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Journal of Cooperatives

Volume 23 *2009* *Page 87-100*

The Rise and Fall of Tri Valley Growers Cooperative

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The Rise and Fall of Tri Valley Growers Cooperative

Himawan Hariyoga and Richard J. Sexton

This paper examines the market and organizational factors that led to the bankruptcy in July 2000 of Tri Valley Growers (TVG), a California tomato- and fruit-processing cooperative owned by more than 500 growers. TVG's bankruptcy was caused by a confluence of organizational and market-related factors including a low productivity of assets due to high inventory levels and obsolete facilities, high operating costs relative to competition, high raw product transport costs due to the geographic mismatch of production and processing capacity, particularly in tomato operations, and a poor information system. TVG was also highly leveraged. Re-organization as a new-generation cooperative in 1996 failed to stabilize the equity base.

Introduction

The members of the board of directors of Tri Valley Growers (TVG) faced a difficult decision. Established value (EV) was a term used by the cooperative to describe the market value of the products its members delivered. TVG had failed to pay full EV on the fiscal year (FY) 1997 crop and was facing losses upward of US$100 million in FY 1998. As a grower-owned cooperative, these losses accrued to the growers. The simplest solution was to charge them against the FY 1998 crop proceeds, guaranteeing that the growers would again receive far less than EV. But these were hard times for the growers, and any payment short of full EV would drive some into bankruptcy and cause others to flee the cooperative in favor of other marketing options. With such erosion in its member base, how could TVG hope to survive? The only other option, however, involved carrying the loss forward on the cooperative's books, further eroding its precarious equity position towards the precipice of bankruptcy. The expression "damned if you do, damned if you don't" could have been coined to describe this dilemma.

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Background

Formed in 1963 through a merger of Turlock Cooperative Growers and Tri Valley Packing Association, Tri Valley Growers was a California agricultural cooperative association owned by more than 500 member-growers who delivered tomatoes, peaches, pears, olives, apricots, grapes, and cherries to the cooperative for processing and marketing. TVG's organization consisted of the cooperative association as parent company and its wholly owned subsidiaries: Tri Valley Growers Container Division, Inc.; S&W Fine Foods, Inc.; Redwood Food Packing Company; Valley Forklift Company, Inc.; Redpack Foods, Inc.; and International Agribusiness Management Corporation. TVG operated nine processing plants in California through the mid-1990s, and a tomato reprocessing plant in New Jersey. In FY 1998, it had total assets of more than US$700 million, its sales revenue reached US$782 million, and its members' equity was US$125 million. TVG hired more than 9,500 seasonal and 1,500 annual employees. In its heyday, TVG was a leading firm in the American food processing industry and commanded substantial shares in the national market (e.g., more than 50 percent for canned peaches and 10 percent for canned tomatoes).

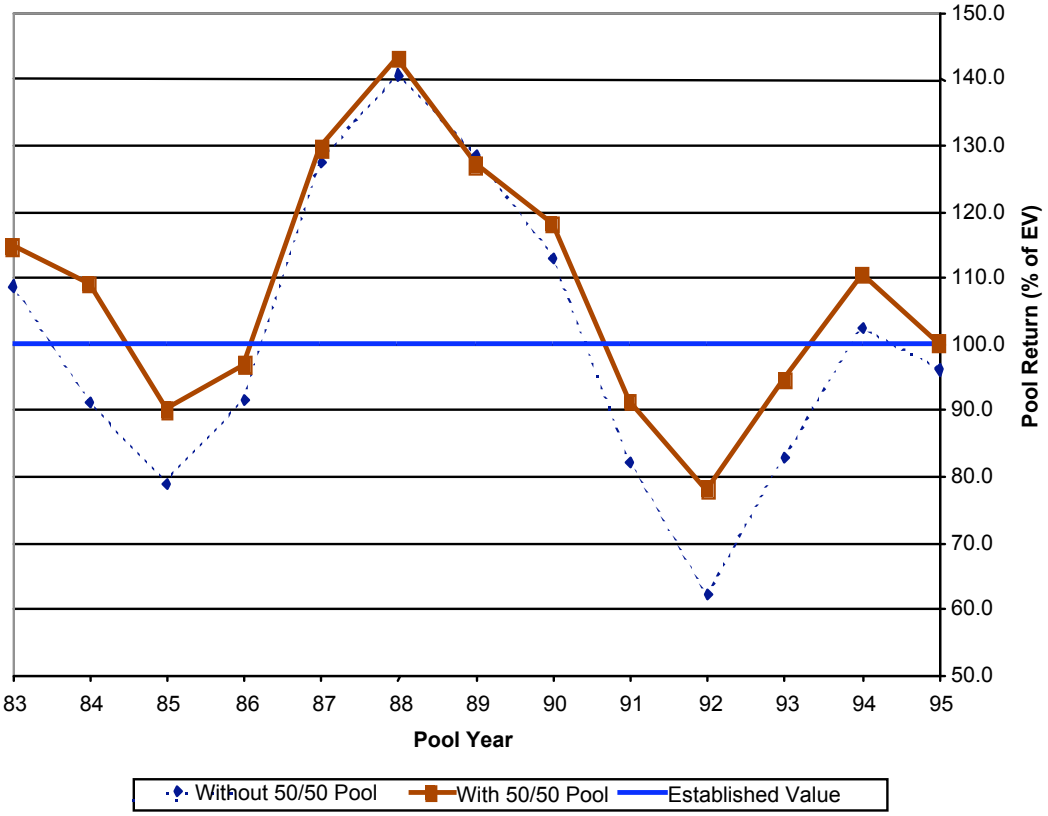
In its early years of operations, TVG faced intense competition and financial difficulty, but survived by diversifying its business and integrating vertically into can manufacturing, cold-storage, and trucking. In 1970–1971, a combination of tomato and fruit products oversupply, general financial crisis, and operational problems led to financial losses. In 1974, CEO and President Bill Allewelt established a ten-year cost-plus contract to supply tomato paste to a national processor/marketer, followed by the construction of a paste plant in Volta, CA to meet the long-term supply commitment. This long-term contract protected TVG from adverse impacts of input cost increases, helped to raise capital for expansion, and relieved TVG from direct competition. The failures and subsequent acquisition by TVG of two cooperatives, Glorietta Foods and California Canners and Growers, further secured its position as the state's largest and most diversified canner.

TVG traditionally operated a single (general) pool for all crops delivered by its member-growers, enabling them to share the risks and rewards, and mitigate the effects of periodic downturns in individual commodities. In June 1983, the pooling practice was modified. One-half of the return from each commodity was allocated to the general pool, while the remaining half was allocated to a separate, commodity-specific pool. The net proceeds from both pools were allocated to the members in proportion to the EV of the products delivered by each member relative to the EV of all products in that pool. Proceeds from non-member business were allocated to retained earnings. Tomato and olive growers were consistently subsidized by TVG's fruit operations in the 50/50 pooling system, earning higher returns than achiev-

able in stand-alone pools. Figures 1 and 2, respectively, illustrate actual tomato and peach payments for FY 1983–95 relative to what would have been earned in commodity-specific pools.

Prior to restructuring as a new generation cooperative (NGC), TVG operated a base capital plan, with each member's equity requirement set as a percentage of the member's most recent eight-year-average EV. The equity percentage remained quite stable over time, in the range of 140–145 percent. Equity requirements were fulfilled either through annual retains or purchases from other equity holders. When a member's cumulative equity was greater than the requirement, the surplus was subject to refund or saleable to another member.

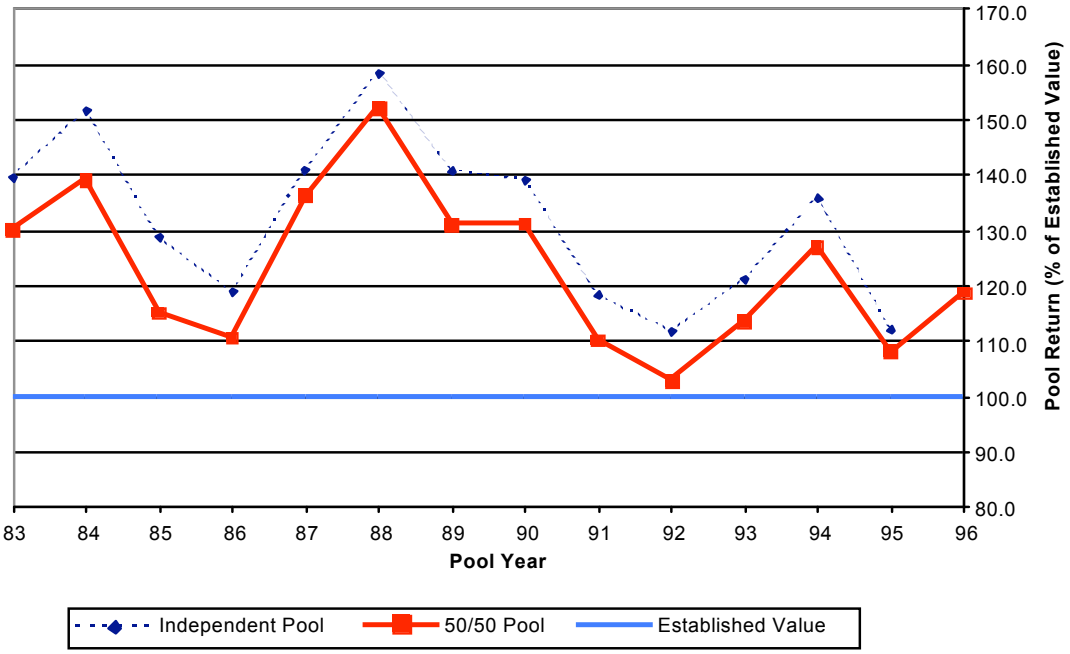
Figure 1. TVG's tomato pool performance: Returns to members as a percentage of established value, 1983–1995



Description of the Failure

In July 2000, severe financial difficulties forced TVG to file a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. TVG relin-

Figure 2. TVG's peach pool performance: Returns to members as a percentage of established value, 1983–1995



quished its cooperative structure after a group of private buyers bought the company in February 2001.

Many opinions have been expressed concerning the causes of TVG's failure, including: (1) poor management and wrongful conduct by a former CEO; (2) lax financial controls; (3) industry-wide oversupply of tomato products; (4) declining long-term demand for processed fruits; (5) financial constraints that impeded TVG's ability to reduce production costs through modernization of processing plants; and (6) adverse impacts from restructuring as a NGC. The downfall of TVG is analyzed here with the goal of sifting through the various explanations that have been posited for TVG's demise and understanding the lessons to be learned from its failure. Those seeking an even more detailed discussion should consult Hariyoga (2004).

Conceptual Framework

This analysis of TVG's failure blends a variety of analytical approaches. It utilizes, for example, the tools of market analysis to study TVG's position in its key product markets. Although TVG undeniably faced considerable market adversity,

the role of TVG's leaders—CEOs and the board of directors—in causing or failing to prevent the failure is a subject of considerable controversy and disagreement. Thus, this analysis must also consider principles of management and organization behavior. Finally, TVG's situation must also be studied within the prism of the economic theory of cooperatives. As many have pointed to the demise of TVG and other cooperatives as evidence of shortcomings of the cooperative organizational form, it is key to determine which of TVG's difficulties can be traced back to its status as a farmer-owned cooperative.

Analysis of TVG's Failure

TVG's members in 34 California counties supplied produce to nine processing plants located throughout California's Central Valley. Although the market for fruit and tomato products became increasingly global in the latter half of the twentieth century, TVG served mainly domestic buyers. Improved distribution of fresh fruits and vegetables led to increased competition between fresh produce and canned fruits and vegetables on a year-around basis. TVG's sales were diffuse. Customers included retail private label (27 percent of 1995 sales), branded retail (22 percent), food service (28 percent), government (2 percent), and industrial and contract (17 percent). TVG's retail brands included S&W Fine Foods, Oberti Olives, Libby and Libby Lite Fruit, Redpack and Tuttorosso Tomatoes, and Sacramento Tomato Juice. The diverse market outlets and mostly weak branded products, however, evinced a lack of focus on core competencies. In tomatoes alone, TVG produced 435 product items or labels.

Conditions in TVG's Key Markets

Tomato products represented TVG's largest product, contributing an average of 39 percent to annual revenue during 1990–95. However, the market for tomato products is characterized by large cyclical fluctuations in production and prices, and prices of tomato products, particularly tomato paste, have been in secular decline since 1981. Three periods of oversupply—1985–88, 1991–92, and 1995–96—caused inventories to increase and prices to decline considerably. Financial distress caused consolidations in the industry, but the number of active firms still remained relatively large (22 in 2001), and so the industry remained fiercely competitive.

Improved processing, storage, and transportation technologies enabled tomato manufacturers to extend processing beyond the harvest season and to remanufacture bulk tomato paste more economically into various consumer products at locations closer to the consumption point. The California tomato processing industry thus evolved to focus on high-volume bulk paste production, with reprocessing done elsewhere. Tomato paste became the largest single processed tomato product in

California, with more than 50 percent of the processing tomato crop packed as bulk paste annually since 1991. TVG was ultimately unable to compete in this segment and redirected focus to its branded products. Its brands, however, were weak and brought TVG into direct competition with stronger rivals.

As production shifted into California's Central Valley, a geographical mismatch of production and processing facilities stimulated interregional competition among processors to procure tomatoes. This led to tomatoes being hauled long distances at high cost. The industry gradually shifted plant locations from urbanized coastal regions to Central Valley locations so as to better align plant locations with available production.

While its competitors invested much in plant upgrades and relocation, product innovation, and promotion, financial constraints handcuffed TVG. It had little ability to obtain additional internal capital from its members because they, too, were suffering financially from poor market conditions. TVG itself was already highly leveraged, making it difficult to obtain additional debt capital. Thus, TVG's tomato production remained poorly aligned with its plant locations relative to the competition. And its plants had higher operating costs than rival plants. TVG was also unable to overcome problems of under-utilization of processing capacity in its tomato operations due to insufficient volume of raw product.

TVG was better positioned in its fruit processing operations. TVG, Del Monte Foods, and fellow cooperative Pacific Coast Producers dominated the fruit processing industry in California. Together, they accounted for more than 90 percent of the state's processed fruit production, with TVG having the largest share (about 40 percent). On average, fruit products generated approximately 55 percent of TVG's annual revenue during 1990–1995, with peaches the largest fruit category, followed closely by fruit cocktail. TVG sold fruit under its S&W and Libby brands, but sold most (53 percent) under private labels. TVG's brands were weak relative to the dominant Del Monte brand.

TVG also competed with foreign and domestic competitors in the market for ripe olives. Olive products generated six percent of TVG's annual revenue during 1990–1995, but were a constant problem for the cooperative because they produced the lowest sales as a percentage of production of any TVG commodity and caused a cash drain due to wastewater treatment issues at the Madera processing plant.

Per capita consumption of canned peaches and pears was in long-term decline due to increased availability and consumption of fresh fruits. Between 1974 and 1990, real FOB prices per standard case of canned peaches and canned pears, as well as grower real prices and the average processor margin, declined, which caused some growers and processors to exit the industry. As in the tomato processing industry, TVG's competitors in the fruit processing industry invested heavily in cannery modernization to reduce processing costs. TVG's attempts to follow suit were

constrained by the severe losses in the tomato business that drained much of the cooperative's financial resources. Instead, additional capacity took the form of aging infrastructure in canneries acquired from defunct competitors. TVG was also at a cost disadvantage relative to northwest processors in the production of grade-pack pears.

These difficulties notwithstanding, TVG also had key strengths in the processed fruit business. Fruit operations yielded a higher margin than tomato products, and most of the fruit business was conducted on a membership basis. Fruit growers had considerably fewer outside options than tomato growers, and consequently demonstrated greater loyalty to TVG. Indeed, TVG was able to use fruit (mainly peach) revenues to subsidize its tomato business without adversely affecting its fruit grower membership. A question that will never be answered is whether TVG could have survived solely as a fruit processing cooperative (i.e., if it had chosen early enough to jettison its tomato and olive operations).

Organizational Upheaval

Long-time CEO and President Bill Allewelt retired in 1985, and his successor, Travis Mullenix, served for less than two years before being replaced in 1987 by James Saras, previously the chairman of the board of directors. Saras' ascendancy was controversial. Some viewed it as part of his vision to make the cooperative more oriented toward the peach business. Conflicts occurred and led to the replacement of experienced executives with less experienced and, arguably, less qualified albeit loyal ones. Operational problems began to emerge and questionable decisions followed, including a US$40 million lease on a long-obsolete canning facility in Sacramento. TVG also faced external adversities during this time, including the 1989 earthquake that damaged TVG's warehouses in Hollister at a cost of US$6.2 million, and a sharp decline in tomato product prices that resulted in a US$30 million loss in revenue in FY 1992. On 31 January 1992, TVG recorded a US$12 million liability that reflected the estimated cost of retrofitting its Madera olive processing facilities to comply with California's newly enacted standards for wastewater ponds.

Saras retired as CEO/president in March 1994, and control reverted to Chairman of the Board James A. Cooley. Saras subsequently claimed that he was tricked into resigning by Cooley and other board members, and subsequently sued the board. Despite instability in its upper management and the buffeting that it had received from external shocks, TVG's market share in its major commodities remained relatively high and stable (55.1 percent in peach processing, 48.6 percent in pear processing, and 8.9 percent in tomato processing). However, its outstanding debt had risen to US$417 million in FY 1995, with a debt-to-equity ratio of about two. More-

over, as operating and net earnings declined from 1991 to 1994, pool proceeds paid to members also declined. In pool years 1991–93, tomato growers received less than 100 percent of EV (see figure 1).

During 1990–1995, 29 tomato growers exited the cooperative. Other growers elected to convert their business with the cooperative from a membership basis to a cash contract basis. As the number of member-growers declined, the proportion of TVG's purchases from non-members increased rapidly from 1990 to 1996, from 17.5 to 45.7 percent for tomatoes, 2.0 to 71.5 percent for olives, 21.4 to 39.4 percent for peaches, and 20.7 to 24.0 percent for pears. The cooperative was losing its membership basis. Under the existing equity structure, the exit of members or the switch from supplying raw product on a membership basis to supplying on a cash-contract basis would have reduced the cooperative's equity.

The New Generation Restructuring

In April 1995, Joseph P. Famalette was recruited as CEO/president. He proposed a restructuring plan that encompassed reorganization, recapitalization, and a new marketing concept. TVG's organizational problems were reflected in high overhead costs. Revenue per employee was just US$78,000—markedly lower than the industry average of US$200,000. Famalette's cost-cutting actions reduced the number of employees, but also likely had negative impacts on the cooperative's ability to generate sales and revenues.

Famalette also proposed restructuring TVG as a NGC. The new structure was expected to reduce the exodus of members, create a more stable equity base, enable management to better control the supply of raw product, and facilitate the raising of additional equity. Members approved the arrangement on 12 July 1996. It was accomplished through the conversion of revolving equity into permanent equity in the form of common stock, equity stock, and preferred stock. TVG authorized (1) 2,000 shares of common stock, which represented membership in the cooperative and a member's voting rights; (2) 1.8 million shares of Class T (tomatoes) equity stock; (3) 50,000 shares of Class O (olives) equity stock; (4) 1.5 million shares of Class F (fruit) equity stock, which consisted of different series (peach, pear, apricot, and grape); (5) 1.0 million shares of undesignated Class A equity stock; and (6) 1.0 million shares of undesignated preferred stock. Each share of equity stock carried with it the right and obligation to deliver one ton of a commodity for processing. Common stock and equity stock were transferable among current member-growers and other growers who met eligibility criteria for membership set by the board of directors.

Upon the conversion, TVG's issued and outstanding stock consisted of: (1) 502 shares of common stock; (2) 781,998 shares of Class T equity stock; (3) 6,497

shares of Class O equity stock; and (4) 313,645 shares of Class F equity stock. The amount of stock issued relative to what was authorized suggests that the cooperative's equity, membership, and business volume were still below optimal levels, as expected by the restructuring program. The Class A equity stock, which would have represented the cooperative's entry into new business, and the preferred stock, designated for outside investors, were never issued. In essence, the NGC restructuring failed to achieve the base of stable equity capital that Famalette had envisioned.

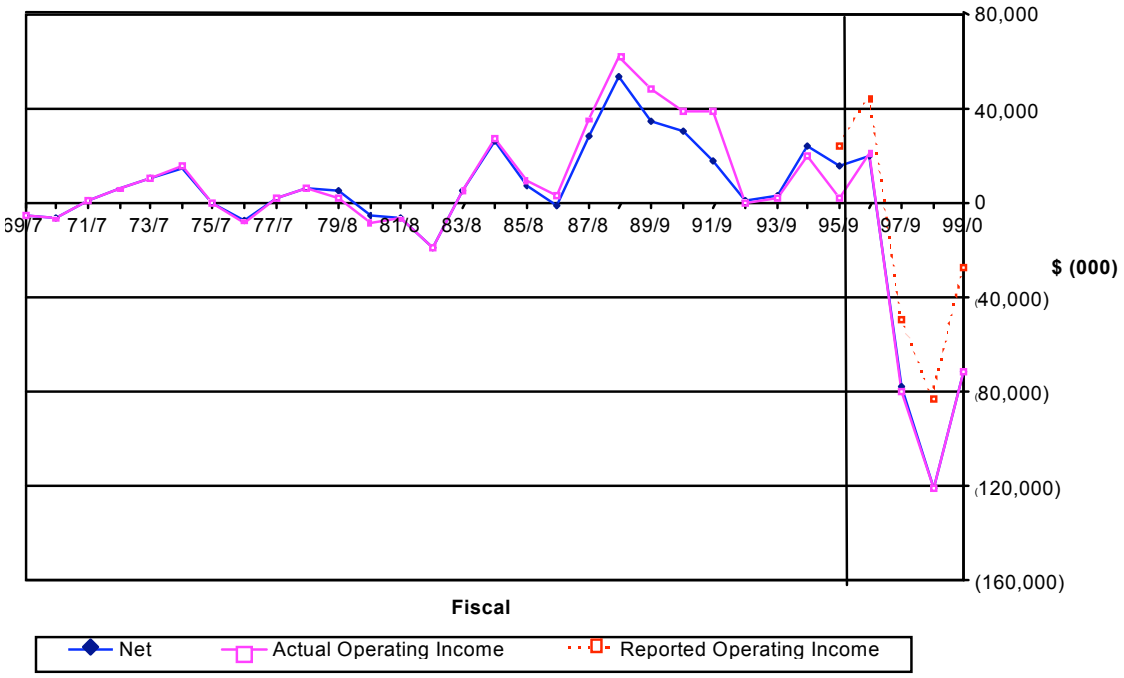
Famalette attempted to shift TVG's focus from a "grow, pack, sell" approach to one of "market, grow, pack." Instead of packing everything that grower members delivered and then try to find a "home" for what was packed (i.e., the traditional cooperative concept), the new approach sought to determine what the customer wanted and then provide it (the NGC concept). The strategy also involved introducing a new price structure that provided quality incentives, introducing new products such as high-quality peaches packed in a glass jar, creating an international marketing alliance with Del Monte Group Ltd., and brand advertising.

Acreage-based contracts were replaced by tonnage-based contracts, and a new pooling arrangement consisted only of separate pools, each of which was associated with one class of equity stock. A "profitability target," set annually by the board, now determined the allocation of returns among the pools. Net returns up to the profitability target were allocated to each of the pools in proportion to the established values of the commodity in each pool. Any net returns in excess of the profitability target were to be allocated among pools to the commodities that generated the excess amounts.

An operating income (before interest and taxes) of US$43.9 million was reported in FY 1997, nearly double the preceding year, and total pool proceeds paid to members increased from US$86.9 million in FY 1996 to US$98.1 million in FY 1997. Nevertheless, the FY 1997 payments were less than 100 percent of established value. Despite the higher recorded surplus, the member-growers were worse off relative to the market than in the previous year. In addition, more borrowing caused the outstanding long-term debt to increase substantially from US$30.1 million in FY 1996 to US$145.6 million in FY 1997, resulting in an increase in the ratio of long-term debt to members' equity, from 0.15 in 1996 to 0.74 in 1997. The ratio of total bank debt to equity increased from 1.21 to 1.51, well in excess of TVG's long-range goal of 0.67. Inventories also rose substantially, from US$347.7 million in 1996 to US$393.1 million in 1997, mostly in terms of canned and finished goods.

The situation was actually direr than these numbers revealed. TVG's auditor, Deloitte & Touche LLP, warned of an increased risk of inaccurate financial reporting, noting that TVG did not (1) have a single individual overseeing the accounting activities for several months, which led to inadequate supervision; (2) sufficiently

Figure 3. TVG's Operating Income and Net Income, FY 1970–2000



staff its collections departments; (3) accurately account for its inventory; and (4) adequately monitor its cash account.

This was not the first warning signal sent by Deloitte & Touche to TVG. In December 1995, it had warned TVG of a lack of controls that would prevent a double recording of sales, one when the order was submitted and another when payment was received. Despite the warning, this problem had not been properly resolved. Indeed, double recording of sales happened in 1997 and resulted in overstating TVG's 1997 sales revenues (figure 3). The drastic turnaround of the reported net earnings, from a US$19 million surplus in FY 1997 to a US$78.3 million loss in FY 1998, reflected, in part, a correction of the mistake.

Other factors also likely contributed to the FY 1998 loss, including: (1) a larger than expected crop that led to EVs set too high relative to the marketplace; (2) pack planning that did not match the marketplace; (3) significantly lower market prices for packed products due to oversupply; (4) numerous personnel and leadership changes; (5) an erosion of interdepartmental coordination; (6) laying off experienced staff in a drive to reduce overhead; (7) the vacancy of the chief financial officer position for a large portion of the year; and (8) the distraction of senior management from the core business.

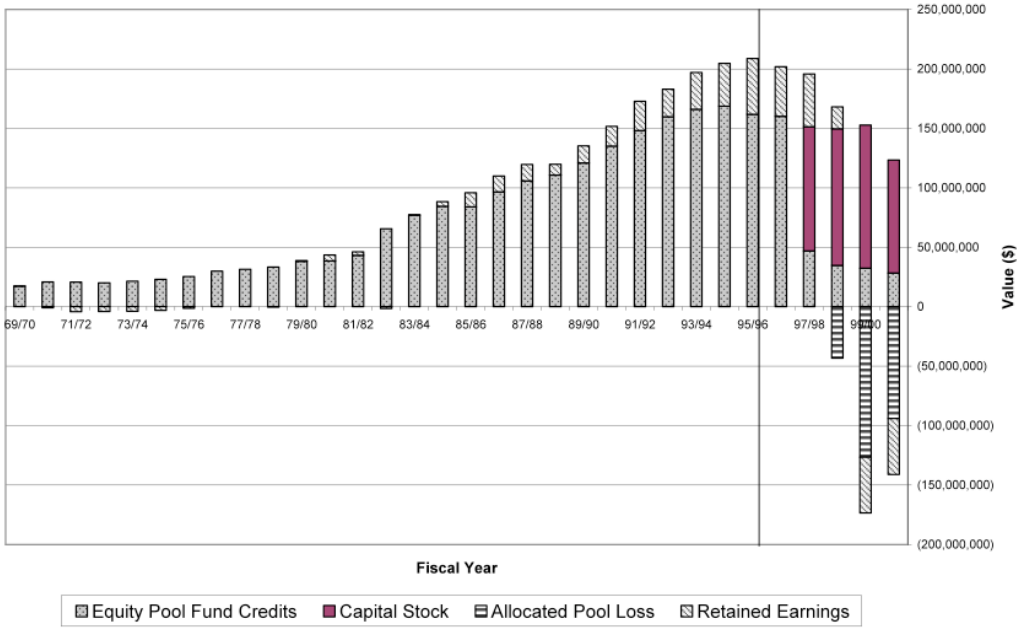
Despite the operating loss in FY 1998, members were not immediately affected because, instead of being charged for their contribution to the loss, they enjoyed patronage refunds in addition to receiving full EV on raw product delivered to the cooperative. Instead, TVG carried the loss forward, causing the cooperative's equity to decrease and total bank debt to increase. This, in turn, caused the debt-to-equity ratio to increase sharply from 1.51 in 1997 to 3.50 in 1998. Had the cooperative allocated the deficit to the members by imposing a charge or paying less than the EV for the raw product, the financial deterioration of the cooperative would have been prevented. In defending their decision, board members noted that charging the loss against current grower payments might have led to a massive exodus of members, thereby threatening the cooperative's viability. However, the NGC restructuring should have helped to deter member exodus due to the delivery requirement and creation of a permanent equity base.

In August 1998, following the announcement of the cooperative's loss, the board of directors terminated Famalette and attempted to stabilize the company by retaining Robert Cook as interim CEO and Timothy Barron as interim president, working on a new financing agreement, initiating a comprehensive search for a full-time CEO, implementing cost-cutting initiatives, and undertaking a communication program with members. In September 1998, a class-action lawsuit was filed on behalf of TVG's 500 grower-owners against Famalette and Deloitte & Touche. Both were accused of concealing the losses and "manufacturing" profits to keep up the appearance that the restructuring plan was succeeding and justify management bonuses.

In March 1999, TVG hired Jeff Shaw as the new CEO/president, who served until the cooperative was purchased in 2001. TVG formed an alliance with Bell-Carter Foods in September 1999 to handle the olive business. Nonetheless, FY 1999 closed with a recorded loss of US$86.2 million (later revised to US$120 million), and members did not receive full EV for the raw product delivered. The financial problems made it difficult for TVG to fulfil its obligations under its debt agreements. TVG attempted to deal with the financial crisis by: (1) restructuring its obligations; (2) extending the payment terms of the existing contract with its can supplier; (3) extending grower obligations; (4) developing further cost-reduction plans; and (5) selling some olive inventories to a third party. TVG also tried to consolidate its West Coast tomato operations from four to two plants, and shut down its olive processing plant and exited the olive business. Despite the restructuring efforts, TVG continued to experience cash flow and liquidity problems. Indeed, by this time the cooperative had no net equity (see figure 4) and was insolvent, although not yet technically bankrupt.

TVG's losses continued throughout FY 2000, and on 10 July 2000 it filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code. In

Figure 4. TVG Members' Equity, FY 1969/70–1999/2000



January 2001, the court approved the sale of TVG to John Hancock Insurance and other buyers, who operated the fruit business through Signature Fruit Co., a John Hancock subsidiary. Del Monte bought TVG's S&W brand, and California Olive Growers, a grower-owned cooperative, bought TVG's olive business, including the Oberti brand.

Conclusions

The failure of TVG was due to a confluence of factors, some internal, some market-related, and others due to the cooperative's inability or unwillingness to adapt to a changing environment. Market adversities stemmed from the highly cyclical nature of the fruit and tomato product market, and were therefore not unique to TVG. That TVG survived a number of hardships caused by poor market conditions in the 1970s through to the middle of 1980s, and that peer cooperative Pacific Coast Producers survives to this day, demonstrates that the failure was not due to an inherent inability in a cooperative to respond appropriately and survive such situations.

Nonetheless, the success factors during TVG's earlier years were due in part to unique events, such as the cost-plus tomato contract. Likewise, the seeds of TVG's subsequent structural problems may well have been sown prior to the 1990s, includ-

ing high processing/marketing costs caused by scale and technical inefficiencies in its processing operations and high shipping costs due to the geographic mismatch of production and processing. TVG also carried a relatively high debt-to-equity ratio—an average of 2.6 from 1985 to 1991—into the 1990s. By comparison, the average ratio of Pacific Coast Producers for the same period was 0.7. TVG's indebtedness raised its fixed costs of debt service relative to its competition and seriously constrained its ability to generate additional external capital, which, in turn, limited its ability to undertake programs to reduce costs and/or generate revenues.

External events, such as the earthquake damage and the wastewater problem in its olive plant, were unique problems to TVG and had cost implications. Lack of member loyalty was an additional issue, particularly among tomato growers. The weak performance of TVG's tomato pool, even with its subsidy from peaches, and the availability of alternative marketing outlets for tomato growers led to an exodus of tomato members and a restructuring of tomato contracts, from member contracts to non-member cash contracts. Given TVG's cost disadvantage in the tomato business, the only way its cash contracts could be made marketable was through subsidies from the fruit business.

Famalette's new generation restructuring should be viewed as a response to the problems inherited from previous leadership. Nevertheless, the restructuring plan, particularly orienting marketing towards branded products, was too ambitious because TVG did not have competitive advantages over its major branded competitors. TVG's strength was in retail private-label products. Focusing on branded products only drained the company's resources without generating additional revenues. On the other hand, a diet based mainly on private-label products promised to be a thin gruel, given the emerging dominance of retailers in the food chain and their power to extract cost concessions from private-label manufacturers.

Famalette's equity-restructuring plan also proved to be unsuccessful because its principal goal, to increase the company's equity, was not achieved. Capital was not obtained from outside investors because the preferred stock was never issued and likely would have held little appeal. Increased common and equity stock shares were also never realized. Indeed, the equity continued to erode and eventually disappeared completely.

In the end, the NGC structure offered members few advantages over the old structure. Some of the features of a typical NGC, such as engaging in value-added processing and restricted membership, had already been part of the old structure. Although the stock shares were potentially transferable, the transfer was subject to restrictions and the market was limited, particularly when the commodity pools performed poorly, which was true for tomatoes and olives through much of the 1990s. Ultimately, the success story of Famalette's leadership in implementing the restructuring plan, as painted by a Harvard Business School case study (Carter 1997),

proved to be a myth, based on hype and erroneous accounting reports. Although the new generation structure offers several potential advantages relative to traditional structures in terms of ensuring stable product deliveries and base of equity, the lesson of TVG is that it is unlikely to be successful in rescuing a cooperative in distress because potential members are unlikely to make the degree of commitment that an NGC structure demands.

Finally, the board's response to pay members the full EV (and more in some cases) while the cooperative was operating at a loss gutted the cooperative's equity. The laudable goal of such payments, to retain and enhance member loyalty, was unlikely to be successful because the members' exodus was tied to chronic structural problems that could not be solved through a single year's crop payment.

Consensus as to which factors were pivotal and which were ancillary in causing TVG's downfall may never be achieved. TVG's market position was undoubtedly not strong at the beginning of the 1990s. It carried a heavy debt burden and it was not a low-cost competitor in one of its major markets, tomatoes, and held little hope in the short-term of addressing its cost deficiencies. Its other major market, processed fruits, was stagnant due to changing consumer habits and a proliferation of fresh produce. Would TVG have weathered the storm, as it had done previously, if not for the series of managerial mishaps that subsequently unfolded? Or did those actions just hasten a decline that had already been set in place? Could TVG have survived as a fruit-processing cooperative had it jettisoned the tomato and olive operations in a timely fashion?

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