

# QUESTIONS & ANSWERS

*"Montana's on-line, year-round farmers' market with  
Multi-community distribution"*



## **Who will manage the Montana Co-op?**

The Co-op will be managed by a Board of Directors elected by the consumer and producer members.

## **Where is the office for the Montana Co-op?**

Our office is at Mission Mountain Food Enterprise Center: 407 Main St. SW; Ronan, 59864.

## **How much does it cost to be a member-owner of the Montana Co-op?**

The price of ownership is \$20 – a one time payment that buys you one share in our business, and thus provides us with funds to build and grow our service. This is not an annual fee like Costco and if you decide to leave the Co-op, you may sell your share back.

## **How much does it cost to be a producer member?**

Presently, there are no additional membership fees to sell as a producer through the Montana Co-op. Producers need to sign up as a general member-owner; as a member-owner, you have the ability to sell your product through the Montana Co-op as long as your product meets the qualifications set forth by the Co-op.

## **What % does the Co-op add on to the products sold through the Montana Co-op?**

There will be a sliding scale % added onto all products sold through the Co-op, based on the items being sold and services provided (i.e. internet support, distribution method, etc.). Sign-up as a producer by requesting a "Producer Package." Email [info@montanacoop.com](mailto:info@montanacoop.com) or call: (406) 285-1149

## **Why does the Co-op have to add on a % and where does that money go?**

The Montana Co-op is a business that we all own and share equally. The % added on pays for operating this business of ours; paying for accounting, insurance, transportation coordination, coolers, administration, marketing, and more. If there is excess money at the end of the year, it will get paid out to the member-owners or designated for a community Co-op project.

## **What role does the Co-op play in the direct connection between the producer and the consumer?**

The Montana Co-op is an intermediary between producers and consumers that facilitates the marketing, sales, aggregation, and distribution of local food and products. The Co-op never

buys any product for resale; it only coordinates and tracks the sale and delivery from the producer to the consumer.

### **How will the Co-op sell products?**

The Montana Co-op will sell local products primarily through the website of [www.montanacoop.com](http://www.montanacoop.com). We're also planning to have a catalog that is distributed through the local newspapers with a phone-in ordering capability.

### **What communities in Montana will the Co-op deliver to?**

Our projected service area is Western Montana, from Eureka (north) to Hamilton (south). However, by partnering with other producers, co-op's, businesses, and farm-to-table organizations, we plan to service the majority of the Montana in the near future. If you would like to help bring the Montana Co-op to your town, please let us know and we will work together to make it happen.

### **Will the Montana Co-op provide home delivery service?**

Some towns/cities will have home and business delivery services.

### **Will the Montana Co-op sell anything else besides Montana made products?**

Yes, if it is in the best interest of the members. For example, we know our member-owners want the best wholesome food at the most affordable prices; and they want this year round. We will be partnering with other Co-ops, and other groups to meet our members' needs.

### **What will the Montana Co-op do for the community?**

Develop a regional food hub that will give us food security, healthier food, and a more vibrant economy. The Co-op will make buying local more convenient and more enjoyable. When buying local, the money you spend stays in the community which has many beneficial effects for everyone. The Co-op will promote the physical and economic wellbeing of our community.

### **What are Value-Added Food Products?**

Processed foods are called value-added products. This means taking a raw product, like wheat, and adding value to it by making something else with it. For example, if wheat is worth \$3.67 per bushel, we can turn that wheat into flour and make it worth \$15 a bushel. If we take that flour and make it into bread, the same bushel of wheat becomes worth \$111.00. An increase in regional value-added food processing would do several things: it gives agricultural producers an outlet for their crops and livestock, creates needed jobs for our economy, keeps more agricultural dollars circulating within the region, and increases the availability of healthy, locally-grown and processed food to consumers. Together, these factors translate into a more sustainable food system.

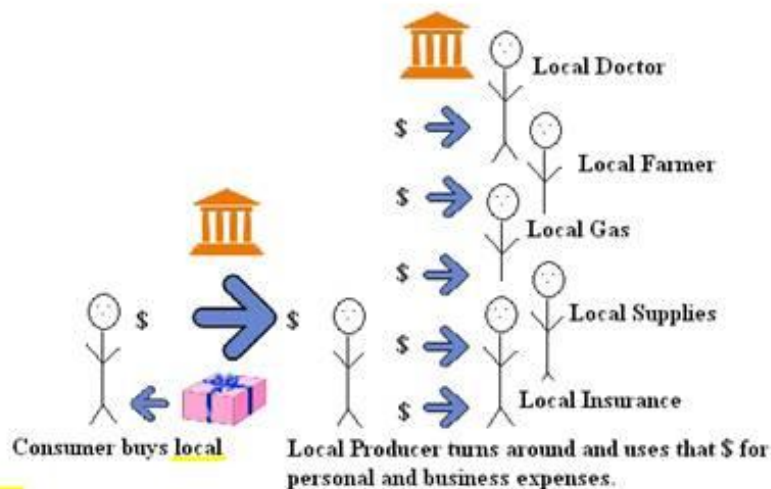
One of the few food processing facilities in Montana is in Ronan, MT, the Mission Mountain Food Enterprise Center, where the Montana Co-op will operate. The Montana Co-op will

utilize this facility to its full potential and will contribute to more consumption of Montana made food. After all, most food consumed is processed into value added products.

### **Why buy local food?**

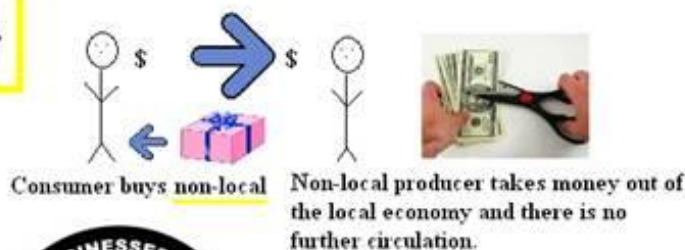
- Fuels the growth of the economy by creating jobs, keeps money local, and develops a positive culture. We can change our economy by growing and purchasing the majority of our own local food; then make it more convenient than fast food or grocery stores.
- Buying fresh local food is a way for people to have a direct connection with farms and farmers.
- Promotes food security. If the trucks stop rolling in, what are you going to eat?
- Consumers that buy local foods dramatically reduce the costs and negative health impacts associated with transportation of food. On average, food on your table travels between 1,000 and 1,500 miles. This results in decreased nutritional value, increased dependence on fossil fuels, and an increased possibility of food contamination.
- Reliable supply of fresh local produce which promotes better health.

# Buy Local and Support our Economy



In addition to the money staying in the economy, every time there is a change of hands, the government benefits through sales and income tax so they can pay their employees and support programs.

VS.



According to Buy Local Montana: Locally owned independent businesses return approximately 80% of each dollar spent back to the community. This assists the community through a "multiplier effect": one dollar spent at a locally owned business will return five times that amount within the community through employees' wages, and purchases of materials and supplies at other independent businesses.

## What is a tangible goal for the Co-op and our Food Economy?

Presently, we only grow and consume 4% of our own food in W. Montana. If we can increase that to 15%, we will retain \$65 million per year in our economy (\$225 million for all of MT).

## How does the selling and buying work through the Montana Co-op?

At no time does the Montana Co-op take title to any of the products. We have no inventory. The products that go through our distribution system are owned by our producers, who then sell these products directly to our consumers. Acting as an agent of producer members, the Montana Co-op provides a website for producers to post the foods and products they have for sale. The Co-op receives orders from consumer members through the website, then facilitates the delivery of these products to the distribution sites (food hubs), first inspecting all food products for food safety, collects money from the consumer members who have purchased the products, and forwards payments to the producers (less the Co-op's mark-up for operating, marketing, sales and distribution costs).

## What are the benefits to the producers becoming a member of the Montana Co-op?

- The Co-op marketing and distribution support opens the door for more sales; in other words, producers can focus on more production, rather than sales and deliveries.
- The pricing that is generated for the producer is higher than other retail or wholesale options because of the direct connection to the consumer.
- Producers are being marketed directly to the consumer owners by advertising and video.
- Producers can sell their projected quantities by earning pre-order commitments.
- Providing a year-round local market place.
- Cooperative advertising with other local producers.

## What were the results of the Local Food survey?

- 380 respondents
- 97% of W. Montana consumers said they would purchase more Montana grown or raised food if it was more readily available
- 90% of W. Montana consumers believe it is important to know where their food is grown and/or processed
- 65% of W. Montana consumers would go out of their way to purchase locally produced foods
- 77% of W. Montana consumers would pay a little more for locally produced foods
- 96% of W. Montana consumers believe buying locally produced foods are healthier for their family members
- 90% of W. Montana consumers purchase foods on healthy lifestyle decisions
- 95% of W. Montana consumers believe buying locally is healthier for community residents
- 64% of W. Montana consumers said they would likely shop on-line for food purchases
- 73% of W. Montana consumers would be interested in becoming a member of a co-operatively owned enterprise (MONTANA CO-OP), delivering local food and MT made products to their community.

## What kind of items will be sold through the Montana Co-op?

Here is an example of items being sold through the [Oklahoma Co-op](#). Over 4000 Oklahoma made food and non-food items, 5000 consumer members and 32 community drop points:

|  |   |   |
|--|---|---|
| <a href="#">Food - 2315 items (50 new)</a>     | <a href="#">Home - 1757 items (16 new)</a>          | <a href="#">Garden - 441 items (12 new)</a>       |
| <a href="#">Bakery - 208 items (16 new)</a>    | <a href="#">Apparel - Men - 61 items</a>            | <a href="#">Farming Supplies - 0 items</a>        |
| <a href="#">Beverages - 156 items</a>          | <a href="#">Apparel - Women - 112 items (1 new)</a> | <a href="#">Garden Helpers - 15 items (1 new)</a> |
| <a href="#">Candy/Fudge - 20 items (2 new)</a> | <a href="#">Art - 146 items</a>                     |   |

|   |   |   |
|---|---|---|
| <a href="#"><u>Canned Foods - 24 items</u></a>                        | <a href="#"><u>Baby - 32 items</u></a>                  | <a href="#"><u>Growing - 1 item</u></a>                 |
| <a href="#"><u>Condiments - 28 items</u></a>                          | <a href="#"><u>Bath and Beauty - 378 items</u></a>      | <a href="#"><u>Live Plants - 309 items (11 new)</u></a> |
| <a href="#"><u>Dairy and Eggs - 119 items</u></a>                     | <a href="#"><u>(1 new)</u></a>                          | <a href="#"><u>Seeds - 116 items</u></a>                |
| <a href="#"><u>Entrees - 283 items</u></a>                            | <a href="#"><u>Books - 14 items</u></a>                 |   |
| <a href="#"><u>Fruits - 1 item</u></a>                                | <a href="#"><u>Children - 77 items</u></a>              |   |
| <a href="#"><u>Gift Baskets and Boxes - 55 items</u></a>              | <a href="#"><u>Classes - 8 items</u></a>                |   |
| <a href="#"><u>Grains and Flours - 30 items</u></a>                   | <a href="#"><u>Events - 5 items</u></a>                 |   |
| <a href="#"><u>Herbs - 15 items (5 new)</u></a>                       | <a href="#"><u>Fiber Arts - 86 items (1 new)</u></a>    |   |
| <a href="#"><u>Holiday Foods - 19 items</u></a>                       | <a href="#"><u>Fishing Supplies - 0 items</u></a>       |   |
| <a href="#"><u>Jam and Jelly - 83 items</u></a>                       | <a href="#"><u>Health - 15 items</u></a>                |   |
| <a href="#"><u>Meats - 828 items (17 new)</u></a>                     | <a href="#"><u>Holiday - 161 items (9 new)</u></a>      |   |
| <a href="#"><u>Natural Sweeteners - 18 items</u></a>                  | <a href="#"><u>Home Care and Comfort - 57 items</u></a> |   |
| <a href="#"><u>Nuts - 72 items</u></a>                                | <a href="#"><u>Home Decor - 19 items (2 new)</u></a>    |   |
| <a href="#"><u>Pantry - 48 items</u></a>                              | <a href="#"><u>Jewelry - 104 items</u></a>              |   |
| <a href="#"><u>Poultry - 63 items</u></a>                             | <a href="#"><u>Kitchen - 18 items</u></a>               |   |
| <a href="#"><u>Prepared Foods (Refrigerated/Frozen) - 7 items</u></a> | <a href="#"><u>Laundry Care - 18 items</u></a>          |   |
| <a href="#"><u>Side Dishes - 136 items</u></a>                        | <a href="#"><u>Music and Media - 7 items</u></a>        |   |
| <a href="#"><u>Vegetables - 102 items (10 new)</u></a>                | <a href="#"><u>Paper Arts - 298 items (2 new)</u></a>   |   |
|   | <a href="#"><u>Pet Care - 63 items</u></a>              |   |
|   | <a href="#"><u>Scented Home - 78 items</u></a>          |   |
|   | <a href="#"><u>Stained Glass - 0 items</u></a>          |   |

### **When is the Montana Co-op website with the on-line store going to be available?**

According to our plan, and through the financial assistance of the members and the State, we hope to have our first orders available for the end of the harvest season this year (i.e. Sept./Oct).

### **Can I order by phone or mail?**

Yes, we are planning to provide options for ordering by phone or mail, through a catalog.

### **Why do you need me to be a member?**

The strength for this business is the buying power of the people who will be owners and have a vested interest in the Co-op's success.

### **Will the Montana Co-op be competition to any existing businesses or co-op's?**

The Montana Co-op will be expanding the marketplace for buying local. We're working with the producers to grow more, and we're educating the consumers about the many health and economic benefits of buying local. Our goal is to grow and consume more local food. If other companies have this same common goal, then they are not considered competition, but a team member. We have a huge demand for local food and many mouths to feed to have a resilient

and sustainable food system. We will partner with food companies, other Co-ops and organizations that have been working diligently to promote the growth and consumption of local items. By coming together, we will accomplish more.

### **There is so much talk about local food, how about local made non-food products?**

The Montanan Co-op is offering as many non-food items as possible. There are many great organizations that promote buying local, but there is not one place where you can order such a wide variety of local made food and products.

### **What is the website ordering process (duplicated twice a month; maybe once-a-week)?**

- 1) During a designated period (i.e. 5 days), producers will log-in to the Co-op website and upload their quantities, pictures, pricing, and description of the product they will have for sale for delivery on a specified date (i.e. 14<sup>th</sup> day of the month).
- 2) Once the products are uploaded (after first 5 days of the cycle), the website will accept orders from consumer members (i.e. 6 days).
- 3) As a purchase is made on the website, the quantity is automatically deducted and an email is sent to the producer with the information on each order (i.e. name of consumer and purchase requirements).
- 4) After the ordering, the producer will prepare the orders by printing off labels from the website and taping or sticking them on each individual order.
- 5) On the delivery day, all products are brought to Ronan and checked in to make sure the product matches the consumer purchase (i.e. 7-10am). Not all producers are required to take their product to Ronan. There will be drop-points where producers can pass over their items at locations where a producer has room in their truck and is being compensated mileage and for sorting support while they are in Ronan. A check-in process is performed at each stage.
- 6) Items are sorted per individual order, than by drop point (i.e. 9am-3pm). Coolers and dry good orders are then loaded back on producer trucks (i.e. 2pm-4pm).
- 7) The producer drives back to his community, dropping off products at the community drop point(s). Items are prepared for customer pickup. There will be a window of time for receiving orders (i.e. 4pm-7pm). . All orders that are not picked up will be stored for the consumer to pick up at a later time at an agreed upon location.

### **Will members be paid for the volunteer work with the Co-op?**

Yes, the Co-op is hoping to provide product credit for volunteers. Once elected, the Montana Co-op Board of Directors will reaffirm our policies moving forward.

### **What is the next step for the Co-op?**

Our next step is to begin offering memberships and raising money for start-up costs. We expect to be up and running by the end of the summer of 2012. The final steps include:

- The Montana Growth through Agriculture grant is due July 31<sup>st</sup>, 2012
- We will elect the Board of Directors in July or August, 2012.
- Finalize the website by Aug/September, 2012.

**Does the Montana Co-op need additional financial assistance for start-up?**

Yes. Please contact us at [info@montanacoop.com](mailto:info@montanacoop.com) with ideas and suggestions.

**What will the \$20 membership fee be used for?**

All of the money will go into an escrow account at Mission Mountain Food Enterprise Center and saved for start-up funds and potentially matched through the Department of Agriculture grant. The start-up funds will be mostly for the initial purchase of hard assets (coolers, computer), annual fees, and professional start-up services (legal, accounting, insurance).

**What if I can't afford a \$20 membership fee?**

For those in financial hardship, the Montana Co-op will extend membership to those in need. Please send your request to [info@montanacoop.com](mailto:info@montanacoop.com).

**What type of margin will the Co-op be adding on to the producer price?**

The margin will vary from 10-30%; depending on the Co-op's services requested (i.e. delivery services, preparing individual orders, computer support, etc.).

**Will all producers have to get their product to Ronan?**

No, in most cases there will be community drop locations (food hubs) where producers can drop their product. If an item is not perishable, the producer may mail it to the consumer.

**How many Co-op members will there be?**

Our goal is to have 200 members before end of July, raising \$4,000 for start-up. At the end of the 1<sup>st</sup> year, our goal is to have 300 members.

**Can I sell to the Co-op if I only produce small quantities?**

Yes, there are no minimum requirements to sell your produce or product through the Montana Co-op.

**As a new producer (or someone looking for work), can the Montana Co-op give me some good advice on what I can grow or produce?**

Yes. We would be happy to visit with you and discuss opportunities.

For more information, please contact us by email or phone: [info@montanacoop.com](mailto:info@montanacoop.com) or 406-285-1149