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Co-op Innovations Series #1 - November 1999

Farm Fresh Poultry Co-op

Jim Judge didn't know he'd be "starting a co-op from scratch" when he met with a group of Newmarket-area chicken producers in the spring of 1995. They were tossing around the idea of starting a co-operative to process their chickens, and they needed Judge because of his co-op experience.

Judge, a chicken producer with a farm near Delhi, had 10 years experience as a director of the Norfolk Co-operative, and 12 years as an elected director of the Ontario Chicken Marketing Board (now the Chicken Farmers of Ontario).

Most of the producers jumped at the opportunity to develop a chicken processing facility as a co-operative. "I was amazed at the interest shown at that meeting. We were able to put something together that just blossomed by itself," Judge recalls.

Four years later, they have one of Ontario's first "new generation" co-operatives. Farm Fresh Poultry Co-op, located in Harriston, just north of Listowel, produces high-quality poultry from the birds of its 40 members. Labelled "Air Chill Chicken," it can be found in premium butcher and meat shops in the Greater Toronto area.

In a "new generation" co-operative, membership is limited, and a substantial investment is required of each member. The investment is based on the member's use of the facility, with heavy users paying more. Members must also sign a binding agreement promising a minimum supply over an extended period such as 10 years. The potential financial return makes it worthwhile.

"The chicken business is a good business," notes George Alkalay, a consultant who worked with the chicken producers on this project. "But in some years producers do well, and in other years, processors do well." Farm Fresh is built on the theory that the producers can diversify their sources of income by controlling the processing, and profit themselves from the economic value processing adds to the birds they grow.

It also gives the producers an alternative to the American trend where farmers grow their birds under restrictive contracts to large processors. "You hear the American farmers say they feel like contract labourers in that system," says Alkalay. "With GATT, NAFTA and the WTO, Ontario farmers could be in that same position down the road."

It certainly didn't take these poultry farmers very long to make an impression on the market. In October 1997, just two years after their initial meeting, the producers bought a 4,000 square-foot facility in Harriston. This has now grown to more than 12,000 square feet through which the 40 members provide two million kilos of chickens every two weeks.

Co-operation has also increased product variety. Farm Fresh is now one of the first

Ontario providers of Cornish hens. According to Alkalay, "Farmers don't usually like to produce Cornish hens because it stresses the other birds. But because these producers own the processing facility, they're more eager to co-operate."

Despite their initial enthusiasm, Farm Fresh and its members faced numerous challenges in starting up. "It's not like running your own business," says Judge, "which we all had experience with. And it's different from an established co-op," You really don't know what's involved starting from scratch."

What it meant was that members had to do everything -- from keeping the enthusiasm going, to raising capital, drawing up offering statements, and all the procedures for getting a new co-operative business up and running.

"The scary part was being aware of how much money the producers were investing," Judge recalls. "As directors you need to make it work." For Judge that obligation to "make it work" included a period of four months after the plant opened, when he and other directors were managing the business while looking for the right full-time manager. "That was a two-hour drive two days a week," he recalls. "After we got a general manager, it was better."

But the major obstacle proved to be Ontario's system of assigning quotas of chickens to processing facilities. Although farmers in most other parts of Canada can process their own product, in Ontario they had difficulty even finding out how to get the rights to process their own birds. It took several hearings before the Chicken Marketing Board to get approval for members to process some of their own birds.

Today, those limited quotas remain a challenge. "The co-op would like more producers and members. They have the capacity to process more," says Alkalay. In fact, many of the producers would like to process all of their birds in Harriston, but can only provide a proportion of their product. But they continue to push forward on this issue.

As Farm Fresh moves toward being "fairly profitable," in Jim Judge's words, the rewards are more than just financial. "It's good to see producers step beyond their role as just producers, and start to control their product beyond the farm gate," says Alkalay.

Today, the new generation co-op model is being explored by several other Ontario farm producers. A group of 50 egg producers has formed New Generegg Farmers Co-op; 500 members are involved in Progressive Pork Producers Co-operative; and a group of apple growers is forming the Bay Growers' Co-op.

If their experience is anything like Jim Judge's, they'll come away from the process with good memories. "I was amazed with the support from members that wanted to get this co-op started," says Judge. "There was a lot of excitement as it started to build."

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A publication of the Canadian Co-operative Association, Ontario Region