



A CASE STUDY OF THE FIFTH SEASON COOPERATIVE: From Conception to Incorporation, Now What?

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September 2010**

Introduction

The Fifth Season Cooperative is a newly launched, multi-stakeholder cooperative in Viroqua, Wisconsin, that provides the infrastructure and coordination needed to help rebuild the region's food system. This case study follows the Co-op's development from the initial idea to the signing of the articles of incorporation in August 2010.

Background on the region

The Fifth Season Cooperative is headquartered in Viroqua, Wisconsin, considered by many to be the center of Wisconsin's Driftless Area. The Driftless Area, which includes parts of Wisconsin, Iowa, Minnesota, and Illinois, was never glaciated and thus has striking topography consisting of forested hills, steep valleys, and clear streams as well as a variety of ecosystems including grassland, forest, prairie, and wetlands. This striking topography, however, makes agriculture in this region particularly challenging. "The hills make for a breathtaking landscape, but they also limit the amount of productive land on farms. Farms in the Kickapoo Watershed are smaller than farms in the rest of the state. In Vernon County, for instance, the average farm size is 177 acres compared to the state average of 228 acres."ⁱ

Despite these challenges, agriculture has long been the dominant industry in the region, which has enjoyed a rich variety of farmers and agricultural traditions over the years, from the Norwegian immigrants in the 1800's to the Amish families who settled more recently.

Despite the region's wealth of agricultural resources (Vernon County alone has more than 200 organic farms), concerns have grown in recent years regarding its community food security. The Food Security Learning Center defines community food security as "a food system in which all community residents are able to obtain a safe, culturally appropriate, nutritionally sound diet through an economically and environmentally sustainable food system that promotes community self-reliance and social justice."ⁱⁱ While SW Wisconsin produces large quantities of high quality food, much of that food leaves the region for larger cities like Madison, Chicago, and the Twin Cities.

In 2007, the Valley Stewardship Network (VSN) launched a Food and Farm Initiative (FFI) in response to these concerns regarding local food security in SW Wisconsin. The mission of FFI is to encourage the development of a sustainable, equitable local food system by:

- Engaging and educating a broad network of county residents;



- Improving access to healthy, local foods for all members of the community, especially the low-income population;
- Strengthening the economic viability of regional agriculture; and
- Addressing market barriers for local producers.

As part of the FFI, VSN conducted an 18-month community food assessment of Vernon County to better understand the county's food assets, opportunities, and needs and to identify the best strategies for improving food security. In Vernon County, the community food assessment served as a foundation for stakeholders to identify projects, policies, and partnerships to meet the aforementioned goals of a sustainable food system.ⁱⁱⁱ



Farmland in the Driftless Region

Following the completion of the Vernon County Community Food Assessment, economist Ken Meter of the Crossroads Resource Center completed a rural economic assessment of SW Wisconsin based on the results of the food assessment and reported it to the communities in the region. Meter's data coupled with the findings of the FFI Community Food Assessment revealed several important food system facts:^{iv}

- SW Wisconsin is home to a great number of small to medium-scale farms that have the capacity to produce high-quality foods.

- There is a multi-million dollar local food market waiting to be further developed as consumers spend \$208 million annually buying food from outside the region.
- Producers in SW Wisconsin lack access to the structured coordination and processing, marketing, and distribution infrastructure necessary to increase producer capacity.
- SW Wisconsin boasts strong non-profit, producer, business, and institutional partners who are committed to improving the local food system.

The findings of these studies led the Vernon Economic Development Association (VEDA) to apply for a 2009 Buy Local Buy Wisconsin Grant (BLBW) that would support the infrastructure, coordination, and education necessary to strengthen producer capacity and increase consumption of local food in SW Wisconsin. They decided that a multi-stakeholder cooperative is the best business model to meet the region's needs for four key reasons:

- They could model the cooperative after the Producers & Buyers Co-op in Chippewa Valley, which had already proven to be a viable model.
- VEDA began discussions months before that included buyers and producers. Having laid the groundwork for a model that brought everyone to the same table, they had confidence that a cooperative would work.
- Organic Valley offered to donate \$10,000 as a cash match to the BLBW grant.
- Cooperative experts from the region encouraged VEDA to use a cooperative model and offered their advice and support.

The start-up story

VEDA was awarded the BLBW grant in 2010 and immediately dove into making their vision a reality. Executive Director Sue Noble formed two committees to begin the formal planning



process: a slush group and a steering committee.

The Slush Group was comprised of key players who were highly invested in the project and had relevant expertise. The group included Margaret Bau, USDA Cooperative Development Specialist; Sue Noble, VEDA Executive Director; Nicole Penick, Buy Local Coordinator; Jan Rasikas, General Manager of the Viroqua Food Co-op; Marilyn Volden, Director of Food and Nutrition Programs for Viroqua Public Schools; Brian Wickert, Owner of EZ Farms; and Cecil Wright, Director of Sustainable Giving at Organic Valley. This group met often and dealt with the minute details of putting together a cooperative organization. One of the most difficult tasks this group undertook was articulating and building consensus around the various documents that defined the cooperative: the mission statement, vision statement, and bylaws.

Sue also formed a larger steering committee that met approximately once a month. The purpose of these meetings was to inform the larger group of the progress being made and to make decisions regarding the actions and proposals of the Slush Group. Most of the attendees of these meetings were either potential Co-op members or were somehow invested in rebuilding the regional food system.

Once the key organizational and legal documents were in order, the next major task was recruiting members for the interim board of directors. An organization's first board is vital to its success, so Sue spent a lot of time making sure the first board included key stakeholders from each member class. An advisory council was also formed to help the board navigate the process of starting a new cooperative. Sue emphasized that keeping Jan Rasikas and Cecil Wright as key advisers in this process was essential. Jan, Cecil, and Margaret Bau have

offered invaluable guidance on budgeting, vision development, and cooperative governance.



Six members of the Fifth Season Interim Board

Sue noted that the most difficult challenge throughout the process was keeping the vision alive. "It was critical that people continued to be excited and feel ownership over the project even though they didn't attend every meeting. Facilitation of the process was key."^v

The Co-op Structure

The Fifth Season Cooperative's multi-stakeholder organization is a unique business structure in the United States. The cooperative has six member classes that span the entire supply chain. The list includes producers, producer groups, processors, distributors, buyers, and workers.

Producers are growers in the region who sell produce, meat, or dairy. Processors are businesses from the region that make value-added products. Producer Groups are agricultural businesses in the region that aggregate and sell produce, meat, or dairy. Distributors are businesses from the region that transport agricultural products. Buyers may include institutions and retail operations in the region that purchase product from the Co-op. Workers may become members and contribute to the success of the cooperative through their labor. There is currently one employee, Nicole



Penick, who is serving as the project coordinator. The membership classes represent the key players in the food system at the local level—thereby putting the entire supply chain at one table. The motivations behind this organizational structure are to keep local dollars circulating in the community and to develop long-term relationships between growers and buyers that lead to fair pricing and fair treatment of all members of the supply chain.

For systems that are as precious and complex as local foods, the metaphor of the invisible hand of the market has too many flaws. When rebuilding local food systems, you need to have diverse interests at the table and in an ongoing relationship of equals.

-Margaret Bau, USDA Cooperative Development Specialist

Moving forward

The Fifth Season Cooperative is at an important junction. The Co-op has filed its articles of incorporation and is now an official entity. There is an interim board of directors in place who are leading the way until the formal board is elected at the first annual meeting. This interim board has a lot of decisions to make that greatly influence Fifth Seasons' operations, objectives, and success. There are four questions that the interim board will have to resolve:

Membership

In order to be successful and fulfill its mission, Fifth Season needs to recruit diverse classes of members. What is the motivation for someone to join Fifth Season? How does Fifth Season make the case that joining the Co-op is a good investment?

Pricing

Determining prices that each member considers fair will be a critical challenge for the interim board. As a multi-stakeholder cooperative that

includes every level of the supply chain, how will Fifth Season set prices with which all members are satisfied?

Raising Capital

The Vernon Economic Development Association was awarded \$40,000 over two years to start a cooperative, however the grant does not cover all of Fifth Season's expenses for the first two years. As the Co-op is in the start-up phase and working toward building membership and revenue, it needs additional capital to fund operations and capital expenditures. How will this cooperative be financed? How does the Co-op build equity?

Organic vs. Conventional

There are more than 220 organic farms in Vernon County alone as well as many conventional growers in the region. Should the cooperative be exclusively organic or should it sell both conventional and organic products? The answer to these related questions have ripple effects as they affect pricing, membership, marketing, and the overall functioning of the organization.

ⁱ "Vernon County, Wisconsin Community Food Assessment: Linking Farmers and Community for Sustainability." Valley Stewardship Network, 2007.

ⁱⁱ Food Security Learning Center. Website. <http://www.whyhunger.org/programs/fslc/topics/community-food-security.html>. Accessed 9 September 2010.

ⁱⁱⁱ "Vernon County, Wisconsin Community Food Assessment: Linking Farmers and Community for Sustainability." Valley Stewardship Network, 2007.

^{iv} Meter, Ken. "Southwest Wisconsin Local Farm and Food Economy: Highlights of Data Compilation." 2009.

^v Phone interview. Sue Noble. 9 September 2010.

