BUILDING SUCCESS OF FOOD HUBS THROUGH THE COOPERATIVE EXPERIENCE

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Best practices in aggregation

THE CHALLENGE:
Balancing the supply of product available and the demand for the product from customers is difficult.

- Successful cooperatives work with their grower-members in the off-season to construct a pre-season commitment plan, which identifies the product to be grown, quantity to be supplied, and delivery date. The plan is not a contract. The plan is a good faith effort to deliver the desired product.

- Cooperatives identify reliable and known sources of product to supplement merchandise from their members and minimize shortfalls.

- Assertive staff is necessary to hold the farmers accountable.

THE CHALLENGE:
Consistent product quality can be difficult to achieve and buyers may or may not require food safety certification.

- Successful cooperatives have wash, sort, grade, and packing activities conducted at the farm prior to delivery to the aggregation facility.

- Product should be packed and graded to standards set by the cooperative, the buyer, or the industry.

- Once the product is inspected and accepted, it should be assigned a tracking number.

- Product should be handled in such a way to maintain quality and safety standards of the buyer to minimize the risk of product recall and liability of a food borne outbreak.
Best practices when marketing

THE CHALLENGE:

Meeting the expectations of the buyers can be difficult.

- Successful cooperatives pulse the buyers in the off-season to evaluate their buying experience and gain knowledge of products and quantities needed in the upcoming year.

- Trust and reputation are critical to success. The customer is notified immediately once the cooperative recognizes it will not be able to deliver the desired product. This allows the buyer to make adjustments and preserves the buyer-seller relationship.

- Most buyers will not contract for product.

- It is important to develop a brand identity for marketing purposes. The brand may or may not be utilized as a marketing tool by the retail outlet.

- Staff need to be aggressive in selling product and when necessary empowered to ‘make the deal’ to move the merchandise.

THE CHALLENGE:

The palate of the consumer is becoming more diverse.

- Successful cooperatives meet with the buyers to gain information about changing consumption patterns prior to the growing season.

- Sales staff examine industry trends.

- Farmers respond by planting limited quantities of product to become knowledgeable about growing the crop and expand production when confident there is sustained demand.
Best practices when distributing

THE CHALLENGE:

Distribution facilities can be costly, especially for newly formed cooperatives.

- Successful cooperatives have distribution facilities with the flexibility to adjust temperature and control moisture to levels that maintain product quality and extend shelf-life for an array of products.

THE CHALLENGE:

Transportation of product is one of the largest costs and investments of the cooperative.

- Successful cooperatives ensure that product is delivered in a timely manner to maintain quality and buyer satisfaction.
- Transportation costs should be monitored and when appropriate outside firms should be utilized for long-hauls and deliveries.

And remember

Resources in member’s capacity to produce and the cooperative’s capital, facilities, and staff to support that growth need to balance and align across the business. Marketing staff should be careful in managing the expectations of large buyers as member-farmers may or may not necessarily have the capacity to deliver the desired quantity in the specified time. Pre-season commitment plans are useful in a given year but long term growth requires the cooperative to encourage its members to expand production of desired products on the one hand as it secures more buyer commitments on the other. Food safety certifications continue to evolve. Producers will need to follow protocols required by end users. Slow, incremental growth and a skilled management team are essential to success.