



COOPERATIVE FARMING

FRAMEWORKS FOR
FARMING TOGETHER

INTRODUCTIONS

- Name & Pronouns
- What brings you to this workshop?
- Keep to under 1 minute please

INTRODUCTIONS

Facilitator Background

- Partner, Administrator, Vegetable Manager for Letterbox Farm Collective
- Self-taught farmer and cooperative business owner
- Author, *Cooperative Farming: Frameworks for Farming Together* (2014)
- Author, *A Guide to Sharing Farm Equipment* (2018)
- Facilitator of Farm Beginnings Hudson Valley chapter
- Leadership team for several community projects: Hudson Valley Community Wealth Fund, Hudson Valley CSA Coalition

A decorative graphic consisting of a green fork on the left and a green knife on the right, both pointing towards the center. The text "TODAY'S AGENDA" is centered between them in a bold, blue, sans-serif font.

TODAY'S AGENDA

OVERVIEW: Tour through the diverse landscape of “cooperative farming”

BREAKDOWN: Look at the structural elements that make collaboration work

PRACTICE: Tools for organizing group process.

**WHAT IS A COOPERATIVE?
WHAT IS "COOPERATIVE
FARMING"?**

WHAT IS A COOPERATIVE?

A COOPERATIVE BUSINESS IS DEFINED BY THREE MAJOR STANDARDS:

- It is **OWNED BY ITS MEMBERS**, those participating in the business, not by outside shareholders or investors.
- It is **GOVERNED BY ITS MEMBERS**. Each member of the business has a vote in major business decisions and in electing representatives or officers.
- It **EXISTS FOR MEMBER BENEFIT**, not profit for outside shareholders. Any profits are distributed equitably among members.

In addition, cooperatives operate according to internationally recognized core principles and values, which include operating as an autonomous organization, investing in the training and education of their members, and supporting other cooperatives and the community.

COOPERATIVE:



1. (adj) involving mutual assistance in working toward a common goal.
2. (n) a farm, business, or other organization that is owned and run jointly by its members, who share the profits or benefits.

COOPERATIVE FARMING:



creating shared farming ventures to address common challenges and provide mutual benefit.

WHY COOPERATE?

ECONOMY OF SCALE: Cooperation allows little farms to do what big farms can do, like buy inputs at bulk rates, increase volume to open new markets, and lower the per-use cost of equipment. Together, producers can lower costs, access needed services or facilities, or generate more income.

PEOPLE POWER: Allied producers can negotiate for better prices, diffuse risk, and share knowledge, skills, and labor.

ACCESS TO CAPITAL: Farmers can pool capital to invest in a shared business, tool or asset, and can increase their borrowing power with combined collateral and experience.

QUALITY OF LIFE: Allied farmers can arrange for time off, child care, or extra hands when needed. Shared responsibilities, whether in selling, producing, or maintaining shared resources, means a lighter load for overworked operators.

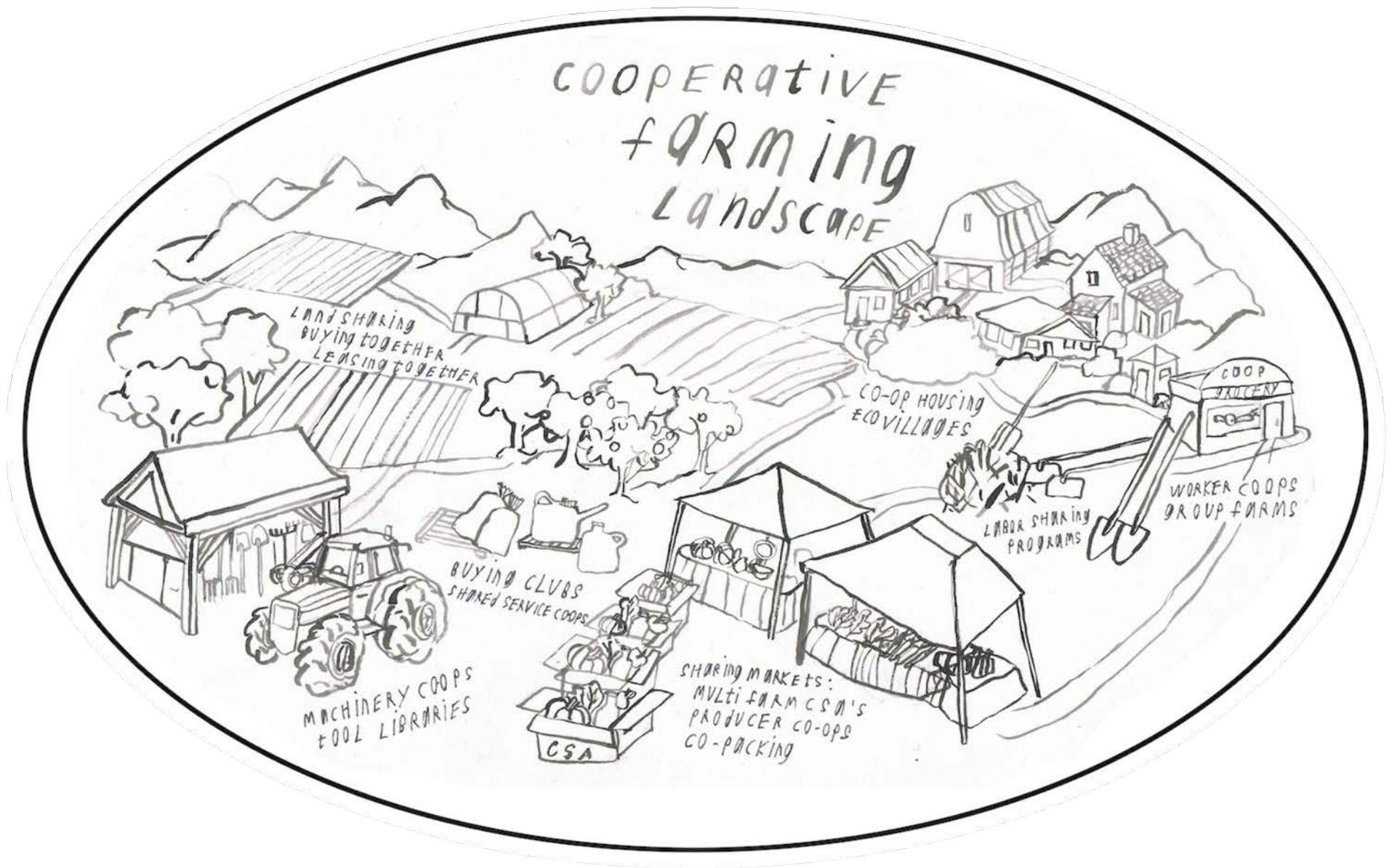
CONTINUITY: Group entities can serve as longstanding vehicles to transition land, resources, and businesses among producers.

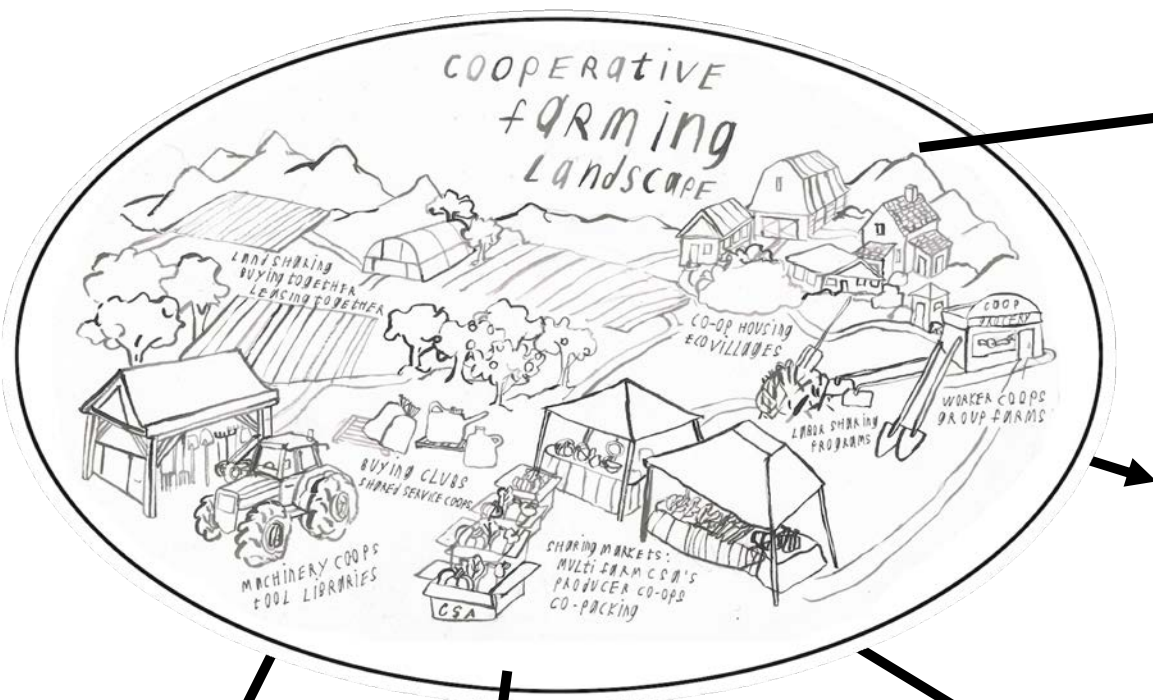
COOPERATIVE ECONOMICS: A TOOL FOR BUILDING THE NEW ECONOMY

- Need-oriented, Basic Goods and Services
- Diverse and Inclusive Ownership
- **Equitable/Democratic Culture**
- **Support of Local Economy Ecosystem**
- **Education Embedded Into the Good or Service**
- Open Source
- Transparent
- Zero Waste and Climate Beneficial
- **Scale by Regional Replication**
- **Supports Personal Growth and Development**

* “A New Economy Checklist,” *LIFT Economy*

THE COOPERATIVE FARMING LANDSCAPE





GROUP-RUN FARMS

Farm Partnerships
Worker Cooperatives
Intentional Communities

LAND-SHARING

Joint Purchasing
Incubator Farms
Multi-farmer Farm Leasing
Co-Housing communities

EQUIPMENT

Equipment Co-ops
Tool Libraries

SERVICE & SUPPLY

Buying Clubs
Credit Unions/Lending Co-ops

LABOR

Joint Apprenticeship Programs
Labor Coordination / Hiring

MARKETING AND DISTRIBUTION

Marketing Cooperatives
Multi-Farm CSAs
Co-Packing

JOINT MARKETING PROGRAMS



SHARED LABOR PROGRAMS



Solving employment issues, including hiring, housing, or transporting workers, educating apprentices, or gaining access to labor at critical times in the farm season.

SHARED EQUIPMENT PROGRAMS



- Equipment Co-ops
- Tool Libraries
- Farmer-to-farmer lending
- Farmer-to-farmer joint purchase

A GUIDE TO SHARING FARM EQUIPMENT

**A TOOL-SHARING TOOLKIT FOR
FARMERS, COOPERATORS, AND
ORGANIZERS OF SHARED
EQUIPMENT POOLS**

BY FAITH GILBERT

**ADVISORS: JACOB MEYER, ATTORNEY
JON JAFFE, FARM CREDIT EAST
LYNDA BRUSHETT, COOPERATIVE
DEVELOPMENT INSTITUTE**

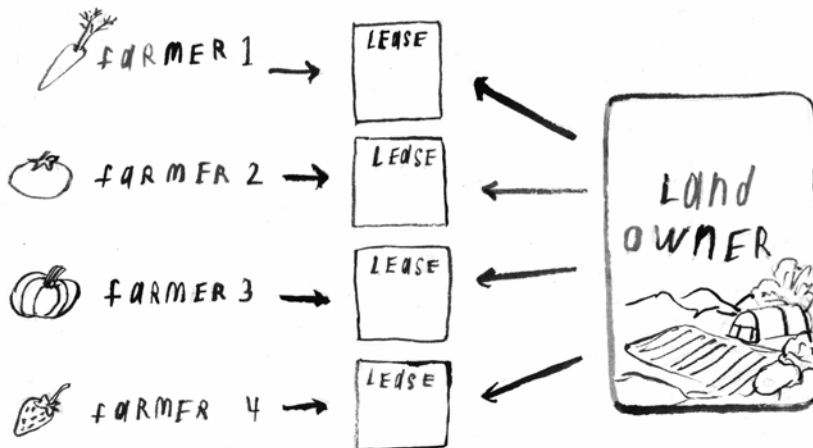
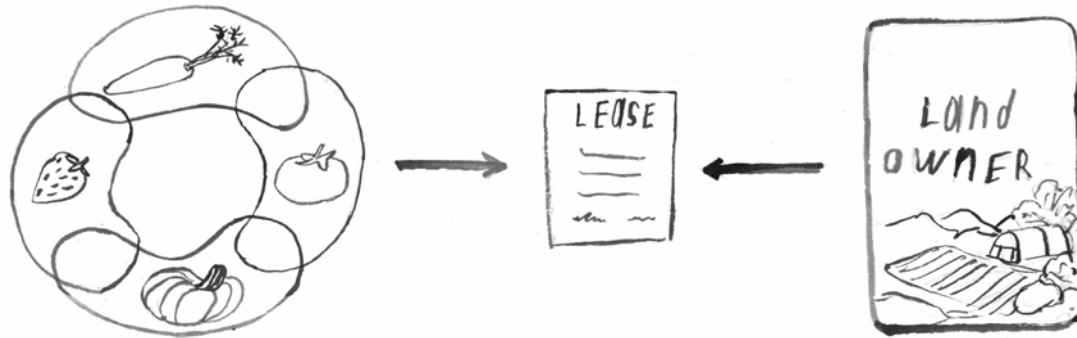
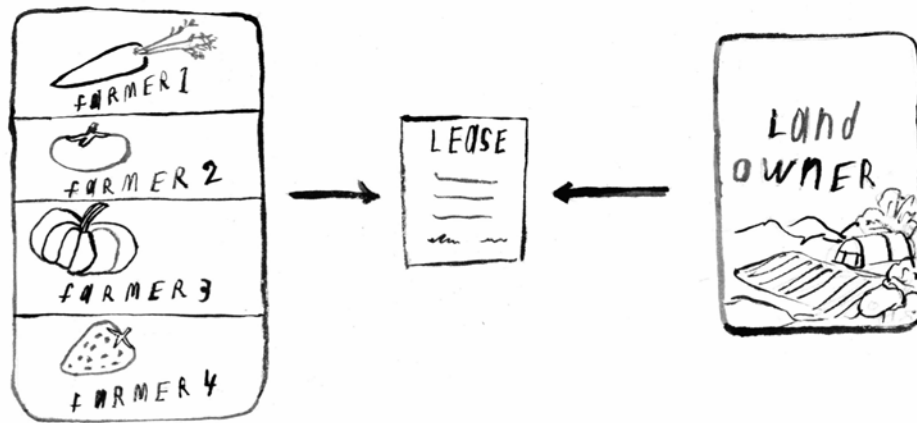


Sharing access to general or specific farm machinery, to lower equipment costs or gain use of cost-prohibitive equipment.

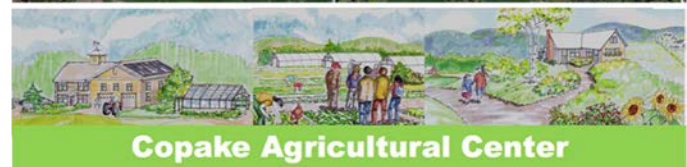
Guidebook, sample agreements, and organizing tools at:

https://projects.sare.org/sare_project/fne16-844/

LAND SHARING: LEASING FRAMEWORKS



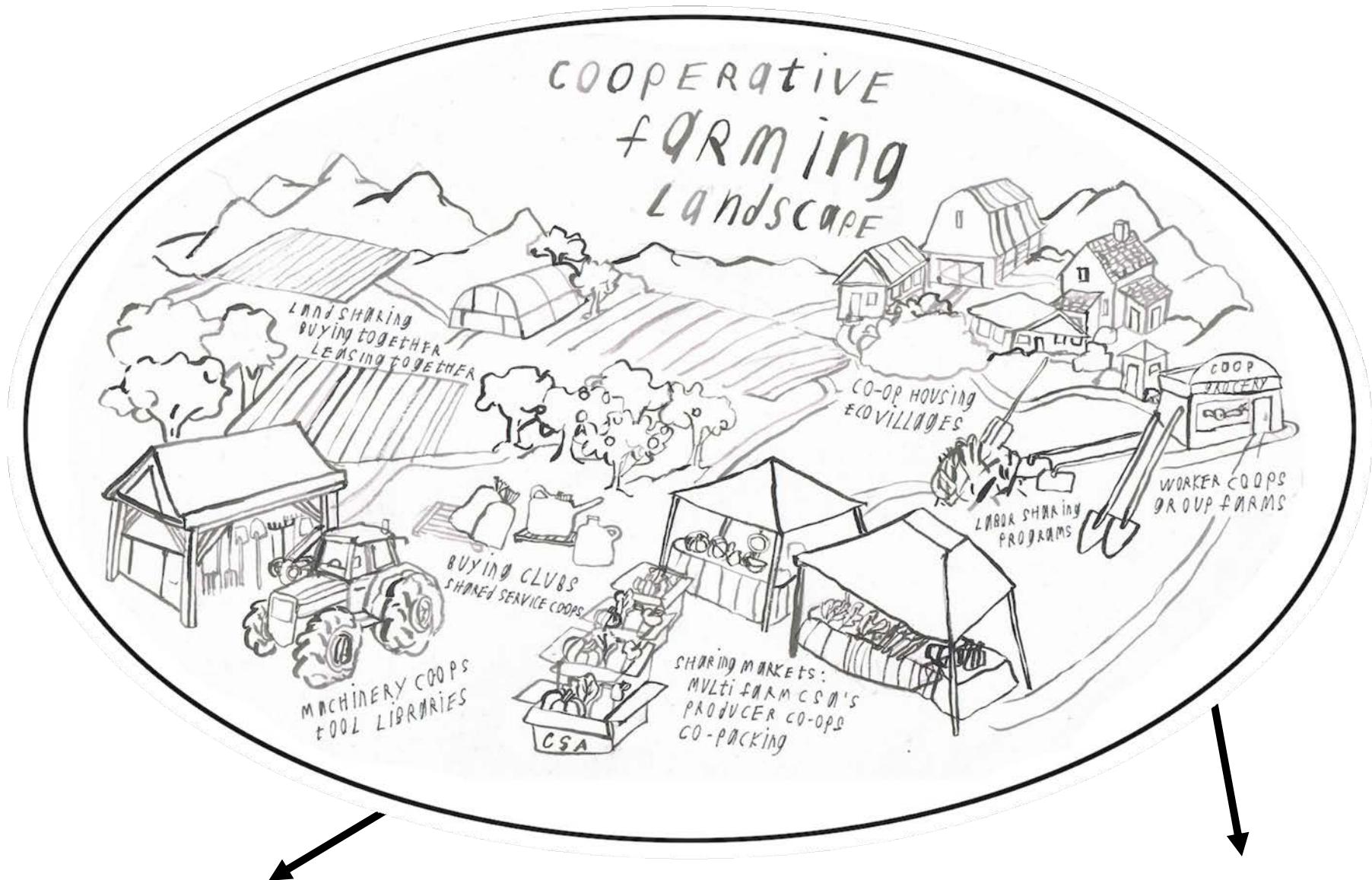
LAND SHARING: MULTI-FARMER SITES



LAND SHARING: COHOUSING



Cobb Hill Cohousing



**SHARING RESOURCES
AND SERVICES**

**GROUP-MANAGED AND
COLLECTIVE FARMS**



GROUP-MANAGED AND COLLECTIVE FARMS

WORKER CO-OPS



WORKER CO-OPS



- 3 or more worker-owners
- Arranged as a co-operative corporation (or LLC with cooperative agreements)
- Abide by by-laws (business agreements) in which
 - Each member has equal vote in major decisions
 - Business profits/losses are allocated back to each member according to use (hours worked), not according to ownership
 - “Clear path to membership” – may have non-owner staff, but usually the goal is to have long-term staff members become owners as well



FARM PARTNERSHIPS/LLCS

Partnerships and LLCs are simple and flexible forms of doing business as a group.

They can be, but don't have to be, arranged like cooperatives or collectives.

Decision-making and financial agreements (profit sharing, ownership, process to buy out a member), can be arranged any way the group sees fit.



FARM COMMUNITIES



WHITE PINE COMMUNITY FARM

FARM COMMUNITIES



COOPERATIVE farming LANDSCAPE





**WHICH PROJECT CAN YOU
ENVISION PARTICIPATING IN?**

**IS THERE A PROJECT YOU CAN
ENVISION STARTING?**





MAKING IT WORK

WHAT COOPERATIVE OWNERSHIP CAN DO:

- Embody community values right here and now in the middle of an extractive economy.
- Bring real economic advantages to their participants
- Help small farms achieve a greater economy of scale
- Reduce labor, costs of inputs, or administrative burdens
- Pool knowledge, skills of participants
- Effectively transition businesses, farmland, and other resources between farmers/between generations

WHAT COOPERATIVE OWNERSHIP CAN NOT DO:

- Automatically solve complex problems
- Make an economically or logistically unfeasible idea work

To build a successful project, your idea must have a feasible economic model (for at least covering costs) and offer tangible benefits to its participants.

WHAT DOES A GROUP BUSINESS NEED TO SUCCEED?

1. WELL-PLANNED BUSINESS with realistic goals.
1. CLEAR STRUCTURE and agreements between members.
1. ORGANIZED OPERATIONS day to day.
1. EFFECTIVE GROUP PROCESS.

START-UP PROCESS

ARTICULATING VISION

PLANNING FINANCES

ORGANIZING PEOPLE + OPERATIONS

KEY QUESTIONS

- WHAT DO WE COLLECTIVELY VALUE?
- WHAT ARE OUR GOALS FOR ...
 - YOUR QUALITY OF LIFE?
 - YOUR COMMUNITY ROLE?
 - PERSONAL INCOME?
- WHAT WILL OUR CORE ACTIVITIES BE?
- WHAT DOES YOUR PROJECT LOOK LIKE "ON PAPER"?
- WHAT RESOURCES WILL YOU NEED TO BEGIN?
- HOW WILL MONEY FLOW THROUGH YOUR PROJECT?
- WHAT DOES BUDGETING TELL US ABOUT APPROPRIATE SCALE FOR OUR PROJECTS?
- HOW WILL WE MAKE OUR PROJECT EASY TO RUN?
- HOW DO WE ORGANIZE GROUP DECISION-MAKING AND COMMUNICATION?
- HOW DO WE CULTIVATE POSITIVE ORGANIZATIONAL CULTURE?

TOOLS & SKILLS

- HOLISTIC GOAL SETTING
- ENTERPRISE SELECTION
- UNDERSTANDING FINANCIAL MANAGEMENT
- WRITING BUDGETS AND FINANCIAL STATEMENTS
- PARTNERSHIP & COMMUNITY AGREEMENTS
- MEETING FACILITATION & RHYTHMS
- STANDARD OPERATING PROCEDURES

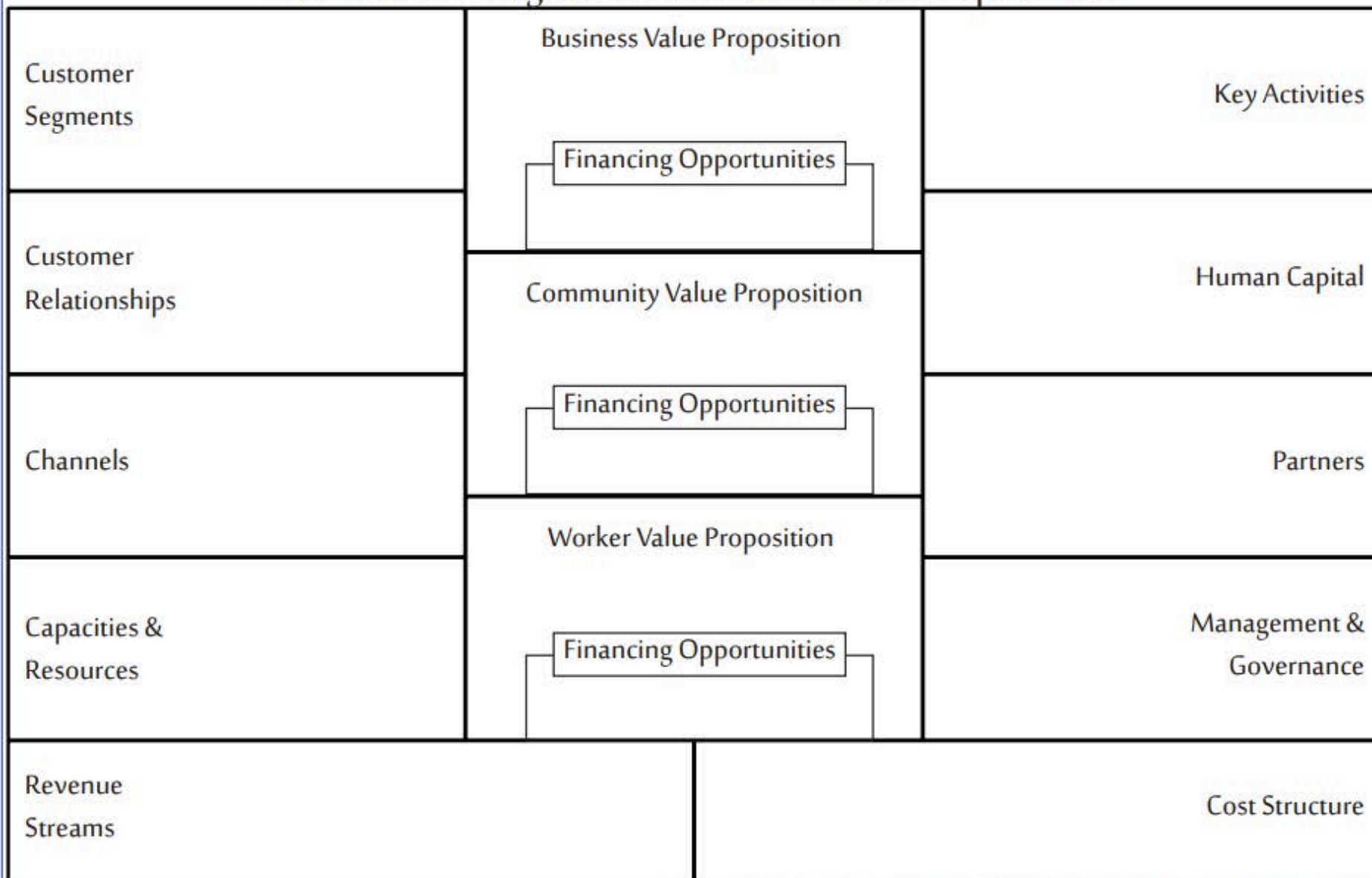
TAKE- AWAYS

PROPOSAL
FOR YOUR FUTURE PROJECT

BUDGETS
FOR THE FIRST 3 YEARS

HANDBOOK
OF ORGANIZATIONAL PRACTICES

Business Planning Canvas: Worker-Owned Cooperatives



BUSINESS PLANNING ISSUES

- Lack of clear planning and goals
- Failure to Identify Risks
- Lack of member commitment
- Lack of competent management
- Overly optimistic projections
- Missing Crucial Information
- Lack of financing
- Too many
projects/enterprises/ideas
- Inefficiency/poor
organization/lack of systems

1. Grow Flowers

2.??????

3. PROFITS!!



BUSINESS PLANNING ISSUES

- Lack of clear planning and goals
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- Build a well-researched budget for your project
- Identify business strategy / revenue streams to cover costs + generate surplus
- Develop the knowledge and technical skills needed for your particular project
- Provide tangible member benefit
- Keep it simple – build additional components as your capacity grows

WHAT'S A LEGAL ENTITY AND DO WE NEED ONE?



- ✦ A legal entity is how your business is defined for legal and tax purposes.
- ✦ Most are registered with the state and indicated on your tax returns.

WHAT'S A LEGAL ENTITY AND DO WE NEED ONE?



- 1. MINIMIZE RISK - can limit liability.
- 1. NAVIGATE LEGALITIES: Easier to sign contracts, obtain loans or mortgages, and have a shared bank account.
- 1. SELF-ORGANIZE: Opportunity for clear agreements.
- 1. EASE TRANSITIONS: Can make transitioning assets or ownership easier.

- 1. CONTRACTUAL AGREEMENT**
For temporary/trial ventures with low risk. Not a legal entity: just agreement between 2 individuals or businesses
- 2. LLC**
Flexible entity with few requirements, easy to form.
- 3. COOPERATIVE CORPORATION**
For groups that want to follow cooperative principles (must abide by key principles of governance, etc. in order to maintain tax status)
- 4. NON PROFIT (501c3)**
For groups with charitable mission (vetted by IRS - farming itself is not a charitable mission). No owns the organization or its assets. Stringent reporting and filing requirements.

FORMING A COOPERATIVE



STEPS BEFORE INCORPORATION

- Choose a business name (which includes “Cooperative” and an abbreviation that indicates that the co-op is a corporation, such as “Incorporated” or “Inc.”) check for availability of that name with the Secretary of State.
- Identify initial members and/or board of directors.
- Decide whether and how to issue membership shares.
- Prepare bylaws Develop membership agreement (“disclosure document”) and receipt. Given to individuals before they are accepted as members.)
- Determine which (if any) licenses, permits, and insurance must be procured.
- Prepare and file the Articles of Incorporation with the Secretary of State.
- File a Statement of Information with the Secretary of State within 90 days of filing the initial Articles of Incorporation.

FORMING A COOPERATIVE



STEPS AFTER INCORPORATION

- Hold the first directors meeting –adopt bylaws, appoint officers, and discuss other business plans (Members may jointly govern the business by making every cooperative member a director).
- Obtain employment identification number (EIN) with IRS and employer account number with the state.
- Open bank account for the cooperative.
- Obtain licenses, permits, and insurance.
- Hire or retain accountant or bookkeeper to manage finances.
- Maintain up-to-date membership records (names & addresses).
- Implement an operational and management structure (designating committees or managers for the operation of the business).

Business entities don't provide much structure. They're more like this empty container. You need to fill them with clear agreements about how you'll own and operate your business.



SIX STEPS TO A BUSINESS AGREEMENT



1. MEMBERSHIP: What are the rights and responsibilities of each member?
2. OWNERSHIP: How is the business owned, and what rights are connected to ownership?
3. ALLOCATIONS: How will you distribute profits (and losses)?
4. BUY OUT: What happens if the business dissolves or a member leaves?
5. GOVERNANCE: How will you meet and make decisions?
6. MANAGEMENT: How will the major functions of the business be handled?

MEMBERSHIP



1. Who are they?
2. How do they join?
3. What are their rights, authority, and obligations?
4. Are they all treated the same, or are there different classes of members?
5. What are the grounds for expulsion?

OWNERSHIP



1. How much of the business will each member own?
2. How is that ownership tracked and valued over time?
3. How does ownership influence decision-making and how profits/losses are allocated?

OWNERSHIP



Ex. A team of 4 farmers is creating a business in which 3 work full time, 1 part time. One has 70k to contribute, the others 10k each. They have chosen an LLC as their business form, meaning they have lots of flexibility in determining their financial agreements.

BUYING IN



Ex. A team of 4 farmers is creating a business in which 3 work full time, 1 part time. One has 70k to contribute, the others 10k each.

OPTION 1: They buy in unequally, 70, 10 10 and 10.

OPTION 2: Member 1 provides capital as a loan to the group.

OPTION 3: Members separate ownership of major assets.

ALLOCATING PROFITS & LOSSES



OPTION 1: Members receive their % of profits and losses based on their ownership.

OPTION 2: Members receive their % of profits and losses based on their hourly commitment (hours worked).

OPTION 3: The LLC owners could guarantee a payment to each of the members (a stipend, or a salary equivalent). The remaining profits are divided according to their agreement (equally, by hours worked, or any percentage they choose)

BUYING OUT



A buy-sell agreement sets the VALUATION METHOD and TERMS for the remaining members to buy out a departing member.

VALUATION:

- MARKET VALUE: typically evaluated by 3rd party
- BOOK VALUE: ownership is tracked over time through financial records: initial buy in +/- allocated profits/losses +/- additional contributions if any. Member is entitled to receive that value back (disregards market value or “sweat equity”)
- VALUE BY FORMULA: members receive their recorded book value + a percentage increase to indicate change in business value (book value + 1% per year)

TERMS: i.e. “4 payments over 2 years with 2% interest”

GOVERNANCE



Governance = decision making method + how it is applied

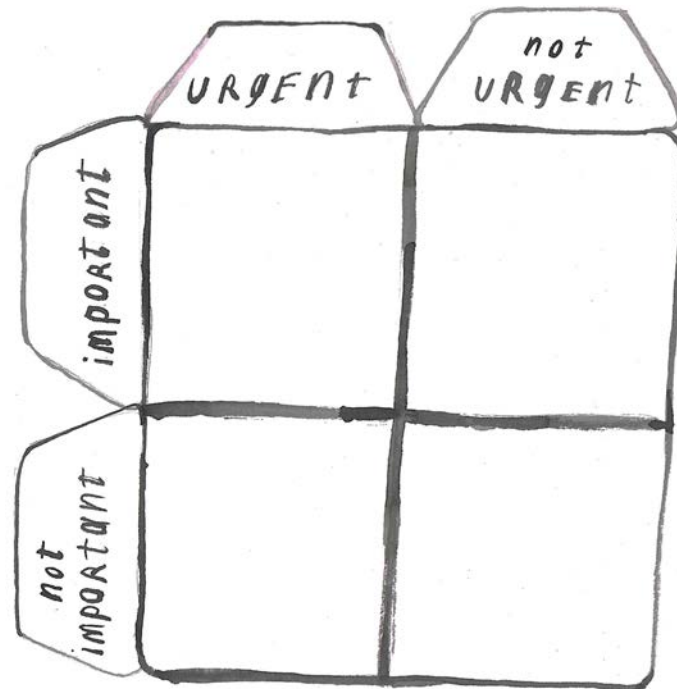
Methods:

Application:

Majority Vote

Consensus

Modified Consensus



MANAGEMENT



How will you cover the major responsibilities of the business?

Will you appoint certain people or small groups to do certain tasks?

For large groups, will you designate a smaller management team, like a board? Officers?

Will you hire a manager who is not a group member?

Who will keep financial records?

Who will lead meetings? Who will take notes?



ORGANIZING PEOPLE & OPERATIONS

COMMON INTERPERSONAL ISSUES

- Vision and Values Differences
- “Structural” Power Imbalances
- Exhausting or unproductive meetings
- Remembering verbal agreements differently
- No communication/behavior agreements
- No processes for accountability
- No membership criteria or new member screening process
- High turnover/too many new members at once
- Differences in work and planning style
- Real or perceived work imbalances
- Care, maintenance, cleanliness issues

COMMON INTERPERSONAL ISSUES



SETTING ORGANIZATIONAL CULTURE

- Vision/Values Differences
- Power Imbalances
- Unproductive meetings
- Unenforced Verbal agreements
- Communication/behavior differences
- Lack of Accountability
- No membership criteria
- High turnover
- Work/Planning style differences
- Work imbalances
- Care, maintenance, cleanliness



- Create a shared vision & clear goals
- Write down agreements, decisions, tasks, policies. Revisit them.
- Make space for feedback
- Learn facilitation and communication techniques
- Observe healthy and generous group behavior: give each other the benefit of the doubt, ask how you can support teammates into more constructive behavior, say thank you and good morning, hang out once in a while.

ORGANIZING PEOPLE & OPERATIONS




- ✦ Operating Agreements / Bylaws (your “constitution”)
- ✦ Organizational Vision & Values
- ✦ Management and Decision-Making Roles
- ✦ Meeting Practices and Schedule
- ✦ Organizational Culture (Communication Practices, Etc.)
- ✦ Peer Feedback & Conflict Resolution Practices
- ✦ Operating Procedures / Organizing the Day to Day



At the start, **TOURNE-SOL FARM** designated one person to do all crop planning, but that left the others feeling disengaged. They evolved their systems to distribute tasks more fairly across members. They meet yearly in the fall to revisit the past year, plan their next season, and redistribute tasks if necessary.

TOURNE-SOL FARM'S MANAGEMENT ROLES:


- 
1. Bookkeeping, soil fertility management; farmers' market harvest and market staffing
 2. Managing the seed company and online store
 3. CSA administration, CSA harvest and planning; dried peas
 4. Pest management, greenhouse; weed management, organic certification
 5. Machine maintenance and infrastructure management
 6. Apprentice manager; webmaster

In addition, each person takes responsibility for planning and overseeing specific crops, such as hot peppers or salad greens, breaking down into 20% each of their total production. The crop overseer sends its seeding schedule to greenhouse coordinator who makes sure it gets seeded on time (although anyone can do the actual seeding). If direct seeding, the crop overseers do it themselves. A designated weed manager makes a priority list of what needs to get weeded, and then the weeding is done as a team.



WINTER GREEN FARM has a few hired managers, but most of the management tasks are divided between the six owners. Roles have evolved naturally over the years, with members dividing administrative roles, specific tasks, and management areas based on preference. In addition to the individual roles, they designate a general management team that meets yearly to make long-term financial and business decisions.

WINTER GREEN FARM'S MANAGEMENT ROLES INCLUDE:

- 
1. Cattle herd, capital expenditures, insurance, repairs, pesto marketing, tractor work, facility management, and member of the general management team.
 2. Manages the greenhouse and co-manages production for CSA and farmers' market.
 3. Cultivation, irrigation, market sales, weekly labor requirements, wholesale vendors, co-manages production for market and CSA production, and is on the general management team.
 4. Harvest for farmers' market and farm stand sales.
 5. Personnel, composting, biodynamic applications, wholesale burdock crop, pesto production, and is on the general management team.
 6. Now works part-time, primarily as tech and financial support.

MANAGING BEHAVIOR IN CONFLICT



CONSTRUCTIVE APPROACHES

- Maintain cooperative orientation
- Recall similarities in goals or values
- Seek to maintain mutual trust and empathy
- Use open and honest communication
- Remain open to change or compromise

DESTRUCTIVE APPROACHES

- Take competitive stance, “win/lose”
- Emphasize differences of participants
- Use hostile or misleading communication
- Remain inflexible on outcome

FACILITATOR'S ROLES

from cultivate.coop



SUMMARIZER & INTEGRATOR

- State the sense of the group as best you can discern it
- Reflect back what you are hearing/observing
- Weave together diverse input
- List out sub-topics so each can be examined
- State clearly any agreements for the record

VIBESWATCHER

- Awareness of emotional undercurrents, gleaned from tones, body language, intuition
- Ask deeper questions
- Call for breaks

PROCESS STEWARD

- Help group follow any process agreements or ground rules that are in place
- Focus and safeguard the process so that others can mainly focus on the content

PEACEMAKER

- If a conflict emerges, help each person feel heard, and seek common ground
- Help people understand each other by translating information from a participant into terms that the other participants can also grasp

SCRIBE

- Write information up front large enough for everyone in the room to read it
- Ensure someone is taking minutes for the record

TIMEKEEPER

- Keep an eye on the clock
- Warn the group well ahead of any deadlines
- Note again as the deadline draws near
- Physical Preparation



Q & A

**DURING/AFTER LUNCH:
REFLECT ON AND WRITE
DOWN YOUR HOLISTIC
GOALS, USING THE
QUESTIONNAIRE**

RECONVENE AT: 1:15

**ON THE PAPER PROVIDED, WRITE
DOWN:**

1. A DOLLAR AMOUNT, \$0 – 100,000

**2. AN ANNUAL SALARY YOU'D LIKE
TO MAKE FROM FARMING**

**3. HOURS PER WEEK YOU ARE
ABLE/WILLING TO WORK IN A
FARMING VENTURE**

IN YOUR NEW GROUPS:

“A” CARDS WILL FACILITATE

“B” CARDS WILL SCRIBE/KEEP TIME

**YOUR GOAL IS TO CREATE A SHARED
HOLISTIC GOAL FOR YOUR GROUP.**

**AIM FOR 5 TOTAL STATEMENTS,
MINIMUM 1 FOR EACH SECTION.**

YOU HAVE 20 MINUTES.

FACILITATOR'S ROLES

from cultivate.coop



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ROUND 2:

“C” CARDS WILL FACILITATE

“D” CARDS WILL SCRIBE/KEEP TIME

**YOUR GOAL IS TO DRAFT SOME TERMS
FOR YOUR OPERATING AGREEMENT.**

**AIM TO REACH CONSENSUS ON 3
ITEMS.**

ROUND 2:

HOW MUCH IS EACH PERSON ABLE & WILLING TO INVEST?
WILL YOU..

- BUY IN EQUALLY?
- BUY IN UNEQUALLY?
- BUY IN WITH SOME MONEY AND LEND ADDITIONAL MONEY TO THE GROUP?
- BUY IN WITH SOME MONEY AND LEND THE GROUP USE OF ANOTHER ASSET? (LAND, EQUIPMENT)

HOW WILL YOU ALLOCATE PROFITS AND LOSSES?

- ACCORDING TO INVESTMENT?
- ACCORDING TO HOURS WORKED/ HOW MUCH EACH OF YOU PARTICIPATE IN THE BUSINESS?

WHAT MANAGEMENT ROLES WILL EACH OF YOU PLAY?

ROUND 3:

“B” CARDS WILL FACILITATE

“A” CARDS WILL SCRIBE/KEEP TIME

REVIEW THE SHEET PROVIDED ON “OWNERSHIP CULTURE.” DISCUSS: WHAT WORKPLACE (OR OTHER) EXPERIENCES HAVE YOU HAD THAT ENCOURAGED OWNERSHIP CULTURE? DISCOURAGED?

WHAT WILL YOUR BUSINESS DO TO PROMOTE A POSITIVE AND INVESTED TEAM?