New Generation Cooperatives: *Case Study*

The Role of Value-Added Cooperatives in Rural Economic Development: The Case of Heartland Organic Marketing Cooperative

by Christopher D. Merrett

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Introduction

Rural communities have witnessed a secular decline in the number of family farmers during the 20th century (Davidson 1990). This decline has accelerated during the past two decades due to a range of macroeconomic forces including the interest rate-driven farm crisis of the 1980s, the vertical integration of farm production, new technology such as precision farming, and the globalization of markets (Lobao and Lasley 1995; Schaefer 1997). The negative impacts of volatile commodity markets and low commodity prices have been further exacerbated, at least from the perspective of some farmers, by the "Freedom to Farm" Act passed in 1996 (Hage 1999). This federal act cuts farm subsidies on the theory that government support undermines the efficient operation of commodity markets; however, in the current era of low commodity prices, intensified market pressures have forced many farmers out of business.

The declining numbers of farmers have impacted the rural economy and society (Hobbs and Weagley 1995). With fewer farm families living in rural communities, businesses, churches, schools, and hospitals have had to restructure or even close due to declining clientele (Hage 1999; Lobao and Lasley 1995). Because of this, some farmers are adopting new strategies to counter intensified market pressures and consolidation in the farm sector. One promising new strategy is evident in the numerous value-added or New Generation Cooperatives (NGCs) recently established in the upper Midwest (Egerstrom 1994; Merrett and Walzer 1999; Nadeau and Thompson 1996).

Cooperatives in general, and NGCs in particular, represent a local response to macroeconomic changes in the agricultural sector (English 1995). Large producers and processors can achieve economies of scale, lowering the per unit cost of production. Individual family farms are too small to match these economies of scale. In order to compete, some farmers are collaborating to form NGCs, also known as producer cooperatives (Groshen 1994). By joining forces, producers can achieve economies of scale in purchasing inputs, processing, marketing, and distribution (Duffy 1995). At the same time, NGCs allow small farmers to retain a large measure of individual control over farm operations (Boes and Rosman 1999). In short, the creation of NGCs appears to offer a successful strategy for individual producers to compete against much larger farms and agribusinesses. In the long term, NGCs may stabilize the farm population, which will in turn help to staunch overall rural outmigration.

[1] I would like to acknowledge the generous financial support of the Illinois Council for Food and Agricultural Research (C-FAR). I would also like to thank Jim Boes and Ken Rosman of the Heartland Organic Marketing Cooperative for providing the interviews and background material which have greatly facilitated the writing of this case study.

The purpose of this case study is to examine a specific NGC to determine the reasons for its formation and to examine the obstacles and opportunities confronted during the start-up phase, the impact of the cooperative on the surrounding rural community, and the future prospects of the NGC. The underlying goal of this case study is to determine whether or not NGCs offer a promising strategy for farmers and rural communities in Illinois.

Heartland Organic Marketing Cooperative (HOMC) was chosen as the subject for this case study for several reasons: (1) its members produce crops readily grown in Illinois; (2) HOMC is located in a neighboring state with soils, climate, and community characteristics comparable to those in central Illinois; and (3) HOMC was chosen because the board members of the co-op were eager to share their experiences with us.

Background[2]

HOMC was founded in 1992. It is located in Greenfield, Iowa, the county seat for Adair County. Greenfield is located approximately 40 miles southwest of Des Moines and about 90 miles due east of Omaha, Nebraska. HOMC started with 12 members concerned about finding dependable, long-term markets and fair prices for soybeans and corn. Currently, the HOMC has 120 members who are located in Iowa, Missouri, Nebraska, and southwestern Wisconsin. It sells organic soybeans, corn, and oats to domestic markets in Iowa and foreign markets in Japan (Miller 1997; Rosman, Boes, Miller, and Thompson 1999).

Strictly speaking, the HOMC is not an NGC. NGCs are usually established by producers who want to process crops in their community, instead of selling to an external processor. Each member of a co-op must contribute equity to build the processor. Membership also represents a contract between a producer and the NGC to sell a portion of the harvest to the NGC (Egerstrom 1994). The rationale for creating an NGC is that by processing the commodities themselves, farmers are adding value to the crop locally, instead of allowing a processor outside the community to receive the profits from processing. In short, the NGC allows value to be kept in the community, directly raising income for the members and indirectly helping the local community. It does so by converting a raw commodity into a new intermediate or final product (Stender 1994, 9).

By this definition, the HOMC is not an NGC because the soybeans and corn grown by the co-op members are shipped unchanged to market as soybeans and corn. The only “processing” done is to clean and bag the harvested crop. If, however, a more flexible notion of NGCs is adopted, which defines them as collaborative enterprises designed to help farmers increase income by moving specialty or value-added crops into niche markets, then the HOMC with its emphasis on organic crops does fit the definition. Organic crops must meet stringent quality guidelines and, therefore, require special handling separate from conventional crops that have chemical residues from fertilizers, pesticides, and herbicides (Miller 1997). It is the “chemical-

[2] Material for this section came from the first and revised HOMC business plans completed by Miller (1997) and Rosman et al. (1999). I am grateful to the HOMC for sharing these documents.

free" quality and special handling of organic crops that "adds value," earning a higher price for organic farmers.

The increasing popularity of organic crops and foodstuffs can be traced to at least two issues: (1) concern for food safety, and (2) the impact of chemical pesticides and herbicides on the environment (Simmons 1989; Whatmore and Thorne 1997). Consumers depend on state and federal standards to ensure that the food they eat will not make them sick; however, these food quality standards are not always effective. The growing concern among consumers is heightened by periodic media reports of food and water contamination by E. coli or salmanella.

The process of moving commodities from farm to market has in itself alarmed consumers. During the 1980s, North American consumers were warned about an array of chemically treated foods, including apples coated with alar and grapes contaminated by pesticides. More recently, wary consumers in the United States have questioned the safety of dairy products derived from cows injected with rBGH (recombinant bovine growth hormone) and antibiotics (Kneen 1999). In the United Kingdom, the threat of bovine spongiform encephalopathy (BSE), more popularly known as mad cow disease, has further increased concerns about food safety (Lappé and Bailey 1998).

The promise of chemical-free commodities to increase food safety has fueled the demand for organic produce during this decade. This demand is reflected in the fact that by 1995, 43 percent of all grocery stores in the United States stocked organic produce (Rosman et al. 1999). It is also reflected in the expansion of Iowa certified organic farmland from 24,200 to 62,000 acres between 1995 and 1997. Nationally, certified organic acres increased from 403,000 to 638,500 acres. More importantly, this increased demand translates into higher prices for farmers who grow organic crops (see **Table 1**).

Some skeptics have suggested that organic crop yields are lower than conventionally grown crops, making organic crops less profitable; however, USDA-sponsored research suggests that yields from organically grown crops are now approaching that of conventional yields. Furthermore, the premium price a farmer receives for organic produce can more than offset the lower yield per acre for certain crops (Temple 1995). Hence, organic crops have the potential to generate higher profits than conventional crops, despite the significant, but shrinking, productivity gap between them.

Table 1. Prices for Organic Versus Conventional Soybeans, May 1998 ($/bushel)

	Conventional Prices			***Organic Prices***	
Grain Type	*United States*	*Iowa*	*Adair County*	*United States*	*HOMC*
Soybeans	$6.28	$6.19	$6.26	$15.00-20.00	$18.99
Corn	2.36	2.30	2.25	3.92-5.04	5.51
Oats	1.48	1.65	1.61	2.25-2.75	2.82

Source: Rosman et al. 1999, 8; Gardiner and Company 1999; USDA 1997.

While concern for food safety has spurred organic agriculture, other reasons exist too. Some consumers and producers want to reduce the environmental impacts of commodity production. Chemicals used in farming are blamed for the contamination of ground water, eutrophication, and carcinogenic impacts on humans. Rachel Carson (1962) first made this point in her seminal book, *Silent Spring*. She warned that the widespread use of chemicals in a range of industrial settings, including agriculture, was a threat to wildlife and humans (Union of Concerned Scientists 1997).

The concern for chemicals in the environment is even more prevalent today. Farming methods such as no-till agriculture reduce soil erosion but require the application of herbicides on a large scale. The presence of genetically altered crops such as "Roundup Ready®" soybeans also concern consumer advocates and environmentalists (Lappé and Bailey 1998, 78). Many producers farm organically as a matter of principle, so it is a mix of altruistic concern for food safety and the environment and a selfish concern for higher profits that motivates organic farmers. It is within this context that the development of the HOMC can be understood.

The Start-up Phase for Heartland Organic Marketing Cooperative

The impetus behind HOMC's formation is a combination of market conditions, environmental concerns, and serendipitous events. The initial stimulus came from two organic farmers: Jim Boes from Greenfield, Iowa, and Ken Rosman from Harlan, Iowa. Their partnership emerged from their joint membership in the Organic Crop Improvement Association (OCIA) and the Iowa Soybean Association (ISA) (Boes and Rosman 1999). The OCIA is a national organization devoted to setting standards and keeping farmers informed about organic farming markets and techniques; and the ISA periodically sponsors meetings that bring together researchers, farmers, economic development specialists, and purchasers to promote the production and sale of soybeans.

In 1992, the ISA hosted a meeting at Iowa State University in Ames, Iowa. At that meeting, Jim Boes and Ken Rosman met a soybean buyer from Japan. This buyer expressed an interest in purchasing large quantities of organic soybeans to be processed into edible soybean products such as tofu and soymilk by food processors in Tokyo and Osaka (Miller 1997). With the promise of a large foreign buyer and guaranteed prices, Boes and Rosman (1999) set about forming an organic marketing cooperative to meet the demands of this niche market.

The decision to form an organic co-op was also based on a set of environmental and social values. Jim Boes describes himself as "a Lincoln protectionist" who worries that the vertical integration of production and increasing free trade agreements represent a threat to small farmers and rural communities. He also believes that American agribusiness, with its increasing reliance on expensive inputs and genetic engineering, represents a form of "technological imperialism" that threatens to homogenize the world food system; whereas, an organic cooperative represents a local approach to sustainable agriculture that is more likely to coexist or even help preserve local food systems and their inherent biodiversity (Boes and Rosman 1999).

In order to recruit members, Boes and Rosman (1999) mailed more than 100 letters to friends and acquaintances throughout Iowa inviting them to attend an organizational meeting. To their dismay, only two people came to the meeting. Counting themselves, they only had four members. This was an inadequate number to start a co-op because four farmers could not produce enough soybeans to satisfy the Japanese buyers. Furthermore, four farmers could not raise adequate start-up capital to build and operate an organic soybean cleaning, packaging, and marketing operation.

They bolstered interest in their fledgling co-op by making personal contacts with other OCIA members from Iowa, Missouri, and Nebraska. After much effort, Boes and Rosman (1999) managed to recruit 12 farmers to form the co-op . By 1993, the founding members had settled on an administrative structure and had formally registered and incorporated as a cooperative enterprise under code 499 of the State of Iowa Statutes (Miller 1997).

There were several challenges in addition to recruiting a sufficient number of producers into the co-op. The founding members first considered writing a business plan in order to apply for government grants and bank loans (Boes and Rosman 1999). They envisioned that they might actually establish an NGC with processing facilities. Unfortunately, start-up costs for a new soybean processing plant were estimated to approach $19 million (Adams 1995, 17). Raising that much capital would have been impossible because in 1992, organic products were still considered high-risk “fringe” commodities. Furthermore, the founding members believed that the business plan needed to apply for grants and loans would restrict their operations by mandating what they “needed to have and do” in order to be profitable. Hence, Boes and Rosman (1999) rejected writing a formal business plan during the early start-up phase.

Of course, the lack of substantial start-up money prevented this co-op from launching a full-fledged NGC. In the words of Miller (1997), the HOMC was a “highly leveraged company with few assets” (4). The founders could, however, launch an organic marketing co-op with considerably less start-up capital. Jim Boes already had modest organic soybean cleaning and packaging facilities on his farm that could be expanded to meet the needs of the HOMC as it grew.

The founding members also established membership fees, an organizational structure, and operating practices for the co-op. The Articles of Incorporation for the HOMC, included within the business plan produced by Miller (1997), provide many insights into the internal workings of this co-op. According to the Articles of Incorporation, producers are eligible for membership if they use the services or supplies of the HOMC. Membership eligibility is subject to the final approval of the co-op’s board of directors.

Once applicants have received approval, they must purchase a membership in the co-op (Miller 1997). The first $250 of the membership fee is converted into one share of common stock. Each member of the co-op may only own one share of common stock. Voting on co-op policy is based on the principle that one share of common stock equals one vote. No dividends are paid on common stock. Money paid over and above the $250 membership fee is converted into purchased preferred stock at a value of one share per dollar. The co-op agrees to pay a cumulative dividend of 8 percent each year on this preferred stock. According to Shepherd and

Futrell (1982) this rate of return is typical of most American marketing co-ops (240). No additional voting rights are conferred to co-op members with the purchase of preferred stock.

Each year, the HOMC contracts with its members to purchase a certain amount of organic soybean, corn, or oat production (Miller 1997). The HOMC does not guarantee a fixed price, but it does ensure a fair price and a guaranteed market for the commodities produced by the members. In exchange for this secure market, farmers agree to meet or exceed OCIA standards. In addition to meeting standards for organic certification, farmers must also meet more conventional standards for spoilage, grade, test weight, variety, and damage (Miller 1997, 11). HOMC arranges and pays for the transportation of the harvested organic crop from the farm to the cleaning and packing facilities at the farm of Jim Boes in Greenfield, Iowa. Any crop rejected for not meeting organic or other standards is either sold as nonfood grade at a lower price or is shipped back to the farmer at the farmer's expense.

As a member of the co-op, producers can expect to earn income in the following ways. Income is earned by selling the organic crop to the co-op for a unit price that exceeds unit production costs. According to Miller (1997), this has not been difficult in recent years because the prices received by producers for organic soybeans have been up to three times higher than conventional soybean prices (8) (see **Table 1**). After purchasing the soybeans, HOMC serves as a middleman, cleaning, bagging, and marketing the commodities to processors in Iowa and Japan. Transportation costs from HOMC to the processing plants in Iowa and Japan are borne by the buyers.

The producer also has the potential to earn income from the co-op in the form of patronage distributions (Shepherd and Futrell 1982). It quite often happens that after producers are paid for their crop, money remains within the co-op in the form of "net savings." The Internal Revenue Service, however, legally defines co-ops as "tax-exempt" business entities. They don't technically earn profits and, hence, do not pay corporate income taxes. One way to understand "net savings" is that they are in effect a profit earned by the co-op, net of operating expenses.

In some ways, co-ops parallel publicly held enterprises that distribute net profits to shareholders at the end of a fiscal period (Shepherd and Futrell 1982, 241). The difference is that traditional corporations pay dividends to stockholders as suppliers of capital, who may or may not work at the corporation. A co-op, on the other hand, is formed with the explicit purpose of helping the working members, who have also provided the operating capital (Shepherd and Futrell 1982, 241). Net savings or patronage dividends are paid back to the members if the co-op has had a successful year. Net savings are generated when the value of sales and services completed by the co-op exceeds the value of operating costs (including payments to farmers for crops purchased), taxes, and interest payments on loans.

The HOMC has stipulated in its Articles of Incorporation how these net savings are to be distributed (Miller 1997). First, the co-op will set aside some savings as a reserve to pay for costs associated with capital depreciation, obsolescence, and unplanned debt. Second, money will be set aside for "retained savings." This represents money set aside for future capital improvements such as the purchase of new equipment or the expansion of operations. Third, HOMC states that

it will pay dividends on purchased preferred stock. Finally, co-op members receive any remaining money based on the dollar value of business they did with the co-op in the previous fiscal period. Unfortunately, co-op can sometimes lose money. These losses are managed in several ways. Current losses can be paid from previous savings, passed on to co-op members, or carried forward into the following fiscal year. The board of directors determines how net losses will be managed in any given year.

At this point, it might be relevant to ask why producers might rely on co-ops to market soybeans, when higher returns might be earned by selling commodities directly to processors. In some years, it is true that co-ops such as the HOMC do not always provide the highest price, but Boes and Rosman (1999) believe that there are advantages to the co-op business structure that offset this issue. First, the co-op may be better than individual farmers at finding good markets for the commodities, especially if it can hire a full-time manager (Shepherd and Futrell 1982).

Second, crop quality varies among the co-op members. This is especially true if the members are dispersed over an extensive geographic area where regional variations in climate, soil, or moisture affect farm productivity in different ways. For example, HOMC has members from 23 counties in Iowa, extending from the Missouri River to the Mississippi River. There are also producers from four counties in northern Missouri, one county in northern Nebraska, and one county in southwestern Wisconsin. With a 1999 membership extending over 29 counties in four states, the soybeans purchased by HOMC are sure to vary in quality. The advantage of the co-op is that it pools good and mediocre quality soybeans which still meet OCIA standards to improve the price received by lower-quality soybean producers (Boes and Rosman 1999).

The incentive for this behavior is that a producer might have a good crop one year followed by a bad crop the next year. In any one year, an individual farmer might receive a higher price than the co-op; however, one bad year might force an independent producer out of business. Members of a co-op are more likely to weather a poor quality harvest because the low price they might have received, as an individual, will be augmented by the higher overall quality and price of the soybeans sold by the co-op as a whole. In short, the co-op helps to spread risk for farmers over time and space.

Ongoing Operations of Heartland Organic Marketing Cooperative

By most standards, the HOMC has been a resounding success. Membership in the co-op has grown tenfold from 12 members in 1993 to 120 members in the summer of 1999. The HOMC expects that at current growth rates, it will expand by about 50 members per year. This is remarkable, especially given that the transition from conventional to organic farming is so difficult. Before conventional producers can grow organic crops, they must have their fields certified as organic. This can only occur after their fields have been free of synthetic fertilizers or other chemical treatments for three years. During this transition period, it is difficult to produce a profitable crop in these fields (Rosman et al. 1999, 7).

These transition costs are not the only growing pains experienced by HOMC and its members. When the co-op began, there were no full-time employees. Jim Boes and Ken Rosman

had to manage the co-op while simultaneously managing their own farms. By 1999, the co-op had grown so much that HOMC hired three full-time and two part-time employees to handle the daily administrative tasks.

The increasing complexity of the co-op also forced the HOMC to develop a business plan in 1997, which has been revised in 1999 (Miller 1997; Rosman et al. 1999). Writing a business plan was justified by the need to borrow money to help expand operations. For example, the HOMC was forced to buy a truck to haul the grain from member farms to the processing plant in Greenfield, Iowa. It has also had to expand office space in the Greenfield facility to accommodate the growing administrative staff. Future expansion is also under discussion because the HOMC has reached its capacity of processing 200,000 bushels of soybeans each year. Furthermore, the HOMC has outstripped its on-site storage capacity of 38,000 bushels, which represents only 19 percent of its annual processing capacity. Because of the inadequate storage facilities, members are asked to store their harvested crop until it is ready to be cleaned and shipped to market.

The most recent business plan reports that organic soybeans accounted for 90 percent of HOMC sales during 1997 (Rosman et al. 1999, 10). Of this, 70 percent was sold to Mycal Corporation of Jefferson, Iowa. Mycal uses a patented “flaking” process that facilitates the conversion of soybeans into tofu and soymilk. Another 25 percent of the soybeans are cleaned and shipped directly to Japan. The final 5 percent of the soybeans are prepared for sale throughout the United States. Popcorn sales account for about 8 percent of total sales. The remaining 2 percent of sales come from the marketing of organic oats, seed, hay, and other small grains.

While the proportions of sales represented by soybeans, corn, and oats has remained constant from 1995 to the present, the total volume and value of commodities sold has increased dramatically. A cursory glance at numbers from the HOMC income statement shows that from February 1995 to February 1999, the co-op has generated a fourfold increase in sales, a fivefold increase in gross profit, a ninefold increase in net income, and a tenfold increase in members’ equity (see **Table 2**).

The reasons stated by Boes and Rosman (1999) for the dramatic growth mirror broader trends in agriculture. They see the growth of HOMC as a local manifestation of the growing national demand for organic foods, but this demand, itself, is prompting widespread restructuring in the organic farm sector. As the demand for organic commodities increases, consumers and government agencies have been attempting to understand what is meant by the term “organic.” It turns out that there is no single national standard. According to Rosman et al. (1999), only 20 states have defined organic standards (5); however, there is wide variation among these states as to what constitutes an organically grown commodity. The fact that only 11 states actively enforce their standards confuses matters further.

Table 2. Income Statement for Heartland Organic Marketing Cooperative, 1995-1999.

Growth Measure	*1995*	*1996*	*1997*	*1998*	*1999 (estimated)*
Total Sales	$435,241	$572,594	$889,264	$1,277,727	$2,000,000
Gross Profit	$54,377	$74,718	$134,366	$181,023	$298,500
Net Income	$3,709	$18,076	$24,447	-$11,612	$30,800
Membership Equity	$15,053	$42,749	$69,795	$63,492	$166,272

Source: Rosman et al. 1999, 12-13.

State-level enforcement was adequate when organic foods comprised only a narrow slice of the local consumer market. It was sufficient for the state of Iowa to regulate the labeling and sale of organic foods when the bulk of organic foods consumed in Iowa were produced in Iowa. Now that the demand and interstate trade in organic foods has increased nationally, the varying quality of organic foods traded across state boundaries has raised concerns among USDA officials. As a result, the National Organic Program of the USDA is currently writing a set of national organic standards to facilitate interstate commerce. When national organic standards are implemented, it will create a truly national market for organic foods. In order to compete in this national market, many organic farmers are forming or joining co-ops to achieve economies of scale that they could never realize as individuals. Members of the HOMC are well-positioned to cope with the implementation of the national standards.

The Community Impact and Future Plans for the Cooperative

The HOMC has increased on-farm income for its members. The question is to what extent has there been a positive ripple effect beyond the HOMC into the surrounding community? It does not appear that the presence of HOMC has significantly bolstered the farm population in Adair County. In fact, the number of farms in Adair County declined from 639 to 498 between 1992 and 1997 (USDA 1997). Despite this, HOMC has garnered a remarkable premium for its members. Prices received meet or exceed the national average for organic soybeans, corn, and oats (see **Table 1**). The impact that the HOMC will have on any specific community will be quite diffuse because of the geographically dispersed nature of the membership. The members are not concentrated in Adair County. As noted earlier, the members are scattered around four states in the Mississippi and Missouri River Valleys. Hence, the impact on community development within Adair County would be expected to be small. The wages paid to three full-time employees are important, but these new jobs in rural Adair County are not enough to offset the recent loss of 141 farm families.

However, the HOMC may significantly increase its socioeconomic impact on Adair County in the near future. The fact that the co-op has reached its processing capacity has prompted HOMC leaders to consider expanding their operations. The HOMC is negotiating to purchase the Crestland Cooperative facilities in Stuart, Iowa (Rosman et al. 1999, 14). Stuart is located approximately 14 miles north of Greenfield and 30 miles west of Des Moines, on the Adair-

Guthrie County line. Of course, this purchase would represent another corporate merger—the kind of business activity co-op members usually disdain.

Even so, the purchase of the Crestland Cooperative facilities would represent a quantum leap for the HOMC (Rosman et al. 1999). The new facilities would expand existing storage capacity from 38,000 to more than 500,000 bushels. The Crestland Cooperative also offers transportation facilities such as rail sidings and interstate highway access that are not available in Greenfield.

Processing capacities would also increase dramatically. The HOMC could expand its current cleaning capacity from 200,000 to 600,000 bushels of soybeans annually. Corn marketing could be expanded from 30,000 to 200,000 bushels per year. The expanded capacity, capital improvements, and transportation access would also allow the HOMC to seriously consider true value-added processing. In other words, the HOMC has long-range plans that include becoming an NGC. When that occurs, certainly more jobs and community development will come to Adair and Guthrie Counties.

As a final point, it may be worth considering the community development implications that the HOMC might have for rural communities in Illinois. Producers have certainly raised their incomes by selling to the HOMC; even though, the benefits accruing to producers do not appear to have had a large impact on Greenfield or Adair Counties. The great distance between co-op members precludes a concentrated economic impact. Illinois farmers can and do take advantage of the burgeoning market for organic foods; however, if community development benefits will be felt in Illinois, policymakers and economic development professionals must help foster the creation of co-ops with a concentrated membership.

Co-ops face other obstacles as well. During the start-up phase, a leader is required who has both entrepreneurial and technical skills. Entrepreneurial skills are needed to sell the idea of an NGC to other farmers, lenders, economic developers, and commodity buyers. Technical skills are needed to understand the complexities of farming as well as processing. As this case study shows, farmers did not initially rush to join the HOMC. It was only through the tenacity of the two original founders that the HOMC became operational.

Boes and Rosman (1999) believe that the hard work has paid off for them. They suggest that there are important community development benefits that naturally occur through the co-op model. In the early stages of development, co-ops attract a diverse group of farmers. There will be opportunists looking for a quick profit as well as farmers who have a more philosophical perspective on farming. When the price drops or difficult decisions must be made, opportunists quickly drop out of the co-op. Over time, attrition leaves a core group of farmers who share a common set of values based on commitment, cooperation, and mutual support (Boes and Rosman 1999). This is a solid foundation for building stronger rural communities in Iowa, Illinois, and elsewhere in the Midwest.

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