth are considered by many as a perfect option for pregnant women. The cooperative is the perfect model to launch us into this new era of “birthing free.”

To see a video about the Community Birth Center, please visit: [www.communitybirthcenter.com](http://www.communitybirthcenter.com). ■



## Consultant Donald Senechal remembered as a major force for co-op development

By Bill Patrie and Robert Ludwig

*Editor's note: Patrie is executive director of the Common Enterprise Development Corporation in Mandan, N.D., and author of Creating Co-op Fever: A Rural Developer's Guide to Forming Cooperatives (published by USDA). Ludwig is a business consultant in Massachusetts. Don Hofstrand, an economist at Iowa State University, also assisted with this article.*

Donald Senechal was a business consultant who understood cooperatives, agribusiness and agriculture. He was a farm boy who never lost his love of farming and rural North Dakota. Don passed away in August of 2013, and Cooperative Month seems like a good time to remember his legacy in an overdue tribute.

Don filled a huge need when farmers were suffering from low commodity prices. He worked with them to improve their economic situation by helping them move into the processing of their commodities. He brought not only a road map of how to build the enterprise, but also a sharp eye on risk factors that could lead to failure.

Don did most of his work out of an office in Massachusetts. He had various partners, but the firm was at its peak when it was Senechal, Joregenson and Hale (Senechal), located in Danvers, Mass. Toward the end of his career, Don and his wife, Peg, moved back to the family farm at Drake, N.D., where he continued his consulting practice.

Don was direct and relentless in the pursuit of the economic truth. He was smart and required those around him to

work hard and be smart also. He used to say his only asset was his reputation. He earned that good reputation, one feasibility study at a time. In the conduct of the study, the client learned the industry from Don. None of Don's clients ever launched a company without understanding the



*Donald Senechal knew that the two biggest risk factors in business development are management and capital.*

aldopportunities and the risks.

Don said 'no' as often as he said 'yes.' The negative feasibility studies Don produced have saved hundreds of millions of dollars, and should have saved more. He said 'no' to a pasta plant at Crosby, N.D.; the one built there failed. He said 'no' to a beef plant in Aberdeen, N.D.; the one built there failed.

Don said 'yes' to a pasta plant at Carrington, and 'yes' to a corn wet-milling plant at Wahpeton, N.D., and 'yes' to a potato plant at Jamestown, N.D., and 'yes' to a bison plant at New Rockford, N.D., and 'yes' to an egg production plant at Renville, Minn. These plants are operating today.

There are no sure bets in life — each new venture is filled with risks. Don knew the two big risk factors: management and capital. He insisted the enterprise could be run by “normally competent” people and that it must have enough capital. Don knew the difference between balance sheet equity and spendable equity (cash).

Senechal's feasibility study benchmarks provided projects a failsafe option. Raise enough equity capital to successfully launch the enterprise, or give the money back. Northern Plains Premium Beef Cooperative, according to Senechal, needed \$25 million to launch. The cooperative raised commitments for \$11.8 million and gave the money back. Dakota Growers Pasta Cooperative raised the money it needed and launched.

This practical approach to value-added agriculture caught the attention of the public. Cooperative Fever, as the story became known, was the North Dakota Associated Press's story of the year. The chairman of Dakota Growers Pasta, Jack Dalrymple, became North Dakota's governor. The information director for Northern Plains Premium Beef, Ryan Taylor, is running for North Dakota Agriculture Commissioner.

Dylan Thomas wrote: *“Wild men who caught and sang the sun in flight, and learn, too late, they grieved it on its way, Do not go gentle into that good night.”* Those of us who worked with Don can still feel the excitement of the projects he helped bring into existence. We don't want to go gentle into a world without Don. We wish his family happy memories of this good man and appreciate his life which was so richly shared with us. Goodbye Don Senechal; thanks for what you have done. ■





# Collective Courage

## New book relates history of African-American cooperation

**By Thomas W. Gray, Ph.D.**

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**Editor's note:** *Jessica Gordon-Nembhard's* *Collective Courage: A History of African-American Cooperative Economic Thought and Practice*, was published this year by Penn State University Press ([www.psupress.org](http://www.psupress.org)). The Nov.-Dec. issue will feature a Q&A with Gordon-Nembhard.



Scholars of cooperative topics are praising a new book about the history of African Americans and their involvement in cooperatives: *Collective Courage: A History of African-American Cooperative Economic*

*Thought and Practice*, by Jessica Gordon-Nembhard, a faculty member at John Jay College, City University of New York. Gar Alperovitz, James Stewart, the late Ian MacPherson and Patrick Mason are among those who have endorsed the work, calling it “path-breaking,” “refreshing” and “the most complete history to date of the cooperative economic struggles of African Americans.”

At least one reviewer suggests it is of equal stature to W.E.B. DuBois' luminary publication, *Economic Co-operation Among Negro Americans*. The work is all the more remarkable given that the author draws not only from newspapers, magazines, journal articles and biographies, but also from such difficult-to-access documents as budget and income statements, and cooperators' letters, papers and memoirs.

This article provides a summary of the book's highlights. The book's 300 pages are divided into three major parts

detailing the history of African-American collective action. Each part will be reviewed here, paying particular attention to the names of organizations that have been absent from cooperative history until now, as well as highlighting the main ideas presented.

## Part I: Mid-19th century to early 20th century

The author reminds readers early in the text that large proportions of the African-American community have had to struggle with familial, social, political and economic difficulties due to a history of enslavement, racial segregation, discrimination and violence. Paradoxically, the experience of racism has also resulted in solidarity within the African-American community that has helped facilitate various social-action organizations.

Part I of the text, *Early African American Cooperative Roots*, details some of the earliest organizing efforts that took shape as relief and community support groups. These organizations carried such names as The Northhampton Association of Education and Industry, The Nashoba Commune, The Combahee River Colony, The Ex-Slave Relief, Bounty and Pension Association, and the Independent Order of Saint Lukes.

Later efforts were driven by black populist movements and were relatively more focused on economic objectives (though not exclusively so). These efforts resulted in the formation of The Cooperative Workers of America, The Colored Farmers' National Alliance and the Co-operative Union.



*Facing page: Among the many cooperatives formed by African Americans in the mid-19th to early 20th centuries were the Cooperative Workers of America, the Colored Farmers' National Alliance and the Co-operative Union. A new book by Jessica Gordon-Nembhard provides one of the first detailed histories of just how important cooperatives have been to Black Americans. USDA photo archives*

*Above: Participants on a recent tour of cooperatives in Oakland, Calif., gained insight into how relevant the co-op business model remains today for African-Americans.*

Still later developments into the early 20th century resulted in the formation of such organizations as The Chesapeake Marine Railway and Dry Dock Company, The Lexington Savings Bank, the Coleman Manufacturing Company, The Mercantile Cooperative Company, The Pioneer Cooperative Society, the Citizen's Co-operative Stores and The Cooperative Society of Bluefield Colored Institute. Some of these organizations were also designed to address problems of health care, child development, education and burial, as well as investment, employment and profoundly important "freedom" issues.

Later developments during this same period included creation of such complex organizations as federations, mutual insurance companies and minority-owned banks.

All of these entities revolved around a center that is common among all cooperative organizations: the pooling of resources and channeling collective action. Memberships tended to be inclusive and members could include farmers, landholders, sharecroppers, day-laborers, domestic workers, small business owners, professionals and unemployed people, among others. Some were racially integrated; others were not.

Only a few of these early associations were organized "out of broadcloth." Most were facilitated as ancillary to previously existing religious, fraternal, geographical and political organizations.

Gordon-Nembhard writes that several lessons and guidelines were learned during this period. Cooperative formation and operation needed to account for:

- adequate education and training of members, leaders and managers;
- stable and adequate capitalization;
- stable and adequate number of clients;
- the building of trust and solidarity among members;
- support from the community;
- communication mechanisms, including meetings, conventions, newsletters and newspapers that connect members to members and members to the organization.

During this same period, organizational success was often met with racially motivated terror. Participants often had to contend with slander, denial of loans, destruction of property, jail, the murder of leaders and, at times, the murder of their families. With such resistance and opposition, what became abundantly clear during this era was that both economic cooperation and political action were needed. Economic cooperation was needed to attain a level of independence to support political activity, while political activity was needed to support economic activity.

## Part II: The Depression to the 1950s

In Part II, Gordon-Nembhard's scope moves beyond the early roots of African-American cooperation to developments during the Depression up until the 1950s. The 1950s was a



time of relative inactivity (p.81).

Racial oppression continued during this era in the form of various indignities, among them exorbitant rent increases, cancelation of insurance coverage and capital made unaffordable, as well as continued threats to person and property. Conditions during the Depression made challenges of effective mobilization even more difficult.

Yet, with the continued help of various ancillary organizations, cooperatives with predominantly black memberships were formed. They included such organizations as: The Negro Cooperative Stores Association/Consumers' Cooperative Trading Company, The Colored Merchants Association, Harlem River Consumer Cooperative, The Red Circle Cooperative Association, The Consumers' Cooperative Association of Kansas City, Cooperative Industries of Washington D.C., The Workers' Owned Sewing Company, Cooperative Home Care Associates and The Ujamaa Collective. These cooperatives, and others, gave play to the full range of cooperative activities, including agriculture, housing, credit, worker and health care co-ops.

Nearly all of these organizations used some kind of "study circle" format to initiate activities. Many drew upon an Antigonish methodology by first developing: (1) study circles, followed by (2) pre-training and orientation, (3) in-service training at the committee and board level, (4) networking and conference development, (5) leadership development and (6) public education for customers and the larger community. (The Antigonish method refers to the cooperative development efforts originating with the formation of the Extension Service at St. Francis Xavier University in Antigonish, Nova Scotia.)

The author sums up various lessons learned during this second period:

- **Solidarity:** Cooperative success was more likely if members and potential members valued racial solidarity and

concern for community.

- **Education:** Education was fundamentally important; cooperatives had a greater likelihood of success if study of democratic organization and consumer and cooperative economics were emphasized. Nearly every organization in the study started with an initial study group.



*U.S. Agriculture Secretary Tom Vilsack (center) met in 2011 with leaders of the Federation of Southern Cooperatives (FSC), including FSC President Ralph Paige (seated next to Vilsack on left) to discuss a wide range of agricultural and rural issues. FSC is the nation's only predominantly African American regional cooperative organization. USDA photo by Bob Nichols*

- **Income of members:** Cooperatives were more successful when their members had incomes that were stable and sufficient to allow the member to remain independent of cooperative activity. Those organizations composed of members with low incomes and/or who were impoverished had greater vulnerabilities to maintaining stable equity, raising capital and remaining independent of creditors.

- **Supportive organizations:** Those cooperatives that were facilitated and supported by other local and national organizations had a greater likelihood of success. The formation of networks and federations was particularly important.

- **Leadership and structure:** While many cooperatives started with the leadership of charismatic leaders from affiliated educational, religious and fraternal organizations, the

development of strong organizational structures were equally important.

Team and committee structures, often borrowed from affiliated organizational sponsors, allowed for the development of shared leadership, multiple leaders and mutual responsibilities.

- **Women:** Women served facilitative and supportive roles throughout the

history of African-American cooperative development. They also took a leadership and emancipatory role, particularly in the formation, direction and management of a number of cooperatives for black women. Nannie Helen Burroughs and Halena Wilson were particularly important.

- These actions were never absent from racial discrimination and sabotage and eventually resulted in compromising the viability of many.

- However "in most cases, even when [co-ops] failed, co-op members were often better off, even when the co-op ended...In addition to providing goods and services, the cooperative provided experiences and training that members might not get elsewhere. In addition, members were often able to establish credit, buy or develop an asset (e.g. land, machinery) and earn financial return on their equity (interest) or on



their activity (dividends or patronage refunds)” (p. 83).

### **Part III: 1960s to the Present**

#### *Federation of Southern Cooperatives/Land Assistance Fund*

In the third and final part of the book, Gordon-Nembhard focuses on the period from the late 1960s forward. In the first of two chapters, she highlights the actions of the Federation of Southern Cooperatives (Federation), followed by a final chapter detailing the central importance of group solidarity.

The Federation was founded in 1967 and merged with a parallel organization, the Emergency Land Fund, in 1985 to become The Federation of Southern Cooperatives/Land Assistance Fund (FSC/LAF). It is the nation’s only predominantly African-American regional cooperative organization. The Federation’s activities have been wide-ranging throughout most of its history. Its actions and goals have included:

- “Developing cooperatives and credit unions as a means for people to enhance the quality of their lives and improve their communities.
- Saving, protecting and expanding the land holdings of black family farmers and landowners in the South.
- Developing a unique and effective Rural Training and Research Center to provide information, skills and awareness, in a cultural context, to help their members and constituents to build strong rural communities.
- Promoting and developing safe, sanitary and affordable housing opportunities for their members in rural communities.
- Developing, advocating and supporting public policies to benefit their membership of black and other family farmers, as well as low-income people living in rural communities.
- Supporting and sustaining the work of the Federation for the long term by developing a succession plan, capital campaign and continuing to pursue such national policy promises as

fully funding the “Forty Acres and A Mule Endowment Fund” (FSC/LAF 2007, 180)” (p. 202).

Ralph Paige, the long-serving CEO of the Federation, describes the organization as providing an alternative to the existing system through various cooperative efforts, and, in so doing, seeks to empower people to take control of their own lives...“which can often result in changing an entire community...changes that may demand institutions be more just” (FSC/LAF 1992, 11) (p. 212).

#### *Importance of group solidarity*

The book concludes with a review of the central importance of group solidarity and cohesion. Group solidarity perhaps is as important to a cooperative as is the pooling of resources and channeling collective action. Solidarity gives the organization vitality and can be reciprocally leveraged with other activities such as civil rights, leadership development and, as discussed in the book, women’s and youth leadership development.

Oppression and the lack of access to needed goods and services provided an incentive and group solidity to organize for greater economic independence. With careful study of circumstances and alternatives — and with the help of community leaders and ancillary organizations — many businesses were launched by drawing upon and pooling member talents and resources. These actions would have been much more difficult without the levels of solidarity existing in the African-American community, forged, paradoxically, by a long history of oppression.

Jobs, wages and various services were generated from these efforts. Given the character of cooperatives as member owned, geographically embedded organizations, Gordon-Nembhard documents that in addition to jobs, wages and services, various follow-on secondary and tertiary benefits may occur. Such benefits can involve: (1) asset-building opportunities; (2) re-

spending at local businesses; (3) increases in local wealth; (4) training and education of members and consumers; (5) greater civic participation and (6) socially just community change.

Gordon-Nembhard concludes the book stating she has endeavored to demonstrate the “feasibility of fashioning financial redevelopment, both urban and rural, around...egalitarian strategies for democratic ownership and control of productive resources.” Further, she says that “community-controlled democratic enterprises can provide: (1) an economic stimulus; (2) create wealth and (3) reduce exploitation and inequalities for African-American communities.”

This reviewer found the book full of suggestions and lessons that can be used by any group seeking to empower itself through cooperative organization. The range of concepts covered — from the Antigonish method of development, the needs of cooperative development and the impact of co-ops on community development — gives the book applications well beyond the badly needed African-American cooperative history.

The book has been aptly titled, *Collective Courage*. Miriam-Webster defines “collective” as denoting a number of persons considered as one group or whole, and “courage” as strength in the face of pain or grief. The history of African-American cooperative practice, as documented in this volume, clearly demonstrates how a group of oppressed people, in the face of pain and grief, persisted relentlessly to provide themselves economic independence, and political freedom, but also, thankfully, a model, and lessons of development, inclusion and diversity that can benefit all of us. ■

**By James C. Hanson and  
Miodrag Matavulj**

*Editor's note:* Hanson is an economist in the Department of Agricultural and Resource Economics at the University of Maryland. Matavulj is program manager for agriculture and rural development at the Agency for Cooperation, Education and Development (ACED) in Banja Luka, Bosnia and Herzegovina.

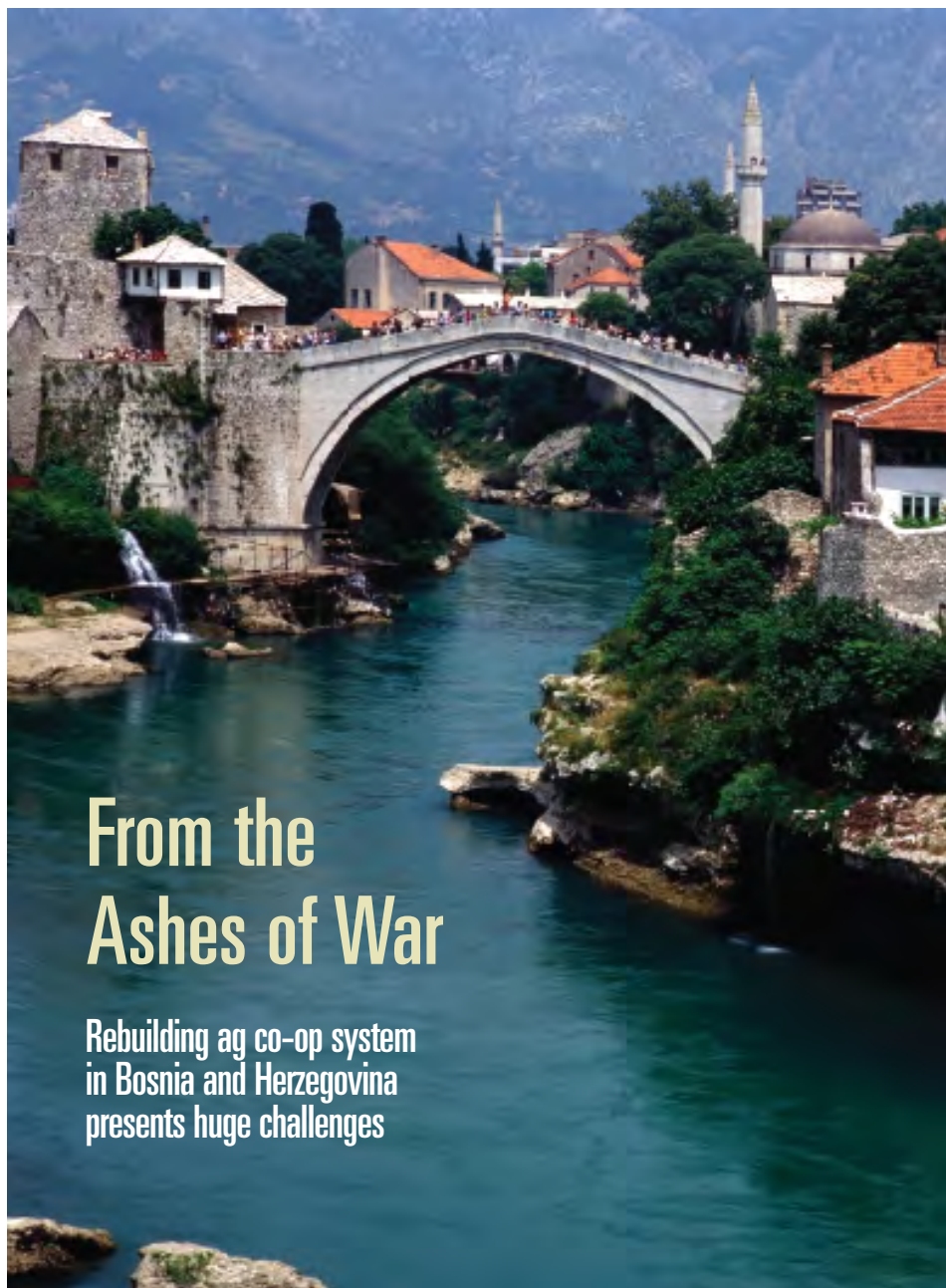


Building a new network of farmer cooperatives in Bosnia and Herzegovina following three years of war that accompanied the dissolution of Yugoslavia has proven to be a daunting task. In addition to recovering from the widespread destruction and bloodshed of the war, farmers have had to adjust to a new free-market economy, a new regulatory system and revamped government bureaucracies. There are also new national boundaries for five independent nations that now exist where there was formerly one.

The overall goal of our study was to see how farmer co-ops and unions of co-ops in Bosnia and Herzegovina (a single nation) were progressing in the wake of this tumultuous period.

We began our study by conducting a formal survey in late 2006 of Bosnia and Herzegovina's cooperative sector — including agricultural cooperatives and unions of agricultural cooperatives. The farmer-members of these co-ops were excited by the chance to boost productivity through their own co-ops. The unions of cooperatives, which were created to serve member cooperatives, were also determined to help these cooperatives grow and prosper.

One advantage for the nation's co-ops is that calling a business a "cooperative" does not elicit the same type of negative connotations that it often does in the former Soviet Union republics and some other Eastern European nations. In Yugoslavia,



## From the Ashes of War

Rebuilding ag co-op system  
in Bosnia and Herzegovina  
presents huge challenges



*When the Stari Most, or Old Bridge, collapsed from tank shelling in 1993, "It was like the heart was ripped out of most Mostar natives." More than a decade later, the beautiful stone structure that had spanned the Neretva River for over four centuries once again arches across its waters, symbolic of efforts to heal the scars of war. Below, a co-op board meeting.*

collectivization had not been forced on farmers, and agriculture continued to be based on small, individual farms.

An informal, follow-up survey conducted in early 2014 indicates that little progress has been made in developing stronger agricultural cooperatives in Bosnia and Herzegovina. We see no easy solutions to this lack of progress. While there is a widespread desire to build a more effective agricultural cooperative sector, that motivation, in itself, has not proven to be enough to achieve much progress.

### **Adjusting to structural changes**

Massive changes in the structure of agriculture have occurred since the breakup of Yugoslavia and the ensuing war that lasted from 1992 to 1995. Prior to the breakup, the dominant organizational unit for Yugoslav farmers was the general agricultural cooperative. These cooperatives were not state-owned, as they were in much of the former Soviet Union, where co-ops were state-supported and sanctioned.

In the former Yugoslavia, unions of cooperatives played a subservient role to their member-cooperatives. Producer-members farmed their own land while general agriculture cooperatives provided farmers with the vast majority of supply of inputs — including fertilizer, seeds and pesticides. The general co-ops also marketed most of their producer-members' farm production.

After the nation's breakup and war, the general agricultural cooperatives were eliminated. The current Law of Cooperatives in Bosnia and Herzegovina (BiH), passed in 2003, is based on the rule of its members, not the sanction and support of the state.

After 2003, the membership of any agricultural cooperative was often a mixture of returnees to pre-war rural homes, displaced people who had chosen to "start again," rather than return to pre-war communities where they would remain as minorities, and so-called "domicile families" that had

remained in place.

Many cooperative members were fairly new to agriculture as a livelihood; all were relatively new to a free market economy. The expectation was that these new cooperatives would provide the same level of expertise and service as they had experienced in the former Yugoslavia.

With the new cooperative law in place, three public interest unions of cooperatives were created: two are unions of cooperatives, one each for the Republic of Srpska (RS) and the Federation of Bosnia and Herzegovina (FBiH); the third co-op, the Bosnia and Herzegovina Union of Cooperatives, serves the entire country.

The unions of cooperatives were charged with: providing help in the establishment of new cooperatives; advocating on behalf of cooperatives before public bodies and organizing research, education and marketing activities. They were also charged with deciding property transfers, when a cooperative should be terminated and with conducting audits of cooperatives.

### **Land ownership confusion**

In addition to the devastation of the agricultural infrastructure caused by the war, another major problem for farmers in BiH was confusion over land tenure and ownership. Average farm size was small, less than 3 hectares (or about 8 acres), and these small holdings were also often fragmented into non-adjointing land parcels.

Since so many records were destroyed during the war, it was often difficult to establish legal title to property. There were also different title requirements between the FBiH and RS. In addition, displaced people who were removed from their lands during the war sometimes were now on land that was not their own.

One advantage of agriculture, even subsistence agriculture in countries such as Bosnia and Herzegovina, is the safety net that it provided to poor people. The farms formed a social buffer by

providing subsistence food security for those without incomes — either to those living on farms or to relatives and friends in towns.

### **2006 study**

The objective of the 2006 study was to identify and quantify the demands of the agricultural cooperatives and the services being supplied by their cooperative unions, then to determine which of the cooperatives' needs were, or were not, being met by the cooperative unions.

Information was gathered in three ways:

(1) Questionnaires were sent to 60 cooperatives. Forty-two cooperatives responded, 25 from RS and 17 from FBiH.

(2) Two focus groups were conducted with six cooperatives from FBiH and five cooperatives from RS. An average of 12 people attended each focus group.

(3) Personal interviews were conducted with representatives from the three cooperative unions.

Surveys returned by the cooperatives revealed that:

- There was not effective communication between the three unions of cooperatives and the agricultural cooperatives.
- Educational programs were needed by agricultural cooperatives on the topics of:
  - Markets, marketing principles and quality standards;
  - Business management and economic analysis.
- A marketing database should be developed that records recent prices for different commodities, trends in commodity yields and trends in levels of production (e.g., crop hectares and livestock numbers).
- Cooperatives need legal advice concerning property ownership, titling and registration. The unions need to continue their cooperative audits and help in the legal registration of cooperatives.
- Cooperative principles should be



promoted in Bosnian society. Advocacy and lobbying should be pursued jointly by the unions of cooperatives and their member cooperatives.

- The unions and cooperatives should work together to develop strategies and partnerships among cooperatives. For example, the cooperatives should be encouraged to work together in business centers.

Statements from cooperative members during the focus group sessions, comparing their experiences before the breakup of Yugoslavia vs. the current situation, tended to emphasize the problems being experienced in 2006. Examples of these statements include:

- “In the past, farmers had benefits, such as pensions and health insurance; today, they don’t have any.”

- “Today, the relationship between the cooperatives and their members has been reduced to sales.”

- “It is much more difficult now. In the past, there was a monopoly — there was not any private production.”

- “Everything that was produced, the cooperative could sell.”

- “In the past, we had all the services we needed and the whole system was organized.”

- In terms of the relationship between the cooperative and the union of cooperative, “the cooperatives were much bigger in the past. Then, the cooperative union was not very important. The union is more necessary now if it (the cooperative system) is to function well.”

We learned the following from the unions of cooperatives:

- The unions were meagerly funded, with small staffs (less than five people). For example, in addition to the president of the Republic of Srpska Union of Cooperatives, there were three employees: a full-time manager, an auditor and a part-time bookkeeper. These employees had not been paid for the previous four months (prior to the interview) and there was no money to reimburse them for operating expenses. In the previous two years, they had audited 77 cooperatives.

- The president of the Federation of Bosnia and Herzegovina Union of Cooperatives took office in 2006 and found that the union’s financial situation was not satisfactory. Some debts were repaid, but former employees’ salaries, pensions and health insurance were still not paid. There were two full-time and one part-time employee in the union. His priority was to familiarize himself with the situations of cooperatives in FBiH.

- The state-level Bosnia and Herzegovina’s Union of Cooperatives leader described recent efforts to: resolve land ownership issues; introduce a database on the country’s cooperatives; and represent the BiH cooperative sector abroad. An important initiative involved developing a cooperative business center operation, under which individual cooperatives would work together to increase the efficiency of their input buying or marketing of products. This initiative, while a positive move, had yet to be implemented.

### 2014 study

An informal survey taken in spring 2014 showed that little progress had been made in the development of agricultural cooperatives. Only a few new agricultural cooperatives have been registered since then.

Most of these new cooperatives, while legally registered, have only small number of members, and most are not farmers. The new agricultural cooperatives are more similar to wholesalers who buy from farmers and resell into the market place.

The unions of cooperatives have not made much progress either. After many years of little improvement, a major international partner of the cooperative unions chose to subcontract their efforts with a new, local non-governmental organization (NGO) instead of continuing to work with the unions. This NGO has been assigned to work with the cooperatives and unions to help them better serve the agricultural community.

### Why progress has been slow

The lack of progress toward building a stronger co-op system between 2006 and 2014 is disheartening. One possible explanation is it there was a “top-down” system in the former Yugoslavia, in which the managers of the cooperatives provided services to the farmers. The farmers were receivers of these services, not the providers.

The frustration of farmers with their cooperative leaders and the unions of cooperatives may reflect their unrealistic dependence on the “old world view.” These farmers may not understand that in the post-Yugoslavian world, the cooperatives are run by their farmer-members and that they are responsible for the success of their individual cooperatives.

Also, it is likely that outsiders cannot completely comprehend the difficulties faced by BiH farmers. Land is fragmented and land titles are often missing. Current economic realities preclude effective access to inputs or markets. The successful creation of agricultural cooperatives may be a secondary concern until these other issues are resolved.

Additionally, individual cooperatives are not large enough to provide realistic possibilities for market outlets. While farmers join a cooperative primarily for market access, the amount of production marketed by these cooperatives is still too small. For that reason, it will be necessary to combine cooperatives to increase the quantity of products marketed so that this new consortium of cooperatives can, hopefully, command higher prices for their members.

*Authors’ note: The 2006 survey results are taken from: Hanson, J. C., M. Matavulj, G. Manzuk, and J. G. Richardson, 2010. “Agricultural Cooperatives and Unions of Cooperatives in Bosnia and Herzegovina: Opportunities for Improvement in Providing Services and Educational Programs for Farmers.” *Journal of Rural Cooperation* 38: No. 1: 3-19. ■*

# Newsline

## Co-op developments, coast to coast

Send co-op news items to: [dan.campbell@wdc.USDA.gov](mailto:dan.campbell@wdc.USDA.gov)

### CoBank/USDA partnership to build rural infrastructure

CoBank is joining with the U.S. Department of Agriculture in a new public-private partnership focused on infrastructure investment in rural



America. The new “U.S. Rural Infrastructure Opportunity Fund” will serve as a source of private-sector capital to partner with USDA on a wide variety of infrastructure projects in rural communities. CoBank will act as anchor investor and has committed \$10 billion of balance sheet capacity to co-lend with the fund.

The fund was formally launched during the Rural Opportunity Investment Conference, sponsored by the White House Rural Council, which U.S. Agriculture Secretary Tom Vilsack set up and chairs. “This fund represents a new approach to our support for job-creating projects across the country,” Vilsack said. “USDA and other agencies invest in infrastructure through a variety of federal initiatives, but our resources are finite and there are backlogs of projects in many parts of the economy. We know where investment opportunities exist, so we are in a position to help promote these projects among investors.”

The effort will “enhance access to capital for a wide array of vital infrastructure projects around the country and speed up the process of rural infrastructure improvements,” said Robert B. Engel, CoBank’s CEO. “It is

completely aligned with our mission of service to rural America, and we believe it represents a meaningful, long-term growth opportunity for CoBank and our partner organizations in the Farm Credit System.”

CoBank's co-investments with the fund are designed to complement existing government loan and grant programs. The fund’s investment activities will include:

- Recruiting new sources of private capital to support rural infrastructure projects;
- Serving as a co-lender for borrowers financing projects where the government’s program limits or resource constraints warrant the fund’s involvement; and
- Private lending in support of projects capable of meeting market terms.

Target investments will include rural community facilities, water and wastewater systems, rural energy projects and rural broadband. The fund will be managed by Capitol Peak Asset Management, an independent asset management firm. CoBank will have the opportunity to review and approve each transaction individually, on a case-by-case basis.

### USDA helps butterfly farming take wing

USDA has recognized the potential for jobs in butterfly farming, awarding a \$500,000 grant to the Thlopthlocco Tribal Town in Oklahoma. The grant will support the Natives Raising Natives project. The partnership between the tribe and the Euchee Butterfly Farm will enable tribal members to raise and sell butterflies,

according to a report by the World-Herald News Service.

USDA’s Rural Business Enterprise Grant program promotes the development of small and emerging businesses in rural areas. The Thlopthlocco grant is the largest awarded this year by the program.

“What attracted the most attention was the amount of jobs this could create,” Brian Wiles, the business and energy program director at USDA Rural Development’s Oklahoma state office, told the World-Herald. About 50 people are signed up for the program, and many have received butterfly farming starter kits.



The grant is expected to help 100 to 300 people begin raising butterflies.

Wiles says the program seeks to achieve three objectives: provide rural employment for tribal members; promote science education among Native Americans; and promote environmental conservation, through raising natural pollinators. The idea is the brainchild of Jane Breckinridge and David Bohlken, who own and operate the Euchee Butterfly Farm and the Butterfly House. The husband-and-wife team has been in the butterfly business for more than 20 years.

## More co-ops for the “century club”

A list of 134 U.S. agricultural cooperatives that are at least 100 years old was featured on page 20 of the May-June 2014 issue of *Rural Cooperatives* (back issues are posted at: [www.rurdev.gov](http://www.rurdev.gov); follow the “Cooperatives” links). The following five cooperatives should also have been included on that list, raising the total membership of the “Co-op Century Club” to 139.

USDA plans to maintain the list as a stand-alone item on the Cooperative Programs website and will update it at

least annually as more ag co-ops reach the 100-year milestone.

“Based on our recent co-op surveys, we expect the number of century co-ops to climb steadily in the coming years,” says Eldon Eversull, USDA cooperative statistician. “As we said in the article that accompanied the list in the March-April magazine, it is a remarkable feat for any business to reach its 100th birthday in such a competitive economic system as ours, so this is a real accomplishment that deserves to be recognized.”

- Sun-Maid Growers of California, Kingsburg, Calif., Fruit, 1912;

- Viafield, Marble Rock, Iowa, Grain and oilseed, 1895;
- Co-op Country Farmers Elevator, Renville, Minn. Grain and oilseed, 1886;
- Farmers Union Cooperative Assoc., Cedar Bluffs, Neb., Grain and oilseed, 1888;
- Premier Cooperative, Mount Horeb, Wis., Supply, 1893.

## Ag Law Center receives USDA grant

The Arkansas-based National Agricultural Law Center has received a \$225,000 grant from USDA Rural

## ACE honors co-op educators

The Association of Cooperative Educators Association (ACE) honored outstanding cooperative educators during its three-day institute at the University of Texas in Austin in July. The annual event attracts those invested in cooperative education, research and development.

Winners of the 2014 ACE awards:

- *The Outstanding Contribution to Cooperative Education and Training Award* — This award went to noted writer/journalist Lee Egerstrom of Minnesota. Egerstrom identified the “Co-op Fever” movement in the 1990s and documented the development of new generation cooperatives that encourage farmers and ranchers to own value-added processing facilities. He remains active in Minnesota 20/20, a think tank about economic development, education, health care and other concerns.

- *The Reginald J. Cressman Award* — This award, which recognizes outstanding commitment to staff development, went to Colette Lebel of La Co-op fédérée, in Quebec. Lebel promotes cooperative business within her own cooperative through

“Midi-coop” lunchtime sessions and her editorial in the magazine “Le Coopérateur agricole.” She is a frequent lecturer at the Université de Sherbrooke’s program for graduate students of cooperative business. In addition, Lebel has also helped women fulfill their potential on boards of farmer cooperatives and is an active member of the association of co-op trainers and educators in Quebec.

- *The William Hlushko Award to Young Cooperative Educators* — This award went to Erin Hancock of the newly created Cooperatives and Mutuals Canada, an organization representing the interests of co-ops across Canada, communicating in French and English. Her many accomplishments include providing online network portals for boards of directors and researchers so that they can share and learn from one another. Hancock resides in Ottawa and Toronto.

- *The John Logue ACE Award* — This honor was established in 2010 to recognize co-op educational programs, technical assistance and research that promote economic sustainability. It was presented to

Margaret Lund of Minnesota, the principal of a consulting practice she founded in 2008 to promote co-op development. She has created or co-authored several resources that have helped cooperative developers in the United States and Canada with financing and operations.

- *The Outstanding Contribution to ACE* — This award is reserved for organizations that provide outstanding assistance to ACE. It was presented to Cooperation Texas of Austin, a worker cooperative development center that was instrumental in bringing cooperative educators to the University of Texas and for highlighting the work of those who involve economically struggling communities in cooperative endeavors.

ACE also paid tribute to University of Victoria Professor Emeritus Ian MacPherson, who died late last year. MacPherson was an engaging story teller/educator/historian whose work captured the most important moments of cooperation in North America.



Development to assist the local and regional food industry in the Arkansas Delta. The grant is intended to help alleviate persistent poverty areas in Arkansas and other states.

The goal of the project is to assist growers, entrepreneurs and others in the food supply chain by helping them to produce and process locally grown foods to area markets and public food programs, including school lunch programs.

The project targets Jefferson, Phillips and St. Francis counties in Arkansas, where it will help establish or support ongoing efforts.

### **Southern States allies with Kentucky Equine Research**

Southern States Cooperative, manufacturers of the Legends line of premium horse feeds, has announced a strategic alliance with Kentucky Equine Research (KER), an equine nutrition, research and consulting company based in Lexington, Ky. Initial plans for the Legends product line call for the addition of KER micronutrient vitamin and trace mineral premixes.

Southern States will utilize KER's digital technologies to provide technical nutritional support and valuable information to horse owners and managers. Southern States field staff will use KER technology to advise equine customers on the exact nutritional requirements for their horses.

A new website, accessible from the co-op's website, has been developed for Legends customers to keep up-to-date with the latest research on equine nutrition, health and practical tips for the horse enthusiast. There is also an extensive library of articles, as well as links to electronic newsletters, videos and free downloadable reports to help horse owners, managers, trainers and veterinarians.

In other Southern States news, the co-op will be offering Real-Time Kinematic (RTK) technology to its precision ag customers in the Southeast. RTK is a high-tech tool developed to allow satellite information from the

Global Positioning System (GPS) network to guide field equipment (planters, fertilizer applicators, harvesters, etc.) with a very high degree of accuracy.

Southern States is a Richmond, Va.-based farm supply and service cooperative, established in 1923, which has more than 200,000 farmer-members.

### **GROWMARK reports record sales**

GROWMARK enjoyed record sales during its 2014 fiscal year, which ended Aug. 31. Jeff Solberg, the co-op's CEO, reported estimated sales of \$10.2 billion for FY 2014, with estimated pretax income of \$180 million, which exceeded the co-op's key financial target of a 12-percent return on capital.

An estimated \$90 million in patronage refunds will be returned to GROWMARK member cooperatives and farmer-owners.

"The GROWMARK system has spent the year strengthening the foundation of excellent products and services that the FS brand is known for," Solberg says. Other highlights include:

- The Seed Division had an excellent year, Solberg noted, with 3.5 million units of corn and soybeans shipped.
- The Plant Food Division also enjoyed a strong spring season as position and risk management captured income opportunities, along with higher volumes.



• The GROWMARK Retail Grain business segment saw sales volume recover from the drought of 2012, but markets did not provide the opportunity to meet expected profitability. In spite of this, grain recorded sales volume of 200 million bushels and pretax income of \$5 million.

• The GROWMARK Retail Supplies business units "operated in overdrive throughout spring" Solberg

noted, staying ahead of the producers' needs and registering sales of \$1.8 billion and pretax income of \$3.5 million.

"Our system is driven by the vision of our directors — the talents of our employees — and the commitment of our members," Solberg says. "Each and every one of you has ensured we continue 'building on the best.'"

GROWMARK provides agriculture-related products and services, as well as grain marketing, in more than 40 states and Ontario, Canada. GROWMARK owns the FS trademark, which is used by affiliated member cooperatives.

### **Michael Doyle new CEO of Foremost Farms**

Foremost Farms USA has selected Michael Doyle as the co-op's new president and chief executive officer, succeeding David Fuhrmann, who will retire at the end of 2014. Doyle is



currently the cooperative's CFO/vice president for finance. He joined Foremost Farms in 2007 and is responsible for

the cooperative's accounting/tax, finance, strategic analysis/investments and information technology functions.

"As Foremost Farms approaches its 20th anniversary, Dave Fuhrmann's leadership (and that of his predecessor) created a very solid dairy business that meets the changing needs of our member-owners," Doyle says. "Going forward, it is my responsibility to provide leadership to conquer challenges that come with increasingly volatile dairy markets and global competition, while embracing our cooperative principles and growing the business for the hard-working dairy farmers who own Foremost Farms."

"Mike has a progressive vision for the cooperative and will continue the work that Dave has started and fostered," says David Scheevel, co-op

board chairman. “I have the utmost respect for both men and have confidence that the future is in talented hands.”

“While the time was right for me to retire, I do so knowing that we are looking at a bright future and the next leader of Foremost Farms will work tirelessly on behalf of the dairy farmer-members of this cooperative,” Fuhrmann adds.

Doyle officially becomes president and CEO on Oct. 1, although Fuhrmann will remain for a transition period through the end of the year.

Before joining Foremost, Doyle was the senior vice president and chief financial officer of Creekstone Farms Premium Beef LLC. Prior to that, he spent more than 11 years with Land O’Lakes, Arden Hills, Minn. He joined Land O’Lakes as the controller of the agricultural center division and was promoted through the ranks of the company’s agriculture and animal nutrition division, rising to vice president-operations.

Doyle has a B.S. degree in business, with an emphasis in accounting from the Carlson School of Management at the University of Minnesota. He and his family live in Wisconsin Dells.

### **USDA’s Catherine Woteki to address Farmer Co-op Conf.**

“Change. Challenge. Opportunity.” is the theme of the 17th Annual Farmer Cooperatives Conference, Nov. 6-7 in Minneapolis. More than 20 industry experts, cooperative leaders and researchers will share best practices and solutions to challenges facing cooperatives.

Recent additions to the agenda include Catherine Woteki, chief scientist and under secretary for research, education and economics for the U.S. Department of Agriculture, who will kick off the event. Other newly announced speakers include: Deborah Atwood, executive director at AGree; Art Duerkson, CEO of Farmway Cooperative; Bill Buckner, president/CEO of the Samuel Roberts Nobel Foundation; Doug Ohlson, general manager at Frenchman Valley

Cooperative; and Chuck Conner, CEO of the National Council of Farmer Cooperatives.

Also on the agenda are Rod Snyder, executive director of Field to Market; David Muth, senior vice president of analytics, AgSolver; Mike Vande Logt, chief operating officer at Winfield Land O’Lakes; and Todd Ludwig, CEO of Watonwan Farmers Service Co.

For more information, visit: [www.uwcc.wisc.edu](http://www.uwcc.wisc.edu), or contact Anne Reynolds at 608-263-4775 or [atreynol@wisc.edu](mailto:atreynol@wisc.edu).

### **Sunkist moves headquarters to Valencia**

Sunkist Growers, a 120-year-old grower-owned citrus marketing cooperative, is moving its headquarters from Sherman Oaks to Valencia, Calif. “In the past few years, we have made significant advances on key strategic initiatives to position Sunkist for long-

areas and will allow the company to keep its current employee group intact. The company’s move, being made in phases, was expected to be completed by the end of September.

With thousands of grower-members in California and Arizona, the Sunkist cooperative reflects the values and legacy of its 120-year history: family-owned farms where traditional growing practices, stewardship of natural resources and a dedication to innovation are proudly passed through the generations.

### **Dairy safety net program caps 5-year effort**

On Aug. 28, USDA formally launched the new federal dairy safety net that was included in the 2014 Farm Bill. The National Milk Producers Federation (NMPF) says it is now up to producers to become familiar with the plan, make their coverage decisions and



*Sunkist has moved to this new headquarters in Valencia, Calif., nearer to the citrus co-op’s multiple growing areas.*

term growth and profitability, and the relocation of our headquarters is part of that strategy,” says Sunkist President and CEO Russell Hanlin. “We look forward to welcoming our growers, customers, licensees and other business partners to our new home in Valencia.”

Situated between the I-5 Freeway and the Magic Mountain theme park at 27770 N. Entertainment Drive in Valencia, the new building is located nearer to Sunkist’s multiple growing

sign up before the Nov. 28 deadline.

The Margin Protection Program (MPP) allows producers to protect their margin — the difference between the price of milk and the cost of feed — rather than supporting milk prices. Farmers will insure margins on a sliding scale and must decide annually both how much of their milk production to cover and the level of margin they wish to protect. NMPF developed the key elements of the plan after the

catastrophic losses producers suffered in 2009 and again in 2012.

NMPF President and CEO Jim Mulhern says the new program is a major step forward for the industry. “The Margin Protection Program is more flexible, comprehensive and equitable than any safety net program dairy farmers have had in the past,” Mulhern says. “It is truly risk management for the 21st century, and we strongly encourage farmers to invest in using it going forward.”

To help farmers familiarize themselves with the new program, NMPF has posted resource material on its website and at a related website: [www.futurefordairy.com](http://www.futurefordairy.com). This website, intended to serve as an information hub on the plan, includes a spreadsheet with past trends and an online calculator that allows farmers to enter their own pricing and production data to help them select insurance coverage levels.

Release of the new dairy program’s details capped five years of work by NMPE, the nation’s dairy cooperatives and other farm groups. “We applaud the U.S. Department of Agriculture on its hard work of putting the final touches on the plan over the last six months,” says Mulhern.

### **Foremost, MMPA form strategic alliance**

Foremost Farms USA, Baraboo, Wis., and Michigan Milk Producers Association (MMPA), Novi, Mich., have announced that the two cooperatives have formed a strategic alliance to balance and add value to their members’ milk supplies in Michigan, Indiana and Ohio. The two cooperatives are initially investing nearly \$10 million in the region’s dairy industry to keep pace with the growing dairy production in the area. The strategic alliance will allow greater opportunities for both co-ops to leverage their milk supplies, reduce operating costs and maximize returns for their farmer-members.

Foremost Farms has purchased, and is installing, reverse osmosis technology at MMPA’s Constantine, Mich., milk

processing plant in south-central Michigan. The technology will concentrate three loads of milk into one by removing water and concentrating the milk solids, reducing the cost of long-haul milk transportation by two-thirds. The installation work and first phase of the project is expected to be completed by the end of this year.

“For the past year, Foremost Farms has been transporting surplus milk from this region back to our own cheese plants in Wisconsin,” says Dave Fuhrmann, Foremost Farms president. “This has resulted in a tremendous cost burden for our members. This investment allows us to reduce those cost burdens, improve transportation efficiencies, provide market stability for our members’ growing milk supply and utilize the milk solids to make cheese.”

“Michigan’s milk supply is growing at a rate of 3 to 4 percent per year, so investing in reverse osmosis equipment at our Constantine plant helps us keep pace with the growing milk production in our region,” Joe Diglio, MMPA’s general manager, says. “This new venture will also improve efficiencies in transportation and give us more flexibility in the market.”

“This strategic alliance is a great example of the true spirit of a cooperative — working together for the betterment of all,” he continues. “We are hopeful this venture will serve as a framework for future opportunities to join forces to strengthen the dairy industry and ultimately better serve our farmer-members.”

### **Alaskan food co-op wins Startup of the Year**

Mary Christensen spent the last seven years on the development team of Co-op Market Grocery and Deli, in Fairbanks, Alaska. Starting from scratch, with nothing but an idea and a desire, the team completed its goal in March 2013. In recognition of its success, the Co-op Market was named Food Co-op Startup of the Year for 2014.

The award was accepted by General Manager Mary Christensen at the

annual Consumer Cooperative Management Association conference in Madison, Wis., in June. Lauded for its leadership, retail excellence and commitment to building the local economy, Co-op Market beat out 12 other co-ops that have opened stores since June 2013.

Despite the many challenges of operating in Alaska, Co-op Market has experienced strong growth, far exceeding sales predictions. It has 2,680 member-owners and sales for 2014 are on track to reach \$2.8 million. Committed to supporting their local small farmers, 60 percent of the meat Co-op Market sells is locally grown.

“Our two biggest challenges both relate to Alaska’s vast size and our distance from almost everywhere else,” says Christensen. “Our buyers face a tremendous challenge in keeping our shelves fully stocked. The distance between us and our suppliers means it can take two weeks to receive items we order, so anticipating what will be needed is critical, and of course timing is critical for perishable items. We’re also isolated from all other co-ops and the shared resources available to them.”

### **International Co-op Summit in Quebec**

The International Summit of Cooperatives, a biennial gathering where leaders of cooperative and mutual enterprises gather to discuss concerns about business challenges, will be held Oct. 6-9 in Quebec City, Quebec. The summit is also an opportunity to forge valuable strategic alliances, stay abreast of major international development trends and gain a solid understanding of the global cooperative movement and the business opportunities it offers.

Groundbreaking studies will be presented during the conference, which will reflect the five summit themes and help to shed new light on the innovative capacity of the cooperative and mutual business model.

For more information, visit: [www.intlsummit.coop/cms/en\\_CA/sites/somint/home/info-sommet.html](http://www.intlsummit.coop/cms/en_CA/sites/somint/home/info-sommet.html) ■



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