

# Serving Multiple Stakeholders

## A Case Study of C.R.O.P.P. Cooperative

### **ACE Institute**

Madison, WI  
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CROPP: Cooperative Regions  
of Organic Producer Pools

## CROPP's History

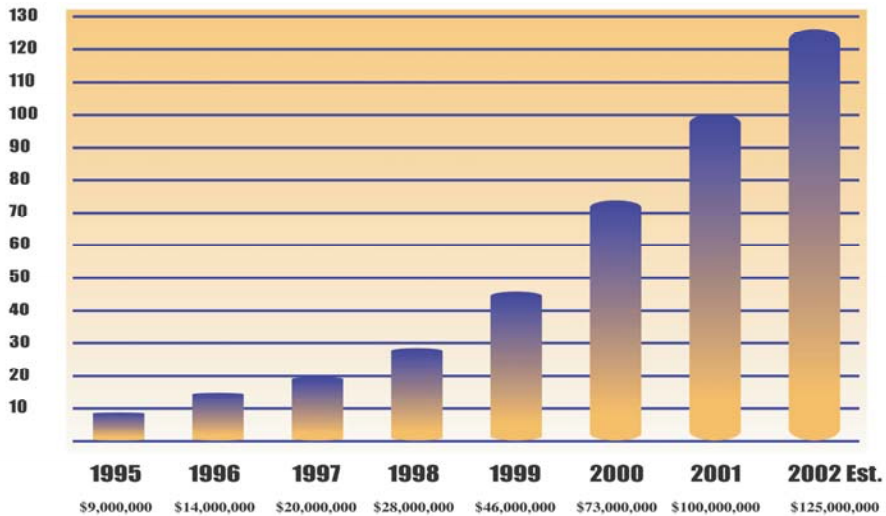
- Started in 1988
- Initial focus on organic vegetables
- Dairy provided year-round market
- Contract with underutilized cheese plants
- NFO very supportive
- 7 original dairy members shouldered the risk of developing a new market

## CROPP's History

- 1991 still only 10 members
- Started doing their own marketing
- State grant helped develop brand identity
- Equity drive \$11/cwt
- New entrants (competitors) “justify” higher organic price
- BGH concerns 1994

## CROPP Sales Growth History

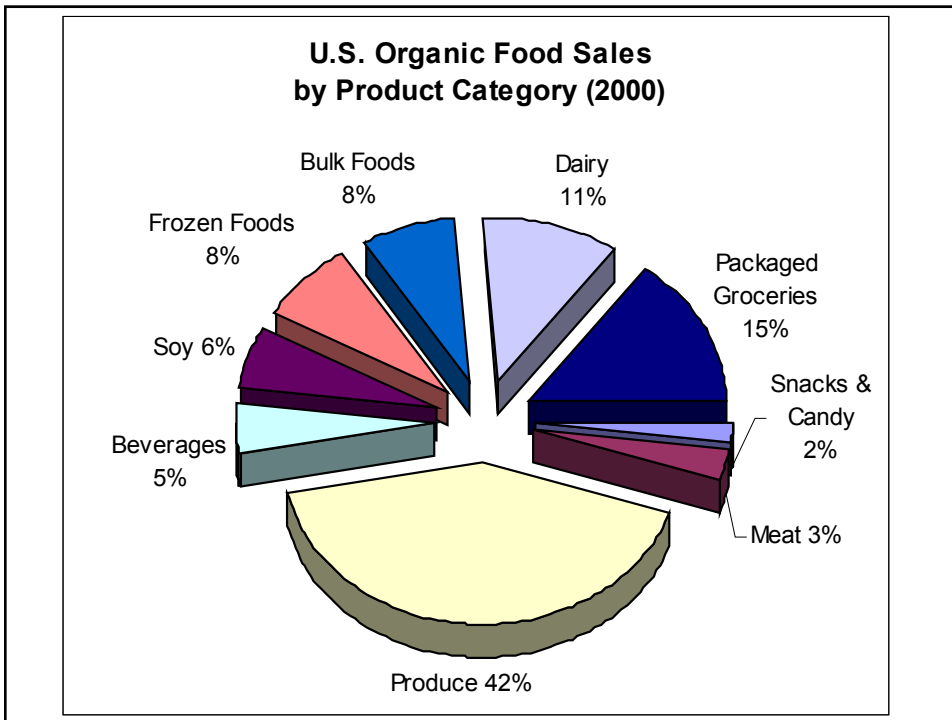
\$ Millions



3/02

## Organic Industry

- Growing 20-25% per year
- Sales 2000: \$7.8 billion in U.S.
- Sales 2002: \$9 billion
- Organic milk sales grew by 500% between 1994 and 1999



## CROPP's stakeholders

- Members
  - Dairy, egg, meat & vegetable producers
  - Geographically dispersed throughout U.S.
  
- Customers
  - Natural food stores
  - Mainstream groceries
  - Manufacturers

## CROPP's stakeholders

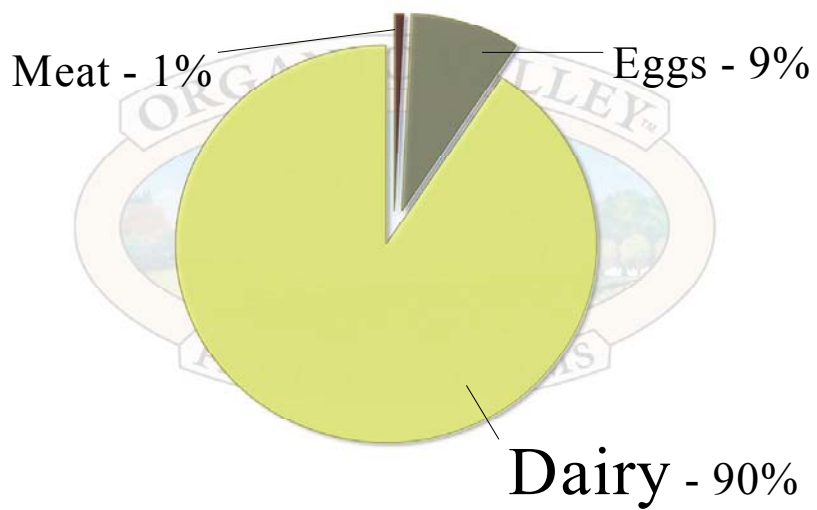
- Employees
- La Farge community
- Co-packers

## First stakeholder group: Family farm members

- 397 dairy farmers (94 new in 2002);  
over 500 total members
- 17,800 cows (3,810 new in 2002)
- 75,000 acres (15,000 new in 2002)



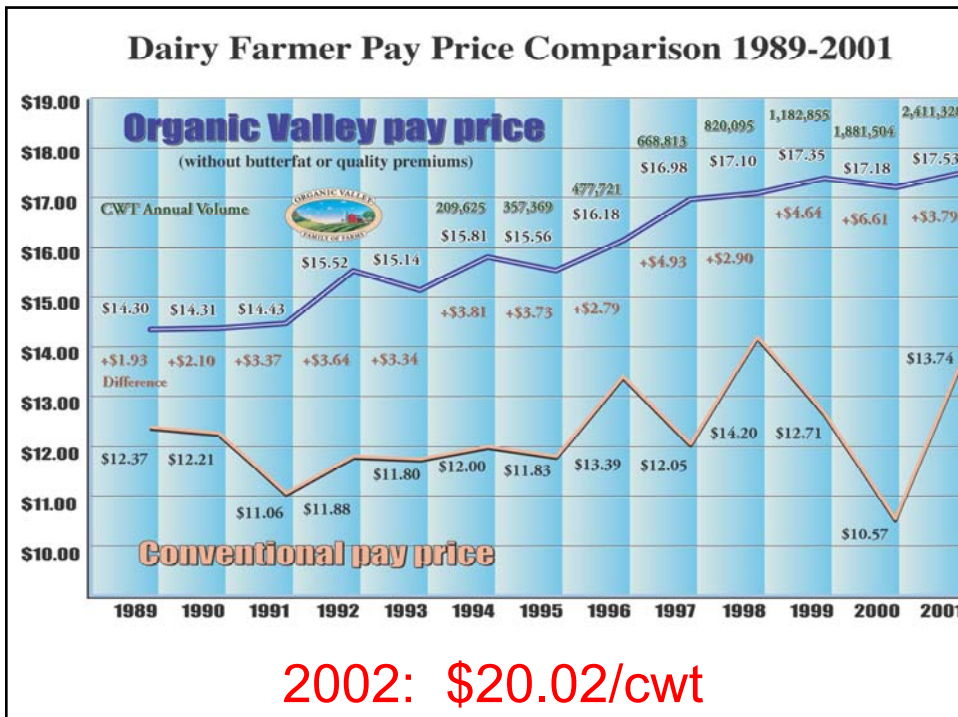
### Organic Valley Sales by Category



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# First stakeholder group: Family farm members

- Provide a “sustainable pay price”



## First stakeholder group:

### Family farm members

- Twice/year member meetings in all 19 regions
  - March and October meetings run 11-3 with a lunch
  - Discuss certification issues, how their milk is being utilized, staffing, any new governance issues, change of bylaws, policies
  - Turnout (up to 60-70%) depends on region and weather that day.

## First stakeholder group:

### Family farm members

- 7-member board
  - No “dairy seats”
  - No geographical apportionment
- Monthly conference call with “Dairy Executive Committee”
  - CEO gives “state of the co-op” message
  - Discuss policy changes
  - Approve “base increases”

## Other stakeholders:

### Employees

- Monthly P&W meetings (pow wow)
  - Lunch provided for 150 people
  - Discuss company status, employee issues, educate them about organics, etc
  - Farmer panels, farm tours
- Kickapoo Getaway (canoe trip, farm tours)

## Other stakeholders:

### Customers

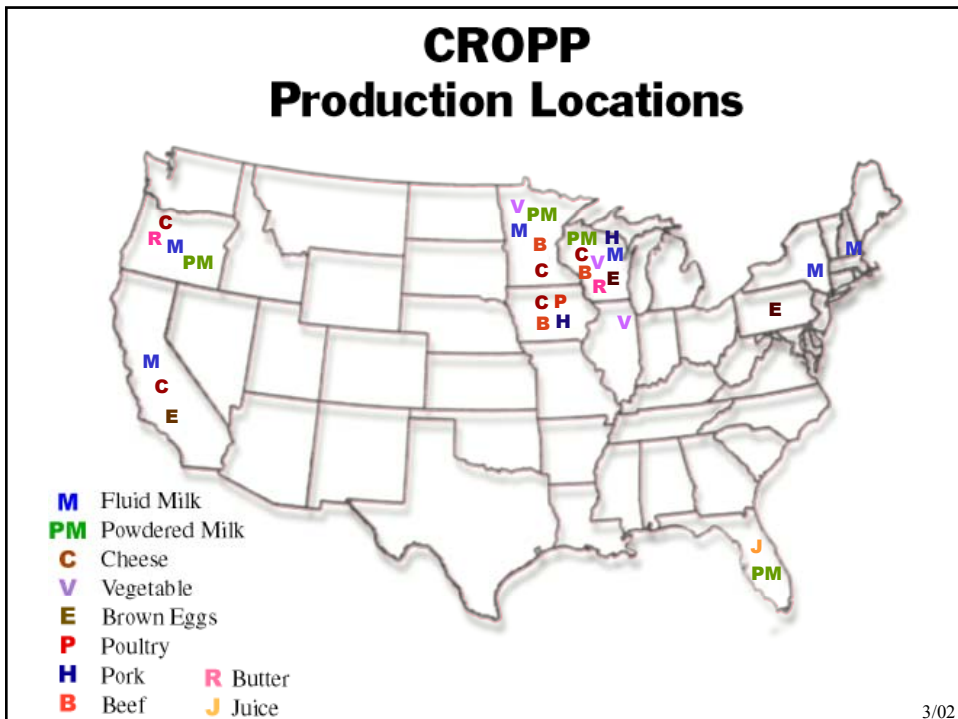
- Natural foods groceries– They like “the story” (family farm, organics, etc).
- Mainstream groceries and manufacturers: service and quality
- When you’re dealing with Albertsons, all they care about is “performance”



## Other stakeholders: La Farge community

- “We started in a small town and didn’t leave it—that’s commitment.”
- Building new headquarters there.
- 180 of CROPP’s 240 employees are in La Farge
- Also provide scholarships to local HS and participate in school-to-work program

# Other stakeholders: Co-Packers



## Other stakeholders: Co-Packers

- Cut them slack, Give and take
- Accept occasional mistakes without penalties
- CROPP asked them for 60 day pay schedule when things got tight in 1999
- In turn, CROPP has paid in 10 days when a co-packer needed the cash flow to expand.

## CROPP Mission:

Provide organic food to the consumer  
&  
Sustainable pay price to the family farmer

Mike Bedessem, CFO

Motivating employees:

“This is the only job you’ll ever have  
where you know the owners are  
working harder than you are.”

Mike Bedessem, CFO

Balancing stakeholder interests:

“Unselfishness &  
Long-Term”

Mike Bedessem, CFO

“We’ll only be in this business as long as we’re serving the farmer.”

Bedessem quoting CEO George Siemon

“We don’t promise perfection.  
We try to be an honest marketing vehicle for farmers, working on their behalf.”

Mike Bedessem , CFO