



By: Tim Higham
thigham@interstate-transport.com



The Co-operative Movement

Working together helps growers solve distribution problems.

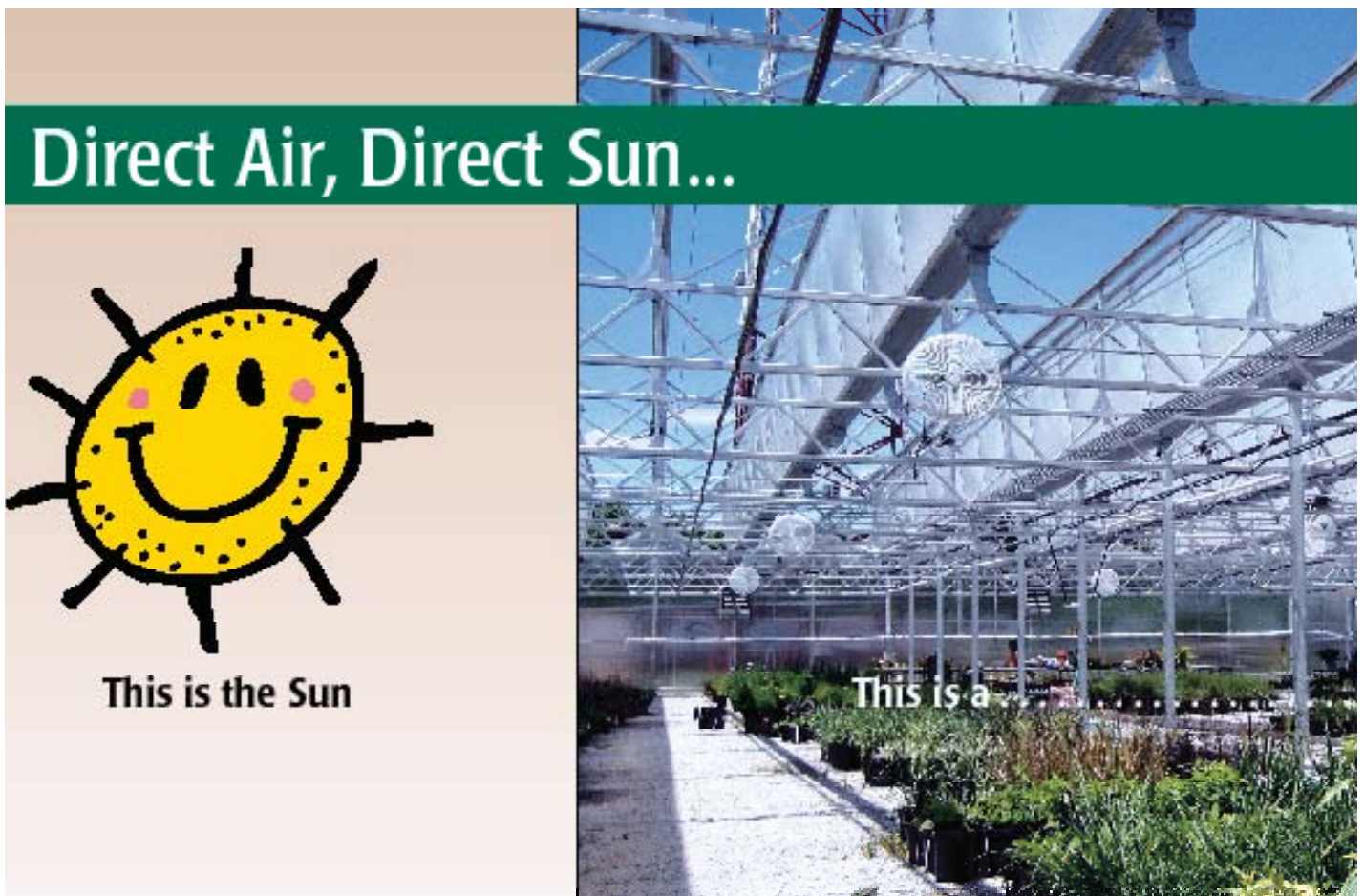
DIFFICULT times call for interesting ideas – and the co-operative idea is one that has had varying levels of success for generations in several industries. In fact, rarely has such a simple idea had such a huge impact for those that earnestly participate.

Risking the obvious here ... the word “co-operative” comes from the word “co-operation” or “co-operate.” Most people don’t think of this when you ask them what a “co-op” is. Ask 100 people what a co-op is and you will get a lot of answers that involve

organic farming or other small local farm operations. However, a co-operative can involve as few as two “members” or as many as thousands. Indeed, farming has often been the genesis of many co-operatives. To this day, dairy farming, organic farming and berry farming are areas where we see co-operatives thrive. The reason? It makes sense.

A co-operative is a partnership, of sorts. By doing things together, the members are able to see some kind of efficiency. It doesn’t matter why the co-operative was formed. It may

have been to buy similar supplies from a single supplier more cheaply. It may have been to share a common resource like capital equipment (Why have equipment sit idle when it can be shared and used by several members of a co-op?). Or it could have started to get product to market on shared trucks. In fact, it doesn’t matter what the initial reason was that the co-op formed, because members often find other interesting ways to capture the “power of many” and ultimately save money as they mature. But, as my column is concerned with transportation



and distribution, we will start with the subject we know best – and the ways our industry can leverage this concept.

Transporting The Co-Op

What is interesting about growers is that they usually distribute product on a combination of owned trucks and third-party trucks. Another interesting thing about growers is that they are often situated in common geographical areas (relative to other industries). These two facts make growers prime candidates to leverage the power of co-operatives, especially in distribution. Sadly, they don't use co-ops as successfully (or as much) as they could. We will look at those reasons later.

For now, let's focus on what a grower can get out of joining (or starting) a co-op centered on transportation and distribution. For many growers, they struggle with small orders, especially in the off season. This means ship-

ping costs on a per plant basis can be very high. Using LTL (less than a load) carriers is very expensive, and many won't take live goods. However, in a perfect world, the space you have on your truck can be filled by other local growers shipping the same general destination. Or, rather than use an LTL carrier, which on average costs 3.2 times that of a full truckload, you

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can use a third-party truck (a common carrier) and share it with your co-operative members.

Moreover, how about the savings you could see if you are delivering on your own trucks? If you delivered your material in a specific area, and then picked up for another grower in

that area and returned to near your growing location, it would make a lot of sense for you both. Why drive back from your deliveries empty if you can actually make money on the return trip? And the good part about our industry is that racks and carts are strewn across the United States waiting to be picked up and returned to growers and pooling points. How often are you driving around empty when you could be getting paid?

The concept sounds simple, but in reality a successful co-operative needs several elements to work correctly. Without them, your co-op will fail. But with them, you can not only succeed, but provide better customer service and save money from day one.

Beginning A Co-Op

Getting a co-op up and running isn't hard. Here are some of the major things to be aware of, and a little advice on how they should be handled:



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- **Responsibility:** Everyone may agree that co-ops make sense, but who will be responsible for all the work, coordination and day-to-day activities? One way around this issue is that the co-op members can pool money to pay for independent staff that “is” (essentially) the co-op. The staff will help write the “rules” for the members and arbitrate the typical disagreements that occur. Staffing is usually minimal (one or two people to start), making the expense negligible compared to the savings seen from the co-op’s activities.

- **Trust:** In some cases, you may have competitors become members of the co-op. Trust can become an issue, especially if independent co-op staff does not exist to maintain fairness.

- **Technology:** Shared technology platforms allow you to see another grower who has needs and the system can “match you up” just like a dating

service. In turn, they will see you have truck capacity to help them. It couldn’t be easier. You both get something you need, you both save money, you both provide better service to your customers and you both have less headaches. Make technology an important part of your plan.

- **Membership:** You can’t just let anyone join your co-op. It is important to have specific membership guidelines and rules, along with an application process and governing body. The integrity of the co-op, on several levels, is at stake if you let in the wrong members.

- **Commitment:** Having 10 members in your co-op is only as good as your commitment to the process. If you are a co-op only in name, it is a waste of time. The easiest and fastest way to show you the power of your creation is to pick a product you all buy a lot of, like pots or soil. Then, pool your entire purchase needs and shop prices

with several suppliers. Make it a fair and open-bidding process. You now control the market for your purchase, and thus to some extent, the pricing. Buying pots or third-party truck transportation is no different. I have seen millions of dollars saved this way.

Some of the biggest corporations in the world started off as co-operatives. As they grew, they harnessed the power of their size and each member became a shareholder of the newly formed corporation. It isn’t complex if you have the essential elements in place – responsibility, trust, technology, membership and commitment. The results will be rewarding and some immediate. **GG**

About the author: Tim Higham is the CEO and president of Interstate Transport, Inc., dedicated logistics provider to the horticultural market. You can e-mail Tim at thigham@interstate-transport.com. Learn more at www.interstate-transport.com or call toll free 866-281-1281 x1323.

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