

Going Local in Big Sky Country

Western Montana Growers Co-op to notch first \$1 million sales year



The Western Montana Growers Cooperative, making a delivery, is helping to meet rising demand for local food. The co-op has been in business for 10 years, and now has 38 farmer-members. Photo by Neva Hassanein. Bitterroot apples are one of the co-op's more popular fruit offerings. Photo by Laura Ginsburg

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Montana has always been known for beef, wheat and being “Big Sky Country.” As the local food movement sweeps the nation, Montana is gaining a reputation for those who like to know where their food comes from. And in the western part of the state, the Western Montana Growers Cooperative (WMGC) is leading the pack for local food aggregation, processing, and distribution. The WMGC is celebrating its tenth year in 2013, with 38 farmer-members, and nearly \$1 million in sales in 2012.

In the fall semester of 2012, participants (led by Dr. Neva Hassanein) in a graduate-level course from the University of Montana Environmental Studies program completed a case study of the WMGC. The case study was funded by Mission Mountain Food Enterprise Center, the USDA-funded cooperative development division of Lake County Community Development Corporation, based out of Ronan, Mont.

Mission Mountain was an integral player in the formation of the co-op and has been instrumental in providing cooperative education and development and food handling guidance and serves as the processing facility for WMGC's value-added products.

Three teams, each with own focus

The students divided into three teams, each focusing on either: (1) staff, partnerships and cooperative structure; (2) member-owners; or (3) wholesale and community supported agriculture (CSA) customers. Each group decided on a sampling platform and used methods such as interviews, surveys, document review and participant observation to gather data for the report. All participants, regardless of what group they were part of, were asked their thoughts on the role of the WMGC in the regional food system.

As local foods continue to gain traction, particularly with the movement into wholesale markets such as schools and institutions, it is important to understand how a cooperatively owned business contributes to food system development. It is hoped that this case study will help inform those interested in developing cooperatively owned food hub businesses while also contributing to the academic literature regarding food systems.

Financially, the WMGC is expecting sales to top \$1 million in 2013. The previous year saw the co-op return a profit for the first time, and annual growth for the previous six years has averaged 30 percent. In the span of 10 years, WMGC has grown from nine members (who supplied only fruits and vegetables) to 36 members selling a "complete grocery basket," including dairy and grains.

Similarly, the CSA program has grown to more than 160 members since its inception in 2008 and now includes product-specific shares from local producers, including bread, coffee, cheese and beef. The recent financial success has been bolstered by grants for specific projects and generous support

from financial donors who want to see the co-op succeed.

Co-op staff and producers interviewed

The student team focusing on the WMGC staff and partners interviewed all of the staff and three key partners. The co-op employs a manager, assistant manager (a position now occupied by two people: one who manages finances, the other manages operations), a warehouse coordinator/primary driver, a CSA coordinator and two or three additional warehouse packers and drivers.

The team that studied the grower-members chose to interview the top 15 highest selling farmers in the co-op, who account for more than 88 percent of annual sales. These farmers sell a wide variety of products, ranging from fruits and vegetables to meat and dairy products. Nearly two-thirds of those interviewed reported that less than half of their total sales go through the co-op.

Finally, the buyer team focused on wholesale customers (health food and grocery stores), emerging institutional buyers and CSA customers. Health food and grocery stores comprise 73 percent of the co-op's total sales. The top 10 wholesale buyers, all four institutions and all of the CSA members were targeted for interviews or surveys.

From staff perspectives, the aggregation and distribution capabilities of the WMGC have allowed smaller farmers to reach more markets through wholesale distribution and with processed products. Staff members frequently mentioned the pride they felt in literally representing the fruits of the farmers' labor. They also said that being able to deliver high-quality, fresh and locally grown items was a key element of their work.

Partners were equally enthusiastic about the quality of the produce and the ability of the WMGC to get local goods into more regional and statewide markets. Newly formed relationships have led to WMGC items being sold across Montana through two multi-state distribution companies. Strong ties to Mission Mountain Food Enterprise Center have led to increased processing for fresh and frozen products, most of which go to area schools and institutions.

Co-op yields variety of benefits

Grower-members discussed a variety of co-op membership benefits, focusing on either finances or community. In

interviews, 13 of the 15 farmers saw the distribution of goods as being the primary benefit of the co-op, while seven farmers viewed the benefits derived from aggregation of products as being the primary advantage of the co-op. Being part of a community of individuals doing similar work was the highest community benefit, mentioned by 10 farmers.

Farmers echoed the thoughts of staff when they spoke about the role of the WMGC in the western Montana food system. Specifically highlighted was the function as aggregator, distributor and marketer of local foods, with many growers saying that the

farms. Institutional and CSA customers reported similar thoughts, and they appreciated the product quality, the relationships they had with WMGC staff, and the ability to support multiple farmers with ease.

Co-op expands producers' market reach

As food systems develop in parts of the country that have lost the infrastructure to handle produce from small and mid-scale farmers, the role of a business such as WMGC is to fill that void. Because the co-op picks up, aggregates, markets,

*Through its many functions,
the co-op has increased the reach
and potential of each individual farm.*

WMGC was “the face” of local food.

Smaller scale farmers noted that the aggregation service of the co-op allows them to remain competitive. Growers also say the WMGC plays a critical role in rebuilding a more viable and sustainable food system and serves as an example for other cooperatives.

The success of the co-op noted by staff and growers comes to fruition in the opinions of wholesale and CSA customers. Buyers consider the WMGC a highly valued supplier, with nine of ten interviewees saying the freshness of the products was superior to similar products from other distributors.

Another high point of membership is the direct contact and relationships the buyers have with co-op staff, including managers and drivers. Buyers appreciate that the co-op stands behind its products and guarantees customer satisfaction.

With so many small-scale growers offering products during Montana's short growing season, buyers also appreciated the simplicity of making only one phone call to access goods from multiple



processes and sells produce from multiple farmers to many consumers, it has increased the reach and potential of each individual farm.

The cooperative structure has allowed farmers to share in the risk of re-developing a localized food system — a process that does not happen quickly and requires the buy-in from many different people along the value chain. The cooperative structure may not always be the easiest to operate, due to factors such as competition, often low financial returns and a struggle to maintain member participation. But the Western Montana Growers Cooperative has shown that — with perseverance and dedication — a stronger, better local food system can emerge.

As the WMGC celebrates its first 10 years, it is clear that Montana consumers are embracing a model that supports their regional farm families and will keep small agriculture viable into the future. ■