



# Farmers' Marketing Co-operatives:

A Guide to Starting a Farmers' Marketing Co-op

Prepared by Joy Emmanuel, Tabitha McLoughlin, Elvy Del Blanco,  
Georgia Stanley & Heather O'Hara

Sponsored by the BC Association of Farmers' Markets in partnership with Vancity



## **Introduction**

Co-operatives are businesses owned and operated, by and for, their member-owners. Co-operatives are a viable business model for how people can work together to achieve common goals by pooling resources and decision-making while sharing risks and rewards.

There are many different types of co-ops based on their purpose; for example, housing co-ops, worker co-ops, consumer co-ops, non-profit co-ops, or marketing co-ops. Marketing co-ops provide a collective venue for producers of different types of goods to pool resources, knowledge and labour to collectively sell and market their products. In the case of Farmers' Marketing Co-ops, members are able to jointly sell and market their farm products through multiple sales channels, including farmers' markets.

The BC Association of Farmers' Markets (BCAFM), in collaboration with Vancity and a team of co-operative experts, have created this guide as a resource for farmers and producers who wish to jointly sell and market their products at BCAFM member farmers' markets, along with their other sales channels. This guide is also affiliated with a document entitled:

### ***Farmer Marketing Co-operatives & Farm Collectives: A Guide for Farmers' Market Managers***

The goal of the BCAFM in undertaking this initiative is to illustrate alternative vendor selling arrangements for farmers and producers with the aim to:

1. Increase the variety and abundance of BC farm products available for sale at BC farmers' markets.
2. Provide a practical and alternative vendor selling arrangement for producers to jointly sell and market their products together.
3. Provide an acceptable alternative solution to address the issue of reselling. Reselling is not allowed at BCAFM member farmers' markets. Ensuring that customers and the general public have trust in the integrity and transparency of BCAFM member farmers' markets is critical.
4. Reduce fatigue for those farmers who sell at multiple farmers markets and other sales channels by offering an alternative joint selling and marketing arrangement such as co-operatives or collectives.

In this guide, we explore different aspects of farmers' marketing co-ops.

The purpose of this guide is to:

- provide a basic introduction to the co-operative model,
- introduce you to different ways marketing co-ops can be set up,
- outline the benefits and challenges, and
- provide information on how to start a farmers' marketing co-operative if it's a good fit for you.



## What is a Co-operative?

*A co-operative is an autonomous association of individuals, voluntarily united to meet their common economic, social, and cultural needs through a jointly owned and democratically controlled enterprise.*

*International*

Co-operative Alliance

- A co-operative is a formal structure, a legally incorporated business, owned and run, by and for the members.
- Co-operatives are governed by the members who use, and benefit from, their services.
- All members have the right to an equal say in what the co-op does and in the case of for-profit co-ops, to a share in any profits.
- Co-operatives are businesses based on values and principles—rather than being simply profit-driven.

### Defining Features of a Co-operative

The co-op business model is distinctive in four key respects:

1. Ownership
2. Control/Governance
3. Distribution of Benefits/Profits
4. Liability

**Ownership:** Ownership of the co-operative rests with the members. When someone becomes a member, they purchase one or more membership shares in the co-op.

**Control:** The primary control (or governance) structure of co-operatives is: one member, one vote. Each member is entitled to only one vote, regardless of the number of membership shares they own. Thus, control is based on membership, not on the number of shares one owns—as is the case in conventional corporations. Co-op members elect a Board of Directors, who are responsible for providing direction to the business by establishing goals and policies and managing the governance of the co-operative.

**Distribution of Profits:** In for-profit co-ops, a portion of surplus/profits may be distributed to members in proportion to their use of the services provided through the co-op. This is called a patronage return.

**Liability:** Unlike sole proprietorships and some other business models, in a co-op the liability of a member-owner is limited to the value of their shares if there are any financial losses to the co-op business.

### Collectives – An Alternative to Farmers' Marketing Co-operatives

Many farmers may be interested in working together with other farmers in various aspects of running a farm business, including selling and marketing, sharing land, growing, equipment, infrastructure and knowledge. Some farmers/farms may choose to work together collaboratively as an informal 'collective' or informal association for selling and marketing their products (or other purposes), however collectives are not formal, incorporated entities like co-operatives.

Decision-making in collectives may vary widely as there is no single, defined approach as prescribed in a co-operative. In a collective, any liability concerns would have to be sorted out among the participants. The individual identities of each farm member in a collective may be more prominently promoted than in a co-operative which is operating under the umbrella of a single business.

For some farmers, joining forces in an informal farmers' collective model, without the formal, legal structure and requirements of a formal co-operative, can be appealing and serve as an intermediary step on the path towards a more formal co-operative structure. Farmers' collectives enable a group of farmers to 'test the waters' and experience both the advantages and challenges of working together in jointly selling and marketing their products before making the leap to a co-op.



## **Some Examples of Marketing Co-ops**

Co-operatives come in many different shapes and sizes and have been adapted to work in all sectors of the economy. In co-op circles there is a saying: If you have seen one co-op, you've seen—one co-op. This is because, even though co-ops share many distinguishing features in common, every co-op is still unique. It is unique based on the membership composition, its purpose, the circumstances, the type of co-op, market conditions, and many other variables.

Below we offer examples of four different marketing co-ops.

### **Glorious Organics – A Workers' Co-op**

Glorious Organics is an example of a workers' co-op where multiple, individual farmers work together as one farm business. They operate under a single farm co-op name, grow on one farm site (in this case), and jointly sell and market all of their farm products together. Their organic produce is sold through multiple sales channels including a combination of BCAFM member farmers' markets, restaurants, and their Community Supported Agriculture (CSA) program.

The Glorious Organics co-op grows their crops on several acres of leased land on the Fraser Commons community farm in Langley, a farm that also operates as a co-operative. Incorporated since 2006, Glorious Organics has six members, some who live on the farm and others who live off-site.

Working together as a co-operative farm business means that each farmer does not have to be responsible for all business operations. Each member has a job description for the role they will assume for the year. Roles are negotiated collectively amongst the members and allow some autonomy for individuals to determine the produce they want to focus on growing and what work they will take on in the co-op.

*"In part, the worker co-op model was chosen as it best represented the values of our members. Being a worker co-op also allows us to think about long-term succession planning as new worker-farmer-members can replace members retiring or moving on."*



## **Merville Organics – A Producers’ Co-op**

Merville Organics Marketing Co-operative is located in the Comox Valley on Vancouver Island and is an example of a producers’ co-op where four separate farms jointly sell and market their products together. The farm members in this co-op range in size from 2 to over 10 acres.

Merville Organics grew out of a desire to work cooperatively with other farmers so that each farm could focus their energies and resources on doing what they do best and collaborating on the rest. The farmers plan their crops yearly and divide up all the various roles and responsibilities in their collective marketing business.

Jointly selling and marketing together provides a stable sales baseline for each farmers’ products. In addition, the co-op members share a walk-in cooler, storage space, a market truck and some of the larger wash station infrastructure. While these spaces are centralized, the co-op is working on ways to spread capacity around in order to ensure all farms benefit from the development of the co-op.

The co-operative helps growers achieve more efficient marketing and distribution of their seasonal produce. This has been a great support for enabling co-op members to get established without having to take on the full demands of a new farming business. Merville Organics markets their products through a variety of sales channels including several BCAF member farmers’ markets and a Community Supported Agriculture (CSA) program.



*“Merville Organics currently sells product through several farmers’ markets and has a popular CSA program with multiple pick up locations. If any single small farm had to take on this level of distribution, it would be exhausting. Together, we share the responsibilities, so no one farmer has to be in charge of any more than one marketing channel. It makes for a much more efficient system, with supported, happier farmers!”*

## **Island Roots Market Co-operative – A Community Service Co-op**

Island Roots operates a weekly, year-round farmers’ market in Nanaimo, BC and is structured as a non-profit, community service co-operative model. Island Roots is a member of the BC Association of Farmers’ Markets and is the only member that is incorporated as a co-op rather than a society.

The idea for the co-op grew out of local residents asking themselves the question: How do you earn a living from farming if there is no market for selling your produce? Given that situation, a small group of people worked together to set up a member owned farmers' market and structured it as a community service co-operative.

Established in 2012, today they have over 400 members and operate a 3 to 4-hour, weekly, year-round market. Anyone can become a member by purchasing one or more shares. Co-op members include growers, food processors, artisans, crafts people, and even customers.

The co-op is working toward having a permanent place for members to display and sell their products and for consumers to obtain easy access to locally grown and produced goods.



*“Island Roots chose this co-op model because it provided better business start-up funding options than a regular non-profit society.”*

### **Cowichan Valley Co-operative Market – A Co-op Social Enterprise**

Cowichan Valley Co-operative Market (CVCM) is another example of a non-profit, community service co-op. CVCM operates an online market and is the umbrella or parent (co-op) organization with a broad mandate to support local farmers, promote food security, and act as a marketing and distribution hub to provide locally grown and locally processed foods to the local community.

One of the ways CVCM has endeavored to fulfill this mission has been by setting up a social enterprise - an on-line co-operative market called Cow-op.





The co-op is composed only of members who are farmers, food processors and other stakeholders in the local food supply chain. They have over 70 members.

This social enterprise allows CVCM members to sell produce, meats, eggs, fruit, and value-added products through this on-line marketing venue.

*“A community service co-operative seemed like a logical structure to work with to engage a wide variety of food processors, growers, and stakeholders within the local food supply chain to move a food hub model forward. We decided our first order of business would be to set up an online farmers' market as a social enterprise. Any profits from the market would be put back into our co-operative to do other work as identified as a priority by our membership (i.e. farm labour pools, equipment share, more marketing etc.).”*

## Benefits of Marketing Co-ops

The co-operative model has been used around the world and adapted for many different purposes as a way for people to work together to achieve common goals.

Farmers' marketing co-ops are diverse and may be limited or broad in scope in terms of how member farms work together. Arrangements may range from only selling and marketing collectively, to growing and sharing equipment and infrastructure. Here are some benefits a farmers' marketing co-op may offer:

- Farmers can take turns going to farmers' markets or managing other sales channels. One farmer does not have to do or manage everything.
- Access to more customers and sales channels than working on one's own.
- A better price for product through economies of scale.
- Marketing co-ops with community supported agriculture (CSA) programs, can boost incomes with less loss of produce through pre-paid sales.
- Marketing co-ops may provide increased opportunities for processing, packaging, assembling or other value-added products.
- Marketing co-ops contribute to social interaction between farmers and producers and can be a great source of support, knowledge and comradery.
- Shared infrastructure, such as: a storage cooler, wash station, equipment and transportation. One farmer does not have to own everything.
- Support through sharing knowledge, skills and experience. One farmer does not have to know everything.
- Farmers can focus on a few crops rather than a wide variety to ensure diversity for customers and their multiple sales channels. One farmer does not have to grow everything.
- Financial savings with shared costs for infrastructure, transportation, bulk buying of supplies or group purchase of services, such as bookkeeping. One farmer does not have to finance all the business costs.

## Challenges & Considerations

Co-ops are not without their challenges. Even though one may be an experienced business person, operating a business or service collectively, can require other skills besides good business sense. Given the range of ways marketing co-ops can be set up, challenges may vary greatly from one co-op to the next. Here are a few things to consider.

- Lack of clarity around expectations of what is involved and how quickly the co-op will be able to offer a strong return and/or benefits to members.
- In general, the higher the level of shared marketing and production, the higher the level of shared decision making. Not having a level of control, autonomy or independence in decision making that one may be used to can be disconcerting.
- If the co-op is large, perhaps with paid management, and if members do not regularly interact, the co-op members may become only distantly associated.
- Making financial decisions together can be challenging, especially when people's livelihoods and lifestyles are on the line.

*"We thought our market would be bigger than it is by now but with limited start up funds and marketing support, the majority of our efforts have been focused on supporting day-to-day operations."*

*"Working together allows us to be more efficient with our products, but there is no less work involved!"*

*"Some of the co-operative aspect of what we do has been lost on many members. It would be useful to strategize on ways we can best utilize the unique features of our co-op."*



## How to Get Started

Every co-op has a story about why and how they got started. Every story is special and unique but the spark for these collective efforts is always the common needs and interests that the members share.

Here are some of the basic steps in the start-up stage of most co-ops.

- 1) First, find a few other farmers who have a common need to get their products to customers and discuss how you could work together. Form a working group.
- 2) Draw up a list of tasks and determine who will do what. Consider: collecting more information about co-operatives; finding out about the local marketplace and sales channels; drawing up a list of operational tasks and start-up costs.
- 3) Depending on the type of marketing co-op you are considering, you may need to do a feasibility study to determine if there really is demand for your produce.
- 4) Identify and register a business name for your co-op. Become acquainted with the incorporation process and begin to draft your Memorandum of Association and Co-op Rules. (See Resource page for more information.)
- 5) It is always good to work with a co-op developer at some point in the development process. A developer can assist in guiding you through any of the above steps and support your co-op in getting set up on a strong foundation. (Contact the BC Co-op Association for names of developers in your area. See Resource section.)
- 6) Complete the incorporation process.
- 7) Start operations.



## Keys to Success

For over a century, farmers have been successfully using the co-op model to enhance and amplify their individual efforts to run viable businesses by using marketing co-ops. Here are some of the factors which farmers' marketing co-op members have identified in contributing to the successful launch of their co-operative marketing business.

- *“One thing that was critical to our successful start-up stage was a high level of confirmed engagement and participation from our target community (local farmers and processors). We wouldn’t have set this up if we didn’t have significant interest at the table to start.”*
- *“Communication is absolutely key. Consensus takes time, patience, and good communication. “*
- *“A comprehensive feasibility study showed a number of different ways that a co-operative could promote food sustainability, farm viability, and consumer access to quality local foods in our region.”*
- *“We ask growers to volunteer time for the co-operative – we each take on at least one of the market outlets and do a lot of collective crop planning in the winter.”*



*Photo credit: BC Farmers' Market Trail & Bruno Long*

## Resources

- **BC Co-operative Association (BCCA)**  
[bccca.coop/](http://bccca.coop/)  
 BCCA has many helpful resources to get you started. One such publication is titled “Cultivating Co-ops.” It is available from their website. They do ask for contact info so they can stay in touch. They are also a good place to start to find out how to contact a co-op developer.
- **BC Registry of Incorporated Businesses** [www2.gov.bc.ca/gov/content/employment-business/business/managing-a-business/permits-licences/businesses-incorporated-companies](http://www2.gov.bc.ca/gov/content/employment-business/business/managing-a-business/permits-licences/businesses-incorporated-companies)  
 Here you will find information on: registering the name of your co-op, information on incorporating your co-op, a link to the Co-op Act, and various official forms.

- **BC Association of Farmers' Markets (BCAFM)**  
[bcfarmersmarket.org/](http://bcfarmersmarket.org/)
- **Agricultural Co-ops: A Start-up Guide**  
[cooperativesfirst.com/isl/uploads/2017/03/agricultural\\_cooperatives.pdf](http://cooperativesfirst.com/isl/uploads/2017/03/agricultural_cooperatives.pdf)
- **Financing Agricultural Co-ops**  
[www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/agriculture-and-seafood/farm-management/farm-business-management/financing\\_agricultural\\_cooperatives.pdf](http://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/agriculture-and-seafood/farm-management/farm-business-management/financing_agricultural_cooperatives.pdf)
- For more resources on starting a co-op or to connect with a co-op developer try these two sources:
  - Co-opZone – Canada's national association of co-op developers  
[coopzone.coop/](http://coopzone.coop/)  
[coopzone.coop/developers/members/region/British+Columbia/](http://coopzone.coop/developers/members/region/British+Columbia/)
  - Co-operatives First - [cooperativesfirst.com/](http://cooperativesfirst.com/)
- For more information on examples of Marketing Co-ops included here, see:
  - Glorious Organics - [gloriousorganics.com/](http://gloriousorganics.com/)
  - Merville Organics - [mervilleorganics.ca/](http://mervilleorganics.ca/)
  - Island Roots - [islandrootsmarket.com/](http://islandrootsmarket.com/)
  - Cowichan Valley Co-operative Marketplace - Cow-op - [cow-op.ca/](http://cow-op.ca/)

## Frequently Asked Questions

1. What is the difference between a co-operative, a “collective” and a partnership? Many people work together in the spirit of cooperation to accomplish various goals, but that does not make them a “co-operative.” A co-operative is a formal, legal business structure, incorporated under the Co-operatives Act of BC. The co-op must abide by certain legal requirements such as having a board of directors and an internal governance structure based on membership shares. Alternatively, some farmers may work informally and collaboratively as a “collective,” but they are not doing so as a formal, legal, incorporated entity. Ways of decision making in collectives may vary widely as there is no one defined approach. In a collective, decisions would not necessarily be legally binding. A partnership may or may not be legally incorporated. If it is incorporated, it would be under the Business Corporation Act of BC.
2. How does a farmers' marketing co-op differ from a “food hub”? A conventional food hub is typically a physical community space where many interrelated programs and activities promoting locally grown foods and food security are promoted and supported. A co-operative structure is one way a food hub may be formally structured, however the primary focus of a farmers' marketing co-op is comprised of members who are farmers with the purpose to jointly sell and market their farm products to customers through multiple sales channels.
3. How are decisions made in a co-op? Do we have to have consensus? At the annual general meeting and all members' meetings, voting is on the basis of one member, one vote. At the



AGM, members elect a board of directors who will be responsible for overseeing operations of the co-op. If the co-op hires a manager, the manager will oversee day to day operations, but they are accountable to the board. Directors can determine if they will operate by consensus or by majority voting rules; however, as a general rule, the more important the issue, the more important consensus will be. On the other hand, if the co-op is small, all the members may be directors and collectively make decisions together.

4. In a farmers' marketing co-op, will I still have control of my farm business? Absolutely. In most cases, a farmers' marketing co-op will be structured like a second business, operating under a common co-op business name. As you develop the co-op, members will determine the level of sales through co-operative marketing and the type of co-op that will best suit their situation.
5. How long will this take? That is up to you and the group. If the group is keen and can jump into action, your co-op might be incorporated in as little as two to three months.
6. What will this cost? The cost of registering the name of your co-op is \$30. The cost of registering your co-op business is \$250. The full cost of starting your co-op business is something the group must work out and determine how to meet.
7. What is the role of a co-op developer? Co-op developers are business coaches and consultants who specialize in the co-operative business model. They can help your group understand how the co-op model works, work with you on the incorporation process and support you with various aspects of business development.
8. Are co-ops less competitive than other for-profit businesses? No. Even though co-ops are a values-based, member-driven businesses, they can be just as competitive in the marketplace as any business venture.
9. Do co-operatives require more work than doing business other ways? Co-operatives require a level of coordination of labour and activities and certainly some joint decision making. However, if your co-op operates efficiently, it should not require more effort to operate than most businesses.

## Special Thanks

We would like to thank the following individuals for sharing their expertise and contributing to this initiative and information package:

Joy Emmanuel    Turning Times Research and Consulting  
Tabitha McLoughlin    Coquitlam Farmers' Market - Executive Director  
Elvy Del Bianco    Vancity - Program Manager, Co-operative Partnerships  
Georgia Stanley    BCAFM – Membership & Communications Manager  
Heather O'Hara    BCAFM – Executive Director



*Photo credit: BC Farmers' Market Trail & Bruno Long*