

Cooperative Case Study-Okanogan Producers Marketing Association

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CURRENT INFORMATION

Name: Okanogan Producers Marketing Association
Type: Agricultural producers marketing and distribution cooperative
Date Founded: 2006
Number of Members: Six
Area Served: Farms being served are in the lower Okanogan River Valley in North Central Washington State. The market being served includes Okanogan County, the Spokane metro region, and the I-5 corridor from Bellingham, WA to Olympia, WA.

COOPERATIVE START-UP

The co-op was started as a means of improving individual farm viability by working together to seek, create, and secure new market opportunities. Initially there were about a dozen farms and an equal number of concerned community members that participated in the effort. In 2005 and 2006, two support organizations were vital in working with this community to form a co-op. Through a USDA Rural Cooperative Development Grant, the Northwest Cooperative Development Center helped the group conduct a feasibility study to form a business in order to open a roadside business to sell locally produced agricultural products.

In late 2005 the group engaged with the nonprofit Farming & the Environment (F&E). Upon review of the feasibility study for a roadside business, F&E suggested an alternative strategy to seek more robust markets in the Seattle metro-region. F&E secured a USDA Rural Business Enterprise Grant to help finance the start-up, as well as also providing direct market representation for the group, helping it to secure new markets along the I-5 corridor. The USDA RBEG Grant, securing new markets, and sharing liability, created the impetus for the initial seven farms to legally organize as the Okanogan Producers Marketing Association (OPMA), a Washington State Cooperative Corporation in the spring of 2006.

Initially one of the most challenging aspects of this process was the diversity of participants and interests. Once the direction changed from serving local to serving more distant markets, community participants dropped out of the effort. With the focus narrowed, the process to organize was able to move more quickly. Still, there were many meetings which can be very challenging for agricultural producers. On the positive side, there was a fair amount of trust among the group and strong leadership by one of the growers who passionately believed this was a good idea. At the operational level, the primary challenge was that the primary market was more than 200 miles away (a compelling reason to pool resources and cooperate!).

Retail natural food cooperatives became involved during the first year of operations as one of the growers had a relationship with the Olympia Food Co-op and started to support connecting the co-op and other growers to this market. This evolved to a greater connection in the second year of operation as F&E made appointments and introduced OPMA to natural food cooperatives in Bellingham, Mt. Vernon, Everett, and Seattle in early 2007.

A key point of interest in the start-up was OPMA's involvement in the Des Moines Waterfront Farmers Market. This market was started by F&E in June of 2006 and was the first farmers market in the State to allow a farmer-owned cooperative to sell an individual farms product when that farm-owner wasn't present. The notion here was that two of the seven farms could bring all participating farms products to market, saving the other farms the time and expense of making the trip. It sounded good in principle but all of the farms came to the markets as it seemed no one wanted to stay home! OPMA's participation in the Des Moines Waterfront Farmers Market only lasted for one season.

The act of working together has been beneficial. The co-op's sales grew from \$99,000 in 2006, to \$258,000 in 2009, and about \$370,000 in 2010. Due to the direct farmer-to-retailer marketing of the cooperative, several growers have experienced significant improvement in profitability. In 2005, one grower netted .17 per lb. on organically grown pluots that were sold through a brokerage (his historic outlet). In 2006 the grower netted .75 per lb. through direct marketing.

THE CO-OP TODAY

OPMA has made all its decision through consensus. This form of decision making works because of the high level of trust and willingness to comprise that exists within the group. The bylaws do permit a majority vote if necessary, which hasn't happened to date. One of the growers did drop out of the cooperative but this was just due to the fact that the farm didn't grow enough volume of product to warrant transporting to Western Washington. Only the six remaining farms are currently members. These members serve as the board and the co-op currently has no intention of expanding the membership, but will sell other non-member farms' products.

Operations for the co-op have been managed by a single individual. For the first year (paid for by the RBEG grant) the operations manager was hired from outside of the farms/ownership. Since the second year, one of the farmers (the one with great leadership skills) has served as the sales/operations manager. There is also a part-time delivery driver from June through October.

OPMA is run in a "break-even" manner. The growers pay a per box fee to cover the cost of a driver, vehicle, and fuel, about 12% of sales which covers the expense of the operations manager, phone, and storage facility. Enough funds are carried over to pay the operations manager during spring planning. All excess funding is returned to the members based on each member's percent of total sales for the year. OPMA does not spend any time or resources for board training or member education.

The cooperative measures success by its sales and the wholesale prices received by members. Another measure of success is that due to market demand and opportunity, the members are planting new trees, fruit, and varieties of row crops. Watershine Woods, the Operations/Sales Manager states, "The fact that we're all still together after five years and that we all still get along pretty well is an important indicator of success." Current challenges are limited to weather events and operating costs (fuel, vehicle maintenance, etc.).