

Perspectives of the Western Montana Grower's Cooperative: A Supplementary Case Study of Food Producers in Western Montana

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ABSTRACT. The Western Montana Growers Cooperative (WMGC) is a business owned and operated of growers in Western Montana whose goal is to provide the region with fresh, quality products from their farms. A partial study was conducted by graduate students in the fall of 2012 to understand the role of WMGC producers, staff, and customers in the local and regional food system. Students who focused on the producers only interviewed fifteen of the top Co-op members by sales based on the desire to learn specifically about the Co-op's best producer assets. Original producer interviews contained fourteen open ended questions to understand individual producer dynamics within the cooperative. In my follow up research, I contacted ten additional producers and conducted nine additional qualitative interviews with members who were not included in the original sample. This approach sought a unique perspective from individuals who had received less research attention. Other than small changes to probing questions, I used the original fourteen main questions in my interviews. By analyzing the results of the additional interviews, I sought to understand the distinct issues and perspectives of producers who sell less to the Co-op. My research reveals important theoretical and practical dynamics at play with this group of producers and will help the Co-op in the future as it continues to adapt to the diverse needs of members and in an effort to fulfill its role in the local and regional food system. The findings show that there is a need for a change in structure within the Co-op that can facilitate feedback from producers about various issues throughout the year. In addition, the study reveals tensions around methods of giving sales priorities to certain growers, and suggests the need to better facilitate the maintenance of values-based supply chain values.

Introduction

The Western Montana Growers Cooperative (WMGC) covers the Flathead, Jocko, Mission and Bitterroot Valleys and is working to establish positive alternative food systems. The Co-op's objective: "making fresh and nutritious local food available to our community, while fairly supporting local agricultural producers" (Cooperative 2009), serves to provide small scale, local farms with the ability to directly compete and contribute goods to a marketplace usually

lacking in such variety (Gustafson 2012). According to the Community Food and Agriculture Coalition, the current food system in Missoula could be further improved by the Co-op's ability to assist beginning farmers in establishing viable operations, and by expanding the capacity of Missoula's markets to source locally produced foods (Hubbard and Hassanein 2010). This goal and direction is crucial to the Co-op's success. Bill Patrie points out in describing lessons learned from cooperative development that "without a compelling vision, cooperatives are not sustainable" (Patrie 2009). The research conducted by Neva Hassanein's class course as well as my supplemental research will support the Co-op in an effort to fulfill its potential role in our local food system and to begin to reshape the regional systems towards a values-based supply chain.

A values-based supply chain is a system designed to link supply with markets efficiently, but to do so while promoting certain core values (Flaccavento 2009). In the Appalachian Sustainable Development Toolkit, Flaccavento lists equity and fair pay, ecological sustainability, community capacity, health and food access, knowledge of food sources, reduction in food miles, and increased availability of sustainably produced goods with less processing and packaging (Flaccavento 2009). The values-based supply chain seeks to maintain economic return and stability without sacrificing any of these core values. Many of the core principles are incorporated into existing economic models as demonstrated by attempts to distribute risk and profit more evenly across the supply chain, and by differentiation among products in the marketplace on the basis of their social and environmental attributes (Day-Farnsworth and Morales 2011). The Co-op represents an attempt to re-work existing paradigms in regional food systems and the evolving role of the Co-op acts as a testing ground for shifts in these systems.

Methods

The Original Study

The qualitative research used in-depth, face-to-face interviews to facilitate an understanding of the depth of each individual's perspectives on specific topics. These types of interviews serve as information gathering conversations and produce textual data (Berg 2001). The project provided a unique opportunity to engage in community-based action research

(CBAR) related to the Montana food system. CBAR is collaborative and participatory; academics and community partners work together throughout all phases of the research. Thus, CBAR is connected to the community where data are collected and analyzed with the purpose of taking action for social change (Berg 2001). In the original study, our group implemented CBAR by first breaking down the issues we wanted to learn more about into categories and then we developed an interview guide through a revision process which sought to address critical issues without leading interviewees toward certain answers. These interview questions (See Appendix A) were asked in a systematic and consistent order, but interviewers were expected to probe far beyond their prepared questions (Berg 2001).

Due to time constraints, we decided to sample the top fifteen producers based on total sales in 2011 in order to understand the perspectives of the Co-op's best assets (those producers who provide the Co-op with the most revenue). Three of the top fifteen producers were not interviewed. Two were unavailable and one declined participation, so we interviewed fifteen of the top eighteen producers. In addition to understanding the views of the top producers, our group also discussed the benefits of using a sample that would include producers who currently sell less to the Co-op. We felt producers may sell relatively low amounts to the Co-op not because they produce low quantities, but because Co-op procedures somehow inhibit the producer's sales. As the Co-op attempts to understand its role in the food system, we felt it would be beneficial to hear the opinions of the producers who may want to increase WMGC sales. Ultimately however, our original study sample needed to be narrowed due to time and we felt the best sample would include producers with high levels of Co-op involvement.

After conducting the interviews, the recordings were transcribed and conceptually coded. Coding and content analysis allowed us to track the frequency and meanings of ideas mentioned in the interviews in order to realize patterns. These patterns were then used to answer our detailed research questions according to the sample group as a whole, and the findings were synthesized to make conclusions about the role of WMGC in the local food system.

My Supplementary Study

My research and additional interviews helped round out the body of knowledge about the Co-op's producers and it built upon the understanding of the Co-op's role in the local food system. In particular my research can help the Co-op understand the degree to which the current policies are working well for the smaller producers and whether those producers might be interested in and capable of increasing production as the Co-op grows. I used the same qualitative interview methods employed in the original study. The same interview guide was used with two changes: The options to select from for question 13 were changed from "critically important, very important, somewhat important, or not very important" to "very, somewhat, or not very important" in order to simplify the question. Also, an additional question was added:

12. Are there specific educational or training opportunities you would like the Co-op to offer?

PROBE: What kinds of trainings would you be willing to participate in if the Co-op organized and offered them to members?

To obtain a sample group, I continued down the list of producers by sales and was able to contact ten additional producers and conducted face to face interviews with nine of them, including: Hilltop Haven, Paradise Orchards, Good Egg Farm, Sophie's Farm, Five Fox Farm, Producer7 Farm, Producer 8 Farm, and Emmanuel Produce.. The tenth producer contacted was O.K. Hereford Ranch, and although a formal interview was not conducted, the producer had the opportunity to briefly share general thoughts and a few challenges over the phone. The input from O.K. Hereford Ranch is not used in the data summaries found in the Appendices, but the producer's input was incorporated into the discussion. The qualitative interviews were transcribed and new coding and content analysis was used to examine the interviews. Performing new content analysis allowed the findings to remain grounded in the data with minimal influence on findings coming from insights derived from the original study.

Findings

A general matrix of members' responses to questions and topics can be found in the Appendices.

Benefits

Ability to grow on a small scale while maintaining a consistent supply and stable prices

The Co-op provides producers with the opportunity to produce relatively small amounts while still competing in larger food markets. As seen in Figure 2, there is an opportunity for food system demands at a regional scale to be met by mid-sized farms. The Co-op's role as aggregator allows small producers to be viable by providing an outlet for their goods and by providing services to buyers, like consistency and a variety of products, usually only found in interactions with larger scale operations.

| Market and Product Characteristics | Small Farms | Midsized Farms | Large Farms |
|--|-------------|-------------------------|-------------|
| Local: Differentiated; direct and short supply chains | X | | |
| Regional: Differentiated; values-based supply chains | | Opportunity Zone | |
| Global: Commodities; efficiency-based supply chains | | Troubled Zone | X |

Fig 2. Shows market opportunity according to food system scale and the size of farms (Lev and Stevenson 2011).

Five producers feel this benefit helps new producers, supports farming families at any production level, and allows farmers to produce according to their sustainable values. One member spoke about the benefit to new, small producers saying, "The Co-op offers an avenue for a starting farmer and it goes out [products sell] because of the experience that they [Co-op] have...so I think it's absolutely essential for us to survive" (Producer 1). Another member also emphasized the Co-op's ability to help producers saying, "They help us support ourselves, all of us with little families, and we don't have to produce a lot of one thing, we can just produce what we want, what we want to grow, it's very amiable in that way" (Producer 5A). For some producers, their relatively small level of production is based on their understanding of sustainability principles: "Our focus is more, 'what can we do, and what can we sell just right here?' Instead of, how much can we just do, and not burn out. Like what is sustainability for the

farmer too?... The Co-op fits with what we can grow in Montana really well...we're not going above what our farm can actually do" (Producer 4A).

Three producers also recognized the importance of being able to maintain a consistent supply to markets which also helps stabilize crop prices. One producer mentioned the importance of consistency in order to maintain markets explaining that, "if you have something straight through and then you take a week or so where you don't offer it and the Co-op doesn't have it, when you pick it back up, sales are way down and it takes a while of building it back up to have it steady" (Producer 6). Another producer also acknowledged this saying, "Selling more is a solution to some of our problems, so having more product reliably available is good because that's the big deal, you get people going and then you don't have it, then they turn away and it's hard to get them back again you know" (Producer 1). In addition to maintaining consistency of supply to maintain the reliability of demand, another producer also suggested that the "coordination aspect is really vital for the regional food economy to keep prices stable and fill the demand that's there. From a farmer's perspective, there's no way that we could do what we're doing and market and distribute products wherever our products are heading without that" (Producer 1). The Co-op's efforts to plan and maintain a constant supply also helps stabilize prices by mitigating potential price fluctuations from over production of one kind of crop.

Marketing/Access to Stores

Six members mentioned the marketing and access to stores provided by the Co-op reduces time spent off the farm and reduces energy intensive selling activities. One member mentioned they were able to spend more time producing because they didn't have to call so many potential outlets to sell goods. They felt the Co-op was "out there trying to sell...so we do not have to call places. We used to do that and it sucks, like prostituting yourself. It sucks. Calling twenty restaurants and begging them to buy what you have to sell is not fun" (Producer 4A). Another producer acknowledged that "some people really love to work with their customers and go to the market and talk to them and that's great, but I don't personally, I just like to grow plants" (Producer 6). The Co-op can distribute goods to retail and wholesale buyers that members would otherwise have to pursue themselves. Also, as a larger produce provider,

Co-op staff can develop a sense of buyer trends. One member talked about this saying, “Because they’ve done sales for years and they kind of do have a sense of it, when you call them and they have one hundred pounds of something, they kind of, you kind of get the feeling that they have a sense of how much should go where” (Producer 6). Because of the Co-op’s presence in different markets new growers are able to make adjustments based on production preferences. One grower demonstrated this saying, “I spent months last summer trying to figure out how we could not go to market. Just because it’s a huge drain on our energy” (Producer7). Overall, producers are able to spend more time producing goods and less time working with and accessing markets.

Interaction with other growers and a sense of community

Five members, and especially those newer to growing produce in the area, benefit from interactions with other farmers who provide a community of support and an opportunity for knowledge sharing. One producer expressed this benefit sharing that “there’s a big part of it that’s just a sense of community with other farmers...talking to them about what seed they buy and where from, and how they seed” (Producer7). Another producer agreed, referencing the “wealth of knowledge from practical, on farm, experience that small growers or new growers like ourselves have benefited from” (Producer1). Although there is no institutionalized method of community building and knowledge sharing, members expressed appreciation for these opportunities.

Distribution and Filling Demand for Local Produce

Five producers also spoke about the Co-op’s role as distributor which alleviates the need to transport goods to markets. One producer appreciated this aspect of the Co-op because of past experiences trying to get products to markets: “Back before the Co-op, we used to run our goods all over the state and it was like gosh you know, is this, am I going crazy, am I making any money? Is this worth it? And I still had to drive home. So the Co-op eliminates all that” (Producer 5B). Another producer also agreed that the distribution was a key benefit. They felt that “Especially out here, you can’t run stuff to Missoula and then to Kalispell. We even carpool from this area to the drop spot. So that’s the best benefit is being able to centralize the

distribution” (Producer 6). Both marketing and distribution provided by the Co-op provide time-saving services to producers who can reduce opportunity costs by focusing more on production.

Consumer Feedback and Staff Feedback about Quality and Quantity

Five members appreciated feedback they received through the Co-op from customers, and feedback about quality and quantity from Co-op staff. Describing feedback through the Co-op, one producer said, “We’ll get little things from the Co-op that say, ‘Hey you’ve got really great this, we could sell a bunch more, could you grow more’. Or they encourage us to grow more because they like what we do” (Producer 5A). Another producer also felt that the Co-op gave them a sense of feedback from final consumers saying, “We get a look into the market ...we can hear from them something like ‘People are starting to ask about baby kale’, so great, we’ll grow some next year” (Producer7). In addition to feedback from the final consumers, members also appreciated feedback about produce quality which allowed them to change production procedures to provide a better product. This feedback came usually from conversations with Co-op staff: “They’ll tell you, ‘That last load of tomatoes, those should have been number two’s They’re good about that”(Producer 1). Another producer also appreciated direct quality and quantity feedback from staff: “They would call and say, “you need to package things differently, here’s what we recommend, here’s some resources that you can go to for other packing info’ and it was very specific, very clear, which was great, and they’ve [Co-op] been really good about letting us know when things aren’t quite right” (Producer7). When some producers receive feedback from the Co-op about the needs of final consumers and about quality control, it helps them adapt to the demands of the markets.

Sense of pride in being a part of the Co-op and helping develop a replicable model

Five producers also felt a sense of pride as members and as participants in an alternative food system model. One member described this saying, “We take pride in being a part of the Co-op even though we’re such a tiny portion of total sales” (Producer1). Others agreed saying, “I just want to support its [Co-op’s] existence and think it’s important. It’s important that it exists...and being part of something bigger than myself is important” (Producer 3). In addition, one member also expressed pride in seeing their produce sold in local restaurants: “It’s nice to feel a sense of pride when people say how great our stuff is, or I see on a menu that they buy

from the Co-op” (Producer7). This producer also felt that the Co-op has “been a success and there’s no reason not to share that knowledge with people doing the same thing” (Producer7) which further demonstrates the sense that producers have of being involved in more than just food production, but also in developing shifting food system paradigms.

Outlet for extra crops

Four members feel that the Co-op provides an outlet for extra crops produced. One producer mentioned that they use the Co-op in this way because it makes more sense for them, to sell directly first and then to sell through the Co-op second: “So, we’re using the Co-op more as an outlet, an emergency outlet for overflow because of course we’re interested in selling it ourselves first because we’re making way more money” (Producer 4A). Other members, especially those selling smaller portions, also feel like the Co-op often provides an opportunity to sell more crops than were originally committed. One producer described this talking about how “They [Co-op] are a great overflow outlet as well as an outlet for the specific things that we grow for the Co-op. It’s a good known market” (Producer7). Although it can be difficult for the Co-op to plan for and sell crops that are not previously committed, some members experience the benefit of being able to sell extra amounts they have.

Other Benefits

Previous experiences with other buyers led two producers to suggest payment security as a benefit of the Co-op. One described their confidence in the Co-op saying, “They do a damn good job of keeping track of what they pick up. I don’t even invoice them. I trust them that much” (Producer 1). Another agreed saying, “And we don’t have to worry about them paying us either. We kind of get a guarantee from the Co-op that we’re going to get our money whereas; there are a few customers in town that take months” (Producer7). Although the Co-op model must balance operating capital with payments, the existing structure for payment serves as a benefit to producers. Another economic benefit provided by the Co-op is tolerance for unmet crop commitments. In many cooperative structures, member commitments must be met, sometimes requiring producers who do not meet quotas to purchase products from elsewhere in order to supply the Co-op. As one producer described, “There is some leniency on producers who don’t have to go buy products to make up for unmet commitments” (Producer 8).

Although only one member stated this explicitly, this benefit extends to all producers who benefit from this structure. Group insurance was also only stated as a benefit by one member, but it impacts all Co-op producers who “Would need insurance, much more than individual farms have now, in order to sell to larger stores. We [Producer7] have some liability insurance, but it would cost us an extra few hundred bucks a year for that insurance to sell to various places and this way the Co-op absorbs the responsibility, which is a nice model for any small producer” (Producer7).

Challenges

Selling Hierarchy

In order to address competition within the Co-op as sales increase from year to year, the Co-op has established a hierarchy of selling priority among producers. If a producer grows twenty percent of the Co-op’s carrots one year, they are entitled to growing twenty percent of the Co-op’s carrots the next year regardless of any increase or decrease in the total amount of carrots the Co-op will sell. Competition in the regional food system is inherent, but in seeking to establish a values-based supply chain, the Co-op is attempting to address issues of competition without deviating from core values. Competition was the most significant challenge described by producers, but the competition was described as a symptom of the larger issue of sales hierarchies that have been developed by the Co-op. Producers understood the benefit of honoring the seniority of other members, but they also expressed a sense of inequality inherent in the current hierarchy system. Because of the hierarchy, seven members felt they were forced to accept the negative impacts of high Co-op prices when those prices would reduce sales. One producer describes this with storage crops saying,

“We had this problem with sales, with garlic last year where we sold garlic, a lot of people have garlic to sell and we end up being on the bottom of the list...so we didn’t get to sell our garlic until the end of February, which then we had already lost some of it because it was too long, and then it was available from Mexico really cheap and so the GFS paid the Co-op a dollar less per pound than they had been paying everyone else. And so we had the choice to sell it for a dollar less per pound, or not sell it so of course we sold it, but where, that’s kind of harsh too with the Co-op. Where’s the equality?” (Producer 4A).

The Co-op is obligated to pay producers the prices offered at the beginning of the season. In maintaining these high prices, the Co-op sells less product over more time leaving producers who are lower on the hierarchy list with crop loss, or in this case, changing market dynamics which forced them to accept a lower price for the same goods.

Many producers who experienced this dynamic expressed the desire to be able to seek competitive pricing during the season. One producer described this sentiment saying,

“my problem is whoever wants that highest price dictates what the rest of us have to sell it for and that kind of bothers me, and it’s like, ‘well I’ll sell mine for half that price, I’m fine with that, and I want to move it, otherwise it’s going to be in compost if I can’t get rid of it’, and the Co-op says, ‘well we just can’t do it’. And that doesn’t seem to make sense to me. If you have a grower who’s willing to sell for less, and the Co-op is saying that high pricing is a problem... The growers can go out and find a better price, but the Co-op can’t and so that’s, and I understand that’s not how Co-ops are, but I think it’s a problem” (Producer 6).

Members who would prefer to sell their goods for higher prices are willing to accept a slower sales rate, but producers who never have a chance to sell their goods as a result would like the opportunity to competitively price their goods. Another producer also suggested this and gave a specific example from the past season: “I would have had \$150.00 for my sweet corn one week based on what they sold and I would’ve had 50 dozen left. And so I would have felt better to sell all that sweet corn for less and had \$240.00 ‘cause I still did all the work” (Producer 8). This example shows that not only do producers feel like they must accept the consequences of the sales hierarchy, they also feel that there is unequal risk involved. They might spend the same amount of time harvesting as another farmer, and they might produce the same amount in a day as another farmer, but because of the hierarchy, they will not be compensated the same amount.

Producers also expressed frustration with the hierarchy because they felt it presented unequal challenges to beginning producers. One producer explained, “This is only my second year and some of the other people were in it for ten years. Yeah they should be able to sell their stuff first, but how am I ever going to get started if I can’t sell my stuff” (Producer 8).

Another member also felt this way:

“I guess it gets a little frustrating, and just because we’re newer members is maybe why I feel that way, that little man on the totem pole you know and you

feel a little powerless to do things... I don't think a Co-op should be completely devoid of, I don't know if competition's the right word, but at least taking care of everybody rather than just a select few and I still feel like maybe it [Co-op] does that a little bit whether that's because people have been grandfathered in, or just old friends or whatever, I still feel like there's a little of that that's a problem" (Producer 6)

The perception of equity in the Co-op as a function of the established hierarchy structure has led to an environment where those who benefit less or are negatively impacted by the hierarchy feel disempowered. This dynamic suggests that the values-based supply chain has room to improve in establishing and maintaining values like equity and fair pay .

Pressure and/or guilt about not meeting commitments

At least three producers felt a sense of pressure to meet commitments and guilt when they were unable to produce what they promised. One producer described this saying, "I don't like to say, this week I'm going to have this, this, this. Because all of a sudden, it's cloudy for three of the days, or it's cool for the days and nothing ripens and then I'm like, okay now I'm a liar" (Producer 8). Another producer felt similarly and also mentioned that growing for the Co-op rather than your own markets created an additional sense of pressure: "It's a little pressure because you make commitments. If you're growing for market and ninety percent of it dies then you screw yourself, you don't have something to sell. But if you make a commitment to the Co-op to have it, there's a little pressure there, and I didn't really see that coming (Producer 6). Producer's difficulty and unwillingness to make commitments based on the uncertainty of meeting them leads them to make conservative commitments that do not represent their actual production capabilities. This dynamic creates a planning challenge for the Co-op staff who need time to line up markets for goods.

In addition, four producers expressed a challenge in growing enough crops due to weather, or a lack of growing experience. One producer acknowledged that it "Weather can play such a big thing, it's hard to even start getting any accuracy" (Producer 8). Another producer described the challenges of beginning to grow new kinds of crops saying, "I never meet my commitments. Green beans, the deer keep eating my beans and half my fingerlings were green. The challenges are that I've made commitments and found that they're pretty big" (Producer 3). Producers acknowledge that the challenges of production are often issues they

need to address: “We screwed up a couple of things. I think tomatoes would have gone well this year, but our crop didn’t do so well, so that was our fault” (Producer 9) There seems to be a lack of connection between the inability to meet commitments, conservative commitments, and difficulty on the part of the Co-op staff in maintaining consistent supply to markets and selling product quantities they hadn’t planned for.

Lack of idea development

Many of the ideas discussed in the interviews suggested a need for some kind of forum for critical thinking, problems solving and idea development among farmers. Many of the members bring valuable knowledge and experience to their work and have creative ideas about solutions for issues the Co-op is experiencing. One member described the potential benefit of collective problem solving: “I remember as a board, we were discussing the acquisition of the new truck and how we would go about financing the acquisition... This issue was brought up at the annual meeting and I forget who said it, but one of the legacy growers basically said, just ask the members for additional loans, and it was as easy as that” (Producer 1). This example shows the benefit of working with members to solve problems, but is also demonstrates how problems cannot benefit from such collective solution finding unless they are already on a meeting agenda. Another member also suggested a need for idea development by pointing out that Co-op staff and producers are already using their time in other ways leaving no one with the responsibility of developing potential solutions: “Dave is busier than hell. Jim is busier than hell, now Stephan is double busy. So who’s doing all the brain storming? Who’s cooking up the new ideas? Most of the board of director people, they go home and go back to their farm” (Producer 1). A forum could provide a needed space for individuals to voice challenges and concerns they encounter on a more regular basis which could alleviate built up tensions or negative sentiment regarding the Co-op.

Logistics of distribution and unclear transition of responsibility and risk along the supply chain

The Co-op is continually adapting the values-based supply chain model to meet producer needs, and although the Co-op has improved the efficiency of its logistics, there are still challenges associated with distributing goods in the regional food system. One producer discussed the absence of local drop points resulting in the need for farmers to wait to meet up

with Co-op trucks: “The Co-op would try to meet us but someone usually waits. It’s usually us, for five minutes, or two hours depending, and that’s really difficult...we tried dropping stuff off at another farm and their cooler is always full, and they’ve got it organized how they want it...If they would come to our farm, I think there’s a bunch of small growers that would happily bring their stuff to our walk in and leave it” (Producer 4A). In addition to this frustration, producers feel that the risk associated with transporting fresh goods is not clearly transferred along the supply chain: “The Co-op is never responsible, I’m not blaming them. It just seems to be how the Co-op is never responsible. It’s always someone on the other end” (Producer 4A). These challenges coupled with the challenges of “getting Co-op products cost effectively to places like Billings and Helena” (Producer1), suggest room for additional improvement to the values-based supply chain.

Inability to sell large amounts and wasting of harvested goods

Four producers also discussed the inability to sell large quantities through the Co-op. Several producers were told “the sky is the limit, and apparently the sky wasn’t very high because the Co-op would sell six flats and then ten, and the next week they wouldn’t sell any” (Producer 8). This inability to sell larger quantities left some producers feeling like they would be less able to rely on the Co-op as a main source of income: “It seems like every time I’ve dealt with the Co-op we’ve had a problem. It doesn’t seem like the demand for huge amounts is there and it’s hard for somebody like me that’s trying to do it full time” (Producer 9). Producers who planned to sell large quantities and were then unable to do so were frustrated at having wasted their time and with the waste of good crops which were ultimately composted or fed to livestock. These producers also felt like the low sales volumes mitigated opportunities to reap benefits from volume sales. One producer suggested, “If we had more volume, we’d have more clout, we’d be able to sell more stuff for less money and then we would be selling more stuff, making more money, because more people could buy more stuff for less money” (Producer 8).

Inability to be reactive to markets

One of the key benefits of selling directly to markets is the ability to obtain feedback and to provide products better suited to those markets. Based on member’s comments, it was clear there could be better feedback about quality and quantity adjustments. This information

seemed to be lost between the final buyer and the producer. Often times, producers would be told that their products were rejected, but would be given no further feedback to facilitate a change in production behavior. One producer described this dynamic saying, “I was stuck with a hundred quarts of strawberries. So I said, ‘so what’s wrong with my strawberries?’ Well the Co-op staff said, ‘There’s a problem with them’. Well I want to know what the problem is, but the Co-op staff wasn’t sure. So I think they were just trying to get me off the phone you know” (Producer 8). Another producer found out that a buyer hadn’t been able to purchase certain goods from the Co-op for several weeks and responded, “I could have had something for that last week, I could have had something for that the last three weeks, I didn’t even know they needed it and I’ve got extra” (Producer 6). The ability of the Co-op to maintain clear and detailed communication about markets will help producers coordinate harvesting in order to fill production gaps and provide more satisfactory products.

Other Challenges

Producers also mentioned production planning as a challenge. Most producers suggested that their production planning was based on aspects not directly tied to the Co-op and its planning methods. At least three producers based a decision to sell less of a crop the following year on negative experiences in the past: “As far as selling more corn, more beans, more strawberries, I know we didn’t last year. So, for me to sit here and say, ‘Yeah, we’re going to sell more strawberries and whatever and more squash.’ We’re not going to do it because it’s not worth it” (Producer 8). Some producers also expressed a desire to interact more with final consumers. Members desired this interaction because they enjoyed building relationships, or because they enjoyed receiving positive feedback on specific items. Some members experienced challenges associated with the online system when their personal accounts did not provide the ability to offer certain items, or when production planning numbers generated by past records did not represent real market demand: “I think they [Co-op] needed 1500 pounds of beets or something like that. And that’s a project worth working on for sure, and I called the Co-op about it and they were like, ‘our online system, well, we [Co-op] don’t need that many beets” (Producer 9). Two members explicitly stated a desire to have a box system primarily because they found it difficult to source boxes that met Co-op standards. Most members had

little awareness of board function which was a result of low engagement on the part of members, but also a lack of communication from the board about current issues.

Growth

Co-op Growth

Of the producers who felt they had a sense of whether the Co-op should grow, at least seven felt that some kind of growth would be beneficial. Several producers suggested that the Co-op would benefit from adding additional producers while others felt it wasn't necessary: "I think, if they can't sell everything now, I don't think we need more producers" (Producer 8). Many of the producers felt that as long as produce was coming in from out of state, the Co-op could grow: "I see demand for organic getting bigger all the time and if the Co-op doesn't supply it, stores will go out of state and they do go, people go out of state and they get organic produce from CA but we have an edge over anything growing in CA because we're right here" (Producer 5B). Members are realistic, however, in the belief that growth should only occur to a point that allows the Co-op to retain its core values. One producer mentioned this saying, "I don't know if we have to grow every year, probably not, we can probably get to a certain size that's sustainable and maintain that, I hope it doesn't have to grow every year. It would be nice to just get where we need to be and stay there" (Producer 3).

When asked about specific steps for growth, several producers reiterated the ideas stated in the challenges section in reference to the inability to seek competitive and volume-based prices. Other members felt it would be necessary to develop better methods of quality control to ensure that a focus on production will not undermine other values: "Expanding is great, but there has to be some framework that they can address. Quality control is the wrong term, but quality control in quality relationships and quality structure and all the things of quality that aren't about what the end product looks like. That's what gets lost when it's too big" (Producer 4A). Members also felt that additional consumer and buyer awareness programs would help with Co-op growth. Efficiency as a producer was also suggested as a step for growth. Many producers felt they could improve their own growing abilities in the coming years in order to facilitate Co-op growth, and to do this, producers expressed the desire to take on

low risk opportunities: “It wouldn’t be wise to take a big risk on something that we’re not sure if the Co-op wants or needs and that’s not really, a real high return for us. We’ve got to have some data from the Co-op to know which crops and how much basically to grow” (Producer7).

Willing to Increase or Change Production

Four producers who expressed a willingness to increase or change production to meet the needs of the Co-op were able to increase the scale of their production, or would be willing to maintain their scale and grow different kinds of crops. Three other producers felt their willingness to increase or change production would be dependent on their interaction with the Co-op over the next few seasons and the extent to which challenges, especially with sales hierarchies, were addressed.

Investment in Co-op and Member Engagement

Six members felt “very” invested in the Co-op because of the benefits it provides and because of the opportunity to engage with an alternative regional food model. As one producer said, “The Co-op is a big part of our plan because it has given us a lot more time, it has cost me in that I don’t make as much by directly wholesaling to stores, but it leaves me here [on farm] (Producer 1). Members who did not feel a sense of investment in the Co-op either felt like they would be unable to rely on the Co-op for a livelihood, or that the Co-op’s services were inadequate for establishing the kind of food system that members wanted in their area of Montana: “. “People out here say it [holding produce auctions similar to those the producer had seen in the Eastern United States] won’t work because of the distance, but I’m just about ready to try it on my own and say bologna with the Co-op” (Producer 8). Even though these producers felt this way, they still felt invested in the success of the Co-op to the extent that it represents an alternative system that is more in line with their values than current systems: “I want it [Co-op] to be successful because it provides an outlet for other people that want to get started, and I think it’s really important” (Producer 4A).

Role of WMGC in Western Montana

In addition to playing a key role in aggregation, marketing and distribution, increasing public awareness, providing an opportunity for small scale farms to be viable, fulfilling demand for local produce, and providing a professional service, the Co-op is especially helping to

establish a new paradigm for regional food systems. One member discussed the Co-op’s role saying, “I think it’s starting to move away from the big big distributors and kind of truck produce distributors who are bringing produce from CA to MT or VA to MT, if we can move away from that, it’s better for overall emissions in the system, it’s better for local growers because we can sell more and do more business locally, it’s better for the economy, for small towns and small businesses” (Producer7).

One producer did however challenge the role of the Co-op in the regional food system questioning the availability of products and the emphasis on production. This producer asked, “Is it [a Co-op product] even locally available, or is it just going to high end restaurants that want the best produce because their chef knows it’s the best produce, and then they have customers who are removed from the “local” area” (Producer 4B). This producer also challenged the emphasis placed on production: “There’s not, a foundation isn’t set, of expectations and how to create an alternative system, and how to do it right and how important it is. It’s all, from my point of view, it’s all built around buying and selling. It’s not looking at the whole system, it’s looking at the part of the system that includes the monetary exchange of product and money, but not the value system that makes it stronger” (Producer 4A). These are important points for the Co-op to consider as well as for all alternative models to work on. It is necessary not only to strive for the implementation of core values, but also to have some kind of gauge for each value in order to determine if an operation is successfully maintaining acclaimed values.

Values-Based Supply Chain Discussion

Is the Co-op participating in a successful Values-Based Supply Chain?

| Values-Based Traits (Flaccavento 2009) | Presence in Co-op Structures |
|--|--|
| Equity and fair pay | Lacking based on sales hierarchies |
| Ecological sustainability | Yes, as seen in the ability to grow small scale and according to climate/land capacity |
| Community capacity | Not Specified by this Survey |
| Health and food access | Co-op does not monitor for nutritional and health standards Access to the higher priced products is limited in some cases |
| Knowing where your food comes | Public may have knowledge of the Co-op, but not necessarily of individual |

| | |
|--|--|
| from | farms |
| Reducing food miles | Yes |
| Increased availability of organic and sustainably produced food with less packaging and processing | Co-op does not monitor for the degree of sustainability Unclear from this survey if packaging and processing is reduced |

Does the regional system attempt to distribute risk and profit more evenly across the supply chain, and does it differentiate in the marketplace on the basis of their social and environmental attributes (Day-Farnsworth and Morales 2011)?

The Co-op does seek to take on some responsibility by refraining from penalizing unmet commitments. The uncertainty about whose responsibility it is if a product arrives in poor condition and the feeling that it is usually the farmer’s fault suggest some unevenness in risk for distribution. The Co-op does not always differentiate its products based on their origin, certification, and environmental attributes.

Conclusions

Recommendations:

- Create a forum for feedback (positive, negative, and progressive idea sharing)
- Reevaluate Sales Hierarchies and make them clear in order to promote ownership and sense of worth among new farmers
- Integrate values-based supply chain principles into the Co-op goal structure and communicate this vision to members in order to create investment in a specific, achievable, and measureable future.

The determining factor for some producers on whether or not to remain a Co-op member exists less in their ability to increase their sales (dollars wise) from year to year, and more with the frequency and magnitude of negative experiences (specifically around not selling products). In order to ensure producer investment in the Co-op into the future, it is critical for producers to have a means of communicating these frustrations and Co-op functions need to then visibly reflect this feedback.

One of the biggest challenges of establishing a values-based supply chain is the attempt to shift focus toward core values while maintaining the foundations of production economics. As one producer pointed out, this process is innately challenging: “the growing, always more growing, growing, growing, is a more capitalistic thing that you may not be able to do growing plants because production is not unlimited, or not with the methods we’re working with” (Producer 4B). The separation between economic ideals and the values which values-based supply chains strive for will need to be reconciled not by modifying the existing economic

structures, originally built around production, but by creating completely new economic systems which begin with core values and work outward to incorporate solutions to challenges that arise. It is also important to understand that these challenges that arise in the values-based supply systems are not a sign of that systems inability to provide for thriving communities, rather they are a sign that more engagement and more drastic alternatives are needed.

Main Findings

1. A tension exists based each producer's individual interaction with the following elements:

- Engagement with the Co-op (meeting attendance, board involvement, etc.)
- Level of awareness of challenges faced by the Co-op staff
- Use of the Co-op as a main or secondary outlet
- Ability and willingness to make accurate crop production commitments
- Ability to meet those commitments so that the Co-op can accurately plan and secure markets for those crops

In addition, the methods producers use to plan their season do not seem to align with the Co-op's planning needs.

2. The hierarchy for determining sales priorities feels inequitable for many producers who have lower priorities and makes producers feel like they cannot rely on the Co-op for a livelihood

3. These producers also expressed appreciation for the staff's hard work

4. The Co-op would benefit from a feedback infrastructure in order to provide space for positive, constructive, and progressive feedback. Many of these producers had specific issues they felt needed to be addressed or had ideas about how to improve the Co-op, but they weren't sure when or where to voice those ideas.

5. These producers feel the Co-op can facilitate the process of replacing produce distributed from California and Washington with local produce.

6. The next few seasons will be used as a determining factor in longer term planning for several producers, and their interaction with the Co-op during that time will determine their continued investment in it.

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Appendix A: Original Interview Guide

To start us off, I'd just like to get a better sense of your operation.

1. First, please tell me a little about your farm and what you produce.
2. Approximately what percent of your annual sales go to the Co-op?
3. How else do you market what you produce?

Now let's talk about what being a member of the Co-op means to you.

4. When you think about the financial success of your farming business, overall, which of the following best describes how important being part of the Co-op is to you: Very, somewhat, or not very. Please explain why you chose the answer you did (PROBE for depth).
5. We've talked a little about the financial aspects of being a Co-op member. Are there other benefits of membership?
PROBE: Are there any other benefits of being a member that you haven't already mentioned?
6. As a member of the Co-op, what challenges have you experienced?
PROBE: Have there been any other challenges?

Now, let's talk a little about the governance of the Co-op.

7. How well do you feel the board communicates w/ Co-op members?
8. Do you regularly participate in the Co-op annual meeting?
9. Do you think that the Co-op needs to grow or expand? Why or Why Not?
PROBE: What do you think are the most important steps in helping the Co-op grow?
10. Would you be willing to increase production to accommodate greater demand as a result of the co-op continuing to grow? Why or why not?
11. Are there opportunities or services you wish the Co-op would offer its producer members that it

does not currently offer? PROBE: Any other ideas?

12. To what extent do you feel invested in the Co-op's success as a cooperative business and committed to supporting it into the future? PROBE: Could you say more about that?
13. Stepping back now from your own experience with the Co-op, what do you think the role of the WMGC is in our local and regional food system? PROBE: Would you say that its role is critically important, very important, somewhat important, or not very important?
14. Try to think about the future and imagine the Co-op in 5 years. What would you like it to look like?

Thank you for all of your thoughtful responses. Is there anything else you think we should know or that we haven't already discussed?

Appendix B: Producer Response Matrix

| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--|---|--------------------------------|--|---|--|--|--|---|----------------------|
| Importance of Co-op for Financial Success | very | very | not very | somewhat | Very | Somewhat | very important | somewhat | not at all |
| Board Communication | poor | poor | poor | poor | not adequate | poor | poor | none | none |
| Annual Meeting Attendance | Frequent | Intermittent | Infrequent | Infrequent | Frequent | Frequent | Frequent | Intermittent | Infrequent |
| Need to Grow/Expand | The co-op could grow. | Yes | Don't really know. We need to for infrastructure. | Maybe, it might dilute co-op's quality. | Yes, to meet demand. | Yes, to provide more local produce to markets | Yes, if it is financially feasible | We don't need more producers, but as long as CA and WA produce is here we can grow. | I don't know, maybe. |
| Steps for Growth | <p>Access Institutions</p> <p>Cast a wider net in MT</p> <p>Eventually get a better central location</p> <p>Increase storage capabilities</p> | Need to be able to fill demand | <p>Reach a sustainable point when the Co-op can</p> <p>pay bills and build infrastructure</p> <p>Supply institutions</p> | Increase consumer and buyer education and awareness | <p>Increase grower production efficiency</p> <p>Offer sufficient quantities to markets</p> <p>Create quality that is "Co-op"</p> <p>Reduce waste</p> | <p>Increase overall volume</p> <p>More growers</p> <p>Increase understanding of co-op among businesses</p> | <p>More research like an evaluation of entering conventional markets</p> <p>More information to growers more growers</p> <p>More markets</p> | Try to match market prices | |

Appendix B: Producer Response Matrix

| | | | | | | | | | |
|---|---|--|---|--|--|---|---|---|--|
| How Producers Plan Production | Based on available time after other work commitments. | Based on personal desire to grow bountifully. Less dependent on crop. | Would like horticultural planning help. Hasn't been growing long enough to have good planning. | Based on a level of work and land use that is sustainable for the land and the famer. Based on past frustrations and negative interactions. | Based on available time after other work commitments. "Haphazard, second hand". | Based on the desire to increase a little each year. | Does not want to take a "risk" without data from co-op suggesting there will be demand. | Based on past frustrations and negative interactions. | Based on the desire to increase a little each year and test new crops. |
| Willing to Increase or Change Production | Yes | Yes | No, limited by working alone. | Yes with an awareness of what the Co-op wanted. | Depends, as much as time allows. | Depends on non-crop related issues. | Willing to shift, but not necessarily increase workload overall. | Yes if there was a better chance of selling. | Yes, if there is an opportunity to grow a large quantity of something. |
| Opportunities or Services | Help purchasing or sharing machinery Producer representative | Group purchasing | Processing Collective buying | Box system | Purchasing or sharing machinery | Not Specified | Would like to see farm names in stores. | Box System | Not Specified |
| Training and Education | GAP and Facilitation with Extension Services | Not Specified | Post Harvest Care and Facilitation with Extention Servives | Harvesting and Packaging | Packaging | Not Specified | Wholesale Growing and GAP | Crop Quality Standards | Packaging |
| Investment in Co-op | Very | Very | Very | Not very | Very | Very | Very, Would like to do more | Somewhat, with changes it could be more | None, not planning on being a member |

Appendix B: Producer Response Matrix

| | | | | | | | | | |
|---|---|--|---|--|---|---|--|---|-----------------|
| <p>Co-op's Role in Regional Food System</p> | <p>Very important</p> <p>Serves as aggregator and distributor.</p> <p>Creates crop price stability.</p> | <p>Very important</p> <p>Increases public awareness.</p> <p>Avenue for starting farmers.</p> | <p>Very important</p> <p>Increases availability of local food.</p> | <p>Very important</p> <p>Seems to mostly providing high cost food to high end markets.</p> | <p>Very important</p> <p>Educates the public about local food.</p> <p>Increases availability of local food to local sellers.</p> <p>Ability to supply institutions.</p> | <p>Very important</p> <p>Gets local produce into local stores.</p> <p>Provides a level of professionalism.</p> <p>Consolidation point for local produce which eases accessibility for buyers.</p> | <p>Very important</p> <p>Better model for the local economy.</p> <p>Helps change the way people think about food in general.</p> <p>It is a move away from big distributors.</p> <p>Developing and testing an alternative model.</p> | <p>Somewhat</p> <p>Provides local food to stores consistently.</p> <p>More economic clout the regional food system.</p> <p>Replaces the need for CA and WA produce.</p> | <p>Not sure</p> |
| <p>Where Members see the Co-op in Five Years</p> | <p>More profitable</p> <p>Finish evaluating the growth potential.</p> | <p>Going farther out with products.</p> <p>Supplying institutions.</p> | <p>Thriving, a little bigger.</p> <p>More financially stable</p> <p>growers consistently providing commitments.</p> <p>More member driven .</p> | <p>Replacing more out-of-state food with co-op produce. Would like a better sense in the regional community of a Co-op identity.</p> | <p>Increase business.</p> <p>More growers</p> | <p>Cover the same geographic area.</p> <p>Better ability to adapt prices in order to attract a diversity of buyers.</p> | <p>Bigger</p> <p>More growers</p> <p>Higher profit</p> | <p>Not much different</p> | <p>Not sure</p> |

Appendix C: Benefits

| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | |
|--|----|----|----|----|----|----|----|----|----|---|
| Ability to grow on a small scale while maintaining a consistent supply and stable prices | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | | 8 |
| Marketing/Access to Stores | | 1 | | 1 | 1 | 1 | 1 | 1 | | 6 |
| Interaction with other growers and a sense of community | 1 | | 1 | | 1 | | 1 | | 1 | 5 |
| Distribution and Filling Demand for Local Produce | | 1 | | 1 | 1 | 1 | 1 | | | 5 |
| Consumer feedback and feedback about quality and quantity | | 1 | 1 | | 1 | 1 | 1 | | | 5 |
| Sense of pride in being a part of the Co-op and working to develop a replicable model | 1 | 1 | 1 | | 1 | | 1 | | | 5 |
| Outlet for extra crops | | | 1 | 1 | 1 | | 1 | | | 4 |
| Payment Security | | 1 | | | | | 1 | | | 2 |
| No penalty for unmet commitments | | | | | | | | 1 | | 1 |
| Group insurance | | | | | | | 1 | | | 1 |

Appendix D: Challenges

| | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 | |
|--|----|----|----|----|----|----|----|----|----|---|
| Selling Hierarchy* | 1 | 1 | | 1 | 1 | 1 | | 1 | 1 | 7 |
| Pressure and/or guilt about not meeting commitments | | | | 1 | 1 | 1 | | 1 | 1 | 5 |
| Uncertainty about crop quality guidelines | | | 1 | 1 | | | 1 | 1 | 1 | 5 |
| Meeting commitments | | 1 | 1 | | 1 | | | 1 | 1 | 5 |
| Lack of idea development | 1 | 1 | | 1 | | | | 1 | | 4 |
| Logistics of distribution and unclear transition of responsibility and risk along the supply chain | 1 | | 1 | 1 | | 1 | | | | 4 |
| Inability to sell large amounts and wasting of harvested goods | | 1 | | 1 | | | | 1 | 1 | 4 |
| Inability to be reactive to markets | | | | 1 | | 1 | 1 | | | 3 |
| Uncertainty in production planning year to year | | 1 | | | | 1 | 1 | | | 3 |
| Lack of contact with final consumer | | | 1 | 1 | | | 1 | | | 3 |
| Inaccuracy of online system | | | | | | | 1 | | 1 | 2 |
| Quality and sourcing of boxes | | | | 1 | | | | 1 | | 2 |
| Board communication | 1 | | | | | | 1 | | | 2 |

* Denotes challenges stemming from priority given to certain members based on the established sales hierarchies. These challenges include having to accept high Co-op prices, lack of volume pricing abilities, lack of competitive price seeking, not selling crops that others have, and a general feeling of nepotism and lack of equality

Appendix D

Figure 1. Percent sales to the Co-op

