



Notes on Agricultural Cooperatives

Wade Nichols, Executive Director
Uptown Shelby Association

The cooperative is a fairly common business form in many regions of the United States, especially within agriculture. In fact, the agricultural cooperative has a long record of privileged existence in North Carolina, with simplified corporate filing and tax requirements. The beauty of the cooperative is that it can be small or large, simple or complex.

There are two ways I can see us employing the cooperative model: The first is to have one or two cooperatives of growers who will jointly work to market and sell their combined product lines. A meat producer might join with us two or three other farmers who grow chickens and sell eggs, along with a cheese maker. The producers might keep their own names but united under a banner for say Farmers Five. If there were five growers they could take turns doing the sales at market days, or could spread out to even more markets by each taking two market days during any week. The investment would be minimal and the organization could be quickly dissolved when the need is no longer felt.

The second is for all of the individual growers to enroll as members of a single agricultural cooperative for a common purpose, whether to engage in more active advertising and marketing, or to contract for the building of a larger shed and indoor sales facility. This option would require more significant investment by the membership to build basic working capital, but the organization would be eligible for grants and low to no-interest loans from either USDA or the national cooperative lending agency that covers electrical, phone, data, merchant, and other service cooperatives. The other advantages are that the cooperative can shift from being a market maker for its growers to bringing value-added processing into the equation.