The Making of a Cooperative: Garrett Growers Cooperative, Inc.

Willie Lantz
Agriculture Extension Educator, University of Maryland Extension

Cheryl DeBerry
Natural Resources Business Specialist, Garrett County Economic Development
Overview

- Incorporated as an agricultural marketing cooperative in the state of Maryland
- Started by a group of 11 fresh produce farmers looking to expand vegetable sales beyond tailgate markets. Why?
  - Tailgate markets only open a few hours a week during the day
  - Why sell to Grocery Stores and Restaurants?
    - Established Infrastructure for Retail Sales
    - Open for business 7 days a week – 12+ hours per day
    - Volume Sales
    - Less Time spent by farmer on marketing
- A SARE grant facilitated a trial marketing effort in 2011 which canvassed local retailers and selected four outlets
Why a Cooperative?

- Expand sales of locally grown produce
- Create outlets for unique products (raspberries)
- Minimize grower needs to market produce
- Develop brand name for consistency, freshness, and quality
- Aid producers in planning as well as marketing production
- Generate savings for purchasing inputs by pooling resources for bulk purchases
How Are We Organized

- Incorporated in Maryland in December 2011
- By laws adopted in early January 2012
- Board of Directors elected by the membership to oversee GG operations
- Members complete a Membership application
- Board approves membership
- Members sign a membership agreement & purchase shares in the cooperative
- Board may hire individuals to manage the affairs of the Cooperative
What Are Our Goals

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• Create outlets for unique products (raspberries)
• Minimize grower needs to market produce
• Develop brand name for consistency, freshness, and quality
• Aid producers in planning as well as marketing production
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Coordinating Production

- Survey current and potential customers in early winter
- Use surveys and purchasing history to develop a weekly demand spreadsheet
- Convert produce demand into farm production
  - 300 lbs of Tomatoes from June 1st to August 1st
  - Need 300-400 plants in high tunnels to meet that demand
- Meet with farmers to divide up production
  - Try to have 2-3 farmers producing each item in a given time period
  - Encourage them to produce more to meet extra demand and cover potential crop failures
Coordinating cont.

• Varieties – winter discussions on varieties at membership meetings and at summer farm visits
  o Recommend varieties that work for customers and growers

• Target Season – May 25\textsuperscript{th} to Sept 15\textsuperscript{th}
  o Aligned with tourist season in Garrett County

Production is divided up by the week
  o Lettuce, green beans, broccoli, squash, etc.
  o Some crops Early Season (High Tunnels) and Mid Season
    • Tomatoes, Peppers, Cucumbers

• Farmers make a commitment but are not penalized if they don’t make the commitment
Producer Commitment

- Encourage them to produce and deliver on commitment
- No penalty for not meeting commitment
- Take committed produce before extras

Other Producer Requirements
- Must carry Liability Insurance on their farm
- Follow packaging guidelines
- Encourage attendance at Food Safety Trainings
Pricing

• Goal – 75% of Retail – 20% over “low-end” wholesale
• Restaurants have shared wholesale prices and are willing to pay more for local
• Grocery Stores – negotiate prices based on volume
• Board of Directors set a price range of each item
• Coordinator sets prices
  o Price list for restaurants
Packaging

- Farmers package produce to be sent directly to the restaurant or grocery store
- Coop picks up and delivers – no overhead for facilities
- Established some guidelines for packaging
- Using Uniform Returnable Crates
  - Label placed on crate (traceability):
    - Product
    - Weight or Volume
    - Producer Code
    - Date
  - Use a 1.5 mil liner in crate for most crops ($0.25 each)
Order Filling

• Producer let coordinator know volume they will have by set time. (8 am Monday)
• Coordinator prepares availability/price list (10am Monday)
  o Sent via fax, email or phone call to customers
• Coordinator accepts orders – (Monday afternoon)
• Coordinator divides out orders for farmers and calls, faxes, e-mails, or texts order (Monday late afternoon)
• Coordinator prepares invoices and pick up lists
• Delivery person picks up and delivers orders (Tuesday morning)
Cooperative Costs

• Producers are charged a commission on the produce that is sold through the cooperative.
  o 2013 – 20% of Sales

• Cooperative Provides:
  o Coordinator who makes calls to outlets and producers twice a week
  o Picks up produce at the farm
  o Works with restaurants and grocery stores on promotion of local product
Positive Outcomes

• Wider spread recognition of local fruit and vegetable production.
• Recognition that local farmers can consistently deliver a high quality product
• Learning Experience for all farmers
  o 2-5 on-farm visits per year by coop membership
Challenges

- Getting accurate demand information from grocery store and restaurants
- Year to year seasonal and in-year season changes in production and demand.
- Producers estimate of available produce for each delivery day.
Challenges with Buyers

• Estimating demand/need based on what is purchased through wholesalers.
  o Example – Romaine Lettuce – sold by the case (not pounds or heads)
    – What the heck is a 5 X 6 Tomato?

• Verbal Agreements
  o Store Specials – 3 weeks ahead – decided by corporate
  o Restaurants over-buy for weekend and then buy little the following week

• Restaurants have limited storage – tomatoes in the fridge???

• Need our availability before they must place order with other wholesalers

• Differentiating Product from produce from the warehouse.
Improvements/Future

- Efficiency with ordering
- Increase production/availability
- Continue to expand current & new local outlets
- Improve Point of Sale Advertising and product differentiation
- 2014: Veggie Boxes
Thank you!

Garrett Growers Cooperative, Inc.

www.GarrettGrowers.com
240-321-9636

Willie Lantz
wlantz@umd.edu
301-334-6960

Cheryl DeBerry
cdeberry@garrettcounty.org
301-334-6968