Small Farms, Growing Strong.
INTRO

COOPERATION

SCALABILITY

FOCUS ON THE CUSTOMER
Why Do Small Farms Struggle?

1. Complexity of balancing an integrated business model.
2. Access to capital needed to scale.
3. Selling and distributing enough product.
COOPERATION
The Benefits

FARMING WITHOUT A CO-OP
- Packaging
- Animals
- Distribution Vehicles
- Distribution Channels
- Marketing
- Technical Support
- Training
- Utilities
- Processing Facility
- Farming Equipment
- Land + Maintenance
- Animal Food

FARMING WITH A CO-OP
- Animals
- Utilities
- Land + Maintenance
- Farming Equipment
- CO-OP
  - Buyer Relationships
  - Credit / Loan Services
  - Processing
  - Distribution
  - Technical Support
  - Packaging
  - Training
  - Marketing
COOPERATION
Supply Chain

FOOD VALUE CHAIN

Production

Locally Owned Processing, Aggregation & Distribution (PAD)

Markets

Social Capital + Financial Capital + Entrepreneurship
By sharing production, processing, aggregation, distribution, and marketing resources, our farmers can focus on their farming.
THE STATE OF MEAT IN THE USA

FARMERS

FACTORY FARMS

Farmers are generally forced to take on large amounts of debt, and have little to no say in the running of the business.

14¢
OF THE DOLLAR

GRASS ROOTS

Goes back to the farmer and farmer owned businesses.

75¢
OF THE DOLLAR
Our 7-10 year goal is to have a 100 farmers making a living wage.
FARMING PRACTICES
PASTURE-RAISED CHICKEN
PASTURE-RAISED TURKEY
GRASS FINISHED BEEF
FORESTED PORK
WHERE WE STARTED

- Dispersed
- Rural
- Small Market
STARTUP FARM
STARTUP CO-OP
RAISING CAPITAL

BUILDING RELATIONSHIP BETWEEN SOCIAL CAPITAL AND MARKET DEVELOPMENT

VALUE CHAIN
ENTREPRENEURSHIP

INPUTS
Production
Producers

VALUES-BASED
Holistic Community
Development
Social Capital
Women's Empowerment
Self-Determination

COORDINATING
Mechanisms
Processes
Approach
Money Goods
Technology

MARKET
Development
Financial
Incentives
Price Cues
Margins

RESOURCES

PHILANTHROPY

MARKET PRICED FINANCING

WE ARE HERE

TIME
Ownership Structure

- Member Farms
- Cypress Valley Processing S-Corp
- Grass Roots Farmer Co-op
- Cypress Valley Processing LLC
- Natural State Poultry Processing
SCALABILITY
BUILD THE RIGHT TEAM

GRASS ROOTS
FARMERS' COOPERATIVE

Membership
Board

General Manager
Cody Hopkins

Business Development and Fundraising

Supply
Erin Payne

P.A.D.
Andy Shaw

Wholesale Sales Manager

E-commerce
Elizabeth Quinn

Finance Manager
Levi Ross

-Animal Sourcing
-Production
-Standards
-Farm Audits
-Technical Assistance
-Live Animal Transportation
-Logistics
-Production & Processing
-Schedules
-Feed Sourcing
-Entrepreneurship

-Animal Processing
-Value-added Processing
-Packaging
-Product Development
-Inventory Management
-Order Fulfillment
-Shipping

-B2B sales management
-B2B Customer Service

-E-commerce sales and marketing
-E commerce Customer service
-Brand Promotion and Management
-External and Internal Communication and PR
-Web development

-Accounting
-HR
-IT
-Budgeting
-Cash Flow Management
-Legal
-Internal Policies, Procedures, and Processes
STARTUP CO - OP

VALIDATED LEARNING

LAUNCH

LEARN

ADAPT

LEARN

LAUNCH

ADAPT
At some point, you will need to make the decision about whether or not your business strategy has a reasonable chance of success. This is the time where you will need to decide to either “pivot or persevere”. Of course, if things are working well and you can see a path to great success and profits, keep working on the idea you’ve started with. Just make sure to make your decision based on the cold hard facts.
STARTUP CO-OP
EXTERNAL PARTNERSHIPS
From 2014 to 2016:

- Profitability is up 323%
- Net income has increased from 2% to 13%
- Expenses as a percent of revenue have decreased from 45% to 24%
SCALABILITY
ON FARM INFRASTRUCTURE
<table>
<thead>
<tr>
<th><strong>GRASS ROOTS FARMERS’ COOPERATIVE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Farmer Receipt #2015-094</strong></td>
</tr>
<tr>
<td><strong>Dettelbach Farm</strong></td>
</tr>
<tr>
<td><strong>Date of Farmer’s Receipt:</strong> 09/30/15</td>
</tr>
<tr>
<td><strong>Chick Arrival Date:</strong> 08/06/15</td>
</tr>
<tr>
<td><strong>Processing Date:</strong> 10/01/15</td>
</tr>
<tr>
<td><strong>Processing Location:</strong> Advanced Meat Processing</td>
</tr>
<tr>
<td><strong>Total Chicks Ordered:</strong> 1097</td>
</tr>
<tr>
<td><strong>Total Birds Delivered:</strong> 1058</td>
</tr>
<tr>
<td><strong>Total Loss:</strong> 39</td>
</tr>
<tr>
<td><strong>Total Condemned/DOA:</strong> 19</td>
</tr>
<tr>
<td><strong>Birds Processed:</strong> 1039</td>
</tr>
<tr>
<td><strong>Loss Rate:</strong> 3.56%</td>
</tr>
<tr>
<td><strong>Condemn Rate:</strong> 1.80%</td>
</tr>
<tr>
<td><strong>Total Weight (lbs.):</strong> 4598</td>
</tr>
<tr>
<td><strong>Average Weight (lbs.):</strong> 4.43</td>
</tr>
<tr>
<td><strong>11.3.7.10650</strong></td>
</tr>
<tr>
<td><strong>$1.22/chick delivered and $4.50/chick feed average</strong></td>
</tr>
<tr>
<td><strong>GRFC Broiler Payment:</strong> $10,345.50</td>
</tr>
<tr>
<td><strong>Chicks and Feed:</strong> -$6,274.84</td>
</tr>
<tr>
<td><strong>NET GRFC PAYOUT:</strong> $4,070.66</td>
</tr>
</tbody>
</table>

- Paid $2.25/lb on carcass weight
- Farmer Net Profit per bird harvested $3.85
- Co-op’s cost per pound is $2.90
SCALABILITY
Inventory Management

GRASS ROOTS
Chicken Drumsticks 1.35-1.65 lbs
Pack 15

503013  21.12 lbs net  10000580
17123
Lot 17.4.51255
Chicken, Thigh 1.35 – 1.65
Pack 15

Grass Roots Farmers’ Cooperative
245 Quality Drive, Clinton, AR
grassrootscoop.com

PERISHABLE – KEEP FROZEN OR REFRIGERATED
SCALABILITY

DISTRIBUTION
SCALABILITY

DISTRIBUTION
SCALABILITY
IT’S STILL GOING TO BE EXPENSIVE

<table>
<thead>
<tr>
<th># OF BIRDS IN A FLOCK</th>
<th># PROCESSED AT A TIME</th>
<th>$ PAYMENT TO FARMER</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRASSROOTS</td>
<td>CORPORATE</td>
<td>GRASSROOTS</td>
</tr>
<tr>
<td>500 VS 25,000</td>
<td>1,000 VS 100,000</td>
<td>$3.14 VS. $0.30</td>
</tr>
</tbody>
</table>
FOCUS ON THE CUSTOMER
CELEBRATE THE BIG WINS
FOCUS ON THE CUSTOMER
Consumers trust farmers

1. Federal Regulatory Agencies
2. Food Companies
3. Farmers
4. State Regulatory Agencies
5. Family
6. Grocery Stores
7. Family Doctor
8. Restaurants
9. Nutrition Advocacy Groups
10. University Scientists
11. Dietitians

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*Results are similar for ensuring healthy food*
FOCUS ON THE CUSTOMER
FARM OF ORIGIN

FARM OF ORIGIN
Who raised it, where it was raised.

Falling Sky Farms
Leslie, AR

BATCH NUMBER
The day it arrived on the farm, the day it was harvested, and how many other animals it shared space with.

LOT# 171321.21,51,255

PROCESSOR
Who harvested it, where it was harvested, where to search for more information.

Grassroots Scoop
grasrootsscoop.com

WHERE TO GO FOR MORE INFORMATION
Including livestock standards, farmer bios, and photos of the farms.

Processed by Natural State Processing
150 Specialty Drive Clinton, AR 72031

Keep Refrigerated or Frozen
“Conscientious eaters have a difficult time finding high-quality meat from a source they can trust. They know that buying straight from the farmer is the best option, but farmers' markets aren't a convenient, year-round solution for most people. We make it easy to order the highest-quality, pasture-raised meats directly from the farmer so mindful eaters can eat with confidence.”
FOCUS ON THE CUSTOMER
SUPPLY CHAINS OF INTEGRITY

WHO RAISED IT
FALLING SKY FARM, LESLIE, AR. A DIVERSIFIED, GRASS-BASED FARM RAISING CHICKENS, TURKEYS, HOGS, & STEERS

HOW IT'S RAISED
450 BIRDS IN EACH MICRO BROOD WITH A TOTAL SQ. FOOTAGE OF 28,000

WHAT IT'S FED
13LBS OF NON GMO, CUSTOM-MIXED RATION WITH BREED SPECIFIC NUTRIENTS

WHO PROCESSED IT
NATURAL STATE PROCESSING, CLINTON, AR. A PARTNERSHIP BETWEEN GRASS ROOTS AND CYPRUS VALLEY MEAT CO.

TOTALLY TRANSPARENT.
You have the right to trust your food. We’ll tell you exactly where your meat comes from: from the farmer and pasture to the feed and processor.

GRASS ROOTS
FARMERS’ COOPERATIVE
FOCUS ON THE CUSTOMER
SUPPLY CHAINS OF INTEGRITY

WHO PROCESSED IT
FOCUS ON THE CUSTOMER

Farm of origin

Scan the code or enter the shortened URL to access the blockchain-backed traceability platform.

Farm of origin. Shows where the animal was raised and who raised it.

Lot number. Tells the day the animal arrived on the farm, the day it was harvested, and how many animals it was raised with.

Processor. Tells where the animal was harvested and who harvested it.

grassrootscoop.com
EAT WITH CONFIDENCE.

Your Grass Roots purchase is an investment in the farmer, the community, animal welfare, the environment, and your health.
Convenience!

Ecommerce

Grass Roots is a farmer owned Ecommerce company that ships Grass-fed and Pasture-raised meats to your front
Thank You.

CODY@GRASSROOTSCOOP.COM