

Ohio Cooperative Development Center Report

Quarterly Report – Second Quarter (January, February, March) 2002

1. Accomplishments

Outreach

Marketing Agriculture to the Government Conference

OCDC personnel Yang and Ellerman along with Kelly Lawhorn, Director of Lawrence Economic Development Corporation Procurement Outreach Center conducted a workshop titled “Marketing Agriculture to the Government” on March 7 at the OSU South Centers at Piketon. Representatives from USDA, Department of Defense Produce Buying Office in Tennessee, HUB-Zone Procurement Center, Ohio University, The Appalachian Center for Economic Networks, Rural Action and the Ohio Cooperative Development Center gave presentations on opportunities and requirements for producers who want to market products to government institutions.

Farm Fresh Growers Association, a cooperative of vegetable growers, and a group of rabbit producers that are in the process of forming a cooperative participated in the workshop and made several contacts with prospective buyers or discovered additional marketing channels. Six other participants interested in marketing to institutions also attended the workshop, including representatives of a small group that is selling their products to Ohio University in Athens. The conference would focus on organizing producers into an entity that could market to institutions like colleges, schools, prisons or other governmental sectors. The conference looked at various business formations that would allow producers to collectively market to institutions. Institutions will deal with one organization, but most are not willing to dealing with 45 different producers.

East District ANR In-Service

Travis West, Center personnel, presented Cooperatives 101 to the East District ANR agents in Zanesville. Travis talked about alternative business structures, the unique characteristics of cooperatives and the resources that OCDC can provide groups and cooperatives in Ohio. The 14 agents that attended can identify and refer projects to OCDC and use the service that the Center has available for cooperatives.

Macedonian Dairy Cooperative

Travis West, Center personnel, met with John Smith, ANR Agent in Auglaize County, to talk about the input supply cooperative model. John had agreed to make a two-week trip to Macedonia and work with dairy producers to improve their herd management including the decreasing of costs and increasing of net income. John felt that the situation was perfect for exploring the idea of a cooperative to purchase inputs for the farmers. OCDC provided John with some videos and presentations to expand his knowledge of cooperatives and for use in talking with farmers about the cooperative business model.

Ginseng Workshop

Coordinator West and Ellerman helped organize a meeting with Rural Action about sponsoring a ginseng workshop in Piqueton. Rural Action is interested in expanding the area that its educational programs reach in Appalachian Ohio. The program is planned for October 19 to cover production and marketing of ginseng. West and Ellerman continue to meet with the planning committee to develop a program for the day and publicizing the event. Ellerman will be essential in addressing the issues of marketing ginseng in Ohio at the one-day workshop.

Ross County Natural Gas Cooperative

Center personnel West and Worley attended a meeting in Chillicothe with the Ross County Community Improvement Corporation a conducting a feasibility study of a natural gas cooperative in the county. The county has sections that are served by natural gas companies, but there is no countywide coverage. The industries in the north portion of Ross County have expressed interest in getting more natural gas service for their facilities and Columbia Gas has said that the demand for natural gas service was not high enough to facilitate the installation of additional lines. Various businesses in the area attended the meeting to express their concern and need for natural gas service. Two consultants had submitted proposals to the group on conducting a feasibility study of a gas cooperative owned by the consumers extending from the existing natural gas lines in the county. OCDC personnel continue to work with the CIC in selecting consultant for the feasibility study of a natural gas cooperative.

Washington Rural Electric Cooperative

Center personnel, David Hahn and Travis West, participated in the annual meeting of Washington Rural Electric Cooperative in Marietta. Hahn and West were invited to talk about the unique characteristics of cooperatives and what makes them different than other business structures. This annual meeting consisted of the employees and Board of the cooperative and awards were distributed to the employees of the year. David and Travis presented the first module of the Director Development CD that compares cooperatives to other business forms and explains the seven principles of cooperatives. The manager of Washington Rural Electric, Ken Schilling, serves on the Advisory Committee of OCDC.

Wooster Scrapie Meeting

John Ellerman, Center personnel, spoke at a regional Scrapie meeting to 120 lamb producers in North East Ohio about cooperatively processing and marketing lamb through Farm Markets Inc. and other potential markets. Farm Markets, Inc. is a website that markets meat and produce strictly over the Internet. The producers that John met with were interested in marketing alternatives and he reviewed business structures, including cooperatives. John addressed the issues of direct marketing and value-added processes within the sheep industry.

Technical Assistance

White Pine Landowners

Center personnel Worley, Ellerman, Yang and West met with Sara Gurney, Wood Products Marketing Specialist; Ron Miller, Forest Industry Specialist; and Dave Apsley, District Specialist Natural Resources to organize a one-day conference for white pine landowners in Ohio. The White Pine Marketing Conference was held at the Guernsey County OSU Extension Office in Cambridge on March 9. Forestry professionals from Ohio State University Extension including Sara Gurney, Ron Miller and Bob Romig presented on the white pine inventory in Ohio and a variety of value-added opportunities for white pine landowners to market their timber. Chuck Ouimette, Forestry Consultant from Wisconsin, came to the conference to talk about his experience working with forestry associations and cooperatives in Wisconsin and Minnesota on market analysis and business planning. Nineteen landowners from 12 counties in Ohio attended the conference, among which, several agreed to serve on a Steering Committee to work with OCDC personnel to explore marketing strategies. A meeting with the Steering Committee is scheduled on April 30th to discuss various business formations, summaries of the cooperatives in Wisconsin and Minnesota and marketing opportunities for the group.

Rabbit Marketing Meeting

The Steering Committee met in January and composed a vision, mission and goals for the cooperative. They have decided on Country Flavor Cooperative, Inc. as a name and have a rough sketch of a label for their products. Deborah Rausch, USDA Rural Development and West are working in collaboration with the Steering Committee as it moves toward entity formation. West has compiled a market analysis for the group

that includes a section to determine the feasibility of a processing plant. The cooperative realizes that they do not have enough supply at the current time to pursue the processing plant idea, but the future thoughts are to cooperatively own a processing facility. The group continues to meet, research various alternatives and address certain issues.

Kiln Meeting

Coordinator West and Center personnel, John Ellerman and Ron Miller, have organized several meetings with small sawmill owners and woodworkers to explore the idea of purchasing a kiln to add value to their lumber. The group has a concern that there is only one commercial kiln dry operation in the area. The group is eager to add value to their lumber when selling or using for their woodworking efforts. Ron shared information on the prices, availability and kinds of kilns that the group could purchase. The group is pursuing a demonstration kiln that would be used for educational purposes and leased for 6 months. The group hopes that the kiln would gain some interest from other sawmill owners in the area and they would use the demonstration kiln to dry their lumber. If the group was larger than the 5 consistent members, they think that purchasing a kiln as a cooperative would be feasible. The idea of obtaining a demonstration kiln is like having a pre-formation membership drive to increase the interest in the venture.

Aquaculture Tours and Study

A dual approach is being used by OCDC and the Ohio Aquaculture Association (OAA) to assess the aquaculture industry in Ohio. Processors have been surveyed to determine the capacity and market potential for farm-raised fish. The overwhelming response has been that processors will take all of the farm-raised perch and trout they can get, and that the demand is growing. The consumer demand for perch is primarily in a thirty-five mile area along Lake Erie while the demand for trout is statewide. Processors of perch are also located along Lake Erie while the primary processor of trout is located in central Ohio. The biggest impediments for small scale producers are getting fish to the processors at the right time of year, getting them there so they are as fresh as possible, at a reasonable cost. These impediments can be overcome by a cooperative venture that can coordinate pick-up and transportation at a reasonable cost.

A producer survey has also been conducted to assess the present and future supply of farm raised fish in Ohio. The questionnaire has been distributed to the licensed producers in the state and to date about 30% have been returned. The combined results from the processor and producer surveys will provide an understanding of the supply and demand relationships for farm raised fish in Ohio and will give the OAA options on how to develop linkages and infrastructure as the industry grows over time. The survey hopes to identify hurdles in the aquaculture industry that can be addressed through a cooperative venture such as purchasing supplies, marketing or transportation.

Meat Goat Task Force

Task Force members Dave Dugan and Jeff Fisher organized a Meat Goat Field Day on January 17 in Piketon. The day focused on management and production with Dr. Applegate from Morehead State University and ended with a marketing panel that Coordinator West sat on along with other producers and brokers. The marketing panel explored alternative marketing techniques that are currently being used in Ohio and surrounding states. Over 125 producers representing 4 counties in Southern Ohio attended the meeting and gained knowledge about marketing, production, management and potential cooperative activities involving the meat goat industry. More events are being planned by the Task Force to increase the awareness of meat goats including a four-county alternative livestock tour in Southwest Ohio, a tour of goat operations in Southern Ohio and Northern Kentucky and a professional meat goat conference.

The February meeting of the Task Force was attended by Abdul Carter, a Muslim from the Athens area, to talk about the preferences of the Muslim communities concerning the slaughter and consumption of goat meat. Abdul discussed the holidays and characteristics that the goat should have to satisfy their religious beliefs and policies. The relationship with Abdul is a valuable one to foster because he has connections in the Muslim community, which is a large market for goat meat. He expressed that they are buying frozen meat from Michigan, but would prefer fresh meat in the local area. Abdul identified Detroit, Michigan as the largest concentration of Muslims in the United States and a huge market for fresh goat meat.

The Meat Goat Task Force met March 28 to investigate the processing alternatives that are available in Ohio. Dr. Michael Hockman and Dr. Tom Brisker from the Division of Meat Inspection, Ohio Department of Agriculture presented the processing alternatives and food safety issues that are available in Ohio for goat meat products. It seems that the processing alternatives in Ohio provides flexibility to accommodate the special slaughtering needs of the Islamic community, which is one of the largest ethnic consumers of goat meat in Ohio. The Task Force also discussed developing a budget for use in analysis of goat production. Center Coordinator Yang is doing an analysis of meat goat market in metropolitan areas in Ohio to see whether it is feasible to build a processing plant dedicated to the processing of goat and lamb. Yang is addressing the supply, demand and religious influences of the goat market in Ohio. The study will identify areas of the market that can be used by developed or captured by goat producers outside of the fair project and livestock auction markets. The Meat Goat Task Force has received funds from the OCDC grant program to conduct a study tour of the East Coast so that producers can explore and learn the markets and operations that are involved in the processing and consumption of goat meat.

Farm Fresh Growers Association

Tom Worley and John Ellerman, Center personnel, are working with Farm Fresh Growers Association, Inc. in preparing a revised grant application for OCDC grant monies. Farm Fresh submitted a proposal for grant monies and the Advisory

Committee asked that certain aspects be revisited and revised before they would fund the project. John and Tom are working with Adam Keener, manager, to revise the application so that Farm Fresh can receive grant funds and move ahead with its proposed project. Farm Fresh is the first tenant in the Adams County Incubator; this decision allows the cooperative access to office and storage facilities. They are exploring the idea of diversifying their products so that they can use the Winchester facility year round.

Goldenseal Budgets

West in partnership with Rural Action is developing a budget for goldenseal in Ohio as part of a SARE grant. Rural Action included OCDC in the grant proposal to collect the information from existing producers and develop a budget for others that included marketing and production factors. The SARE grant involves many of the producers that are active in RAGA. Budgets have been developed and refined for the production of ginseng, but only rough budgets have been composed for goldenseal. Coordinator West is working with Colin Donahue and Chip Carroll from Rural Action to contact growers and develop a budget spreadsheet.

Education and Training

Fort Recovery Equity Exchange

The Fort Recovery Equity Cooperative is a marketing cooperative based in western Ohio. Dave Hahn, OCDC personnel along with Debbie Rausch, USDA Rural Development, conceived, assembled and delivered a tailored education program to the Board of Directors and manager. OCDC conducted three sessions over the period of two months for Fort Recovery. Topics covered in the training included: How a cooperative works, Board and manager relations, understanding financial statements for managerial decision making, Board communications and member relations. Personnel used a combination on scenarios, dialogue and the Director Development CD to administer the sessions during the two months.

Partnerships

Rural Action Sustainable Ag Advisory Committee

Travis and John serve on the Advisory Committee for the Rural Action Sustainable Agriculture program. They provide input and direction to the program on educational and assistance areas they should target in the coming years. Rural Action works with the Good Food Direct program and other sustainable production activities throughout Appalachian Ohio.

Entrepreneurship Team

Coordinator West, Yang and Ellerman participate in weekly Monday meetings to discuss the Business and Economic Development program and its focus on the area of entrepreneurship along with Julie Fox, Bill Smeltzer and Pat Dengal, Small Business Development Center personnel, David Boulay, Management Specialist and Steve Shepherd, Business Incubator Coordinator. The group reviews schedules and the

“Plays of the Week” among the participants to provide a line of communication. This allows collaboration among the various personnel involved on projects that would have mutual benefit to others. The team allows the personnel to combine resources and be able to provide its clientele with business planning, feasibility studies, marketing research, financial analysis and other business related services.

Ohio Council of Cooperatives Annual Meeting

Center personnel West, Yang and Ellerman attended the annual meeting of the Ohio Council of Cooperatives in March. The meeting consisted of two breakout sessions. Leta Mach from NCBA conducted an educational session on Cooperatives 101 and Mark Stewart, cooperative attorney in Toledo, presented the proposed changes to the 1729: Cooperative Law in Ohio. Mark helped write the current 1729 and thinks that the law needs some revisions and presented the changes that he would propose be made. The OCDC personnel participated in a discussion with the OEOC staff and OCC officers on the activities that are to be performed as part of the Dunlap grant funded collaborative effort. The first activity will be to hold a meeting with cooperative managers around the state to discuss employee-training activities in April.

Ohio Employee Ownership Retreat

Travis West, OCDC personnel, participated in the Ohio Employee Ownership Center (OEOC) retreat at Atwood Lake in February. The retreat was an educational event for the employees/owners of some Ohio ESOPs (Employee Stock Ownership Plan). Travis interacted with the employees and the OEOC staff while at the retreat and observed some of the educational programs that the OEOC provides to the ESOPs in Ohio. The OEOC, Ohio Council of Cooperatives and OCDC are working on a grant proposal through the Dunlap Foundation on developing education programs for cooperative employees. They are planning to hold an initial meeting in April to determine the cooperatives that have desire for an employee-training program.

Heartland Agdeavor

Heartland Agdeavor, formerly Heartland AgVenture, is an organization that identifies agricultural value-added opportunities to facilitate establishment of business entities to increase producer profits through value-added processing and marketing. Tom Sporleder, AEDE and Center personnel and John Ellerman, Center personnel, are involved in Heartland Agdeavor. John serves on the Board for Heartland Agdeavor as it launches its membership drive and issuing of stocks. The organization is a channel to identify potential cooperative activities and provide venture capital funds to cooperatives that are being assisted by OCDC.

Networks

Multi State Cooperative Council

Dave Hahn and John Ellerman attended a meeting at United Produces Inc. and participated in discussions about forming a multi-state cooperative alliance. The purpose of forming a multi-state cooperative alliance is to develop a regional response to changing cooperative challenges and needs. It would link OCC with

cooperative councils in the region to form the Ohio Valley Co-op Council. This effort would benefit members by efficiently servicing their needs, it would leverage/expand programs of existing councils and reduces the need for Multi-State Cooperatives to pay dues to several councils and allocate personnel for participating in the councils.

Cooperation Works!

Travis participates in monthly CW membership conference calls. CW has recently launched its listserv and established a code of ethics and revised membership structure and policy. CW holds topic specific conference calls for the membership addressing issues like Business Planning, RCDG program, Native American Crafts Cooperatives and Selecting a Consultant.

Kentucky Winter School

Coordinators Yang and West attended the Kentucky Winter School in February. The school was focused towards cooperative development practitioners, cooperative managers and Board members from Kentucky and surrounding states. Accounting and legal considerations for existing cooperatives, value-added endeavors and generating team building within the groups were all topics addressed by various speakers from 4 states. Yang and West used the school to increase networking with the Kentucky and Indiana cooperative development professionals, but also to observe the education going on for the existing cooperatives. Ohio has not used the approach of a general education program for the Board and managers, but would like to implement a similar education program for the cooperatives in Ohio.

Regional Cooperative Development Conference Calls

OCDC Coordinator West and Yang are holding monthly conference calls for cooperative development professionals in Indiana, Kentucky, Pennsylvania, West Virginia, Michigan and Illinois. The calls provide an opportunity to share experiences, discuss current issues and disseminate information about the cooperative development activities in each state. This is a great networking opportunity that provides a chance to share with other cooperative development professionals in the Midwest and gain knowledge from their experiences. The call participants have shared RCDG proposals from the previous year and have agreed to provide feedback for the grant proposals this year. The group is also talking about a regional marketing conference among Indiana, Kentucky and Ohio.

Other

OCDC Advisory Committee

The OCDC Advisory Committee met on January 9th to finalize the grant application and criteria for the OCDC grant program. The grant program has two sections: one for the existing cooperatives and the other for the groups that are looking at cooperative activities. The Advisory Committee, OCDC personnel West, Hahn and Ellerman and Debbie Rausch, USDA Rural Development spend numerous hours drafting and revising the grant applications so that they were easy to fill out but contained adequate information to give a clear picture of the proposed project. After

the application was complete, the Advisory Committee and OCDC personnel aggressively promoted the program to identified groups that would benefit from some additional funds.

OSU Teams

John Ellerman, Center personnel, serves on the Sustainable Agriculture, Fruit, Small Farm and Direct Marketing Teams for OSU Extension. He serves a member and coordinator of activities involving the teams. All the teams have potential to identify cooperative marketing and/or business formation activities that could develop into a cooperative.