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ORGANIZING SMALL FARMERS TO EXPLOIT MARKETING OPPORTUNITIES

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INTRODUCTION

Fifty years ago, the small farmers in the central part of Alabama, an area known as the “Black Belt”, were very active. These were farmers that provided the primary or secondary sources of income for their families through small-scale agriculture. The ALA-TOM Resource Conservation and Development (RC&D) Council’s Small Farmer Initiative targeted 13 counties in and around Selma, Alabama. This area has a long history of producing vegetable crops such as okra and cucumbers, and producing hogs and beef cattle. Vegetables were sold to the Whitfield Pickle Company in Montgomery, Alabama and to the Campbell Soup and King Pharr canning plant that was located in Uniontown, Alabama. In the 1970’s these plants closed, and the farmers that remained had to either sell their crops from the back of their trucks, or haul them to Birmingham, Alabama to the Farmers Market. Because of the increased costs of marketing, and the uncertainty of markets, only a few farmers remain, and these are elderly. A drive through these counties today is marked by idle and grown up farmland, idle workers, buildings in disrepair, and a farm infrastructure that has crumbled. As a result, many farmers and families are on public assistance or work for low wages for large farmers.

Not only did this decline affect the economic situation of the area, but also it had a serious negative impact on the social structure. Farming was a way of life that involved the entire family. Children developed a work ethic by being involved in the farm labor. Now children in the rural areas have no work, few role models, and too much time to become involved in negative influence such as drugs and alcohol. With no young people to continue the farms, the land and culture will be lost, and future generations will have no connection to the land and know what it takes to produce food.

The ALA-TOM RC&D Council revised its long-term plan in 1995, and identified the development of alternative agricultural enterprises for small farmers as a high priority item. In 1997, the Council, in collaboration with USDA-Natural Resources Conservation Service (NRCS) Outreach Program, developed its first grant proposals to start the Small Farmers Initiative. The goal of the Small Farmers Initiative is to help revitalize small farmers in the area as a means of economic development and to help recapture a culture and heritage. In order to do this, a program was begun to organize farmers, provide technical and financial assistance for production, and to develop markets for the products.

COOPERATIVES FORMED

The ALA-TOM RC&D Council received a \$75,000 grant from USDA- Rural Business and Cooperative Service to form small farmer cooperatives and to do value-added processing of products. Through this grant, four new limited resource and minority farmers’ cooperatives were formed.

The cooperatives formed were:

- Southern Beef Growers Cooperative
- Southeastern Rabbit Cooperative
- West Alabama Retail Cooperative
- West Alabama Farmers Cooperative

The Southern Beef Growers Cooperative, Inc. is made up of six groups of African-American cattle farmers in seven counties. There are approximately 100 farmers in total membership. This cooperative is active, functioning, and working well. This cooperative has a mini feed lot and pasture area for producing beef as a cooperative. They are debt free, and have received funding from other USDA programs for developing the feedlot site, and to move into production of rabbits and goats. The beef is processed by Billings Meats in Gordo, Alabama; the only USDA inspected plant in Alabama. The marketing is done through Down South Foods.

The Southeastern Rabbit Cooperative, Inc. is active and has about 30 members, most of which are minority and limited resource producers. It is currently undertaking steps to increase membership. An interim processing facility has been established at Billings Meats and Down South Foods in marketing processed rabbits through a grocery broker. U.S. Congressman Earl Hilliard has taken interest in developing the commercial rabbit industry in Alabama, and has introduced legislation to have USDA provide free inspection to rabbit processing facilities. A grant was made from USDA-NRCS Outreach funds to develop a brood stock farm, which is supplying rabbits to new producers. Long-range plans are to construct and operate a new processing plant.

The West Alabama Retail Cooperative, Inc. has approximately 30 members that have bought shares at \$905 each for the cooperative. State Senator Charles Steel has made a \$50,000 grant to the cooperative. USDA-RD has made a \$50,000 RBEG grant to the Town of Thomaston for equipment for the cooperative. Robertson Banking Company is financing the project and is in the process of applying for a USDA-RD-Business and Industry Loan to build and operate a grocery store. This project has attracted statewide and national attention as a model for small rural towns to follow in getting needed businesses. USDA-NRCS also made a grant to the cooperative for the feasibility study, which was incorporated into the business plan. Auburn University's Rural Studio adopted this as a project. Four senior level students have constructed an outside display area as part of the store using \$20,000 in program grant funds. The students also developed preliminary planning and information for the project.

The West Alabama Farmers Cooperative, Inc. is now inactive. This cooperative did not have the leadership needed to make it successful. However, another cooperative has been established in the same area called the Selma/Dallas County Small Farmers Association, Inc. The ALA-TOM RC&D Council has made a grant to this cooperative for a plasticulture demonstration. This technology will allow them to be more successful in production. It features planting under plastic sheeting with trickle irrigation. This will allow farmers to produce even in dry weather. We are also working with them in developing markets in conjunction with the New North Florida Cooperative.

The New North Florida Cooperative, located in Marianna, Florida, has been established for a few years and has a successful market for collard greens. We began to network with this cooperative this year by being able to sell them a used refrigerated truck they desperately needed to transport their product to markets. This cooperative does value-added processing with slicing and packaging the greens making

them ready for the consumer. The New North Florida Cooperative has been able to establish markets with school systems in Florida and Georgia. We now have a relationship that allows Down South Foods and the New North Florida to cooperate in selling greens and meat products. Through this partnership and with another grant recently received, an extensive effort is underway to develop contracts with school system lunch programs in Alabama, Florida, and Georgia.

DOWN SOUTH FOODS FORMED

As mentioned previously, a marketing arm was created to help the cooperatives sell their products. In working with limited resource farmers and producers, it was found that most did not want to be involved in marketing, neither having the skills or inclination to do so. Most wanted to concentrate on production, leaving the marketing to others, with the assurance that if a crop was produced, it could and would be sold. From this, Down South Foods was born. The ALA-TOM RC&D Council hired a manager that had 20 plus years in the grocery business to manage the program.

Down South Foods grew from a portable refrigerated trailer to a facility located in a small business incubator. The name is trademarked, and a web site was developed – www.downsouthfood.com. Products produced by the member cooperatives received either a higher price or rebate based on sales. While Down South Foods has struggled with numerous problems, the plans are to spin it off as a private, minority owned business in the near future.

One early effort was to market southern produced meats and vegetables to African-Americans in large northern cities. This was done for about two years, with moderate success. There was and continues to be a strong demand, but market infrastructure and expensive transportation costs make it unprofitable. There still remains a possibility of developing this market.

PROGRAM DEVELOPMENT

In June 1998, the ALA-TOM RC&D Council partnered with the Alabama USDA-NRCS Outreach Program to further assistance to limited resource minority farmers and cooperatives. This “Jump Start” grant was used to purchase equipment for value-added processing, storage, and transportation. Revolving funds were established to purchase products from farmers for market development. Local and regional marketing by Down South Foods began through this grant. Funds were also provided to the Southern Beef Growers Cooperative to begin a cattle-finishing operation. Finished cattle were processed and the beef was sold as a “natural” product produced by black farmers.

Additional USDA-NRCS Outreach funds were obtained in May 1999. This “Midwest/Southeast Small Farm Product Exchange” project tested the ability to market southern products to the large Midwest cities such as Chicago, Milwaukee, and St. Louis. Although there is a strong demand for the products, problems with local marketing groups and the high transportation costs prevented this from being successful. Efforts then shifted to the further development of local markets. Funds were also used to assist the only USDA inspected meat slaughter and processing facility in Alabama. This program was the major reason this business did not close. This grant also provided the funds to establish the Down South Foods office, retail and storage facility in the Innovation Centre, a small business incubator near Selma, Alabama.

In May 1999, collaboration was begun with the New North Florida Cooperative in Marianna, Florida. This cooperative of black farmers is successful in marketing collard greens to school systems in Florida, and wanted to work with the Down South Foods in trying to sell to systems in Alabama. This

partnership also enabled Down South Foods to present some of its products to school systems. An example of this is a school system in Florida that has purchased a 50-50 mixture of ground goat meat and ground beef for their “chili mix”. The ALA-TOM RC&D also loaned money to the New North Florida Cooperative to purchase a refrigerated truck to haul products to market.

COOPERATIVE GROCERY STORE

One of the cooperatives formed was called the West Alabama Retail Cooperative, a group of citizens from the Thomaston, Alabama area who wanted a grocery store in their town. The town lost its grocery store in the early 1980’s, and residents must travel a minimum of eight miles to the nearest store. Attempts by the Mayor, Patsy Sumrall, to attract a chain store had proven fruitless. It was decided that the only way the town was going to get a grocery store was for the local citizens to do it as a cooperative. While cooperative grocery stores have been built in large cities, none have been put in a rural area as a way of providing needed services. The ALA-TOM RC&D Council, with the help of USDA-Rural Cooperative Business Service, organized the people and helped them develop a business plan and a feasibility study. With the help of state grants and Alabama State RC&D funds, the cooperative began work on securing property and other funding. Auburn University’s Rural Studio, a field practicum for architectural students, adopted this as a project. Four senior level students constructed an outdoor display area that also serves as a Farmers Market using their program funds. Additional grant funds from USDA and a private foundation have been secured for the store. An architect is currently designing the building, and a loan package using USDA-Rural Development funds is being developed with a local bank.

PROGRAM ENHANCEMENT

The ALA-TOM RC&D Council is now partnering with the Alabama Small Farm and Economic Development Center that is located at Tuskegee University. The Center provided funding through a cooperative agreement to promote the production and marketing of rabbits, meat goats, and small beef cattle operations. The funding went to the cooperatives that were established for these enterprises.

In October 2000, the Council received major funding for a project entitled “Alabama-West Florida Minority Cooperative Enhancement Initiative”. A grant was awarded to the Council by USDA- Rural Business Cooperative Service which has the following five purposes:

1. Establish a revolving loan fund for small farmers
2. Develop markets for farm products with school systems
3. Promote rabbit production and marketing
4. Develop small farm diversity demonstration
5. Enhance development of small town markets through the cooperative grocery store

Revolving Loan Fund – The Council is developing the program in conjunction with the West Alabama Bank – Marion Branch. The RC&D Council will have a Loan Committee that will approve loans, and the bank will operate the program. Targeted borrowers will be those who are credit worthy but can not meet all the guidelines of conventional bank loans or USDA loan programs. Grant funds will be used to guarantee the loans.

School Systems Markets – The New North Florida Cooperative has marketed farm products directly to school systems for three years. A partnership has been established in which their expertise will be used to develop markets in Alabama and Georgia. The primary crop has been collard greens, which

are processed and packaged by the cooperative. Attempts will be made to introduce other crops such as peas and butterbeans. Production enhancements such as irrigation systems are also needed to ensure that contracts can be met.

Promote Rabbit Production and Marketing – The development of grocery store markets by the use of a food broker will be a major thrust of this program. A small-scale processor has been established to meet the initial needs of the program.

Small Farm Diversification Demonstration – The Southern Beef Growers Cooperative will develop small scale vegetable plasticulture, meat goat, beef finishing, pasture poultry, and rabbit production operations on the cooperative farm. The demonstration will train other small farmers on how to diversify for survival. The products will be marketed locally, hopefully to develop a roadside farmers market for local producers.

Enhance Development of Small Town Markets through the Cooperative Grocery Store – Funds will be used to enhance the development of the store as an outlet for small farm products.

SUMMARY

The survival of the small farmer is not only an economic issue, but also a social issue. The lifestyle and work ethic created by small family farmers has almost been lost. It is important that children in rural areas have a way to make constructive use of their time. This will prevent many other problems associated with youth without meaningful activities. But the major problem facing small family farms is the marketing of the products. Through this program, and by joining together, farmers can succeed in today's world.