

Producer organizations for long term development of horticulture sector

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To remind:

What is needed to have successful business?

- Higher price for product marketed
 - better product
 - greater market power
- Less productions costs
 - lower input prices
 - less use of inputs
- Markets' physical availability
 - ability to meet market demand and fulfil the requirements
 - quality
 - assortment
 - delivering schedule
- Comparable competition environment
 - state support
- Modern business philosophy



Successful producer organisation – it's a cooperative, self- run unit, having:

- goal
 - logical set of goals (goal tree)-
 - not only getting state support payments
- members
 - active and interested in developing
 - not only in consuming the benefits
- idea, how to reach the goals
 - which is better as “capital business units” do have
 - there are activities better carried out in separately run business units
- tools to reach the goals
 - resources and technologies
- efficient decision taking mechanism
 - strategic and daily decisions are separated each from other
- clear and reasonable profit distribution mechanism
 - all the factors involved in production are remunerated
 - relationship - participation, management and distribution



To remind – producer organisation (PO) in FVS according to the Article 11 of R2200/96:

- established by the initiative of the producers
- has goals:
 - to provide planning and adjustment of the production to the demand, especially in terms of quality and quantity
 - to facilitate concentration of the supply and marketing of products produced by the members of the PO
 - to lower the production costs and to stabilise producer prices



..... is, which statutes require from the member:

- to follow the rules approved by the organisation
- to be a member of only one PO of the type regarding the correspondent product category
- to sell all the produce of that category only via PO, with minor exemptions
 - <25 % directly on the farm for final consumers
 - that product and in amounts, which according to the PO decision is not important for the PO
 - and few more...
- to provide the own PO with the information requested by it, mainly for statistical purposes
- to make all the members' payments agreed in the PO statutes



Cooperative will never be efficient, if:

- **goals**
 - will not be agreed commonly and/or they will be contradictory
- **members are**
 - consumers rather than developers
- **there is no idea how to reach the goals**
 - because of the lack of knowledge (or ability to use) - modern business
- **there are no resources to reach the goals**
 - no resources available already and no investment resources to set up
- **decision making mechanism is not working properly**
 - strategic decisions can not be taken, because
 - there are no commonly agreed goals
 - members don't recognise the business realities or they do have too different understanding and /or interpretation about the solutions
 - daily business decisions are problematic,
 - coop does not have a well recognised leader, he is not professional
 - possible conflict of interests: - manager – one of the members
- **Profit distribution mechanism**
 - contradiction between the ownership, management and distribution
 - members urge to benefit not to take duties



Cooperative – preconditions for the development

■ mental

- clear recognition
 - goals and the ways, how to reach them
 - the need for the resources
 - management needs
 - cooperation needs
- understandable formulation of the common operation platform and joining on its basis

■ financial

- ability to attract financial resources
 - own
 - borrowed

■ legal

- solving of the contradiction between the understanding of the cooperative as
 - public organisation or business organisation
 - one member – one vote, openness , ...



NL PO from our view point

- They are really huge
 - market power - volumes and relationship
 - technology development level
 - international business cooperation
- They have well developed management
 - business
 - quality management
 - financial management and also services
 - information exchange and distribution



However there are some clearly useful things (features) to take:

- Producers have joined to generate profits (no for crying) and not only for subsidy harvesting
- Cooperatives are managed by the members
 - with strong daily business management
- Targeted to the increase the profits
 - cost saving
 - newer technologies
 - research
 - organisational and IT solutions
 - market power – volumes, assortment, all year supplies
 - also imports
 - Quality management and improvement
 - standards, new products, monitoring
- **QUALITY AND MARKET –
A BASIS FOR SUSTAINABLE BUSINESS**

