



Heart of the Valley Growers' Cooperative Corvallis, OR

Launched a new meat producers cooperative to aggregate and market meat together.

AMS GRANTS AWARDED

Local Food Promotion Program (LFPP) 2015, Implementation grant for \$73,580

Project types: Enterprise Planning, Business Planning, Equipment & Labor Costs for Start-Up Businesses

HISTORY OF BUSINESS OR PROJECT

This grant organized and launched the Heart of the Valley (HOV) Growers' Cooperative in the southern Willamette Valley region of Oregon, centered around Eugene. The Cooperative arose from several years of conversation and collaborative efforts, largely coordinated through Berggren Demonstration Farm (now called Phoenix Farm Enterprises) along with non-profit Cascade Pacific Resource Conservation & Development. In fall of 2015, the USDA granted funding to support the implementation of the Cooperative, which was incorporated by January of 2016.

The initial goals of the Cooperative were to market non-GMO pastured chicken and rabbits to wholesale and retail buyers, as well as coordinate the procurement of key production supplies such as feed and chicks for the member farmers. It was envisioned that membership would help farmers cut their production costs through bulk purchasing, but

also create more market demand for their specialty meats and allow some of them to scale up with steady outlets. By working together under one brand, the Cooperative could potentially relieve some of the pressure on farmers to create their own individual brands, marketing outlets, and devote significant attention to marketing. This could allow them to focus more on production efficiencies, animal welfare, meat quality, etc.

WHY THEY CHOSE TO APPLY FOR AN AMS GRANT/WHAT AN AMS GRANT MEANT FOR THEIR BUSINESS/ORGANIZATION?

According to the Project Director Jared Pruch (formerly of Cascade Pacific), the AMS grant allowed the concept of a cooperative to take shape and grow wings. It took the risk out of trying something new. As Jared said, "I think we needed to actually try this approach in order to see whether it would work or not. Our success has been mixed, but we had to actually see whether growers were willing and able to work together in a cooperative format – I don't think we could have figured those relationships out as a hypothetical. We definitely heard about the challenges other cooperatives had experienced prior to initiating the project, but the core group of growers involved at the inception of the project wanted to apply for grant funds to see whether this effort could succeed."

AMS funding helped the Cooperative to get off the ground on solid footing and learn a few key lessons that will help its long-term viability. The grant funding mostly went to pay for a General Manager and for the development of key marketing materials, such as their website.

KEY IMPACTS OF THE GRANT, SHORT-TERM AND LONGER-TERM

In this project, a group of small-scale, pastured poultry producers explored cooperative options for everything from feed purchases to marketing. They were worried about their processing options but recognized that processing facilities could not operate profitably without dependable demand for services from producers. Therefore, the focus of the project was developing new markets and growing production volumes to support the infrastructure they needed. Demand drives throughput, not the other way around. In the course of the project, they uncovered weaknesses all along the chain, including challenges with cold storage and physical distributions and how the added costs of running the cooperative made their products more expensive than had they marketed independently. They also found it very difficult to reach the price points and the further processing (parted out broilers, skinless and boneless requests) required by larger markets and local chains. This made it hard for the project to scale in any appreciable way. In addition, there were simply not enough sales to justify paying a General Manager.

The most significant achievements of this project include:

- The legal incorporation of the Cooperative, which will serve growers beyond the life of the grant.
- Fostering better communication and collaboration between growers.
- Improving product availability and reinforcing buyer loyalty. Growers can help each other fill orders, either through the Cooperative or for their own individual markets.

WHERE THEY WOULD LIKE TO GO NEXT

The former Project Director discussed the need to create space for growers to talk directly to wholesale buyers so that they understand each other's needs. An example from the organic produce industry worth exploring is Organically Grown Company, which has helped growers with forward contracting arrangements, financing infrastructure improvements, group certification, and other production and logistical support. This kind of partnership between buyers/distributors and growers could be very helpful to meat producers in the region.

According to the Cooperative's website (last updated in 2017), the desired next steps include: 1) Continuing to build a client base locally; 2) Formalizing a refrigerated distribution route to expand their product regionally; 3) Unifying production schedules for poultry producers; 4) Increasing offerings of other meats such as turkey, duck, pork, lamb, goat, and beef; 5) Sharing trips to a regional hatchery for chicks; and 6) Purchasing feed in bulk and teaming up on transportation of feed.

A follow up phone discussion with the HOV Cooperative board president, Jeremy Sherer, suggested that while these may have been hopeful goals for the co-op, most of them are not materializing. It is not that they couldn't, it's just the effort of the members towards them is not there. The current members don't have much incentive to grow or scale in any appreciable way and feel the local Eugene-area market for more costly non-GMO pastured poultry is minimal. Other market opportunities may exist if they are willing to transport their birds (or processed meat) to larger population centers further away or use less costly conventional feed. The core group of board members still exists and they continue to work together to share advice and customers as needed.

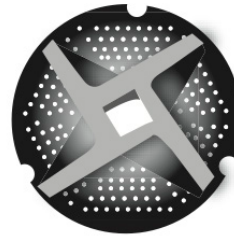
REFERENCES/LINKS

<https://www.heartofthevalleycoop.org/>

https://www.capitalpress.com/nation_world/profit/lane-county-cooperative-welcomes-small-poultry-farms/article_3326a9be-d8ac-5255-879d-391582767343.html

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NICHE MEAT PROCESSOR
ASSISTANCE NETWORK

This case study was created in fulfillment of a cooperative research agreement between the Marketing Services Division of the Agricultural Marketing Service of the United States Department of Agriculture (USDA AMS) and Oregon State University's Niche Meat Processor Assistance Network (NMPAN).

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