

Rural COOPERATIVES

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United States
Department of
Agriculture

New poultry processing plant bolsters Virginia's small-scale producers

By James Matson, Dylan Timmerman and Caitlin Butler

Editor's note: All authors are with Matson Consulting in Aiken, S.C., which specializes in cooperative and small business development services.

Corwin Heatwole is on a mission to grow Virginia's organic poultry industry, based on a desire to produce healthy, local food and to help create jobs and economic activity in rural communities that need both.

A lifelong farmer, Heatwole grew up on a family dairy farm, but by age 14, he was already working for a large poultry-growing operation. At 19, he purchased his own poultry farm and was raising 26,000 birds under contract to Cargill. His business quickly expanded, and soon he had a contract to grow a vastly larger flock for Tysons.

As his commercial business boomed, Heatwole often found himself reflecting on his family's happiness and success farming on a much smaller scale. His family derived great satisfaction from running an independent dairy farm, where they were free to operate as they saw fit, without any corporate controls or contracts.

That type of independence is something most farmers cherish, and they often cite it as one of the main reasons they choose to farm. But that sense of independence is getting harder to find in today's industrialized poultry industry.

Heatwole also often thought about the fresh food his family farm produced, and contrasted that with the difficulty families in his own community often had in obtaining healthy, local foods.



Corwin Heatwole (center, facing camera) leads poultry producers on a tour of Shenandoah Processing's facility in Harrisonburg, Va., which caters service to organic and small-scale chicken producers.

Desire to help struggling farmers

He began having conversations with small-scale, local farmers who were struggling to keep their farms afloat, many of whom desperately needed assistance. Farmers were struggling to gain access to processing plants. For organic poultry growers, plant access was even more limited.

After collaborating with a close friend, Heatwole purchased a small flock of about 300 birds, which he raised organically to see how the process worked. Adopting organic practices allowed Heatwole to increase the value of his product, since organic birds in the area sell for about double the price of non-organic chicken.

Fueled by the desire to help his fellow farmers and the local community, Heatwole decided to start a poultry

processing facility that would focus on handling birds for organic and small-scale growers, helping them find an alternative to industrial-scale poultry production.

In 2013, Heatwole founded Shenandoah Processing LLC, which offers processing services to small-scale and organic chicken producers in the Harrisonburg, Va., area. These services include aggregating, processing and selling chickens to distribution chains.

Although not formally organized as a cooperative, Shenandoah works cooperatively with producers, consumers and the community to help small-scale, independent farmers earn a profit while providing their communities with healthy food and much-needed jobs.

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Key help from USDA, VA FAIRS

Heatwole received key assistance from the Virginia Foundation for Agriculture, Innovation and Rural Sustainability (VA FAIRS) and USDA's Value-Added Producer Grant (VAPG) program.

Agricultural development is closely tied with rural community growth. As a rural development center that works with cooperatives, other producer groups and rural businesses to support agricultural and rural initiatives, VA FAIRS was in an excellent position to help Heatwole realize his dream. The project has brought local producer groups and consumers together to promote community growth and to strengthen ties between residents and agriculture.

The VAPG funding from USDA Rural Development helped pay for a business plan. With that in hand, Shenandoah Processing was soon looking for a plant location and the necessary equipment to begin operations.

A building in Harrisonburg, in the heart of the state's Shenandoah Valley, was chosen for the plant. It had previously been owned by a commercial poultry operation, and it took only a few months to renovate the building and bring it up to meet USDA standards, with operations beginning in 2013. Its central location in Harrisonburg is easily accessible to a number of large and small farmers.

As Shenandoah's business has grown, it has added many new customers, including local and regional grocery stores. Receiving USDA's Organic and Certified Humane certifications has helped increase demand for its products.

The Harrisonburg area is designated as a food desert, based on the number of people with low incomes and their lack of access to fresh, local foods. Shenandoah Processing's efforts to bring accessible, organic poultry to the community is helping to improve that picture.

Opening new markets for small growers

Shenandoah Processing's growth has had a significant impact on producers in

the area. It currently processes flocks from 30 farms in Virginia and West Virginia, enabling producers — especially organic and small-scale growers — to reach larger markets than they could on their own. The business also has a strong focus on farmer education and is helping new farmers get started.

It holds monthly luncheons for its farmers, during which changes in food regulations and policy changes are discussed, along with general business updates. The Virginia Small Farm Outreach Program has visited the facility, bringing almost 50 program members, including economic development program directors and extension agents, to tour Shenandoah's processing operations and member farms.

The positive economic impact of the operation has been felt not only among farmers, but also in the community at large. The processing facility is credited for helping to create more than 200 jobs to date. With more local producers getting their products in stores and more local people finding employment, Shenandoah Processing is accomplishing its mission. ■

Legal Corner

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- Model Benefit Corporation Legislation
- Dodge v. Ford Motor Co., 204 Mich. 459, 507, 170 N.W. 668, 684 (1919).
- eBay Domestic Holdings, Inc. v. Newmark, 16 A. 3d 1 (Del. Ch. 2010).

- Enterra Corp. v. SGS Associates, 600 F. Supp. 678, 686 (E.D.Pa.1985).
- Aronson v. Lewis, 473 A.2d 805, (Del. 1984).
- Unocal Corp. v. Mesa Petroleum Co., 493 A.2d 946 (Del. 1985).
- Revlon, Inc. v. MacAndrews & Forbes Holdings, Inc., 506 A.2d 173 (Del. 1986).
- In re. The Topps Company Shareholders Litigation, 926 A.2d 58

(Del. Ch. 2007).

- White Paper: The Need and Rationale for the Benefit Corporation: Why It Is the Legal Form That Best Addresses the Needs of Social Entrepreneurs, Investors, and, Ultimately, the Public.
- Eric W. Orts, Beyond Shareholders: Interpreting Corporate Constituency Statutes, 61 Geo. Wash. L. Rev. 14 (1992).

From Bars to Freedom

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prisoners, as well as creative business developers, academics and professionals with the ability to provide social supports to the members, she adds.

It is also critical to repeal laws that prevent prisoner cooperatives from forming. In Puerto Rico, laws obstructed prisoners' attempts to form a cooperative, and ex-prisoners are not allowed to form a cooperative because they are prohibited from fraternizing.

Further study of the application of the cooperative model for prisoners and

ex-prisoners and a commitment to rehabilitation could make a difference for the 2.2 million people currently in U.S. prisons, not to mention the 9 million incarcerated worldwide.

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