



**SUSTAINABILITY AND FARMER
CONTROL IN A LARGE AGRIFOOD
VALUE CHAIN**

The case of Organic Valley

OVERVIEW

- Organic Valley is unique for a market leading firm in:
 - Social and environmental sustainability
 - Farmer control over value chain
- What strategies led to this unique success?
- What are the conditions of possibility?
- But don't other large cooperatives give farmers control over the value chain?



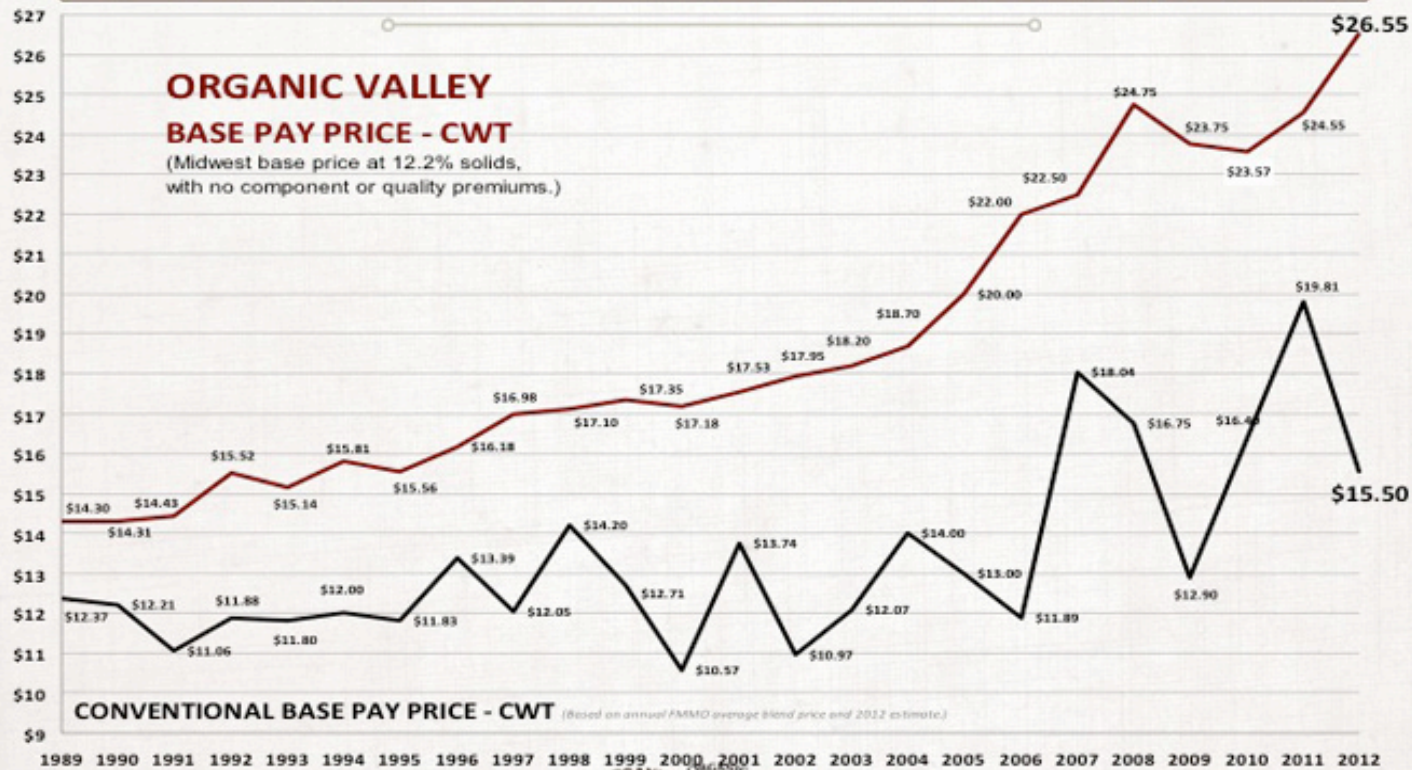
CROPP / ORGANIC VALLEY

- “Social experiment disguised as a business”.
- Sales near US\$1 Billion
- Membership includes about 10% of the organic farmers in the U.S.
- Over 500 employees.



PRICE MAKING

Dairy Pay Price Comparison



ORGANIZATIONAL AND VALUE CHAIN STRATEGIES

- Creating a differentiated market niche
- Supply management
- Coordinating decentralized production
- Participatory, mission-driven governance
- Finance



THE EVOLVING ORGANIC FOOD LIFESTYLE



CONDITIONS OF POSSIBILITY

- Being at the right place
- Being at the right time
- Having the right people
- The characteristics of dairy
- The social movement
- Ability to translate values into a clear business strategy



OV VS. OTHER MARKET-LEADING DAIRY CO-OPS

- Ability to set price
- If you can't beat them join them
- Challenges to the ability of farmers to govern: size, scope, complexity
- Internal contradictions and conflicts of interests:
 - Focus on cost reduction undermines sustainability
 - Close connections with the corporate world
 - Diversification
 - Maximizing profit vs. maximizing farm revenues





THANK YOU!