Collaborative Marketing, Harvesting, Processing, and Pelletizing in Ohio

Hannah Scott, Ohio Cooperative Development Center

2016 Ohio Hops & Malting Barley Conference
Ohio Cooperative Development Center

- Cooperative education
- Formation counseling
- Member education
- Bylaw development
- Board training
- Feasibility studies
- Business plan assistance
- Resource linkages

Our mission is to improve the economic condition of rural areas in Ohio and West Virginia through the development of all types of cooperative businesses and cooperative-like groups.
Ohio Hops

Production  Processing  Pelletizing  Marketing
<table>
<thead>
<tr>
<th>Ownership</th>
<th>Individual</th>
<th>Two or more individuals</th>
<th>One or more individuals</th>
<th>Stockholders</th>
<th>User members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voting</td>
<td>Partners according to investment</td>
<td>Partners according to investment</td>
<td>Shareholders— one vote per share</td>
<td></td>
<td>One vote per member</td>
</tr>
<tr>
<td>Major users</td>
<td>Open</td>
<td>Open</td>
<td>Open</td>
<td>Open</td>
<td>Members</td>
</tr>
<tr>
<td>Benefits/Profit</td>
<td>Individual</td>
<td>Partners</td>
<td>Partners</td>
<td>Investors and stockholders</td>
<td>Members</td>
</tr>
<tr>
<td>Financing</td>
<td>Owner investment, retained profit</td>
<td>Partners’ investment, retained profit</td>
<td>Partners’ investment, retained profit</td>
<td>Sale of stock, retained profit</td>
<td>Membership fee or stock sales, retained profit</td>
</tr>
</tbody>
</table>
The Co-op Business Model

A cooperative is a business owned and controlled by the people who use its services.

(U.S. Department of Agriculture Rural Development, 1994)
Can you do something better as a group than you can individually?
Marketing Cooperatives

**Member products**
- Agricultural
- Forestry
- Horticulture
- Crafts

**Functions**
- Bargain
- Sell
- Distribute
- Add value

**Member benefits**
- Extend control of products
- Realize additional margins
- Save resources
Marketing Cooperatives: Hops Example

Bargain
Sell
Distribute
Add value
Marketing Cooperatives: Hops Example

Add value
Process
Purchasing Cooperatives

Members
- Producers
- Independent retailers
- Fast food franchises

Functions
- Bulk purchase
- Deliver
- Refine
- Mill
- Warehouse
- Manufacture

Member Benefits
- Reduced costs
- Quality control
- Better access
Purchasing Cooperatives: Hops Example

Bulk purchase
Deliver
Service Cooperatives

Members
- Producers
- Rural residents
- Urban residents
- General public

Functions
- Farm applications
- Credit
- Electricity
- Communications
- Insurance
- Healthcare

Member Benefits
- Access to services
- Affordable services
- Quality services
Service Cooperatives: Hops Example
Cooperative Advantages

Shared knowledge
Pooled resources
Member control
Cooperative Limitations

Cooperatives are not appropriate for all situations!

Control and Profits

Is everyone willing to share? Does it make sense to share?

Financing

Co-ops are organized for member benefit. Not to maximize profit.

Complexity
Thank you!

Questions?
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References


Note: All photographs courtesy of the OSU South Centers