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Press Release

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FOR IMMEDIATE RELEASE
October 17, 2006

Steps to a Successful Processing Cooperative

Cooperative processing ventures must set a flexible, but clear course to success, says Rob Holland, University of Tennessee Extension Specialist with the Center for Profitable Agriculture.

“Three key components must be present early - good ideas, appropriate leadership and sufficient start-up capital,” said Holland.

A successful business idea often attends to an unmet need, provides a competitive advantage and addresses an economic necessity. Agricultural cooperatives also must be well-rooted in strong leadership, demonstrating a confident balance of expertise, vision, dedication and commitment to the project.

According to Holland, processing cooperatives are generally organized in steps through five overall development phases:

Exploration and Assessment

- Organize and develop the business idea and the leadership team
- Conduct exploratory meetings with potential member-users
- Survey prospective members to determine potential and capability of delivery

Feasibility analysis

- Discuss survey results at a general meeting and decide whether to proceed
- Conduct a needs-and-costs analysis
- Conduct a feasibility study

Planning

- Identify a steering committee
- Develop the business plan
- Organize and conduct a membership drive

Implementation

- Open an escrow account to deposit funds for specified purposes
- Raise seed capital for the early stages of the new venture
- Contract for legal and accounting services
- Prepare articles of incorporation, charter, bylaws and legal papers

- Elect board of directors
- Conduct an equity drive to raise capital

Operation

- Hire a manager
- Acquire facilities
- Begin operations

For further information about organizing a processing cooperative, contact Rob Holland, Extension Specialist, at (931) 486-2777.

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