



Route 9 Cooperative: How We Do It

Greg Miller
Empire Chestnut Company
Route 9 Cooperative



Brief Story

1984-1994: Mostly wholesale – farm markets, grocery stores, food terminal, some retail (shipped);
<10,000 lb volume

1994-2009: Mostly wholesale – Koreans backed up their trucks with cash in hand, “take all you have”
Better price negotiation position; began internet sales; kept retail sales in order to get customer feedback; up to 60,000 lb volume

2010-present: Route 9 Cooperative (corporation) – still some wholesale, but increasing online sales w/ opening of webstore



Development of Co-op

- Regal Mining planted 8,000 trees 1990-92
- In 2004, Greg began buying chestnuts from these trees
- In 2007, production from the neighbors' trees eclipsed Greg's
- In 2009, a 30-ton crop exceeded Greg's capacity to handle it
- In 2010, the co-op was formed



File Drawer Stuff

- OSU Extension, Attorney, Accountant
 - Incorporation, Constitution, Bylaws, Tax Filing
 - Templates exist; we simplified & gave Board broad discretion
 - Start-up grant money
- Food Facility: registration, compliance
- Bank, Merchant Acct for online sales
- Insurance, property taxes
- Employee handling

ROUTE 9
COOPERATIVE





ROUTE 9

COOPERATIVE



The purpose of the co-op is to provide services and financial benefits to its members and others

The main function is to provide a facility and people to clean, grade, pack, store, and market (website) chestnuts produced by grower-members

- Economies of scale
- Specialized skills of employees

Start-up financed by contributions & loans from members and grant money



Current Products

- Fresh, culinary chestnuts
- Dried, peeled kernels, flour, meal for brewers, distillers (<10% of crop)
- Chestnut nursery stock and seed (only from one member)



09 17 2012





4x4 Diesel

DINO PERGALINI
S. 1064
1000 cc - 1600 cc
1000 cc - 1600 cc
1000 cc - 1600 cc

KUBOTA

RTV200





















Anything that the co-op owns or does is something that the grower-members do not have to own or do.

- Grower-Members can work as little or as much as they want for themselves and for the co-op
- Absentee landowners with off-farm jobs can still get their crop grown and marketed
- Full-time chestnut growers with skills can work for other members
- Employees are hired to do the rest



The financial goal of the co-op is to end the year with no net income. The difference between gross income and expenses is remitted to the growers.

- Major expenses and decisions are made by the board of directors (all co-op members are board members)
- Any profit is distributed to members as patronage: proportional to growers' contribution of raw product



Services provided by co-op to members

- Clean, size, grade, pack, & store chestnuts
 - Equipment & supplies
 - Cold storage
- Marketing: website, telephone
- Accounting, payroll, insurance, taxes, etc
- Optional orchard tasks
 - Harvesting, Spraying, Mowing, Pruning
- Seed and nursery stock storage & marketing
- Socializing



What the co-op pays me:

- \$1.30 - \$1.90 per lb for chestnuts (minus harvest costs)
- Contract Spraying
- \$25/hr as an employee
- 50% of nursery sales through website
 - Co-op provides cooler, building, labor
- 6% interest on my start-up loan
- Patronage whenever co-op makes a profit



Other Benefits of Co-op

- Immortality of co-op
 - Chestnut trees outlive chestnut growers
- Increases value of chestnut orchards
- Reduces barriers to becoming a profitable chestnut grower
- Share knowledge, generate knowledge
 - Essentially a research institute
- Notable enhancement to community, environment, and industry



Considerations

- Who will do what
 - Organizational chart fit to the people (skills, time, needs)
 - Create redundancy
 - Communication, boardsmanship
- Know what you're doing (engineering)
- Transportation & logistics
- Financing & investment timing
 - Build it when it's needed
 - Accommodate growth
- What to do in the off-season
- Membership cycling
- Have fun





Driving Force

There is a huge demand for chestnuts, mainly from immigrants from east Asia and eastern Europe (Bosnia).
We can hardly pack them fast enough.



Meeting the Demand

What's the Problem?

- Lack of production knowledge
 - Planting trees on the wrong sites
- Lack of planting stock development (cultivars)
- Pests, diseases, & perishability
 - Deer, weevils, blossom end rot
- Preproduction period – 5 yr















FRESH CHESTNUTS
EXTRA LARGE SIZE



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