

The Neighboring Food Co-op Association: Collaboration for a Thriving Regional Economy

By Erbin Crowell // erbin@nfca.coop

From The Natural Farmer, Winter 2010-11 // Special Issue: Organic Farming & Co-ops
Northeast Organic Farming Association // www.nofa.org // 411 Sheldon Road, Barre, MA 01005

On December 21, 1844, the Rochdale Society of Equitable Pioneers opened a humble grocery store in the north of England. The offerings of the store were not impressive, being comprised of butter, flour, oatmeal and some candles. The vision of the Pioneers, on the other hand, was audacious at a time of dramatic economic upheaval. Often cited as the founders of the modern co-operative movement, the members of the co-op envisioned a new way of doing business that was rooted in community and put the control of enterprise in the hands of the people who used its services. Key to the growth of the co-operative model was the establishment by the Pioneers of a set of principles that have guided the movement ever since.

At a time when access to nutritious food was limited and adulterated products were common, the most urgent need was for pure, wholesome and affordable food. But the vision of the Rochdale Pioneers encompassed more than just retailing. Their goal was a transformation of the economy, and early co-operators also set about the development of agricultural and manufacturing co-ops to supply their stores and support employment, and housing co-ops to provide shelter. The co-op at Rochdale operated continuously until 1991 and is now merged with the Co-operative Group, a national co-op comprised of 5.5 million members across the UK and, reflecting the broad economic vision of the Pioneers, operating a family of businesses from food retailing to farming, travel agencies to financial services, gas stations to automobile dealerships, and healthcare to funeral care.

Early co-ops enabled people to better meet their needs through member-owned enterprises that were firmly rooted in their local communities. But the growth of the movement also had another important result. As these stores grew, other merchants began to alter their own practices in response, creating ripples of change that reached across the economy. As co-ops have spread around the world, the movement has found many different expressions and has been a catalyst for the transformation of the economies around them.

True to this legacy, food co-ops in our region have been pioneers and innovators, promoting natural foods, supporting organic agriculture, and helping to build the Fair Trade movement. In addition to creating economic relationships that reflect their values and serve member needs, co-ops have also influenced the mainstream food system. As they demonstrated demand for natural, organic and fairly traded products, these goods soon began to appear on the shelves of conventional grocery stores and even multinational, investor-owned supermarkets.



The produce section at the Putney Food Co-op, Putney, Vermont.

The commonalities between co-operative principles and values and those of the Fair Trade movement have supported collaboration with movements for trade justice. In the last few years, food co-ops and organizations such as the Northeast Organic Farming Association (NOFA) have been active participants in dialogs around the shared challenges of family farmers and farmworkers in our own country and those in the developing world. The National Cooperative Grocers Association (NCGA) and co-ops in our own region, including Berkshire Co-op Market, Franklin Community Co-op and Honest Weight Food Co-op, were founding members of the Domestic Fair Trade Association, which seeks to bring the principles of the international Fair Trade movement to bear on agriculture here at home (For more information, visit www.thedfta.org.)

Food co-ops have also been leaders in strengthening local economies, supporting local producers and rooting wealth and infrastructure in our communities. And as “buying local” becomes more mainstream, co-ops are collaborating with other stakeholders in the food system to ensure that relocalization contributes to change that is also just, participatory and fair.



Neighboring Food Co-op Association
PO Box 93, Shelburne Falls, MA 01370-0093 USA
c: 401-419-0381 • f: 413-625-3061
e: erbin@nfca.coop • w: www.nfca.coop
fb: www.facebook.com/neighboring

Stronger Together

At the same time, food co-ops have not always been proactive in telling their story, in working together to measure and promote their impact, and in leveraging their shared strength. With this in mind, Brattleboro Food Co-op first convened a group of co-op managers and board members in 2004 to explore closer collaboration. In 2007, participants at a subsequent gathering in Vermont approved the *Middlebury Manifesto*, a document establishing what was then called the Connecticut Valley Neighboring Co-ops and expressing the desire to “further the ideals of democracy, cooperation, autonomy and education as enshrined in the International Co-operative Principles”. The document goes on to state the intent of participating co-ops to “reorient the economy from one dedicated to maximizing individual wealth to one calculated to advance the common good,” to “promote regional autonomy in food production and other goods essential to human existence.” An overarching goal was to “provide occasions for collective action to build a co-operative economy in our geographic region”.

Building on this momentum, a representative steering committee was established with organizational support provided by the National Cooperative Grocers Association (NCGA) and the Cooperative Fund of New England (CFNE). The group then embarked on a process of scenario planning in which it explored potential outcomes of recent trends in the economy, culture and politics of the region. What might our region’s economy look like in 2020? How could food co-ops work together with likeminded organizations and networks to create more resilient communities as we look toward a post-petroleum economy? How could we avoid duplication of effort in order to support other initiatives, focus on our core strengths and advance a shared vision for the future?

A central focus for the group was the development of the co-operative economy in our region. But parallel to this process of deciding where we wanted to be in the future, we needed to understand where we were now.

Measuring Our Impact

The members of the NFCA are member-owned, democratically governed community grocery stores ranging in size from large, multiple storefront retailers with thousands of members to smaller markets with just a few hundred. Most of these co-ops have been in operation for more than 20 years though some, such as the Putney Food Co-op and the Co-op Food Stores (Hanover Consumer Co-op), have been active since the 1930s and ‘40s.

Most of the food co-ops in our region emerged during the 1970s and ‘80s, as people worked together to access healthy, organic, and bulk foods, and began to advance new ideas such as Fair Trade. Food co-ops also supported the early development of farmer co-ops such as Deep Root Organic Co-op, a regional supplier of organic produce, and worker co-ops such as the Fair Trade pioneer Equal Exchange. Area food co-ops have also been early examples of economic relocalization. The Buffalo Mountain Food Co-op in Hardwick, VT, for example, was founded in 1973 and has been quietly laying the groundwork for more recent activism that has put this town on the national map of local foods activism.

In 2008, the NFCA took a major step in gaining a better understanding of the economic impact of co-ops in the region.

With support from the Brattleboro and Hanover Food Co-ops, independent economic analyst Doug Hoffer was hired to undertake a study of member co-ops in Vermont, Massachusetts, New Hampshire and Connecticut to collect and analyze data about their impact on the regional economy. The study revealed compelling data, including that the 17 co-ops of the NFCA had a combined membership of 64,000 people and aggregate annual sales exceeding \$161 million. Further, these co-ops also had a dramatic impact in the regional economy, including:

➤ Support of Local Economies...

- Median revenue for member co-ops was \$3 million and the average was \$9.5 million. The median growth rate of co-ops in the network over the previous three years was 14%.
- Member co-ops purchased more than \$33 million in local products in 2007, including \$10 million in fresh farm products, \$18 million in locally-processed foods and \$5 million in other products. (For the purposes of this study, “local” was defined as being sourced within the state or within 100 miles.)

➤ Stable Employment and Services...

- \$28.6 million in employee wages, with the average wage being 18% higher than the average for food and beverage stores in the same states.
- Co-ops had lower staff turnover (36%) when compared to supermarkets (59%) and more staff employed fulltime (62% compared to 43% in supermarkets).
- Taken together, member food co-ops in Vermont would be among the top 25 employers in the state.

➤ Support of Local Government and Infrastructure...

- ...including \$7.3 million in sales, excise, and other taxes, \$434,000 by employees, and \$500,000 in property taxes.

Further analysis, using data from the U.S. Commerce Department and input-output software (IMPLAN), enabled an estimate of “multiplier effects”, including indirect impacts such as the circulation of money in the local and regional economies. Co-ops buy from farmers, wholesalers, and service providers who spend some of the money locally for their business inputs, including payroll, equipment, supplies, utilities, and taxes. Some of the wages paid to co-op employees and to workers down the supply chains are spent locally as well. These are called “induced” effects.

For example, the \$161 million in sales by member co-ops in 2007 generated an additional \$118 million from indirect and induced economic activity, resulting in a total of \$279 million in direct and indirect impact. In terms of employment, including full-time, part-time, and self-employed, money circulating in the regional economy resulted in 1,049 jobs in addition to the 1,240 direct jobs provided by member co-ops. Total compensation for these 2,263 jobs is estimated to be \$75 million. According to this model, the direct, indirect, and induced fiscal benefits of the co-ops equal \$13.7 million in tax revenue for host states.

Since this study was completed, the NFCA has continued to grow. Together, the now more than 20 member food co-ops operate 26 storefronts, have a combined membership of over

82,000 individuals, employ 1,425 people and have annual revenue of \$185 million. While this growth is partly due to additional co-ops joining the organization, further analysis shows that individual co-ops have been growing even during this challenging economy. For example, if we remove the data from new members, we find that between 2007 and the end of 2009 the 17 co-ops included in the original study grew about 8% in revenue, 4% in employees, and 17% in members.

Some examples of these trends include Brattleboro Food Co-op, which is in the process of an ambitious expansion aimed at better serving the community and includes affordable housing in its plans, and the Co-op Food Stores of New Hampshire, which has recently opened a new location in nearby Vermont. Meanwhile, new stores such as River Valley Market in Northampton, MA, have opened their doors in just the past few years. And new food co-ops are in various stages of start-up across the region, from Fiddleheads Food Co-op in New London, CT, to the Old Creamery Co-op in Cummington, MA.

Envisioning the Future

Analysis of our economic activity has helped our individual co-ops to better understand and communicate their impact in the region, and to reach out to organizations with similar goals. More importantly, perhaps, it has encouraged our association to articulate a vision for the future and to begin to use its shared strength to advance that vision. In beginning this process, we soon realized that our impact in the region — while impressive — only represented a beginning when considering the potential of a co-operative economy. A study by the University of Wisconsin, for example, found that there are more than 29,000 co-ops in the U.S., operating across industries and services, with more than 500 in the NFCA's membership area of western New England (For more information, see <http://reic.uwcc.wisc.edu>). Recent reports have also shown that co-ops have also proved to be more stable during the recent upheavals of the global economy, offering tools for communities seeking more stable employment, services and infrastructure (See, for example, Birchall & Ketilson, "Resilience of the Cooperative Business Model in Times of Crisis", International Labour Organization, 2009, www.ilo.org).

Recognizing our shared impact, the NFCA has identified further analysis across co-op sectors and throughout regional co-op supply chains as a future priority. The Northeast is home to many successful farmer co-ops and credit unions, as well as worker co-ops that have begun to work together through networks such as the Valley Alliance of Worker Co-ops. Additionally, we have recognized that we might also draw lessons from places around the world where co-operatives play a vital role in regional economies.

One source of inspiration is Emilia Romagna in northeast Italy. Italy is known as the home of the Slow Food movement, and this region is home to vibrant artisanal food traditions such as Parmigiano-Reggiano cheese, balsamic vinegar, local pasta dishes and cured pork products. Agriculture is central to the regional economy and is dominated by family farmers and their co-operatives, and small producers. Italy also has more co-ops per capita than any other country in the world, and the contribution of co-ops as locally rooted, multigenerational economic assets is enshrined in the Italian Constitution, which acknowledges "the social function of co-operation as a form of mutual aid devoid

of all private speculative intent." Coop Italia, a federation of regional food co-ops, is the leading retailer in the country, bucking a global trend in which this sector is dominated by multinationals such as Wal-Mart.

Emilia Romagna has a particularly vibrant co-operative sector and in this region of 4.3 million people, there are about 7,500 co-ops active across the economy, including retailing, agriculture, manufacturing, social services, and credit. Ten percent of the workforce is employed by co-ops, unemployment rates are extremely low, and the standard of living is among the highest in Europe. Central to the impact of the Italian co-operative movement is the intentional and strategic manner in which economic development is coordinated both within and across sectors. For example, every co-op in Italy contributes 3 percent of its annual surplus to funds for co-operative development.

Energized by the power of such examples and reflecting on our own histories, we turned toward the future. As our network expanded beyond the bounds of the Connecticut River Valley, our name evolved to the "Neighboring Food Co-op Association", reflecting Wendell Berry's assertion that "a viable community is made up of neighbors who cherish and protect what they have in common." With the guidance of its steering committee and the support of a project manager, our association engaged in a dialog around desired outcomes for our work together.

The result of this process is a shared vision of a thriving regional economy, rooted in a healthy, just and sustainable food system. Recognizing the contribution of co-ops to strong, resilient regional economies, we envision collaboration among a variety of co-operative enterprises. Our approach to achieving this vision is to actively reach out to likeminded organizations including food system activists, economic development agencies and farmers' organizations. For example, the NFCA has opened dialogs with NOFA VT and other state chapters, organizations such as Community Involved in Sustaining Agriculture (CISA) and Vermont's Farmer to Plate initiative, as well as farmer co-ops in the region. The NFCA has also become a charter affiliate member of the New England Farmers Union (NEFU), recognizing the need for farmers and consumers to collaborate in supporting sustainable farming and rural communities, and in making our voice heard before policy-makers.

Regional Sourcing

Food co-ops in our region have served as laboratories for new ways of thinking about food, from organic and fairly traded goods to systems for the distribution and retailing of bulk products. More recently, co-ops in the region have also served as important incubators for new local products. "We're the kind of place local entrepreneurs bring their new products for test marketing," Annie Gaillard of Buffalo Mountain Food Co-op says in a recent article for *Cooperative Grocer* (Ken Meter, "Tipping the Scales for Local Foods: Co-ops play a vital role in economic recovery", *Cooperative Grocer* #145, Nov-Dec 2009, www.cooperativegrocer.coop). Many member co-ops work closely with producers in their area to share information and plan production for the growing season.

As part of our effort to contribute to a healthy, just and sustainable food system, the NFCA has been working to identify products that are feasible to grow and process in our

region but are currently unavailable or difficult to source on the local or regional levels. “Local” is defined by the NFCA as being sourced from within the state or 100 miles from the point of sale. Some member co-ops choose to use a more restrictive definition. “Regional” is defined as the New England states plus New York and adjacent areas of Canada. The NFCA’s area of membership currently includes Vermont, New Hampshire, Massachusetts and Connecticut. Our goal is to begin to work together with farmers, producers and likeminded organizations to begin to fill these gaps, developing sources for products in a manner that advances our vision.

In January of 2010, NFCA member City Market (Onion River Co-op) in Burlington, VT, undertook a store wide analysis of local product gaps – determining products that are feasible to grow in Vermont but where a local source is currently unavailable. Using this list as a starting point, the NFCA sourcing committee compared notes among member co-ops in the region to select the most common, high volume gaps. This reduced list of items was then sent out to the broader co-op membership. NFCA members were asked to identify the sourcing priority of these items from high to low. The items selected as highest priority for sourcing work included dry grains (e.g. oats and popcorn), dry beans, single-serving yogurt, frozen fruits and vegetables, and chicken (chicken was eventually removed from the list due to variations in tracking).

Member co-ops were then asked to run sales movement reports for the 2009 calendar year on those products. We also surveyed member co-ops to find out what price premium they’d be willing to pay for products sourced on a regional level. The NFCA is now sharing this preliminary data with agricultural agencies and food system advocates, farmers and their organizations, and community economic development groups across the region. Our goal is to begin a dialog on how we might work together in the future and we will be collecting feedback and contacts in hopes of building understanding of shared goals and identifying areas where we might work together with likeminded organizations.

A key question is how can we collaborate with farmers and food system advocates to support production, processing, marketing and distribution infrastructure that will be rooted in our region and accountable to our communities over the long term.



An NFCA Community gathering. Photo by Kehvy Bird.

Looking Forward

The modern co-operative movement was launched in the midst of the Industrial Revolution. In response to economic upheaval, dislocation of local economies, concentration of wealth and control, and globalization, people began to work together to create a viable economic alternative that would be based on member ownership, democratic control, and meeting community needs.

In the wake of more recent economic challenges, interest in the co-op business model has increased dramatically. Once largely ignored by the mainstream press, food co-ops have gained attention in the news media and among community development activists and organizations. Across the region there are efforts to establish new food co-ops oriented toward the economic democracy and relocalization. There is also a growing recognition that co-operative enterprise – including food co-ops, farmer co-ops, credit unions and worker co-ops – have been remarkably stable in the current economy. In addition to their advantages as member-owned, democratically-controlled enterprises that are guided by member priorities above the accumulation of private profit, co-ops bring some distinct strengths to the movement for relocalization and the regional economies. For example, food co-ops...

- ...tend to develop local skills & assets rather than importing them into the region, creating leadership and professional development opportunities.
- ...are able to assemble limited financial resources to create vital community enterprises (most food co-ops in the region are based on member shares of less than \$200).
- ...have a low business failure rate and tend to be long-lived, resulting in lasting economic and social infrastructure.
- ...are member-owned community economic institutions that are difficult to move or buy-out.
- ...create regional efficiencies through the pooling of purchasing power and other economic activities.
- ...support vibrant, participatory and engaged communities.

As a result of these factors, food co-ops — and co-ops in general — contribute to a more stable food system, infrastructure, employment & services, and economy.

Looking forward, the NFCA is working to demonstrate the role of co-operative enterprise in building more vibrant and resilient communities, to support the growth and development of our member co-ops and the launch of new efforts, and reaching out to farmers and their organizations and likeminded groups such as NOFA to advance our shared goals of a healthy, just and sustainable food system. In doing so, we hope to build on the extraordinary vision of generations of co-operators, linking their ideals with the imagination of our members to address new challenges and opportunities as we build a thriving regional economy. •••

Erbin Crowell is Executive Director of the Neighboring Food Co-op Association and serves on the boards of the Domestic Fair Trade Association and the National Cooperative Business Association. He wishes to acknowledge the contribution of the many food co-op members, staff and board members to the growth of the co-operative movement in our region and to the development of the NFCA community and vision. He may be contacted at erbin@nfca.coop.

For more information on the NFCA, please visit www.nfca.coop.