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6-14-2017

Small Farmer Cooperative-Larger Farmer-Commercial Retailer Partnership

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Recommended Citation

Hill, Walter A.; Turner, Thomas; Robinson, Miles D.; Vaughan, Barrett; Hargrove, Tasha M.; Brown, John; Wall, Gertrude; and Shange, Raymon (2017) "Small Farmer Cooperative-Larger Farmer-Commercial Retailer Partnership," *Professional Agricultural Workers Journal*: Vol. 4: No. 2, 7.

Available at: <http://tuspubs.tuskegee.edu/pawj/vol4/iss2/7>

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SMALL FARMER COOPERATIVE-LARGER FARMER-COMMERCIAL RETAILER PARTNERSHIP

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Several articles on the Small Farmer-Tuskegee University-Walmart (SFTW) Project were published three years after initiation of the project in 2014 (PAWJ, Volume 1 Number 2). At that time, the farmers in the Small Farmers Agricultural Cooperative (SFAC) had painstakingly learned the challenges of supplying produce to the largest food retailer in the world (Walmart). So many items previously unknown to them had to be quickly grasped and manifested to meet delivery schedules and quality parameters. The Tuskegee University staff who worked with the farmers was also transformed by the process that required work, planning, and partnering at a new level. Table 1, represents selected steps and resources required in the production, packaging, and delivery of the fruits and vegetables grown by the Cooperative. Of the eleven parameters listed, the pre-Cooperative rate-limiting factors for most of the small farmers involved were access to consistent markets, commercial packaging, irrigation, and capital. All were addressed by the Cooperative through grants through Tuskegee University and USDA, and partnerships with third-party intermediary packers identified by Walmart.

Because of the consistent quantity of produce needed to operationalize the partnership with Walmart, several of the farmers dropped out of the process because they could not deliver the committed quantity at the agreed upon time. Often, this was due to non-controllable factors such as weather, including drought or excess rainfall and cash flow. The intervention by Tuskegee University sought to mediate lack of inputs when necessary. Factors such as packaging, refrigerated transportation, approved locations for packing and shipping, pollinators, and communication with buyers initially received assistance from the University support team, with the intent of transitioning these operations to the Cooperative. Management of all plant production processes were the responsibility of the farmers. Management of finances and cash flow were consistent problems for the small farmers because the 30+ day period after delivery of produce before payments to farmers was initiated. Another issue was the requirement for Good Agricultural Practices (GAP) certification initiated in 2012. After State/Federal approval, an additional layer of approval was required by Walmart to ensure the produce met their rigorous safety standards. Timing of certification approvals, crop readiness for harvesting, delivery schedules, and coordination of labor was often times a challenge.

The best year in terms of produce produced and delivered to Walmart was 2014. The vast majority of this work was done by five of the 21 farmers who were original members of the Cooperative. There was not enough timely profit in producing and delivering the produce to Walmart to sustain the involvement of most of the Cooperative members. In 2017, three of the original farmers were still growing for the Walmart market. These three farmers have inherited a newly renovated processing facility, refrigerated trucks, and the opportunity to continue to sell the Walmart. What a blessing. All three have irrigated farms and understand the steps needed to

produce, package, and deliver their produce to Walmart. Several of the original Cooperative farmers have stayed at their original small-scale and continued marketing through local farmers markets and other direct sales. Others have contracted to other retailers.

Currently, SFAC-Walmart agreements for 2017 include watermelons, yellow squash, zucchini, and eggplant. Greens and peas are no longer on the list, but are still grown by the famers for other markets.

Table 1. Risk Factors, Solutions and Partner Assistance for Small Produce Farmers

	Risk	Solution	Gaps
Food Safety	Contaminated, unsafe food, loss of customers	Meet GAP (Harmonized) Certification	Intensive learning and resources
Weather	Drought, flooding, disasters	Irrigation, drought tolerant crops, drainage, insurance	Irrigation, drainage, insurance policies
Pests	Loss of yield & quality	IPM, seed varieties, rotations	Seeds; pesticides stored
Markets	Low prices	Lock-in prices, add value	Predict acreage
Labor	Unavailable or high cost	Pre-season contracts,	Predict acreage
Packaging	High cost, unavailability	Bulk purchasing	Capital access
Inputs	Availability, costs	Pre-season planning	Capital access
Transportation	Availability, timeliness, costs	Contract; back-haul or ownership	Capital access, biofuels
Storage	Availability, high E costs	Minimal storage time; ownership	Capital access
Processing	Equipment unavailability or breakdown	Pre-plan, duplicate equipment, parts	Capital access; pre-season planning
Organization	Single Farm	Clusters of small farmers	Leadership, transparency

Throughout the SFTW Project six-year journey, the challenge was to implement the best way for the farmers to work together, to set the amounts and meet the agreed upon quantity and quality parameters and delivery times. Each farmer had a different philosophy and mentality, sometimes making it difficult to agree. The journey started with small farmers. In the second year, one larger farmer joined the effort. Today, the Cooperative has ten members. Three are actively producing for Walmart, including one larger farmer (mid-sized farmer as defined by USDA/ERS as having between \$350,000 and \$1m in gross sales) with a 2,000-acre operation with 40% in vegetables and fruits, including watermelons, tomatoes, green peppers, and squash. A portion of the produce is sold through the Cooperative and the rest through other markets. At the outset of the project, the large farmer had produced predominantly row crops such as peanuts and cotton, but over the last few years, he increased production of fruits and vegetables and in 2017 shifted 40% of his land into vegetables.

The small farmers that remained in the Cooperative have increased in acres farmed. They still have challenges obtaining access to capital up-front, though this has been eased by the USDA Farm Service Agency (FSA) Small Farmer Loans and USDA Noninsured Crop Disaster Assistance Program (NAP) or NAP Crop Insurance. The larger farmer is able to obtain necessary loans from several sources (USDA and private lenders). The access to the Walmart market including set prices, and sharing in irrigation and stationary refrigeration equipment grants incentivized the larger farmer to stay in the Cooperative. All the farmers benefited from collectively contributing to the total volume of produce delivered to Walmart. The small farmers have access to refrigerated trucks and a packing center obtained from grants to the Cooperative. The larger farmer shared their expertise and equipment with the smaller farmers, based on relationships developed over-time.

Tuskegee University's role has been important in bringing and keeping the large farmer and assertive small farmers together to sustain the volume and quality of produce needed to supply a commercial market. The collective experience indicates that socially disadvantaged small and larger farmers can work together. Also that the partnerships among small and larger farmers can include socially disadvantaged, underserved and other categories of farmers, as long as they agree to work together and receive initial support from land grant universities and the private sector.