



In Good Company

Abstract: Efforts by a group of southeast Iowa producers to create an aggregated marketing organization yielded mixed results.

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Budget:
\$3,750 for year one

Q What would it take to form a group of producers who might act as one?

A It would take a legal structure that every member bought into, an efficient mode of marketing and selling that covered transportation costs in the food mark-up, a group of like-minded individuals who really wanted (or needed) to make the project work and an administrator who was a creative problem-solver and sufficiently dedicated to the project.



MARKETING

Background

In Good Company began through the networking and cooperation of several south-east Iowa farms in order to create more market opportunities for their farm enterprises. The project started with a group query into the different structures and forms that a business entity may use to incorporate, explored how to choose and form a legal structure that will best suit the group, considered the formation of bylaws and Articles of Incorporation, and was intended to culminate with the submission of papers and Articles to the State of Iowa for legal incorporation of the group.

Approach and methods

The first step in the project was to arrange a field visit between participating farmers and an already incorporated multi-farm enterprise. This visit was intended to spur facilitated discussions among the participating farms to create a Strengths-Weaknesses-Opportunities-Threats (SWOTs) analysis of both market opportunities and legal structures. Once the SWOTs analyses were finished, the group would be able to make a decision as to which legal structure best fits their needs and begin writing by-laws, finally submitting the bylaws and Articles of Incorporation to the State of Iowa.

Farms that are marketing together to attract businesses and institutions, and then incorporate into one legally-recognized entity will enjoy greater credibility among buyers and institutions. Farms participating through the incorporated structure will receive a greater measure of asset protection than that available to non-incorporated businesses. Additionally, farm ownership in the larger incorporated group of farms will assure that the member farms selling their produce through the incorporated group will retain more value for the food they produce. The incorporated group of farms also may initiate more successful outreach and education efforts to the larger community to facilitate greater investment and support for local and regional food enterprises from economic development councils, city planners and citizen groups than if such outreach were done by individual farms.



Visiting local food outlet in Decorah, Iowa

Results and discussion

The project was open to all farms in southeast Iowa interested in producing food and selling through a higher volume market. Fourteen farms in six counties indicated interest at the beginning of the project. In 2010, eleven of these farms worked together to supply food. In order to gauge project success, the recruitment and retention of participating and interested farms was observed and recorded in 2011. In 2012, none of the original farms were engaged in aggregating their supplies or transportation.

There are currently no farms interested in continuing the alliance.

Other ways of increasing the availability of local food in southeast Iowa are being explored. Each of the producers learned about their options and some will continue to work together on an informal basis.

Conclusions

There were many challenges for the Pathfinders RC&D in 2011. In April, there was a significant change in funding of the office as a whole. Many conversations occurred with the local alliance members about the structure of the group. Business leadership ideas were brought to the group, and there seemed to be disagreement about financial buy-ins and partnerships. Trust never was established among the group's members.

The 2011 summer/fall negotiations about the structure and leadership of the group ended with the loss of the local food coordinator. The group took a break from meeting until the new coordinator was in place in October. Within the scope of this grant there was a group trip in January 2012 to visit another growing group and learn from the structures that they have in place. The group learned a great deal about the SWOTs process from Johnice Cross of Decorah's GROWN Locally. The Luther College food service providers—who purchase 20 percent of their food locally—inspired the group. They also visited a CSA grower in Calmar who gave them a tour of her four hoop houses for producing crops.

Impact of results

Although they decided not to form a growers' co-op, the group of 11 farmers remained interested in learning more about growing local products. In 2012 growers looked at capacity-building toward institutional contracts. When the group observed the situation in Decorah, that looked like a real possibility. The CSA combination framework seemed overwhelming. Project leaders expect to work together to get more local produce into the hands of local restaurants and institutions. Because there needs to be extra volume to cover contracts, there will be increased volume at the local markets, too.

Ottumwa has committed to starting a new downtown marketplace. It will include a shop where farm market vendors can sell aggregated produce. This will be a welcome after-market sale for market vendors that should help to increase volume as well.



Leveraged funds

No additional funds were leveraged by this grant.

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