

New Generation Cooperatives One Way To 'Grow' Farm Income

SALT LAKE CITY, Utah—New generation cooperatives (NGC) are offering opportunities for farmers and ranchers to create new sources of income by adding value to crops and livestock.

Though these cooperatives are structured differently than "traditional" cooperatives, their success depends on if they allow for participation by producers who have limited resources, and if producers keep control of the business decisions.

Cooperative specialists shared their experiences and observations about NGCs with delegates attending the 98th annual convention of National Farmers Union (NFU).

In Colorado, 225 wheat farmers raised \$5 million to buy a bakery. The new co-op, Mountain View Harvest, makes bread and has doubled the bakery's sales.

Dave Carter, president of Rocky Mountain Farmers Union, said NGCs such as Mountain View Harvest require high equity investments but offer higher returns as compared to traditional co-ops that favor a low-investment, low-return business structure.

Carter said it takes highly motivated people to organize successful projects such as Mountain View. It takes about three years to develop a co-op from concept to operation, so organizers need to have patience. Also, organizers need to resist the temptation to "adjust" fi-

nancial projections during the feasibility studies in an attempt to make a cooperative cash flow.

NGCs require the best management available in order to succeed. Organizers need to budget accordingly, Carter said. Capitalization needs to be adequate for the business plan. At the same time, the investment plan should allow for participation by members who have limited financial resources, he said.

Communication is vital, he said. "Every start-up cooperative is going to through rough times," he said. If shareholders are kept in the dark, they will revolt, threatening the long-term success of the co-op.

James Matson, a co-op development specialist for the U.S. Department of Agriculture, said NGCs are structured differently as well. Membership in an NGC is closed rather than open. Also, stock equity is tied to delivery rights with an obligation to deliver. Finally, stock can be transferred to other producers, and stock value may appreciate or depreciate.

In some newer value-added cooperatives, one share of stock may also include the opportunity, and responsibility, to deliver one bushel of wheat or other commodity to the co-op.

Agreeing with Carter, Matson said the control of the co-op must remain with the producers who serve on the board. And these co-ops must find a way to allow producers of limited means to participate.

"The people who most need this access often don't have it," he said. NGCs may require from 30 to 50 percent equity up front.

"If it's a good project you can usually find the financing," he continued.

Organizers need to be open to the idea of entering a partnership with a competitor to attain the co-op's goals. For perspective, it cost a minimum of \$50 million a year to establish a brand name. Another consideration is that the competition isn't going to stand idle while they lose market share to an upstart cooperative.

Matson said NGCs should keep their unallocated retained

earnings to a minimum. The end goal is to return more income to the members.

According to Kyle Vickers, deputy director of the Missouri Department of Agriculture, NGCs need to focus on marketing, as "consolidation and concentration is also there in the retail industry." It will be difficult for value-added cooperatives to place products on store shelves.

State governments can do more to help producers form cooperatives. Missouri allows up to a \$15,000 tax credit on a \$30,000 investment in a co-op. Missouri has become more aggressive in

providing cooperative development tools to farmers and ranchers.

The need for value-added cooperatives is more pressing as farm income continues to slide. Jeff Moser, NFU's director of economic and co-op development, said production expenses have risen from 60 percent of gross cash receipts in 1950 to more than 85 percent in 1990. Yet the farmer's share of the food dollar has dropped to less than 23 percent, and continues to spiral downward. Value-added cooperatives allow farmers and ranchers to recapture a larger share of the food dollar.

Dauphin Sets District Banquet

DAUPHIN (Dauphin Co.)—Individuals, families, and organizations are invited to the Dauphin County Conservation District's Annual Awards Banquet Thursday, March 23.

The conservation district will honor individuals and/or groups for their outstanding contributions to the conservation of our natural resources. This special event will begin at 6:30 p.m. in the auditorium of the Dauphin County Agriculture and Natural Resources Center in Dauphin.

The evening will begin with a buffet dinner of turkey and ham. Following the meal, an awards ceremony will recognize such individuals as the 1999 Outstanding Conservation Educator and

1999 Outstanding Conservation Farmer.

The feature presenter for the evening is the award-winning wildlife artist Ken Hunter, who will be presenting the program entitled "Research of a Wildlife Artist." This entertaining and educational one-hour slide program explores the fieldwork of the artist, writer, photographer, and lecturer. The slide show features photos and stories of Pennsylvania black bears as the artist worked with Dr. Gary Alt, research biologist for the Pennsylvania Game Commission. The program will also include a humorous encounter with approximately 200 hogs from a local farm.

As a certified SCUBA diver,

Ken also photographs and sketches underwater. In addition, he also mixes paint underwater to assure accurate color. The slide program will feature these unusual and at times humorous underwater ventures.

Tickets for the banquet are available from the Dauphin County Conservation District. The cost is \$12.50 for adults, \$6 for children 3-8 years old, and free for children under 3. Deadline for purchasing the tickets is March 16.

For more information, contact the conservation district office at (717) 921-8100.

We Now Accept Visa  , Master Card  & Discover 

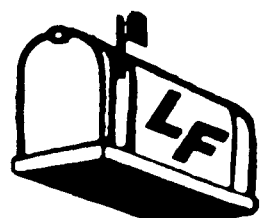
CLASSIFIED AD ORDER BLANK

PLEASE WRITE CLEARLY

MAIL TO:
LANCASTER FARMING
PO Box 609, Ephrata, PA 17522

FAX
717-733-6058

CALL 717-626-1164 TO
ADVERTISE YOUR LINE AD OR
DISPLAY BOX AD IN OUR PAPER



NOTE: Please do not use this form for Mail Box Market Ads, see instructions with Mailbox Markets.

Name _____

Address _____

City _____ State _____

Zip _____ Phone (____) _____

Please publish my ad _____ times

starting with the _____ issue. Classify under

_____ I enclose _____

- Check Enclosed
- Visa (13 or 16 numbers)
- Mastercard (16 numbers) (Be sure to include all numbers)
- Discover (16 numbers)
- Card # _____
- Exp. Date: _____ Signature _____

Box Replies: Ads with answers coming to a box number, c/o Lancaster Farming: \$1.50 per ad per week additional.

This newspaper will not be responsible for more than one incorrect insertion of any advertisement.

DEADLINES:
SECTION D - WEDNESDAY AT 4:00 P.M. SECTION C - THURSDAY AT 9:00 A.M. OF EACH WEEK'S PUBLICATION

MINIMUM 3 LINES 1 TIME COST \$5.91	ADS MUST BE RUN 3 TIMES IN A ROW TO RECEIVE ANY PRICE BREAK IN ORDER TO GET THE CORRECT COST, PLEASE USE ONLY ONE LETTER PER SPACE WITH A BLANK SPACE BETWEEN EACH WORD		2 TIMES 3 LINES COST \$11.82	3 TIMES 3 LINES COST \$15.56										
	4 Lines 7.88	5 Lines 9.85			6 Lines 11.82	7 Lines 13.79	8 Lines 15.76	9 Lines 17.73	10 Lines 19.70					
Add't Per Line \$1.97 Each	15.76	19.70	23.64	27.58	31.52	35.46	39.40	22.08	27.60	33.12	38.64	44.16	49.68	55.20
	Add't Line @ 3.94	Add't Line @ 5.52												

LOWEST RATE

- Lancaster Farming
1 E Main St
Ephrata, Pa 17522
717-394-3047
or Littz
717-626-1164
FAX 717-733-6058
- PHONE HOURS
Mon, Tues, Wed & Fri
8 a m to 5 p m
Thurs
7 a m to 5 p m
OFFICE HOURS
Mon thru Fri
8 a m to 5 p m
The following categories are available for your classified advertising in Section C Deadline Thursday morning at 9 of each week's publication
- 1 - Farm Equipment
1b - Specialty Farm Eq
2 - Farm Eq Wanted
The following categories are available for your classified advertising in Section D Deadline Wednesday afternoon at 5 of each week's publication
- 1a-Construction Equipment
3-Silos and Unloaders
4-Building and Supplies
5-Grain Equipment
6-Dairy Equipment
7-Livestock Equipment
8-Cattle
8a-Exotic Animals
9-Horses & Mules
10-Sheep & Goats
11-Swine
12-Artificial Breeding
13-Hog Eq & Supplies
14-Poultry & Supplies
14a-Ratites
15-Feed & Seed
16-Fertilizer
17-Plants
18-Fruits & Vegetables
19-Nursery
20-Lawn & Garden
21-Services Offered
22-Custom Work
23-Help Wanted
24-Situations Wanted
25-Business Opportunities
26-Household
27-Pets
28-Lost
29-Found
30-Computers
31-Notice
32-Miscellaneous
32a-Antiques
33-Recreational Vehicles
34-Autos
35-Trucks & Trailers
36-Real Estate