

How to Develop and Run a Successful CSA: Opportunities for Small Growers

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(For an overview of CSAs see the Preparing for the Table section)

My wife and I have been market gardeners since 1988. We have been a part of a Community Supported Agriculture (CSA) or subscription service since 1990. We began organic vegetable production outside of Topeka, Kan., and sold at farmers' markets for two years. We cultivated customers and decided to try a delivery service the third year. We asked customers to line up friends who agreed to participate, and we would drop off the vegetables at their place of work. We had 45 subscribers the first year and eventually built the service up to 85 families.

All the time we had that CSA, we also sold at farmers' markets and some of our subscribers continued to buy from us at farmers' markets. The subscription service mutated while we were in Topeka. We had approximately ten drop-off sites, many at Menningers, a mental health care facility. The subscribers were the professional staff.

At one point, a newspaper article about us pointed this out, and we were asked to no longer deliver there by the administration, though the president's wife and the head of security were subscribers. We limped through that summer sitting in a nearby church parking lot, with a steady stream of complaining psychiatrists driving through and picking up their bags.

We got tired of the frenetic deliveries all over town after that summer, so we decided to limit our drop offs to three convenient sites and asked the subscribers to get there. We left the labeled bags on two shady porches and in a garage. It was very hard work. We wrote a weekly newsletter that went into each bag, and we strived to make

all the bags exactly the same, and mentioned all the contents in the newsletter. Inevitably, someone wouldn't get the cucumber or we would not have 85 cantaloupes good enough to deliver, or some such other crisis would increase the stress. Also, try to fit 85 full grocery bags into a pickup sometime. We at least had a cooler by the third year, so things weren't melting down in the heat of the afternoon.

In 1993 we moved to Lawrence, Kan., and decided to try enlisting other growers into the same sort of service. Even in Topeka, we had purchased strawberries from a friend's farm, and occasionally other produce items as well. Those growers, and all the others describing themselves as organic, became part of a cluster of farmers within the Heartland Network, a Kellogg-funded project of the Kansas Rural Center (KRC). I was also the director of KRC at the time, so I guess we had some pull, but the group that was formed, the Rolling Prairie Farmers Alliance, has proved to be quite resilient and still operates to this day.

CSAs and subscription services have bloomed and blossomed all over this country, and I believe one could argue that no two are exactly alike. They all are reflective of the people who make them up.

One can divide them up in several ways, but one way to look at them is by the level of connection between grower and eater. Some subscription services are straightforward agreements that the subscriber agrees to buy from the farmer for the season. And if something comes up, no one is bound. Others go further and have written binding contracts. Some additionally require shareholders

About Dan Nagengast

"I am the executive director of the Kansas Rural Center. My wife and I have been farming organically since 1988, but I have a long agricultural background – during my youth, and also service in West Africa. I am involved in several other projects including a tomato canning cooperative, a high tunnel research project with Extension personnel in Missouri, Kansas, and Nebraska, a project investigating the development of antibiotic resistance in pathogens in cattle feed lots, and a project which mentors farmers seeking to develop value added products. I am the co-author of the *River Friendly Farm Environmental Self Assessment manual*, being used extensively by farmers in Kansas to evaluate their farming practices in

terms of water quality. I serve on the board of the Community Mercantile Educational Foundation which promotes nutrition based on local and whole foods, and I also serve on the board of trustees of the Kerr Center."

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to provide some labor on the farm. Some have guidance committees involved in management of the farm. Some have core groups that actually manage the farm and hire farmers. Some have shareholders who invest money in the farm and become owners. Some farms are true "community farms" where the entire production goes to the shareholders. According to Elizabeth Henderson, "The essence of the relationship is the mutual commitment: the farm feeds the people, the people support the farm and share the inherent risks and potential bounty."

How many CSAs are there? No one knows for sure—at least 600, maybe 1000 or more. They are densest in the Madison, Wis., and Minneapolis/St. Paul area, but also the northeast U.S. from Virginia through Pennsylvania and on into New England. Many, if not most, produce food using natural or organic methods.

Why do a CSA? I think you must first develop a satisfactory answer to an even more important question: Why farm? Bob and Bonnie Gregson, in their booklet, "Rebirth of the Small Family Farm," answered that question with a list of farming aims: To have a comfortable living; not to be constantly tied down; to create a place of beauty and order; to produce healthy things; to have a lifestyle that is can be shared with others; to have a lifestyle that minimizes stress; to have flexible schedules; to have fun. Those sound pretty good to me. Maybe your farm isn't providing all that, but developing a CSA might help you get down the road on some of them.

Advantages of CSA to the Growers

1. CSAs are not at the mercy of the weather on market days, unlike farmers markets.
2. CSAs return retail dollars for wholesale quantities of produce.
3. They concentrate your marketing efforts and save time and running around.
4. CSA farmers become a known/ valuable member of the community – less isolation and new friendships.
5. In some CSAs, risks are shared.
6. In some CSAs, labor is shared, especially on certain crops.
7. CSAs diversify the farm into many crops.
Diversification becomes more important as climates become more extreme.
8. CSAs don't generally need to be "competitive."
9. CSAs allow flexibility in products delivered.

Disadvantages of CSA to the Growers

1. The complexity of growing multiple crops. If organic, even more knowledge is necessary.
2. CSA farmers must work with a variety of personalities - the good, the bad, and the misunderstood.

3. Some shareholder labor, especially early on, is negative help.
4. There are pressures to produce.
5. CSAs may mean extended seasons and longer time toiling.
6. They can mean extra labor management for growers who just want to grow.
7. Farmers must become educators.
8. Running a CSA can mean relinquishing autonomy.

Advantages to Shareholders

1. Fresh food.
2. Possibly chemical-free food.
3. At close to supermarket prices.
4. Increased knowledge of food, natural systems, seasonality, the environment.
5. Broadened, healthier diets.
6. Support for the local economy - support for open space.
7. New friends.
8. Even their old friends will think better of them.

Disadvantages to Shareholders

1. Ours had to be in the Mercantile at 6 p.m. every Monday night for 23 weeks.
2. The whole family may not like greens.
3. Shareholders must cook. Not convenience foods.
4. It is a commitment of money beyond the norm.

How To Start A CSA

I must begin with the assumption that you have land and some horticultural experience. If you have neither, you need to get yourself some land, and some horticultural experience before you begin a CSA.

Here are some anecdotes about land acquisition:

1) Alex and Betsy Hitt farm in North Carolina. They aren't CSA farmers, but the way they capitalized their farm is very interesting. Right out of college, as 20 year olds, they formed a farming corporation, sold stock to friends and acquaintances, and raised \$70,000 with which to buy their farm. The share appreciated over the years, and as the Hitts became more successful, they bought the stock back. Shareholders made money and the Hitts now own the whole place. I remember Alex saying something like "no one told us we couldn't do that."

2) Watershed Farm. This is a CSA near Trenton, N.J. The land is owned and managed by a non-profit, with an eye toward protecting water quality. Jim Kinsel leases the land, farms organically, and many of the 700+ shareholders are members of the non-profit.

3) Heifer Project has a CSA on its farm in Arkansas. Chuck and Lucretia Crimmins have managed the CSA as

employees, and it is now becoming a training farm for long-term internships where the interns earn enough to begin capitalizing their own farms.

4) Our model. We've bought suburban or subrural houses with acreage and just started farming them. Our house mortgage is our land payment.

Horticultural Experience

The battlefield is littered with people who started their CSAs the day they started growing. CSA is something to get into once you are a competent grower, meaning you know your crops and your climate. Failed CSAs alienate customers from the whole concept.

Pathways of Formation for Different Models of CSA

A true CSA

- Has a core group of initiators involved early on. It includes the farmer and shareholders.
- Hosts exploratory meetings and develops shared values.
- Decides the details as a group.

Other details to consider: Farmer, crops, other farm products, season, price, share size, work shares, openness to children on the farm, ownership of assets and investment, how members are recruited, the exact commitment, legal framework, and communications.

A Subscription Service

- Generally an initiating farm.
- May be seeking at first to sell only a percentage of production through the service.
- The farmer may decide most of the details, especially: number of subscribers, most of the crops and products, who is to be recruited, communication, price, pick-up spots, and share size.

I have to acknowledge at this point, that I have only been involved with services tending towards the latter. But even a good subscription service eventually gets to know the subscribers and grows what they want at a price they are comfortable with.

There is another permutation, with which I have a lot of experience, and that is the Cooperative CSA or Subscription Service. The path here can be more tortuous, but also quite rewarding, with shared risks and labor.

- Growers should be compatible. Groups should have similar temperaments, and mutually respect each other's growing practices and quality.
- There should be compatibility of crops. All growers should not be concentrating on the same crops, but diversifying into separate specialties.
- There is a lot of sweat equity. Everyone has to volunteer.

- Growers with other skills, like accounting, marketing, or newsletter writing are valuable.
- With groups of farmers there are a lot of opportunities to work with whole food stores as host sites and even subscriber recruiters.

Getting Subscribers

Some of the best methods include flyers and brochures. We have also had great luck in asking our subscribers to find new subscribers. But think also about interested groups, such as churches, environmental groups, whole foods store customers, etc. Also, enlist the press.

How Much Work Is it?

Obviously there are a lot of things to be taken care of. Depending on what route you as a farmer go, you will be taking care of all of them, or few of them.

Other farmers have tried to quantify some of the work entailed in farming with a CSA. A farmer named Jean-Paul Cortens, who is fairly famous on the East Coast – I believe his farm is called Roxbury Farm and he sells into NYC – tried to estimate the labor needs for his 22 acre farm, with 450 shareholders. As reported in Henderson's book, it took:

1 full-time farmer	2,500-2,800 hours a year
3 apprentices	1,400 hours/year/each
2 part-time coworkers	700 hours/year/each
1 bookkeeper	100 hours/year
3 site coordinators	40 hours/year/ each
Total	8,820 hours

Who is Going to Do the Work?

The farm family
 Hired local labor
 Hired migrant farm workers
 Shareholders
 Interns or apprentices
 Custom work from neighbors
 Established picking or weeding crews
 Machinery
 Expenses and Income

Our own service, Rolling Prairie, had a share price of \$12 a week. This year, for 23 weeks, the total came to a share price of \$276. A 1995 survey of CSAs found the range to be from \$100 to \$735, and half shares averaged \$244. I have heard of shares in the \$1,100 range. The internal joke about Rolling Prairie is that we are the Wal-Mart of CSAs. That is not necessarily the best thing to be, but we ask for less commitment from our customers.

How does Rolling Prairie decide the number of customers? We decide the share price for the summer. We

each give a dollar figure for the amount we wish to sell through the cooperative. We add all our desired sales up and divide by the share price, and that tells us how many subscribers we need. We then refine it somewhat by calculating the capacity of each of our three drop-off sights.

Capitalizing the Farm

This is from CSA Works, a consulting service which grew out of Food Bank Farm. Michael Doctor, from Food Bank Farms, says you need roughly \$15,000 - \$20,000 to start up. Bob and Bonnie Gregson say you need about \$11,000, but they do not own a tractor.

Larger CSAs generally need more money for specialized equipment. Labor costs and management rapidly rise as a horticultural farm grows, and equipment becomes a more attractive solution.

Production

We do not attempt to predetermine production in our cooperative. Our eight farms normally generate more than enough produce. Also, successions are more problematic in the Kansas climate. Many crops just won't grow all summer long.

CSA growers have wrestled with quantities and crop choices for years. A few boldly struck out in a different direction. Michael Doctor of Food Bank Farm reports:

"During our third year, we implemented a mix-and-match greens table. We put all the collards, kale, lettuce, mizuna, arugula, radishes, etc., on one table and gave shareholders a plastic bag of a certain size and let them fill their bag with whatever they wanted. If someone did not like greens and just wanted to fill their bag with lettuce, great. Let them eat lettuce.

Members were thrilled with the system. Finally, they had some real choices ... Not only were our members happy, but also the farm saved thousands of dollars in harvest labor under the new system. We no longer had to spend time counting heads of lettuce and bunching and tying greens. Distributing by volume meant we no longer needed to produce uniform head sizes. This enabled us to switch to a much less costly lettuce production system ... In August 1999 we broadened this method of distribution to include the majority of crops we raise on the farm. We place the carrots, beets, broccoli, eggplant, peppers, etc., on another table and give members a bag which they can fill to a certain point with the vegetables they like.

At first, we were afraid that everybody would just take carrots. Our fears were unfounded. While carrot consumption did go up about 20 percent, we distributed just about the same amount of other crops as we had under the old system. Some folks took lots of carrots, others took lots of eggplant - but it all averaged out the same in

the end. Consumer response was overwhelmingly positive." (*Growing for Market* [Feb. 1996]: 4-5)

Cleaning/Packing/Chilling/Storing/Divvying

There is a lot of thought and rigmarole that goes into designing the bags for Rolling Prairie. Our production manager knows what we have coming on because we tell him ahead of time. He has to keep in mind each of our sales goals, and he "buys" from each of us accordingly to make the most attractive bag he can each week. Personally, on our farm, we don't pick a crop until it is sold, so Wednesday, when we are told we need 85 head of broccoli for Thursday, we schedule our day to pick them as close to delivery as possible. In some cases that is the same day, and sometimes the night before. What we are really selling is freshness and flavor, and maybe relief from food safety concerns. There will always be a temptation to hold over stuff that didn't sell at farmers market and put it in the bag on Monday. But then your fresher field stuff will go by. People are paying a premium and they should get the best from your farm. There is always an issue about quality in a cooperative.

There are food safety issues out there, though maybe less with produce than with meat products. Your state Extension office should be able to help you with advice and protocols on food safety. But here are some rules of thumb: Exclude livestock and vermin from places where you clean, handle or store produce. Find out chilling requirements and follow them. Change wash water frequently, or wash in running water rather than in static tubs. Exclude raw manure, or other vectors of coli, etc., from your fields.

We talked a little about making the bags. We've found that letting subscribers make their own bags is the most satisfying and least hassle. It allows them to "shop," and if they forget an item, it is their fault, not ours. Still, many services prepare the bags or boxes and drop them off as is, and it seems to work fine.

Bagging or dividing up the shares is often a shareholder job opportunity. There are countless permutations of pick up: on-farm, delivery to drop-off sites, delivery to stores, delivery to individual homes (sometimes with an additional delivery charge tacked on), pickup at farm stands or at farmers' market (including just pre-selling a dollar amount and giving subscribers a credit that they reduce with each purchase at the stand).

Mark Lumpe, the largest Rolling Prairie producer, has a second CSA, which includes many of our former subscribers in Topeka. He provides 50 bags at an \$11 cost, or a \$1 discount below our normal price of \$12. The bags are sold wholesale to the Topeka Food Coop which resells them to subscribers at full price, or \$12. That is a good

return for them, as they merely put the bags out, and people come and get them and pay on delivery. Since the sale is wholesale for Mark, he does not owe sales tax of 6.9% or 76¢. Thus he is really only getting 24¢ less on each bag, and has none of the logistics or shareholder service work.

Legalities

Most farms are sole proprietorships. Some are partnerships. There are also limited liability companies, corporations and cooperatives which are a form of corporation. Most of the more sophisticated business forms were developed in part to limit liability. Doing so encouraged outsiders to invest.

All the farms in our cooperative are sole proprietorships, but the owners are members in an incorporated cooperative known as Rolling Prairie Farmers Alliance, Inc. Our cooperative has product liability insurance, which protects us for products sold through the cooperative, but not for things we do not sell through the cooperative. It is fairly inexpensive.

Other issues you will have to think about are sales taxes. Again, in our coop, each member pays his own sales tax liability. If your CSA is allowing pick your own (PYO), there may be additional liability issues above and beyond normal farm liability.

Some CSAs are eligible for redemption of food stamps. If the CSA operates on a pay-as-you-go system, rather than a large up-front payment, it may be eligible.

How Do You Get Paid?

Some CSAs receive the entire season's payment up front. Others have monthly or weekly payment schedules. Rolling Prairie gets a \$50 partially refundable deposit, and then each customer pays monthly. RPFA did not always ask for deposits, which lead to the interesting situation of customers failing to show up to collect their bags. The deposit somehow changed the psychology of the relationship. Now, RPFA owes the subscriber, rather than carrying the subscriber. This has resulted in much less

absenteeism.

Rolling Prairie is rather unique in how farmers get paid. Each month, as subscribers pay, their checks are deposited. The accountant tallies up what each farmer supplied and then cuts a check to each grower. All financial information is given to every grower.

OTHER ISSUES

Educating the customers

Most CSA's have some written means of communication between the grower and subscribers; sometimes it is written by both. Often, there is room for recipes and cooking information, as well as storage tips, preserving, etc.

Rolling Prairie Cookbook

Rolling Prairie is blessed to have a nutritionist and excellent cook named Nancy O'Connor who subscribes, and who is also the nutritionist at our principle drop-off site, the Community Mercantile in Lawrence. Nancy compiled (and sampled) numerous recipes, and eventually produced this book. Now when we give someone kale and they ask what to do with it, we say, "Page 73."

Maintaining Quality

This is a sticky issue in a cooperative. There needs to be a lot of work getting everyone to agree on at least a minimal level of quality and cleanliness. Smaller growers are often under the most pressure because culling can take them below the numbers they've promised. Larger growers generally have an abundance and can insure quality, though obviously, there are exceptions in both cases. This should be a topic for meetings and there should be some internal educational opportunities.

In no case, should a grower be allowed to compromise the health and safety of the subscribers. Farmers staffing the drop-off sites are expected to pull produce that does not meet quality standards, and offer a credit to the subscriber.