

Fourth Meeting of the New Hampshire Meat Producer Working Group May 4, 2017

Attendees: 7

Guest: Lynda Brushett, Cooperative Development Institute

This summary reflects a range of views expressed on the issues as discussed during meetings of the New Hampshire Meat Producer Working Group (NHMPWG), comprised of meat producers throughout the state. They do not reflect the formal or public position of any one group of people, organization or coalition. All errors and omissions are the sole responsibility of Environmental Mediation Center (EMC).

Lynda Brushett from the Cooperative Development Institute presented background information on cooperatives. Her complete power point presentation is available on the project website and provides more detailed information.

Background Information on Coops

A coop is an autonomous association of people united to meet common needs through a jointly owned democratically controlled enterprise. Essentially, a cooperative is a business organized to support each member's business. Any business can become a coop, regardless of size.

Farmers come together to form coops if their needs intersect. Farmers typically form coops to access markets, share equipment, land, or labor. They should ask themselves "Can I do this better by working with other entities?" Will I be more profitable? Will it reduce farm operating expenses or increase marketing channel access?

Forming a coop requires organizing and forming a new business. Each coop member still has to focus on their own business. A successful example of a nearby coop is Local Harvest in Concord which was formed by a small group of vegetable farmers.

Coops are not non-profit organizations. Instead, they operate at cost and any revenues over costs are either invested into the coop or distributed to members.

Farmers are specifically authorized to form coops. Informal coops are illegal.

Principles of a Coop

Principles of a coop include voluntary and open membership. No one can be forced to join and membership is open to all who meet the standards. Coops are democratically run, one member equals one vote, regardless of the size of the farming operation.

Coops only do well if members are committed to it and use it. If it's just regarded as a place to sell leftovers that don't sell through other channels, the coop won't succeed. Members

must have “skin in the game.” Some coops require all production to be sold through the coop, others don’t.

Coops should also be open and look for opportunities to talk and cooperate with other coops.

Coops incorporate to limit personal liability. Most coops become LLCs. Members liability is limited to a fixed sum, usually their investment in the coop.

In New Hampshire, there need to be at least five members to form a coop. Members elect a board of directors who then hire and manage staff. Board members must think about the interest of the coop, not their own farm.

Things to Consider Before Forming a Coop

There are steps and things to consider before deciding to form a coop. First, decide why and identify the needs, opportunities, and resources. Second, hold a meeting of potential members and organize a steering committee. Third, determine the feasibility of forming a coop by conducting a survey of potential members, market research, and a feasibility study. If forming a coop is feasible, next incorporate, elect a board of directors and adopt by-laws, prepare a business plan, recruit members and secure financing.

Needs Assessment

The needs assessment investigates the reasons for forming a coop and how to maximize your economic power. Are you trying to reduce the cost of production or increase marketing opportunities through aggregating product in order to access larger markets and reach other processors?

The working group discussed this question and the members were mixed about whether the goal was to reduce costs, increase marketing opportunities, or both. The members recognize that others would be involved in discussions around forming a coop and this issue does not necessarily need to be fully resolved at this stage should there be interest in forming a coop.

The working group also discussed how much demand there is for local meat. Currently, most meat producers are selling through local channels and not to major grocery stores and restaurants. The members discussed contacting local buyers to further investigate price and volume requirements.

In order to determine the need for a coop on purchasing, Lynda suggested conducting a survey of producers to identify the most expensive inputs, determine how much they buy and when they order it. Then you can analyze the results by zip code to determine whether there are concentrations where it would be feasible and advantageous to aggregate orders.

Feasibility Study

Feasibility studies have a broad range in price but a ballpark estimate is \$25,000. This step is critical as compared to a “build it, and they will come” approach. There may be grants (Rural Business Development Grant, Value Added Grant, Local Food Promotion Program Implementation Grant) available to cover some or all of these expenses.

The feasibility study will investigate whether there is a critical mass of product? Are the potential members willing to commit X amount of livestock a month? How much supply is there and how much demand?

Characteristics of Successful Coops

Successful coops have a few things in common. First, members are committed to the coop. Second, they hired competent staff to manage the coop. Let the farmers farm and let the staff manage the coop. Third, they set realistic goals and made decisions based on market research.

For a meat marketing coop to be successful, it should have a solid business plan, producer marketing agreements, production standards, consistent quality and volume, processing coordination and quality control.

Other Matters Raised at the Meeting

Farming in New Hampshire is limited by access to capital. We need more lenders willing to commit to agriculture. There should be easily available microloans to reduce obstacles for new farmers to begin a farming operation. That would help expand our base and attract young college graduates to enter the field of agriculture. Other states such as Vermont have a state supported lender (Vermont Agricultural Credit Corporation) that issues loans and New Hampshire should investigate establishing a similar institution.

Partnering with Vegetable CSAs.

Lynda also suggested the possibility of meat producers partnering with vegetable farmers who operate a CSA. The vegetable CSA farmer may be interested in a more comprehensive offering that would include meat as well as vegetables.

Upcoming Meetings

The working group members agreed that the upcoming meetings will address investigating sales to medium and large buyers, producer/processor issues including packaging and scheduling, and joint marketing strategies.

Gail McWilliam Jellie and the EMC are investigating requirements for sales to medium and large buyers. We hope some of these buyers will attend our next meeting.

Processors will be invited to attend the meeting to discuss producer/processor issues.

