

After the letter are "miscellaneous notes" which is 3 pages of info I prepared for a group to consider in their planning and startup of their own cooperative. I am sending it here in case anyone else out there is thinkg about starting their own local food organizing campaign using the "Oklahoma model" of a cooperative with both producers and customers as members.

As part of our organizational startup, we have been developing an online Local Food Cooperative Management System, which has these features, which interact with each other::

databases of members, routes, trucks, products and prices

shopping cart system

automatic invoice system for customer and producer invoices

automatic route information system

labels (for mailings, for products)

summary total pages for producer and customer revenues

automatic creation of printable PDFs of our price lists

automatic creation of printable invoices for customers and producers

administrative pages that show links based on permissions (some people can see everything, others can only see what applies to them)

The board has voted to make this software available for no charge under the General Public License system, which means it can be used by anyone we give it to, everyone who receives it has full rights to give it away, enhancements that others make will be shared through the system. We are presently guestimating that it will be ready to replicate in other states in July. We still have 25 or so pages of gee whiz thingamadoodles that we want it to do. Our software designer, Emma McCauley of Red Earth Design, is doing a fantastic job on it. So if you decide to start something, we can give you an assist.

We would also be happy for individuals or groups from other areas to visit any of our activities.

Robert Waldrop, Oklahoma Food Cooperative
www.oklahomafood.org

Dear Arkansas neighbors,

I am sorry that I cannot be with you for your first Arkansas Food banquet. I wear several hats and each "hat" comes with responsibilities that I can't always finesse so that everybody is satisfied. Nevertheless, I wanted to write y'all and give you my

congratulations on your decision to enter this great local food adventure. We in Oklahoma have set out to build a cooperative business that is socially just, environmentally sustainable, and economically viable. Each of these three aspects of our business plan is critical, we call these our Core Values. I encourage you to think about the core values of your organization, identify them early and often, and build your cooperative business around your shared values. This is not just about making money, and it is not just about being green, and it is not just about doing justice. It is about all three, three sides of an equilateral triangle, proving that a successful business can flourish and prosper on a foundation of these community values.

There are several unique aspects of our developing cooperative business. From the beginning it has been a challenge to identify and then work through the various issues, opportunities, and problems. Including both customers and producers in the same cooperative organization has worked very well for us. We the Oklahoma Food Cooperative act as agents of both the producer members and the customer members in making a convenient local food marketplace available. For the producers, we list their products, collect the orders and the payments, pay the producer and deliver to the customer. For the customers, we find products for sale that meet our established criteria, provide a way to order and pay for them, and then organize and deliver their order for pick-up at one of our regional depots or for home delivery if available in their area. A

producer in Kiowa County in southwest Oklahoma can sell his or her products in Green County in northeast Oklahoma, and a member in Tulsa can buy from producers in Waynoka.

Starting a local food cooperative is fun. You never know what will happen next. Our Delivery Days are hard work, but they are also becoming social occasions. It reminds me of the social time after church on Sunday in a rural community – farmers standing in the shade, talking about the crops, the weather, the government.

Creating a local food system from the ground up is a lot of work. It is probably more work than we thought in the beginning, but it hasn't been impossible work. We have now had seven monthly Delivery Days, and have moved more than 10,000 items with a total value of \$47,993 through our system, November 2003 through May 2004.. One thing that lightens that load is that the results are so tangible, both in terms of economic advantage for the producers and good nutritious food for the customers.

Growing a cooperative local food marketplace adds quality to the lives of all the participants. The food in fact does taste good! On a recent delivery day, a member of my church walked through the sorting area (we use a large hall at the church where I am director of music for our delivery day sorting), she saw a bag of green onions – and they were perfectly green, with a nice perfectly white bulb. She picked one up and exclaimed,

"My God, where does this come from? I have never seen a green onion like this" Okemah, as a matter of fact, is where those onions were grown. My bad cholesterol has gone down 50 points since I stopped buying supermarket meats and started buying meats, eggs, and poultry direct from Oklahoma farmers. It takes me 20 minutes to order 90% of my groceries for the month. The members of the Oklahoma Food Cooperative are enjoying excellent food, food that is healthy and nutritious (with all the benefits that derive from that), AND we are saving time. More than one member has told me that they are also saving money, which has been my experience with local foods. Producer members benefit from a new source of revenue. Nobody's paid their mortgage off yet with Oklahoma Food revenues, but several producers have indicated that their Oklahoma Food sales are significant to the continued viability of their farming operation. When somebody tells you in February, "You made my land payment this month," you know you are doing good for people who deserve a break.

There ain't no such thing as a free local food cooperative (TANSTAAFLFC). We applied for a big grant and a little one, we got the little one, didn't get the big one.. Grants can be useful, but I think it is dangerous if your success or failure is dependent upon a grant. Local agriculture has suffered from being dependent upon outsiders for capital. Self-funding by the participants via the sales of capital shares to the membership is the strongest financial base on which to rest your cooperative efforts. It enforces financial

discipline (which is critical) and prevents us from getting too far ahead of ourselves and from developing excessive administrative overhead. Grants aren't free money, they also cost money and volunteer time for their administration.

The start-up and monthly work of a local foods cooperative involves properly managing a myriad details. Your information and communication systems are therefore critical to your success. We are continuing to fund development of our online Local Food Cooperative Management System, as anything that we can get our software to do is work that cooperative management and volunteers don't have to do. It is better to make capital investments up front in such "smart work" projects than to weary key volunteers and management doing things that computers can do better. Work hard, work smart, as they say. My goal, which I think is shared by the rest of the board and by Emma McCauley, is to make our Local Food Cooperative Management System software available under the General Public License system, where users of the software have the right to give it to others, and where any enhancements if shared with the public must also be freely given to others who use the software. As more groups use and develop the software, all of us will benefit. "Freely you have received, freely give."

The success of a local food cooperative is entirely dependent upon the willingness of the membership to take responsibility for the work of the cooperative. People should not think of this as a typical business where the "customer" is "served" by "employees", but

rather as a house in which they are developing sweat equity. At this stage in our development, we have no paid staff, only volunteers, including all of our management and administration team, and we use borrowed space. We are all members of this organization together, and each of us is responsible for its success.

We are committed to open cooperative membership and democratic governance. Any customer or producer can join the cooperative, and all members are equal, producers and customers alike can buy and sell. If a customer member has surplus produce, they can sell it through the cooperative. We are opposed in principle to limiting the number of producers who can sell a particular item, and we think such limits are also a bad idea for the economic vitality of the organization. Just as in a regular supermarket, producers compete against each other for customer dollars, and that is healthy for the producers and for the customers. Product inventory continues to be a challenge, especially with certified organic vegetables. By having several producers in product categories, we can often suggest substitutes if one producer runs short of a given product.

Those are some ideas for you to think about. This is a big job you are undertaking, but it is not an impossible job. And the rewards are tangible and abundant. On behalf of the Oklahoma Food Cooperative (and also the Oscar Romero Catholic Worker House community, which is one of my other "hats"), I extend to all y'all our very best wishes and hopes and prayers for you as this journey begins for the Arkansas Food Network. We start

small or we don't start at all. Just as two heads are better than one, two states doing local food cooperatives are better than one. We hope to learn from your experiences, just as you have the opportunity to consider our experiences (successes and failures) as you develop your own local Arkansas marketplace. It will probably take us at least 3 years to get our cooperative businesses on a truly sustainable foundation, the sooner we start, the quicker we'll get there. We look forward to years of fruitful cooperation between our organizations.

I should also mention that starting a cooperative like this is a scary endeavor, because if you build this marketplace, the people will come. We didn't know nothing, not a thing, in November 2003 when we hung out our shingle and even so that month we sold \$3500 worth of good Oklahoma food. And then most of those folks came back the next month and ordered again, and new people joined us, and we are still growing. We make things up as we go along as necessary, but we are developing an increasingly firm foundation for our business that is rooted in our Core Values as applied to actual real life experiences and successes.

And so I pray that Almighty God, Creator and Lover of the Bounty of the Earth, will bless all of you in your journeys, your opportunities and your challenges, your hardships and your blessings. May your families and your fields be filled with joy and abundance, and may your work together as faithful and prudent stewards to build this new food

cooperative be fruitful and a blessing to all of the people of Arkansas. May we all together as friends and neighbors have the courage to change the things we can, the serenity to accept the things we can't change, and the wisdom to know the difference. Amen..

Yours in solidarity and cooperation,

Bob Waldrop, president, Oklahoma Food Cooperative and founder, Oscar Romero Catholic Worker House

PS. When you think about marketing, remember this: all you really have to do to get a new customer is to put a plate of good Arkansas food in front of them, hand them a fork, and say, "Y'all bon appetit, you hear?" You will be where people will go when they want the right eats in Arkansas. Get ready for it.. They're coming. Local food is the next big thing in food.

MISCELLANEOUS NOTES

Cooperative StructureWe set up our cooperative structure in such a way that it is basically impossible for someone down the line to throw money at us in order to take us over and convert our cooperative organization into something else. We believe strongly in the principles of cooperative enterprise, and have structured things so that there is a

close relationship between the price of a share of our cooperative and the value of our cooperative. We don't want our membership's ownership to be nominal, but to be real. Thus, one member household – one share – one vote. We do not intend to ever issue additional classes of stock. If we need more capital investment, we will either grow the cooperative, or borrow the money or ask the members to vote an increase in the share price. The purpose of the share price is not to raise operating funds, but rather to fund capital expenditures for equipment, software, and other things necessary for the startup of the cooperative (licenses, fees, etc). Our operating funds are effectively "volunteer sweat equity and borrowed space", with some expenditures for volunteer benefits, postage, some fees, etc. The cash expenses are covered by the co-op charge.

Cooperative Charge

We add on \$3.50 to each customer invoice for the cooperative, and we also can include a transportation charge, presently a flat \$1.50, and a fee for home delivery. In the future, as we develop more history and get a good handle on what our monthly expenses are as the software development completes and our systems fully operational, we will switch to probably a lower flat fee plus a percentage of the order.

Customer Delivery Code.

We really like the Customer Delivery Code that we developed. Each code has four parts: Regional sorting hub – member number – route designation and whether pickup or home delivery – truck number

My personal code is OKC-004-OKCNWP-000

which means: this product is sorted in Oklahoma City, for member Number 4, who is on the Oklahoma City NW route, picks up his groceries, and those groceries don't have to go anywhere on a truck because they are picked up at the sorting site, which is also the OKC NW pickup site. If I was in Norman the first three digits would be NOR and the last digits would be NO1 or NO2.

Postal Mailings.

Print and mail as little as possible. We charge a monthly subscription of \$2 to anyone who wants or needs to receive a paper mailing via the post office. Nobody has complained about that. The principle is: "activities finance themselves". Don't mail to everyone every month. Copying and postage will hundred dollar you to death.

Communications

Do as much on the internet as you can, but you also need personal interaction. Use the internet to send out product information, price lists, etc., information that would cost a lot of money to mail in hard copy format. We have two listservs, one with all the members, one for only the producers. These are announcement only listservs, not discussion groups. We have one discussion group that is fairly active.

Definition of an Oklahoma Food Product was Problematic.

The definition of what is eligible to be sold through the cooperative turned out to be one of our greater challenges. It seemed so simple in the beginning, "Oklahoma foods". Everyone knows what that is, right? But the question immediately asked was, "What is an Oklahoma food?" We ended up deciding that an Oklahoma food "eligible to be sold through our cooperative", is something that is raised or grown within the state, or if it is a processed product, it is made within the state. In both cases (primary and processed products), we decided that they had to be sold by the producer, we accept no "distributorships" as members. Also, because many of our customer members join the cooperative because of ethical and moral concerns about Confined Animal Feeding Operations, we say that while ingredients for processed foods and products can be bought from the commercial system, any meats or poultry must (a) originate within the state of Oklahoma and (b) cannot derive from a Confined Animal Feeding Operation. Whatever you decide about the definition of "Arkansas Food", set up a procedure from

the very beginning to review new products to ensure that they meet your requirements. (It is easier to keep something you don't want out than to de-list something once it is already in the public price list.) One of the benefits of joining the cooperative for customers is that the cooperative does this kind of basic product review so they are assured of the local origin and they know the production practices of the particular product. You don't have to be certified organic or all natural to sell through our cooperative, you do have to declare what your production practices are. We also decided to sell non-food items as well as food, and that is a growing category of our product line. We require that processed products include an ingredient list, and that producers note any that are of Oklahoma origin. Some processors have changed product ingredients in order to qualify their product for sale through our cooperative. And there is a small but growing trade among the producers. Some of our chicken producers buy certified organic feed through the cooperative, another producer who bakes bread and grinds flour and cornmeal gets those certified organic grains and corns from cooperative members. We the Cooperative like that a lot and strongly encourage it.

Delivery Day Procedures

Each Delivery Day we have changed our work procedures, but we are getting to the point where they have about stabilized. The one innovation for June will be using totes for each customer. We went to this a bit reluctantly, as that is an added expense (\$5/each), but I

have been persuaded by the actual work that they are necessary. Each month we have had some items go astray and often it is because when one order is bagged for delivery, some of the order items sitting next to it that belonged to a different customer were picked up by mistake. Delivery Day mistakes are a Big Problem because they require a lot of personal attention from the cooperative administrative team. Thus I am willing to go many extra miles, even if it costs money, to minimize those mistakes, because the volunteer time is itself a limited resource. Even though we are all volunteers, we have to think about how much time and work we are asking from people, just as if we were paying salaries. "Volunteer" does not equal "Limitless".. Our Delivery Day system works because one day a month a delivery system comes together. But it's not there "the day after" until the next delivery day, so anything that misses the truck and goes astray on Delivery Day is a problem often without an easy solution. (The ease of the solution depends on the geography of the problem.)

Our present Delivery Day work procedure is to set up tables around the perimeter of the room, and we lay the customer invoices (2 copies of each) on those tables, sorted first by route, then by member number. Ice chests are also arranged around the room, typically 2 or 3 members per ice chest, with some exceptions (some members require a whole ice chest for their monthly orders). When a member's product goes in the ice chest, the member's name is put on tape on the lid of the ice chest.

We started out by putting the producers' products on the perimeter, and picked each member's order individually, but our present method is much more efficient and has fewer problems. We have also tried arranging the producer invoices in simple member number order, and then when the orders were checked, they were moved to a staging area for its delivery route. But that method involves one extra movement of the orders, and we are trying to minimize movement of the orders as a matter of efficiency and frugality of effort. Believe me, when you sort nearly \$10,000 in groceries into individual customer orders, you will become very interested in frugality of effort.

When the producers bring in their orders, we have three tables up front and the producers' orders are first checked in. If anything is missing, a "Missing Item" ticket is filled out, one copy for the customer's order, and the producer's invoice is marked with what is missing. In June we intend to use four producer check-in stations.

After the product is checked in, the producer assisted by volunteers distributes the items to the appropriate member places on the tables. Products for Tulsa and Tahlequah and Norman, which are sorted in those areas, go to their staging areas, where their volunteers bag things and load them for transport. In June, there will be totes on the table with the member's customer delivery code on it.

After all the producers have arrived, and all of the product is distributed, we check each order, and it is bagged. Customers then come and pick them up or they are transported to other pickup areas. If there are any discrepancies on delivery day, the customer's invoice is adjusted. We lay out two copies of the invoice when we set up, and the corrections are made to both copies. One copy stays with the customer's order, the other copy goes to the treasurer. (The treasurer has a table at the front, staffed by two volunteers).

Decision Making and Information Flows.

You need a streamlined decision making process and a clear description of who is responsible for what, and how and where the information flows, is archived, and is retrieved. We're still working on that.

Charge More Rather Than Less for Membership.

Because we got the small grant, we charged a little less for a membership share because I figured we would have the grant money available. Oops, as it turned out, we probably aren't able to use all the grant money. We applied for it when we thought we would open a store, so the money was programmed that way, but we ended up with a delivery system, and the budget didn't fit the new needs. If I had it to do over, we would have calculated our share price as if we had no other funding source. This was not a fatal

mistake, we are doing more than OK, but we probably should have charged \$75 for our share price instead of \$50. Everything always costs more and takes longer, so whatever you decide to charge, add 20%.