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Making the Most of Collaborative Marketing for Your Farm

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It seemed like such a simple idea: several small farm owners in the community realized they would rather work together than against each other when it comes to sales. One of the farmers suggested a group effort to merge their marketing efforts into one common identity. Within a few months, they had a group name, a logo, and they generally agreed who was going to grow what. As harvest season approached, there was trouble. The buyer complained that the products from each farm were inconsistent and they did not know who they were supposed to be talking to. Deliveries were delayed when one of the farms got tied up serving another market. Worse, another farm had been lagging in their food safety certification and the whole group was nervous this problem could cost a lot of money. Collaboration seemed like a good idea at the time, but became a major source of stress and financial pressure.

Collaboration is on the minds of many farmers in the Northeast US. As local food evolves beyond farm markets to serve larger clients like schools, restaurants, and distributors, it becomes very challenging for a single individual farm to keep up. Collective projects like food hubs, aggregation centers, or farm product pools show a lot of promise, but there is more to these than meets the eye.

The 2012 New York Small Farm Summit mobilized the voices of many farmers, and determined that enhancing food distribution strategies to serve local and regional markets is the top priority for small farms. In response, Cornell Cooperative Extension hosted a one-day collaborative marketing seminar and subsequently produced a new bulletin, *Collaborative Marketing for Small Farms: Selling and Working Together for Profitability*, which is available as a free download at the Cornell Small Farms website.

There are a lot of good reasons to market collaboratively with other farms. The group effort can reduce individual farm marketing expenses, increase the capacity to serve a new buyer

and reduce their risk, maintain product availability by dividing production across several farms, or to maximize a marketing advantage that several farms share.

One of the first things many producers presume about market collaboration is that they automatically need to organize a cooperative; this is not true. There are several collaboration approaches available to farms. Collaborative marketing agreements range from very simple contracts to the formation of new corporations. Something as modest as a consignment agreement allows one farm to sell through another's market channels. More complicated options take longer to form and involve many legal, business, liability, and taxation considerations. Many small farms will benefit from starting with basic agreements (such as a joint venture or consignment), maintaining independence as an individual farm, before committing to a more lasting business structure.

The group effort, described at the beginning of this article, experienced trouble because they were relying on a general sentiment to work as one, rather than a written agreement. Informal agreements, especially oral agreements, carry a lot more risk than meets the eye. What each person recalls from an oral agreement may be different because there is no record of what exactly was agreed to. An oral agreement is also risky for your farm because the oral agreement could become legally binding when you would rather it didn't. If two or more farms collaborate without a written agreement, the law can imply that a general partnership is formed. This can unintentionally create legal problems and even liability for each other's debts.

Each farm involved in a marketing collaborative is still obliged to look out for its own interests. A written agreement is the best way to make sure good intentions turn into good business.

Attorneys are usually necessary to develop collaborative marketing agreements. Even though one of the key elements of collaborative marketing among small farms is simplicity, if an agreement is too simple, the participating farms can face big disagreements and supply problems that can make everyone look bad. There are tough and unfamiliar issues that need to be addressed by a qualified attorney in most farm collaborative arrangements:

- Determining the legal identity and product liability of the collaborative in case of problems
- How and when to allow other farms to enter into the collaboration
- Which participants are authorized to sign contracts on behalf of the whole group
- How to enforce oral agreements if there is a dispute about who said what

Fortunately, a small group of farms can combine their marketing efforts and experience the best aspects of what collaboration can bring with communication, enhanced market opportunities, an improved bottom line, and achieving a shared goal with fellow farmers.

For more details, download and read Cornell Cooperative Extension new bulletin, Collaborative Marketing for Small Farms: Selling and Working Together for Profitability. The publication is available online at www.smallfarms.cornell.edu/marketing.

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