
The Member Proposition

Building Equity by Building Trust

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MBG Marketing Business Profile

- Est. 1936 – Grand Junction, MI
- Blueberry Marketing and Supply Co-op
- Pooling – Multiple Business Units & Pools – Both Fresh and Process Fruit
- Over 300 Members and Contract Producers in 8 US States plus British Columbia
- Jointly Own 2 Marketing & Sales LLC's – Naturipe Farms (fresh) and Naturipe Foods (frozen)
- Gross Sales LY \$165MM; Member Proceeds \$122MM
- Assets \$26MM, Liabilities \$13MM, Equity \$13MM

Historical Growth Milestones

- 13 Original Grower Members in Michigan
 - One local farm 3rd generation member
- Expanded to FL & GA in early 80's
 - New Membership Areas
- Added NJ, AR, MS, LA, NC, and Chile in the 90's
 - Contract Grower Marketing Areas
 - ❖ NC Became Membership Area in 2009
 - ❖ Chileans became Partner in Marketing Company
- Went West in 2000's
 - First Canadian Member
 - MI Members Expand to PNW

Cooperative Governance Structure

- Grower Owned - Democratically controlled
 - One member – one vote (76 years!)
 - Now 3 electoral districts: North, South, West
- Board seats based on rolling averages of production and membership numbers:
 - Governed by 11 member grower board of directors
 - North: 5 South: 4 At-Large: 2
- Uniform Marketing Agreement, Bylaws, Articles of Incorporation, and Board Policy
 - Bylaw changes by membership in '90, '94, '05, & '11

MBG's Member Proposition

What does a member receive for his investment?

1. Industry Leadership
2. Geographical Diversity: Members and Partners
3. World-Class Marketing Organizations
4. Professional Staff & Tenured Organization
5. State of the Art Fresh and Processing Facilities
6. Nationwide Operational Support
7. Exclusive Horticultural Services & Varietal Development
8. Innovative Information Technology/Traceability
9. Proven Leadership in Food Safety and Social Responsibility
10. "Best" Cash Advance Programs and Payment Systems
11. Competitive Cost Structure - "Pay as you Play"
12. Self-Governance and Transparency: "We" are "You"

Member Equity Program

- Member Equity Defines “Grower-Owned” – ticket to the cooperative dance!
- Base Capital Plan Adopted: Evolution to Revolution
 - Moved away from Allocated Capital Credits (ACC’s)
 - ❖ Historically 2- 5% of sales value in cash and paper
 - To “A method for members to finance the cooperative in proportion to their patronage or usage” in 1992
 - ❖ Investor’s perspective - linked to delivery rights
 - ❖ Average tons of fruit delivered over a base period
 - Retired Members transfer BC to New Members
 - Road Show – How is this going to work?
- Successfully Operating for Two Decades!

Member Equity Program con't

- Specific Capital Projects – Historic Perspective
 - Alma Expansion
 - ❖ The “What if” Scenario
 - ❖ Grower contributions to assist bank financing
 - ❖ Securing Matching Grant funds
 - Grand Junction Cooler Project
 - ❖ Current and Former Board Chairs’ Personal Visits
 - ❖ Petition Signatures
 - ❖ Grower contributions to assist bank financing
 - A New Marketing Partnership
 - ❖ All Member Presentations
 - ❖ The “ABC” Scenarios – Board visits to Chile
 - ❖ Cooperative Investment, but Patronage Expenses

Member Equity Program con't

- Patronage Allocations from Other Coops
 - Cooperative Investment in Common Stock
 - Member Patronage Allocations by Pool
 - The Loss Scenario
 - The \$10 Million Bonanza!
 - ❖ The Decision Making Process – All Stakeholders
 - Current and Former Member Participation
 - From the Beginning
- 2012 Projects
 - Per Unit Retains Required
 - ❖ Member Communication Example

MBG's Member Proposition con't

- Trust Builds Equity...
- Transparency Builds Trust...
- Cooperative Transparency Includes:
 - Open Communication
 - Member Consultation
 - Equitable Allocation
 - Educational Opportunities
 - Resource Materials
 - Following up – Defining and Redefining

Cooperative Transparency

■ Open Communication

- Early and often
- In writing, by email, conference calls
- What ifs...overall and member specific
- FAQ's

■ Member Consultation

- Listening Posts
 - ❖ Anne Reynolds example
- Focus Groups
- Local / Accessible Meetings

■ Equitable Allocation – Revenue & Expenses

- Recognizing differences in products, services, pools, geography - even the regulatory environment
- Unique characteristics – One size does not fit all!

Cooperative Transparency con't

- Educational Opportunities/Resource Materials
 - Out-sourced Training Programs
 - Annual Certifications/Member Events
 - Industry Meetings
 - Newsletters
 - Manuals/Signage/Templates
- Following up – Defining and Redefining
 - Progress reports
 - ❖ Where are we today? Where are we going?
 - Determining the Value of Existence
 - ❖ Chris Peterson’s “Survey on Cooperative Returns”
 - Membership Surveys
 - ❖ Share the results

In Conclusion

- Listen to Your Cooperative Members
- Value and Maintain Transparency
- Build Trust and Confidence in Your Own “Member Proposition”
- Build and Sustain Equity to Best Serve Your Membership

- Thank You

