

Approaches to Developing Cooperative and Competitive Marketing Strategies

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The Kern County Hay Growers Association markets member and non-member hay in the best available markets in the western United States. The Kern County Hay Growers Association was formed by a group of hay growers in 1954, concerned about hay prices and collection of money for hay sold to customers. The business of the association is conducted at all times as a non-profit, cooperative basis for the primary benefit of its members. The association pays its members on a patronage basis all amounts in excess of its operating costs and expenditures. Such payments are made by credits to its capital revolving fund or by cash refunds in a manner specified in the association's bylaws.

Purpose: To render service to its members at cost in connection with the members' agricultural pursuits within the limitations of the Cooperative Act. The primary purpose is to market the products produced by its members, returning to them the net proceeds from the sales of the product. The secondary purpose is to render assistance to the members in connection with the purchase, hiring, or use by members of supplies, machinery, or equipment required to the production of hay, or in connection with financing production of hay.

Membership: Since forming in 1954, the association has had open membership to all producers of hay and hay products within the state. Presently, 42 members grow about 70,000 tons annually in the counties of Fresno, Kings, Tulare, Kern, and Los Angeles. There is a \$1.00 registration fee to join; marketing costs and revolving fund amounts are set annually by the Board of Directors. Members must market all their hay through the association and association must accept and market all hay and hay products produced by member.

Leadership: The organization's nine member Board of Directors are elected for 3-year terms, and they annually elect a president and two vice presidents from the board. Three directors are elected each year and are installed at the annual membership meeting on the third Tuesday in May of each year. A manager is hired to run the day-to-day operation of the association and to meet monthly with the Board of Directors to review financial statements and board policies.

Objectives: Through the maintenance of marketing, purchasing and other facilities, the association will endeavor to stabilize and standardize the production of hay, bring about better and closer cooperation between producers and through the extension of markets the elimination of speculation and waste, assist producers to obtain a reasonable return for their products, while assuring the consumer a high grade, standardized product at reasonable prices, fairly determined, and free from speculative control.

Benefits and Advantages: The association **guarantees payment** for all hay sold. Individual growers will not suffer losses from uncollectible debts. The association takes care of the handling of all sales, delivery, invoicing, and collection for the grower; this gives the grower the freedom

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from collection and marketing problems. The association pays growers for hay sold on the 5th and the 20th of each month, and separate share account checks are mailed to landlords. The association advances up to 80% of the value on sold hay. Each lot of hay is sold on its own merit. Members may hold hay off the market in anticipation of receiving higher prices at a later date. The association provides information and literature to its members on market prices, types of markets available, hay and forage production and quality, conducts product and equipment seminars as well as educational seminars.

The association strives for fair and stable prices and more marketing outlets for their products, to maintain proper inventory controls, and proper hay movement after the sale. The association is ideally located to service customers in the Tulare dairy area, Chino dairy area, the Los Angeles and Central Coast horse markets. The association purchases hay from Nevada, Utah, Arizona, northern and central California to help fill customers' needs for hay and hay products. The association maintains a sales staff to cover the major marketing areas of central and southern California. The association works with other marketing organizations on hay quality and availability of product for customers. The association works with other industry members as well as federal, state, county, and city agencies on issues that affect farming and the hay industry.