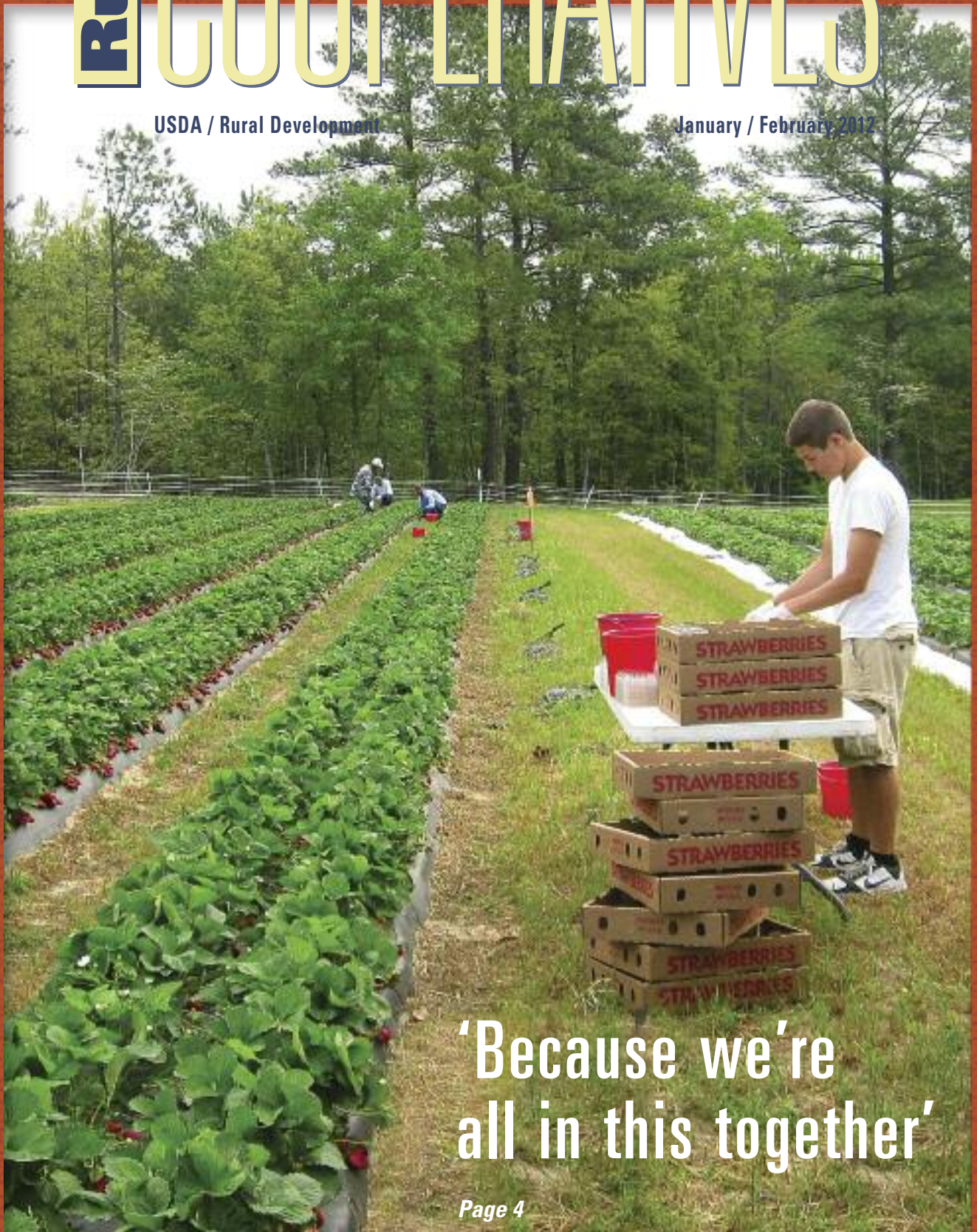


# Rural COOPERATIVES

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'Because we're  
all in this together'

Page 4

# '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**

**Editor's note:** *The authors are both business consultants with Matson Consulting, a co-op business development firm based in Aiken, S.C. Matson is a former co-op development specialist with USDA Rural Development.*



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

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.”*

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

“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.” ■