

P6 Expands Equitable Trade Through Multistakeholder Cooperation

BY ALLISON HERMES

The Principle Six Cooperative Trade Movement (P6) exemplifies just and equitable trade relationships among farmers, producers, retailers, and consumers rooted in cooperative principles and values. P6 is the symbol of a growing consumer-supported food economy that recognizes product grown and produced locally or internationally by small farmers or producers and cooperatives.

In operation since 2010, P6 in the past year has become incorporated as an independent multi stakeholder cooperative. Comprised of retail and wholesale co-ops, P6 currently has 10 members, including: Seward Food Co-op, Eastside Food Co-op, Menomonie Market Food Co-op, Viroqua Food Co-op, Three Rivers Market, Roanoke Natural Foods Co-op, Ozark Natural Foods, Organic Valley, Maple Valley, and Farmer Direct. For these cooperatives, P6 and its criteria represent their highest values.

P6 comes to life for shoppers at P6 member retail co-ops, where point-of-sale materials, events, demos, and the P6 logo all guide shoppers to products made by small, local, and cooperative producers. Those marketing tools, however, are only one aspect of the P6 program, which is deeply integrated into the core operational functions of the retail co-ops in which it operates. For instance, when P6 is most successful, it artfully guides purchasing decisions, permeating and breathing life into staff-engagement initiatives.

The P6 board of directors and staff have big dreams—a vision wherein P6 builds a framework for a cooperative supply chain network. Building a cooperative supply chain is one initiative set forth by the P6 board to support a goal of achieving \$200 million in P6 sales by 2020. Co-op to co-op trade does have the potential for helping P6 achieve this sales goal, but it's important to note that this goal also helps P6 fulfill its Ends as a cooperative.

P6 exists to build an equitable food economy through cooperative principles.

The P6 community supports:

- a diverse network of cooperatives;
- cooperative businesses and independent farmers and producers; and
- a cooperative trade system that is socially, environmentally, and economically equitable.

Given this Ends statement, it's no surprise that P6 is engaging and setting goals to establish a cooperative supply chain. Let's further discuss this bold vision and examine specific examples of P6 retail and wholesale member co-ops optimistically dipping their toes into this exciting blue ocean.

Why co-op to co-op trade

P6 criteria represent some of the highest values in the food system, and one P6 criterion is that a product be from a cooperative. Cooperatives are for the people, by the people. When sourcing from a cooperative, retailers

can be assured that the dollar paid for a product goes directly to the producers and the communities in which that cooperative operates.

Snow Aukema, merchandising produce buyer at Seward Co-op, stresses the importance of growing the cooperative movement through co-op-to-co-op trade: "It's where we need to be to differentiate ourselves, and it illustrates we have the highest values in mind at all times. Organics are everywhere, which is great, but that no longer sets food cooperatives apart.

Now we need to bring attention to the people who grow our food. It's harder, more expensive, and shoppers are investing more, but the outcome is a unique, fair, and democratic way of doing business."

A cooperative supply chain works toward growing the cooperative movement while providing an advantage in an increasingly competitive marketplace. Building this new infrastructure provides retail co-ops with access to new products from new locations, ultimately setting them apart from their competitors while diversifying their supply chain. And while not all producers or wholesalers are ready to flow through a national distributor, many are looking for a means to scale up their business without exceeding their capacity. P6 and cooperative trade are able to provide that access to new markets while supporting them on-shelf with P6 marketing materials—marketing support that most producers of this size couldn't afford without P6.

Directly connecting retailers with producers also lends itself to cooperation and value creation that might not otherwise exist. This is the case for the co-op-to-co-op trade relationship between Maple Valley and Three Rivers Co-op in Knoxville, Tenn. Because of an everyday low-price competitor, Maple Valley maple syrup was moving slowly. Instead of simply dropping the product, the two parties worked through the challenge to create a win-win scenario.

Strategically, Maple Valley was able to give Three Rivers a discount on a per-pallet basis, which saved Maple Valley in shipping. Three Rivers was able to pass this discount along in pricing Maple Valley packaged syrup, remaining competitive in this set while increasing the price of their bulk syrup set. Loralyn Milcarek, merchandising and communications director at Three Rivers Co-op, explains, "We wouldn't have worked out this deal if it weren't for P6, the product would have sat on the shelf, but P6 allowed us to have the conversation. P6 is a reminder to go the extra mile. If a P6 product is moving slowly, instead of discontinuing, we'll do what we can with the producer to increase sales."

For all these reasons, and from a values-driven perspective, co-op to co-op trade is also an opportunity to support supplier diversity programs. "As purchasers of goods and services, co-ops have significant economic impact in the markets where they do business," explains LaDonna



Sanders-Redmond, diversity and community engagement manager at Seward Food Co-op (see CG #181).

Implementing P6 at retail co-ops is an example of this impact. Seward Co-op in Minneapolis, Minn., has grown sales of P6 products from 32 percent to over 44 percent of total sales in the five years since the program launched. This equates to over \$7 million in P6 sales in 2010 and over \$16 million in 2015—money that returns to small, local, and cooperative producers that supply Seward Co-op.

Although a supplier diversity component is not a P6 criterion, consider the potential economic impact that supplier-diversity initiatives in co-op-to-co-op trade could provide. Sanders-Redmond goes on to say, “The goal is to offer women and minority-owned suppliers the opportunity to increase or enhance sales to the co-op and enhance the value of purchases made with women and minority-owned businesses.” In this spirit, staff from a variety of departments at Seward Co-op, including merchandising and logistics teams, came together with the shared interest of pursuing relationships with producers that meet these interests in addition to the P6 criteria. The staff group decided to explore one project with a hope of duplicating their efforts over time. Leveraging the resources and talent available at Seward Co-op along with the P6 network, these are success stories in the making.

Another creative co-op-to-co-op project is underway at Ozark Natural

Co-op-to-co-op trade is where we need to be differentiating ourselves.

Foods in Fayetteville, Ark., where P6 support lent itself to making an underutilized backroom space into a new, productive endeavor. Fresh Foods Manager Pauline Thiessen is in the beginning phases of launching a buying club for small local businesses, including restaurants and cafés, that don’t currently have access to products purchased in bulk. Thiessen intends to purchase from co-op producers, then warehouse the product and distribute to interested buyers. This project opens up a supply chain that doesn’t currently exist for small businesses, and she is using co-op-to-co-op trade as a way to make it happen.

Meanwhile, Ozark Natural Foods benefits by utilizing an existing asset to create additional revenue.

If we chose to conduct business by creating a supply chain that is just and equitable through the cooperative model, the very act of conducting business will have positive spillover effects in the communities in which these businesses operate. Co-op to co-op supply chains can act as drivers for win-win business arrangements in which one stakeholder doesn’t necessarily lose because the other is winning. It allows companies to better leverage existing assets. Engaging in business in this fashion means profits are going back to producers, farmers, and the communities in which these businesses operate.

Join the movement! P6 is growing, and we’re looking for new mission-aligned members. Go to www.p6.coop to learn more, or contact us directly at info@p6.coop. □

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