



A Case for Multi-Farm CSA November, 2007

Introduction

In 2004, NOFA-VT conducted a study of three different Vermont models of multi-farm CSA programs to determine the viability of the concept for emerging farmers. In its most basic definition, a multi-farm CSA program integrates the products of two or more local farms and/or food businesses for distribution through member shares. This study helps to distinguish differing characteristics that lead multi-farm CSA programs to greater or lesser success. With the growth of interest in local foods and CSA in Vermont, these definitions and conclusions are useful to any farmers, new or experienced, who would like to create or expand a multi-farm CSA.

There are two main themes through which multi-farm CSA programs differentiate. They are: 1) how the CSA integrates products from different businesses, and 2) how the CSA receives payment and shares profit between the different providers. We will look at each of these themes and then evaluations of each model.

Integrating Products from Different Farm and Food Businesses

With this study, we determined three models for deciding how to integrate products from different farms and businesses into one CSA share. The first model demonstrates CSA shares that are predominantly based on products grown by the host farm. The host farm enhances their shares by selling additional local products on commission at the CSA pick-up sites. The second model illustrates a CSA host who acts more as a coordinator than the primary grower. This host may provide some of the produce, but acquires most of the CSA share diversity from other growers and local food businesses. The third model represents a cooperative that consists of several growers, who evenly share the responsibilities of organizing, growing, and administering their CSA. Because this CSA program is cooperatively owned, profits are shared equally depending on the inputs of each member farm.

The basic operations of the first and second model are fairly obvious. Within both models, the CSA hosts act as brokers for products purchased off-farm, buying the products at wholesale prices and selling them at some percentage of a mark-up. The structure of this arrangement is simple; however, the details of placing orders, determining price mark-ups, and maintaining stock can be a tricky balance to ensure that the partnership is profitable and worthwhile for all parties involved. Factors to weigh are the cost of ordering and acquiring the off-farm products, the demands of maintaining the space to store and/or package the products, the value of attracting and holding on to satisfied CSA members, and the satisfaction of creating a more unified local foods community.

The third model, the cooperative CSA, integrates different farms into one business, which may demand more official organization. In the model that we studied, each farm is an equal partner in the cooperative for all decision making purposes. Because this business

is legally licensed as an agricultural marketing cooperative, each member farm must also own stock in the cooperative (each worth \$1.00). The member farms share administrative responsibilities including, production manager, CSA site manager, and public relations attendant. While this particular cooperative hires outside help for coordinating public outreach and bookkeeping, these are other roles that could be fulfilled by the coop member farms.

When it comes to production and sharing of the actual sales, each member farm bids on certain crops at the beginning of the season. Because each farm uses the CSA cooperative as a part of their farm business plan, it is likely that they will grow a variety of crops intended for other markets in addition to the crops they grow for the CSA. By bidding on crops, the farms can be sure not to overlap too much in their production, however, their partnership helps buffer the losses of a crop failure on one or another farm.

Sharing Costs and Profits from Multi-Farm CSA

It can be difficult to figure out how to share payment between partners in these multi-farm CSA programs. Because the farms in the cooperative CSA have structured themselves to share in all costs of the CSA program, they share profits evenly depending on their production. All farm products are sold to the cooperative at an agreed on price, with a 16% cash advance before the growing season. The cooperative deducts 4% from the total expected payment to help fund itself, which allows the farmers a further compensation for the CSA administrative work that they perform, paid by an hourly wage.

Multi-farm CSA programs that include products from other businesses have created many different models for pricing those products to make sure that everyone is being fairly compensated. The variety in contracts reflects the differences between host farms that simply provide a potential market where customers will come for a CSA pickup and those farms that act as central brokers to many different products. In the first model, the host farm usually invites a business to retail its products at the CSA pickup site or store and asks a commission percentage of sales made at the site. This percentage varies in depending on whether or not the host farm needs to pick-up, store, or maintain any products or displays for the contributing business.

The host farm may become so involved in purchasing products from external sources that it is more advantageous to purchase products at wholesale and apply a mark-up for CSA retail. In our study, the second model followed this technique, applying a mark-up reduced from conventional resale to reflect the guaranteed income from CSA pre-paid funds. This particular CSA model differs from most CSA programs, in that consumers can choose each product in their weekly shares and deduct the costs from money they previously deposited into their share.

Lessons Learned

All of the farms in our case study report that incorporating products from other farms is helpful in buffering the demands on their own production and improving the market

interest in their CSA program. Joining a collaborative CSA effort can be especially helpful in focusing the host farm's production to fewer crops grown more carefully and efficiently. Other producers who participate in collaborative CSA projects but who are not the host farm also appreciate being able to reach out to new markets.

All partners in multi-farm CSA programs also agree that these advantages must be balanced with the demand and difficulty of coordinating products from multiple businesses. While collaborating with production partners can increase the income of a CSA program, it also requires that more parties must share that income. Unfortunately, this profit sharing can create a situation in which each party only makes a meager profit from the enterprise.

Another drawback of the multi-farm CSA model is that consumers may lose the face-to-face connection with producers. If you determine that the advantages of the multi-farm CSA are appealing, then there are many creative ways to overcome this particular challenge, including hosting each producer for one CSA pickup, featuring each producer in a newsletter, or having a CSA planting party including all members and producer partners.

Conclusions

While multi-farm CSA is unlikely to provide growers with million-dollar, hassle-free bonuses, there are lots of indications that it is a model that is worth pursuing. Multi-farm CSA programs are increasing in Vermont, with more consumer recognition and interest. These CSA's are diversifying the Vermont local foods market and providing more consumer outlets for local products throughout the year. We hope that growers, retailers, and consumers alike will continue to work towards improving availability, accessibility, and efficiency within our local foods community and it appears that multi-farm CSA is a step in the right direction.

Addition Research Links:

Nova Scotia Dept. of Agriculture and Fisheries Document on Multi-Farm CSA:
www.organiccentre.ca/DOCs/July%202005%20Digest.pdf

The Community Farm Article on Multi-Farm CSA (see first article of newsletter):
www.csafarms.org/downloads/winter_2002_16.rtf