‘Because we’re all in this together’

Sandhills Farm to Table Co-op’s goal: ‘Meeting local food needs with local food’

Cliff Pilson packs Sandhills strawberries at his family's CV Pilson Farms in Cameron, N.C. The fruit will be marketed through the Sandhills Farm to Table Cooperative. Photos courtesy Sandhills Farm to Table Co-op

By James Matson and Jeremiah Thayer

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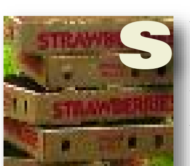

Since its inception two years ago, Sandhills Farm to Table Cooperative (Sandhills) — a multi-stakeholder enterprise — has made a huge impact in the rural community surrounding Moore County, N.C. Sandhills is providing fresh local food to more than 1,600 co-op members, while donating more than $30,000 to local schools and nonprofit organizations. In addition, it has had a tremendous impact on 35 producer-members, paying them more than 70 percent of the retail food dollars their co-op collects. Their multi-stakeholder model is providing inspiration for several other rural cooperatives being developed in North Carolina that are seeking locally based solutions to local food needs.

Expanding the co-op model

From its inception, Sandhills Farm to Table Cooperative has redefined the traditional cooperative model. Typically, a co-op is focused on benefiting one class of stakeholder, be it a producer-owned, worker-owned or consumer-owned cooperative. However, many cooperatives are unable to operate successfully within the traditional “single stakeholder” business model. But when there are multiple types of members represented by one co-op, addressing more diverse concerns is a challenge — which Sandhills has been designed to accomplish.

By including three different stakeholder groups (producer-farmers, consumer-customers and employees) in the decision-making structure of its operations, Sandhills has been able to expand the scope of benefits. It is one of the first local food cooperatives in the country in which the farmers, consumers and staff are all equal owners.

"People are less concerned about price, and the farmers are working to provide the best possible produce to their neighbors," says Jan Leitschuh, director of marketing and farmer relations for the co-op. "We're trying to be a cooperative in the truest sense of the word." While co-op leaders determined that the multi-stakeholder business structure was the best way to address the concerns of each party involved, the process is still evolving. They say the flexibility of the cooperative structure is the key to sustaining growth.

Ultimately, Sandhills would tweak the multi-stakeholder format through the use of the "one member, one vote" concept, partnered with a board of seven directors. Two board members are elected directly by each of the three stakeholder classes. These six directors then appoint one additional, unaffiliated board member to provide balance and objectivity.

Reaching consensus

The decision-making process posed an interesting challenge. The ideal of a "consensus" was never really considered. A simple majority vote of board members would allow any two interest groups to override the interest of the third, which is inconsistent with Sandhills' guiding principle: "We're all in this together."

A creative alternative emerged. Decisions are made by a simple majority vote, with the provision that at least one representative of each interest group must agree. The format of the cooperative serves as a watershed, expanding the benefit base beyond the stakeholders and into the community in which the cooperative resides.

Linking producers with consumers

Sandhills Farm to Table Cooperative is an outgrowth of a wave of Community Supported Agriculture (CSA) co-ops that began springing up across the nation in the 1990s. At its core, Sandhills is a multi-farm CSA cooperative. This multi-farm format allows the co-op to expand on the benefits of traditional CSAs. In a typical CSA, consumer-members financially support local producers and, in turn, they are supplied with regular "shares" in the form of produce distributed throughout the season.

In Sandhills' case, once customers become members, they are able to sign up for a subscription to receive "produce boxes," which are distributed on a regular schedule at various "gathering sites" located throughout the area. The multi-farm CSA format employed by Sandhills ensures that the co-op can offer a greater variety of produce as well as provide joint marketing and sales logistics. Similarly, the consumer-members receive the benefit of receiving their produce at gathering sites on a regular basis, instead of just when certain crops are in season.

While serving as a conduit for local food demand (which influences producers' planting decisions), Sandhills also serves to bring producers and consumers closer together.

"…Two dozen farmers in our county have been able to survive and succeed because of their participation in this cooperative."

"The co-op has been very successful in building a positive relationship between the farmers and community," says John Blue, a Sandhills farmer-member. "It has stimulated interest in using local products that we, as farmers, could have never accomplished as individuals."

This "consumer connection" is especially important for "transitioning farmers," those who are too large to make a living by selling at farmers markets, but not big enough to access large-scale producer markets. Or, these farmers may be transitioning from producing one crop type to another. By participating in the cooperative, many of these producers have been able to succeed.

"A full-time farmer transitioning from commodity crops, like tobacco, into direct-to-consumer sales finds it difficult to adjust his production and marketing practices to meet the demand for locally grown, fresh fruits and vegetables," says Taylor Williams, an agent with North Carolina Cooperative Extension. "Sandhills Farm to Table helps the farmer expand and diversify production and marketing practices to meet the demand for locally grown, fresh fruits and vegetables. It is no exaggeration to say that two dozen farmers in our county have been able to survive and succeed because of their participation in this cooperative."

Sandhills returns local dollars to the community, primarily through payment to farmers for their produce. In 2011 alone, 35 farmer producers were paid at least 70 percent of the retail food dollars from the co-op's produce sales.

Community impacts

While Sandhills includes the functions of a traditional CSA, it has become much more than that to the local community. The co-op's goals have always included community building. An example of this can be seen in the use of "gathering sites," rather than simple "pick-up locations." Jan Leitschuh says that the idea was to make the gathering sites a place where people could get to know their neighbors, swap recipes and generally have a more pleasant experience than is experienced at a typical "get your box and go"-type pick-up site. She sees the gathering sites as one of the key benefits of Sandhills Farm to Table, compared to other cooperative models.

While community building is accomplished through the strengthening of producer-consumer ties, it is also accomplished by fostering volunteerism. People begin to understand that "we're all in this together." In 2010, Sandhills was the recipient of more than 2,500 hours of volunteer services from members and others. Most of this donated time was used to operate the weekly gathering sites at churches and elementary schools.

Working together to meet the personal needs of the cooperative members also helps meet the needs of people and organizations outside the cooperative. Through donations to gathering site hosts in 2011, more than $30,000 was given to three public elementary schools, three churches and several other local, nonprofit organizations. That amount is up from about $10,000 in 2010.

In addition to its role as a CSA, the co-op is also on the cutting edge of the emerging "food hub" trend, in which the Internet becomes a marketing vehicle for local producers and a shopping platform for consumers. Through the use of

Laying groundwork key to successful launch

The road to the development and ultimate start-up of Sandhills Farm to Table Cooperative (Sandhills, or SF2T)) required long, hard work by a few dedicated leaders. The multi-stakeholder business structure was not broadly embraced when the concept was first floated, as public interest and awareness in local food sheds was in an embryonic stage at that time in North Carolina.

Fenton Wilkinson — a local sustainable-community development planner/activist who first envisioned the co-op — found that his initial attempts to "shop around" the concept stirred little community reaction. Wilkinson had experience in this field from previous projects and thus knew how important it would be to lay the groundwork for the co-op properly.

"I started an enterprise similar to SF2T in Washington state in 1997, as a for-profit worker cooperative," Wilkinson recalls. "After 18 months of operations, the business closed — even though it was about at the point of liftoff — because the vast bulk of the energy fueling it was mine. I burned out.

"Several years later, I moved to Moore County and felt that a similar local food distribution company would work locally. While the earlier attempt proved the concept's feasibility, I decided that I would only undertake it as a community development enterprise, rather than a personal, for-profit business. It seemed to me that the likelihood of success and longevity was much higher if the project was a community endeavor — that is, if it came out of a groundswell of support from a broad cross-section of community interests."

He tried to get various community leaders interested in the concept in 2003, 2005 and 2007, looking for broad community support. "While the idea was generally well received, no one was interested in becoming directly involved," he says.

"In 2009 when the idea was once again floated, Tim Emmert, a Moore County Community Development Planner, jumped on board and the ember started glowing. Together, we slowly built a coalition of public agencies, NGO organizations and citizens. The ensuing 'blaze' resulted in SF2T."

Reaching 3.5 percent of the county population as subscribers in just the co-op's second year "speaks volumes as to the efficacy of using the community endeavor approach," Wilkinson says. A key move occurred when Wilkinson (who would become the co-op's general manager) enlisted the help of Jan Leitschuh (who became the co-op's marketing director). With her involvement, community support began building in earnest.

Small grants from RAFI (the Rural Advancement Foundation International/USA) — which supports small farms and co-ops that use sustainable agricultural practices — and from an individual gave the fledgling co-op an early boost.

Outside assistance was sought from many sources. Key to Sandhills' ultimate success was its ability to form strong partnerships in the agricultural community and receiving strong support from USDA Rural Development staff and programs. Bruce Pleasant, business/cooperative programs specialist with USDA Rural Development's state office for North Carolina, met with the leaders to help move the co-op development process into the next phase.

Co-op organizers met with the North Carolina MarketReady office and its development partner, Matson Consulting. These groups provided critical technical assistance for the community leaders through funding provided under in a USDA Rural Cooperative Development

Sandhills' website, the co-op offers services much like a "pre-order" farmers market. Orders are placed via the website, then a "market day" is scheduled on which food and non-food items are picked up and a final bill is determined.

The use of market days allows producers to include food items that probably would not "survive" in the produce boxes, as well as to include more highly processed items, such as cured meats, jams, jellies and baked goods. Because they provide a source of guaranteed sales, market days have also allowed producers to include more difficult-to-store items, such as grass-fed beef, pork, and lamb; sausages; breads; and jams.

While the website format allows producers to find a sure market, it also opens the door for new business ventures in the community.

A recent survey identified several areas where there was a potential market, but uncertainty existed about local producers to meet the demand. One result of this is the Olde Time Bakery. Business owner Leslie Covington says she was willing to start the bakery due largely to Sandhills Farm to Table Cooperative. "I broke even my first month, primarily selling directly to Sandhills members on a limited basis," Covington says. "I can't wait to be able to offer subscriptions."

Working with low-income households

Sandhills' service region includes several USDA-designated "food deserts," which are defined as "a low-

Sharing the workload will help prevent burn out by a co-op's "heavy lifters," according to leaders of the Sandhills Co-op (below).

Grant (RCDG), at no cost to the cooperative.

NC MarketReady helped the organizational committee through several months of planning and meetings. The many hours of technical assistance provided through the RCDG from USDA proved invaluable for getting Sandhills Farm to Table Cooperative off the ground.

The organizing process was overwhelming at times. The cooperative had to resolve many internal issues to be fair for each class of stakeholders. There were few exact patterns to follow. So, with the help of many others, Sandhills took "pieces" from many other organizations that seemed to best fit its goals.

Looking back at the effort, Leitschuh says: "There were some intense 'birth pains' during the start-up, primarily because so many structures had to be invented from scratch — and each decision affected all the others. At that time, there were only two of us doing the heavy lifting, although Fenton took pains to engage opinion from all segments of the potential membership. We drew heavily upon Co-op Extension and NC University resources, including the NC MarketReady Center. It was a process that consumed two full years of two lives and left us exhausted."

Leitschuh's key advice for others following a similar course of action: "Enlist more 'heavy lifters' from the community at the start." Also, borrow from other existing co-op business models.

Wilkinson says one of the major barriers to starting a local food hub is figuring out how to get both consumers and farmers to make commitments based on the "raw concept." The co-op adopted an approach of "leveraging incremental steps. We started with a no-commitment, online consumer survey which garnered well over 600 responses, with 85-plus percent saying they were very interested in the idea."

That enabled the co-op organizers to get the attention of key local farmers and engage them in a dialogue. While there was farmer interest, when it came time for them to make a real commitment to plant and sign a delivery agreement, there was resistance, because the consumers had not done anything to indicate they really meant it, Wilkinson explains.

"We went to the consumers, explained that the farmers were at the point of having to make a real investment months before they had anything to sell, and they wanted some indication that the consumers really meant it. We couldn't sell subscriptions because no details of what that meant were known, much less the fact that we had no produce supply in hand."

Instead, consumers were invited to become charter members, paying $25 to join and support the co-op, but without any commitment to subscribe. "More than 450 households joined as charter members in one month. This community support surprised the farmers and was sufficient inducement for them to make growing commitments to SF2T. With farmer commitments in hand, we were then able to structure the produce box subscription details and begin accepting subscriptions in February. The rest is history." ■

income census tract where a substantial number of residents have limited access to a supermarket or large grocery store." Even in many areas not designated as a food desert, a significant percent of the population may lack access to healthy foods.

Sandhills takes its commitment to address food insecurity in the community seriously. In 2010, the co-op donated more than three tons of produce — which farmers were paid for — to needy residents of Moore County. The food donations were made through a local food bank and food pantries, a friend-to-friend program, and directly to families in need.

To ensure that community members have access to fresh healthy, locally produced foods, Sandhills has partnered with West Southern Pines Citizens for Change (WSP) to enact the "Affordable, Healthy Local Food Access Initiative." This grassroots, self-empowerment initiative in a low-income, minority neighborhood aims to increase access to healthy local food. WSP's 1,600 low-income residents currently have no access to healthy – much less, local – food. Many of them also lack transportation to get to better food sources. Both children and adults there are experiencing severe diet-related health issues.

"The West Southern Pines initiative will add the crucial piece of making healthy food more accessible in an economically depressed area while supporting local farmers, the local economy and our at-risk school children," says Kathy Byron, director of the Communities In Schools (CIS) FirstSchool Garden Program, a project partner.

Community enrichment

A CSA's activities tend to slump in winter, when most of the farmer-members are not growing crops. Sandhills has seized this opportunity to start the "SF2T University" ("SF2T" is often used as an acronym for the co-op). The informal "teach what you know" format allows people to teach community-based classes based on experience or expertise.

Part of the resurgence of demand for local foods corresponds to an increased interest in cooking at home. However, many of Sandhills' subscribers did not know how to properly prepare the produce they were getting from the co-op. Recognizing this need, Sandhills not only began offering regular cooking classes that work with foods included in that week's produce box from the CSA, but it also began offering canning and food preservation classes to capitalize on the abundance of some foods during harvest.

Sandhills' weekly newsletter, produced by Leitschuh, features recipes that use food from the co-op's CSA produce boxes in ways that help broaden consumers' palates while encouraging the "exploration" of new foods. A recent member survey found that 73 percent of respondents were increasing their frequency of cooking meals "from scratch" at home after becoming a co-op member. Cooking, canning and recipe use are all areas Sandhills is focusing on in an attempt to teach "lost skills" to a new a generation.

Looking to the future

Sandhills has big plans for the future. After being awarded a Farmers Market Promotion Grant in November 2011 from USDA, the cooperative's goals include expanding current offerings to include a number of value-added foods, including meats, breads and locally prepared soups. The grant will enable the co-op to expand its influence even farther in the community.

By purchasing new transportation equipment and electronic payment system point-of-sale devices, Sandhills will be able to offer foods to community members it has not reached to date, especially those in low-income communities where access to supermarkets is limited. The co-op intends to continue the formation of community-learning classes, as well as adding new members and subscriptions in the coming year.

Influence spreads

Sandhills is inspiring communities beyond its own. Because of the co-op's pioneering work in the multi-stakeholder arena, its business model is being adopted by others and its influence is spreading. Sandhills' members believe that sharing knowledge and know-how in order to promote community on a larger scale is a foundation of cooperative philosophy.

"I am indebted to this group for their willingness and proactive efforts to expand their own project to become a regional initiative, and for their unselfish sharing of not only their success but their knowledge and experience," says Mark Tucker, North Carolina Cooperative Extension director for Forsyth County. "This dissemination of information has allowed for others to replicate similar efforts in additional areas of our state."

The success of Sandhills Farm to Table is attributable both to its unique, multi-stakeholder structure and to Sandhills' actions to benefit many community groups beyond its own members. Multi-stakeholder cooperatives are proving that the best way to solve community issues is often with a community solution. While still evolving, these co-ops can help offer local solutions to local issues, following the spirit of the cooperative through information sharing and propagation, mutually benefiting every level of stakeholder. These co-ops exemplify the best aspects of cooperatives by helping to identify an issue, take initiative and form a community of interest to solve it.

"Sandhills Farm to Table Cooperative's intent and actions are a reflection of a new-values system of commerce," says its founder, Fenton Wilkinson. "It is not a business, but a community endeavor with the mission of meeting local food needs with local food," he continues, saying this reflects the co-op's belief that: We're all in this together.

"When asked: 'Is SF2T for-profit?' I have to say yes, but not in the usual sense," Wilkinson adds. "With all parties to the transaction being equal owners, we all profit from our relationship to our community and with each other." ■

Learning from co-op closure

Dissolution of Producers & Buyers Co-op holds lessons for others pursuing institutional market

Producer-members of Producers & Buyers Cooperative hold a caucus in 2010 to elect a farmer-director to the board of their multi-stakeholder cooperative. Despite initial successes selling to institutional food buyer-members, the co-op has ceased operations. Producer-members hope their experiences will help others avoid the pitfalls they encountered. Photos courtesy Producers & Buyers Cooperative

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Interest in local foods is continuing to build with every passing month. Households in many regions now enjoy multiple options for direct access to locally grown food via farmers markets, roadside stands, pick- or fish-your-own businesses and through community supported agriculture (CSA) subscriptions. Independently owned restaurants and specialty grocers have long forged direct relationships with local growers, but even more of them are now looking to source local foods.

For decades, consumer co-ops have been at the forefront of offering natural and regionally grown food options in retail stores. But fewer inroads for local foods have been made with schools, universities, hospitals and nursing homes (also known as the "institutional food" market).

The Producers & Buyers Co-op in northwestern Wisconsin was a highly visible attempt to bridge that gap. It was a multi-stakeholder cooperative in which members represented all aspects of the local food system: producers, local processors, transport providers and regional institutions. For three years, the co-op coordinated the processing and delivery of locally grown chicken, beef, cheese, pork, produce, fish, eggs, bison and lamb to area hospitals.

On July 20, 2011, members of the Producers & Buyers Co-op voted to dissolve their cooperative. As with any business failure, a number of factors contributed to the downfall of the co-op. For the benefit of future groups engaged in rebuilding a system that connects local food to area institutions, this article attempts to identify lessons learned.

Lesson 1:
Multiple members are needed in each membership class; don't become identified as one member's project

Rebuilding a local food system needs to encompass the perspective of each piece of the puzzle — be it producer, processor, transport provider or buyer. To fully understand the needs of each perspective, multiple members are needed in each membership class. If multiple members are not brought into the co-op, the co-op can be unduly subject to the internal dynamics of a single member (which may not be representative of what is happening among all buyers or all processors).

The Producers & Buyers Co-op started at the initiative of a single, medium-sized hospital. A much smaller rural hospital (a sister hospital to the founding buyer) joined the co-op soon after the co-op's incorporation. Learning initially occurred between the multiple producers (representing a wide array of products) and the two hospitals.

The producers and processors had hoped that the clout of the founding hospital would help convince other regional hospitals, nursing homes, universities and school districts to join the co-op. After all, who better than an institutional buyer could convince its peers that local foods are worth the additional cost and effort?

As the hospital stepped into the state and national media spotlight for its role in supporting local foods, the co-op became identified as that institution's project. Initial interest expressed in joining the co-op by regional universities and other hospitals then waned, possibly because the co-op was so closely identified with another institution.

When personnel and policy changes occurred at its largest

Alan and Alaine Sonnenberg (far right) were dairy-farmer members of the co-op. Herby Radmann (below), who operates Bullfrog Fish Farm, is another ex-member of the co-op. He has long been involved in seeking ways to make small-scale farming sustainable and in helping to prepare future farmers to take over existing farms.

buyer-member, the co-op lacked sufficient additional buyers to offset the loss. It never recovered.

Lesson 2:
Raise sufficient capital before launching; hire an experienced manager

This is as true for cooperatives as it is for any other type of business. The Producers & Buyers Co-op incorporated in Wisconsin with the ability to offer preferred stock as a means to raise equity from both members and the local community. The co-op board and supporters should have taken the time to write a thoughtful stock prospectus as well as educational materials.

With a prospectus in hand, ordinary citizens and community-minded investors could have been approached for their financial support. A solid base of equity would have allowed the co-op to hire experienced staff, including a "problem solver" knowledgeable about coordinating food logistics, but who was still willing to think outside the status quo.

Equity would have provided a cushion to ride through inevitable problems that arise in any new venture. If sufficient capital could not be raised within a reasonable time window

(say six to nine months), this would have been a powerful signal to leaders that wider community support did not exist for the local food system concept.

But, as is so often the case, several buyer representatives and producers were in a rush to "just do something." With limited funds, the co-op launched prematurely and tried to get by "on the cheap." A young and relatively inexperienced operations coordinator was hired part-time.

With limited staff and so much to do, board members stepped forward to fill operational and managerial functions. Over time, the board found itself in a reactive mode, rather than playing a proactive role in setting policy. The co-op went through three part-time staff members within a year (and dealing with all the ensuing personnel issues that go with rapid staffing changes).

As months turned into years, board members started to "burn-out." Valiant individuals tried to balance the demands of their business and personal obligations with the needs of the co-op. If the Producers & Buyers Co-op had sufficient start-up funds, it could have hired an experienced, full-time manager to establish and grow operations. This would have freed the board to concentrate its limited time on governance and policy setting.

An experienced manager could also have helped bridge the business-culture differences between the hierarchal way institutions operate and the realities of the way small-scale farming and processing work.

Lesson 3:
Require contracts between parties

Small-scale farmers and processors are often willing to work based on verbal agreements; sometimes just their word and the word of a buyer over the phone or a handshake is all that is required to seal a deal. This is not always the case with institutions, where turnover is frequent in both staffing and policies.

For example, a producer may have a verbal commitment with a buyer at a hospital or university. Depending on the item, it can take anywhere from three months to two years to raise the product to maturity. As the date for processing nears, the food buyer for the institution with whom the farmer made that verbal commitment may be long gone. To avoid this scenario, contracts should be signed.

In the current food system, institutions are accustomed to placing and cancelling orders with large food service providers. Large national distributors can absorb order changes by re-directing a product to someone else. This is not the case with small-scale producers and farmers. Farmers take on risk to raise a product to institutional standards (which can often differ from general consumer preferences). Even one cancelation of a large order can severely hurt a farmer's business.

To protect producers and processors from "institutional churn" and the risk of order cancellation, co-ops should use

Order cancellations by kitchen staff — often just days before animals were scheduled for slaughter — was another big problem, farmers say. Several producers — along with their small-scale supplier relationships — were severely affected by sudden cancellations.

To remedy the situation, the co-op's product committee suggested that buyer-members sign contracts with producer-members. But the buyer-member representative on the board would not agree. Trust began breaking down.

Producers and processors grew reluctant to do business through the co-op, and its cash-flow situation deteriorated. Shortly thereafter, the founding buyer-members announced that their health system owner had entered into a contract with a multinational corporation to manage dining services for all hospitals within the system.

While the co-op theoretically could have continued selling to the institutions through the new dining management contractor, it would have had to substantially increase its business liability insurance coverage and incur extra administrative costs. These costs made continuing business with the institutions economically infeasible, based on the rate at which the institutions were participating in the co-op.

contracts when accepting orders. As with a CSA subscription, the contract could require the institution to place 100 percent money down when the order is placed (effectively shifting the risk from the producer to the institution).

A more equitable way of sharing risk would be a system that is widely used in the small business community. These contracts require a 50-percent downpayment when an order is placed, with the other 50 percent paid upon delivery. Such contracts would be in everyone's best interests and protection. Farmers could invest with confidence for inputs and equipment. Cooks at institutions could have pre-season input to order items such as heirloom vegetables or other special varieties, locking in hard-to-source product at an agreed-upon price.

The Producers & Buyers Co-op did not require contracts between buyers and producers or processors. In organizing the co-op, more than a year was spent in discussions among all parties, resulting in strong mutual feelings of trust. With much fanfare, founding buyer-members publically pledged to buy 10 percent of their food locally. After one year, that pledge was increased to 15 percent. The co-op calculates that the institutions purchased about 7 percent of their food from Producers and Buyers.

Lesson 4:
Educate and train members at all levels

Co-op principle No. 5 — which urges co-ops to provide education, training and information to members — is critical to rebuilding a local food system. Quality local foods may initially cost more than conventional food products. But there are numerous rewards for buying locally; these rewards must be continually identified and communicated to members.

Within institutions, "buy-in" is necessary at every level, including kitchen staff, purchasing directors, employees, patients and senior administrators. Understanding and valuing local food requires a cultural shift if institutions are to make long-term buying commitments to a co-op, despite shifts in personnel, policies and the economy.

Co-op members Vic and Mary Price on their Wisconsin farm. One of the functions Producers & Buyers Co-op did best was work as a coordinator among producers, processors, transporters and buyers.

Producer and processor members also need continual education to understand the differences in wholesale and retail pricing. The Producers & Buyers Co-op stressed to producer-members and potential applicants that this co-op should not serve as the only outlet for a farmer's product.

Savvy producers need multiple marketing strategies, of which selling to institutions is but one channel. For example, while institutions tend to use large amounts of ground beef, they use relatively few cuts of prime beef. Beef, pork, lamb and bison producers were all encouraged to develop or maintain their existing retail and restaurant relationships for selling prime meat cuts.

The Producers & Buyers Co-op was structured as a multi-stakeholder co-op so that all players in the local food system would have access to each other for cross-learning purposes. There were numerous instances in which processor members made suggestions regarding product use and marketing, which helped build bridges of understanding between small-scale farm production and institutional needs.

But producers felt hampered by their inability to gain access to, and information from, key players at some institutions. For example, producers say they needed greater access to kitchen staff to work more closely with menu planners and cooks on new ways to prepare fish and lamb. Farmers and processors also wanted more feedback from the cooks about how to package product for the institutional environment. The lack of connection between producers and kitchen staff severely hampered relations.

What worked? Co-op as coordinator

The role of the co-op as coordinator among producers, processors, transport providers and buyers worked well. Institutional buyers have limited resources and interest in identifying individual producers of local food. They are usually not aware of what constitutes safe and sustainable growing practices at the farm level. Nor are institutions interested in setting up individual orders and following through on each product all the way through production, processing and delivery.

When done well, co-ops can ensure an agreed-upon level of quality, aggregate product and assure follow through in delivery and invoicing.

The Producers & Buyers Co-op operations were financed through a 5-percent fee assessed upon every transaction. The producer, processor and transportation company each paid 5 percent to the co-op on each item handled by the co-op. The buyers also paid 5 percent to the co-op for each item purchased.

This system worked, thanks to the efforts of a talented board treasurer (an accountant by training) who set up the co-op's spreadsheets. Future groups may wish to simplify the billing process and charge a single price to cover overhead.

The Producers & Buyers Co-op's financial design of managing purchases directly from institution to producer worked well on paper and in practice. This foresight helped ensure that all producers and processors were paid in full in a timely manner, despite the co-op's financial troubles and dissolution.

Avoiding pitfalls

Several of the lessons learned from the Producers & Buyers Co-op experience could apply to any cooperative: raise sufficient capital before launching operations, hire an experienced manager, provide ongoing training and don't let the co-op become identified as one member's project.

One lesson that is more specifically applicable to local food system co-ops is the cautionary tale about the differing ways that hierarchal institutions operate and the way that local producers and processors tend to do business. Be aware of how each stakeholder is accustomed to operating — everyone involved should be protected by the co-op insisting upon signed contracts and money down when orders are placed.

Sometimes the most important lessons are learned through failure. It would have been easy for the multi-stakeholder co-op pioneers of the Producers & Buyers Co-op to have quietly let their efforts fade from memory. But this group truly was committed to rebuilding a sustainable, local food system. The hard lessons they learned are offered here in the hopes that other groups may apply these insights to develop mutually satisfying, genuinely sustainable systems for connecting local food to hospitals and schools. ■