

## Program/Project Highlights, Past and Present and The New Generation Growth Cooperative

1. The Lincoln University Cooperative Extension Agricultural Economics and Marketing Program (AEMP) has been providing and will continue to provide technical assistance to promote the overall objective of the goat industry. In 1998, in conjunction with the Missouri Meat Goat Association and the Baraboo livestock salebarn in Wisconsin, it began the very first Internet auction marketing of goats, which proved very successful in the state. We have since noticed a steady increase in goat production, prices, and profits.

A telephone survey of the farmers who participated in the Internet goat sale indicated a continued satisfaction with the arrangement. The reasons for the satisfaction were threefold. First, prices per pound increased significantly. Second, producers no longer traveled long distances to sell their goats. Previously, they were selling their goats in Texas, which is over 700 miles away. Third, they stayed in their homes and determine whether or not they would like to sell their animals at a given price before transferring them to those buyer(s) on the Internet within a distance of less than 200 miles in many instances. The economic impact on producers was apparent from their calls to my office asking to be included on my mailing list, desiring to expand their herd, wishing to improve the quality of their goats for higher prices, and wishing to start goat production for the first time. The Result of an analysis of the impact of Internet auctions on the profitability of goat producers in Missouri indicates that within five years, prices increased by approximately 61 percent, from \$59.50 to \$95.75 per cwt. for a Top Kid (meat goat) weighing between 50 pounds and 70 pounds. That was, an average price increase of 12 percent annually. The price reached \$99 per cwt. in December 2001 or 99 cents per pound from 59 cents per pound in 1998.

Workshops and conferences were conducted for producers to educate them on the various aspects of goat marketing and production. These included other niche marketing strategies, goat care, goat nutrition, and the importance of raising healthy products without the use of hazardous growth hormones. Since the creation of the various markets for goats in Missouri, the number of health-conscious United States consumers, who are looking forward to purchasing such animals, even if it would mean paying higher prices, has grown by more than 25 percent.

2. Prior to the establishment of the Bootheel Vegetable Producers' Cooperative headquartered in the New Madrid County, Southeast Missouri, small farmers were going out of business and losing the few acres of land they owned. It was not possible for them to be profitable growing row crops, such as soybeans, on approximately 500 acres of land. To create wealth growing row crops, one needs thousands of acres of land. These small and limited resource farmers did not possess such acreage. Those who wanted to

grow these crops on many acres had to rent the land from wealthy landowners. After paying the rent and production costs, they had nothing to show for their efforts. Many of them could not get the financial assistance needed to buy the heavy equipment to grow these crops in the first place.

These dire conditions led to the establishment of the Cooperative for the farmers to grow fruits and vegetables. Shnucks store chain was contracted as a major buyer and outlet for the produce of the cooperative. The store bought every produce that met their grading specifications. My focus was turned to assisting these producers to develop secondary markets where they could sell the produce that Shnucks did not buy either because of size or color, not quality.

The impact of the marketing strategy is threefold.

1. The cooperative marketing strategy generally helps to create the volume, which enables small producers to compete and even gain some market shares. This happened to the vegetable cooperative in Southeast Missouri. The small independent producers were given the opportunity to market their small quantities to big store chain, thus increasing individual farmer's exposure to a wider marketplace and increasing economic profitability. The cooperative collectively sold more than \$450,000 worth of vegetables in the period under consideration, an increase of about 80 percent from the previous year. This would not have been possible if they were selling as individual farmers. Firstly, they would not have had the access to a chain store, such as Schnucks. Secondly, they would not have had the economic incentive to continue to produce vegetables.
2. The membership of the cooperative increased from 8 to 22 between October 2001 and June 12, 2003. Still, new growers were asking how they might get involved in the cooperative, which yours truly helped to start in 2000.
3. Overall, the income of producers increased as a result of the adoption of a more efficient marketing strategy.
4. Before the cooperative went out of business in 2006, membership had risen to 41 and they were grossing approximately \$500,000 collectively. Had it not been interrupted, it would have been multimillion dollars business by now and would have changed many lives for the better in the poorest region of Missouri. The failure brought us to the strategy below.

### **The New Generation Growth Cooperative**

In 2009, some growers in Southeast Missouri expressed interest in reviving the cooperative with the goal of creating opportunities for small producers to make profit from their farm as they did in the past. I accepted to try it again but decided that we could not conduct the business as before. In collaboration with an attorney, who is familiar with cooperatives, we set up a new organizational structure that will increase profits for the farmers, last longer than the founders, and can be transferred to future

generations of producers. This structure has a main umbrella cooperative with small limited liability companies (LLCs) as members. While producers are members of the LLCs, no producer would be a member of the new generation growth cooperative (NGGC). This is envisioned to provide stability and longevity for the cooperative. The NGGC is designed not to fail as in the previous cooperatives. If an LLC fails, it will not affect the NGGC because other LLCs will continue to do business through the parent organization. The competition among the various LLCs will lead to increases in production and profits. Assuming the failure of an LLC is the result of a bad year, for instance, when things get better and they still want to rejoin the cooperative, they will be free to do so.

The NGGC was incorporated in 2010 with the state of Missouri and named, “The Missouri Agricultural Products Cooperative (MAPC).” The NGGC will provide different services for member LLCs. The services include Education, Equipment, Growing Resources, Branding Resources, Marketing and Marketing Contract(s), and NGGC Website featuring each team or LLC.

This organizational arrangement will not eliminate the use of the niche markets we identified earlier, such as farmers’ markets. In fact it will strengthen them. Again, produce that fails to be accepted by the cooperative’s direct buyers, not because of quality but due to size and shape specifications could be sold at these other niche markets, including farmers’ markets. It is the intention of the LU AEMP and its collaborators to extend this cooperative organizational structure to other agricultural products beyond fruits and vegetables. The first operation of the MAPC starts this spring and producers are eager to take advantage of this opportunity for increases in farm income, profits, and overall community well-being. Any group that wants to participate in this exceptional venture is asked to contact the person at Lincoln University’s AEMP as shown below.

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