

# OFARM

Organic Farmers' Agency for Relationship Marketing

# Quarterly

*The dawn of a new era in  
collective pricing, marketing and  
inventory by and for  
North America's organic farmers.*

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## Market Power in Action: OFARM

"Market Power in Action: OFARM" is a chapter in the recently published book, *Market Power For Farmers, What It Is, How To Get It, How to Use It*. The book details why farmers should devote more time and attention to the importance of mutual marketing of their commodities in order to gain a price negotiating. The book is written by well-known agricultural author Dr. Richard Levins, Professor Emeritus at the University of Minnesota, Department of Applied Economics.

Levins authored a major study of the efforts of OFARM on behalf of organic producers in a study funded by the Aldo Leopold Center for Sustainable Agriculture at Iowa State University. (See the July 2005 OFARM Quarterly.)

The farmer market power book examines several key economic issues producers may not have thought about before.

Levins writes, "Many farmers seek specialty markets as a way of avoiding the so-called 'commodity trap' that conventional farmers face everyday. This is especially true for organic farming. But as specialty markets grow, the same big buyers come calling. During the last few years, UniLever, one of the world's largest food companies bought Ben and Jerry's. Dean Foods, the largest dairy processor in the United States, jumped into the organic market when it took over Horizon Organics. Grain giant ADM went into the business of processing organic soybeans."

Levins points to the need for and development of OFARM. "There is no law that says specialty crops should bring premium prices or higher profits to the farmers that grow them. Without market power, in the long run specialty farmers will fare no better than their conventional neighbors. Farmers growing organic grains in the Upper Midwest realized this and joined together to form several smaller bargaining cooperatives to market their products. But as time went on, the corporations buying from these cooperatives became big enough to play one cooperative against the others. The cooperatives in turn networked through a 'marketing agency in common' to form the Organic Farmers' Agency for Relationship Marketing or OFARM."

"OFARM is a legal structure that allows individual cooperatives to act in concert as they price and market products," he continued. "Because of this, the market power of each individual cooperative is enhanced because buyers are prevented from playing the marketer for one cooperative against that for another. The marketers for each individual cooperative have conference calls and discuss market conditions and prices being offered. As simple as this concept is, it goes a long way toward presenting a united front to the buyers. It is one way to 'act big or get out.'"

OFARM's goal is that by marketing together we can make a difference. Levins cites a recent study comparing prices received by member and non-member farmers indicates that this is indeed the case—OFARM is negotiating higher prices than farmers are able to get acting alone.

Copies of the book are available through OFARM. Contact Oren Holle or John Bobbe.

# President's Message

**By: Oren Holle**

If you read the article "Market Power," it gives you a brief overview of why we have OFARM. I would like to add these thoughts.

As I listen and participate in our marketing conference calls I really begin to understand how complex the marketing issues can become. Buyers purchase from a number of sources, including our member marketing groups. When each of us goes to make a purchase for our farm, we go out to get the best deal possible. The same holds true for buyers of what we have to sell. Communicating with each other to know the value of what you have for sale puts you as a member grower in a better bargaining position while it also serves to provide service to the buyer. This translates into value and the OFARM member marketing groups exist to make sure you, as a member, get the benefit.

We have a Target price List which you can view on the OFARM website ([www.ofarm.org](http://www.ofarm.org)). We approach the market with a price level that has been given a lot of thought. Not all of our contracts are in these price ranges but we know where we want to be. Once again as we communicate with each other we get a view of the big market picture and collectively agree to approach the markets at certain levels. This translates into value and the OFARM member marketing groups exist to make sure you, as a member, get the benefit.

Your marketer has the benefit of a larger source of market information, from across the U.S. and Canada. Information is power. This translates into a stronger bargaining position. This translates into value and the

OFARM marketing groups exist to make sure you, as a member, get the benefit.

Your marketer represents a larger volume of product. The combination of your product with that of your fellow members becomes a supply that buyers need and is worth more because it is a dependable supply. As a part of OFARM, the product each group has available for bargaining becomes part of a larger block of product. We can meet the demands of a larger market when necessary. This translates into value and the OFARM member marketing groups exist to make sure you, as a member, get the benefit.

OFARM continues to grow. We would like to grow faster. We have added new groups. We would like to add more. The member organizations continue to grow. That means we represent more product in the market. This is increased market power. This translates into value and the OFARM member marketing groups exist to make sure you, as a member, get the benefit.

OFARM and the marketing groups who are members are recognized as a dependable source of quality product that can be delivered when and where the buyers need it. This translates into value and the OFARM member marketing groups exist to make sure you, as a member, get the benefit.

Maybe all of this so obvious that it seems almost pointless to mention it since this news letter goes mostly to our members but occasionally I think it is good to review the benefits so we don't lose sight of why we do what we do. Let me remind you once more, this translates into value and the OFARM member marketing groups exist to make sure you, as a member, get the benefit.

## Fernholz named organic agriculture coordinator

The University of Minnesota's Southwest Research and Outreach Center (SWROC) has been a leader in the study of organic agriculture and ecology for over 15 years. Continuing in that role, SWROC will soon have two new staff members who will coordinate and support efforts to expand the University's statewide organics program in the areas of research and outreach.

Jim Riddle and Carmen Fernholz are joining the SWROC staff as organic agriculture coordinators. Fernholz, from Madison, Minn., will be the organic agriculture coordinator for research management; Riddle, who lives in Winona, Minn., will be the organic agriculture coordinator for outreach. Based out of SWROC, their duties will involve other organics-related activities throughout the University system and at other research and outreach centers.

"Both Jim and Carmen are recognized, well-connected and committed individuals who will make organic agriculture systems a priority," commented Pauline Nickel, SWROC head. "They will invigorate research and educational efforts through strong partnerships within and external to the University of Minnesota."

Riddle's experience in the field of organic agriculture extends over 25 years. He began farming organically in

1980 and conducting organic inspections in 1987. In the early 1990s, he became involved with various government agencies and private organizations that establish organic standards and policy, including the International Federation of Organic Agriculture Movement.

Since 2001, Riddle has served on the National Organic Standards Board. From 2003 to 2004, he held an endowed chair position in agricultural systems for the University of Minnesota. He is a frequent speaker at organic farming conferences and field days.

"Jim brings a national and international reputation for his work on national organic standards to SWROC. He has a vast and valuable knowledge of the practical application of organic systems," said Nickel.

"I'm looking forward to the opportunity to bring more exposure to the good work that the University of Minnesota is doing in this field," commented Riddle. "It's an exciting time to be involved in the growth of the organic market."

Fernholz began farming organically in the early 1970s and was certified as an organic producer in 1974. Between 1997 and 1998, he held a senior fellow position in

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# Calendar of Events

February 10 - 11, 2006

**NPSAS Annual Winter Conference**, Fargo, North Dakota  
 Doublewood Inn  
 Contact: Lynn Nelson, 701-883-4304,  
 E-mail: lnpsas@drtel.net

Feb. 11-12, 2006

**Northern Plains Sustainable Agriculture Society Annual Winter Conference**, Aberdeen, South Dakota  
 Contact: Theresa Podoll, (701) 883-4304,  
 tpnpsas@drtel.net  
 Website: www.npsas.org

February 22, 2006

**Organic Farmers' Agency for Relationship Marketing (OFARM) Annual Meeting**, LaCrosse, Wisconsin  
 La Crosse Center  
 Contact: Oren Holle, 785-337-2442,  
 E-mail: oholle@bluevalley.net

February 24, 2006

**MODPA Annual Meeting**, LaCrosse, Wisconsin  
 12:30 p.m. Room to be announced.  
 LaCrosse Center  
 Contact: Steve Pechacek, 715-946-3050 or Darlene Coehoorn, 920-921-5541

February 23 - 25, 2006

**Upper Midwest Organic Farming Conference and Organic University**, LaCrosse, Wisconsin  
 LaCrosse Center  
 Website: www.mosesorganic.org  
 Contact: 715-772-3153

February 25, 2006

**Wisconsin Organic Marketing Alliance (WOMA) Annual Meeting**, LaCrosse, Wisconsin  
 1 p.m. Room to be announced.  
 LaCrosse Center  
 Contact: Paulette Bradley, 608-427-2201

March 4, 2006

**Michigan Organic Conference**, Kellogg Center, Michigan State University  
 Contact: George Bird, 517-353-3890  
 E-mail: birdg@msu.edu, Web site: www.moffa.org

March 17 - 18, 2006

**Western Organic Dairy Conference**, Arcata, California  
 Humboldt State University  
 Contact: Terri Fisher, 707-725-1682 x3010,  
 E-mail: TFisher@humboldtcreamery.com

OFARM

*The marketing power behind organic farming*

## OFARM Annual Meeting

Organic Opportunities - Marketing Results

LaCrosse Center, LaCrosse, WI

Registration: 8:30 a.m.

Committees meet Tuesday, Feb. 21

For more information:

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## The National Organic Standards Board (NOSB) and You

Six new members were appointed recently to the NOSB by Agriculture Secretary Mike Johanns. These new members will serve terms from January 2006 to 2011. Those appointed include: certifier Joe Smillie; consumer/public interest members Daniel Giacommini, Jenifer Hall and Katrina Heinze,; and producer members Jeffery Moyer from the Rodale Institute and Kevin Engelbert, dairy farmer from New York. In addition an Executive Director was chosen, Valerie Francis, who will direct the NOSB's work.

The Food, Agriculture, Conservation and Trade Act of 1990 (FACT Act) required that USDA establish the

National Organic Standards Board. The purpose of NOSB is to assist in the development of standards for substances to be used in organic production and to advise the Secretary of Agriculture on aspects of FACT.

The NOSB consists of four organic farmers, two organic handlers, one individual who owns a retail establishment that has a significant part of its business in organic products, three individuals with expertise in environmental protection and resource conservation, three public interest or consumer group representatives, one individual with expertise in ecology or biochemistry and one certifying agent.

## NOSB revisits pasture for ruminants, moves ahead

The November NOSB meeting revisited pasture for ruminants. The NOP will move forward with new rulemaking in the coming year based on the NOSB Draft recommendation approved at this meeting and Public Comments from this and previous meetings. They will publish an Advanced Notice of Proposed Rulemaking (ANPR) in early 2006. This will be followed by a 60 day Public Comment period AND a Public Symposium intended to air testimony from experts and producers. This symposium is tentatively scheduled for March 2006, probably to be held in Lancaster County Pennsylvania. There will be a concerted effort to organize organic dairy producers and consumers to testify. The fact that the USDA is calling for more commentary at this point is being met with some cynicism, as there has been a great deal of commentary already, overwhelmingly in favor of mandating pasture.

The major shift this time is with the 120 day inclusion in the rule where it was only in the guidance previously. Without a doubt a primary difficulty will be having organic inspectors be able to accurately guesstimate the percentage of daily intake that pasture is providing compared to the targeted 30 percent. There is some concern that there may be legal wrangling in the background from parties interested in keeping mandated pasture language out of the rule, but there is no firm evidence of this. We urge everyone to keep watching the "Today's News" section of the NOP website at [www.ams.usda.gov/nop/TodaysNews.html](http://www.ams.usda.gov/nop/TodaysNews.html) to find out exact details on the March pasture hearings and to submit written comments if you are not able to attend.

### OFPA Update

*By David Bruce, Pools communications manager  
Organic Valley/CROPP Cooperative*

There was a great deal of misinformed commentary surrounding the Harvey Lawsuit, its implications on the organic movement, and the changes enacted by the Appropriations Committee in response to the lawsuit. While some insinuated that there was some corporate takeover of organics and that suddenly all synthetics would be allowed in organic production, the reality is that the Congressional changes simply nullified the hugely negative impact the lawsuit would have had on the organic marketplace.

In an independent review, the Congressional Research Service (CRS) has concluded that the recent

changes in the Organic Foods Production Act (OFPA) will do little more than block the effect of the June 2005 court ruling in *Harvey v. Veneman*. Agreeing with Organic Trade Association (OTA), CRS concluded that two of three changes made by Congress rendered the corresponding court rulings "likely moot", meaning the effect of the new law changes will be to restore the existing rules. On the issue of commercial availability, CRS agreed with OTA that the amendment did not change the court's ruling that each substance appearing on the National List must meet all of the stringent requirements for placement on the National List, but instead that the Secretary may create emergency procedures to accelerate that review.

All synthetics will still require review by the National Organic Standards Board. The fact that the Secretary has the ability to facilitate the commercial availability decision means that individual certifiers will not be making that decision independent of the USDA but instead that there will be one central decision making body. That NOSB will still have input in this regard.

Most importantly for dairy farmers, the "80/20" clause wherein 80 percent organic, 20 percent transitional feed could be fed in the last year of transition up until the last three months will be gone after June 2006. If you know of anyone that is near to qualifying as certified organic, inform them that now is the window of opportunity, and after June it will get significantly more expensive. The new clause enacted by Congress instead allows for transitional feed *from that farm* to be fed in the third year until the last three months when 100 percent organic must be fed. This will be more easily accomplished by Midwest farmers than our counterparts in the NE who purchase a good portion of their feed.

The issue of replacements into the organic herd will be the next area that requires clarification and a more level playing field. Current regulations favor those that are able to purchase heifers and feed them 100 percent organic for a year, versus raising them as organic from the last third of gestation of the mother.

What became clear through this whole process was that consumers and producers are passionate about organics and that all are concerned with keeping standards "pure." All involved must look at the practicalities of on farm production and realities of processing and realize that consumers will choose to support the production practices they believe in with their food dollars.

## Producer Portraits

### Robert Boettcher Receives Lifetime of Service Award

Robert Boettcher was awarded a Lifetime of Service Award by the Montana Organic Association at its annual conference in November.

Robert and son, Earl own and operate Rob-An Farms, Big Sandy, Montana.

Rob-An Farms is an organic farm being fully certified since 1992. The transition to organic began in 1986 after several years of doing a four year rotation of wheat, barley, sunflower and summerfallow. A four year rotation has been continued in the organic system to include any of the following crops: wheats, barley, durum, sunflower, lentils, peas, buckwheat, flax, spelt, alfalfa, medics, and many more.

Robert served as on the committee of organic farmers that resulted in the formation of OFARM and currently serves as NFOrganics alternate board member.

In July 2002, Robert was presented with an Honor Award 2002 from the Soil and Water Conservation Society at their annual meeting in Indianapolis for his assistance in promoting wise use of Montana resources.

In 1997, Robert was invited to be a participant in a trade mission to Taiwan to promote Montana Organic products. The trade mission was sponsored by the MT Dept. of Ag and the Western United States Agricultural Trade Association. This was a three year grant and Robert participated the following 2 years. In 1999 and 2001 the farm has hosted visits of delegations from Taiwan.

Robert's current organizational involvement includes participation in the Chouteau County Weed Board for the past 16 years, member of the State Technical Committee of the NRCS, participant on the Big Sandy Soil Conservation Board. 30 years as member of the National Farmers Organization, 7 years in Montana Farmers Union, 14 years with the Alternative Energy Organization (AERO), 6 years with Northwest Coalition for Alternatives to Pesticides, 9 years with Northern Plains Sustainable Agriculture Society, and 12 years with the Organic Crop Improvement Association of which he is currently serving as chapter treasurer, Western Sustainable Agriculture Working Group board member for 10 years.

Robert has served as the National Director for the National Farmers Organization for 7 years. He has been a board member for Cenex Havre/ Big Sandy, a member of the Christ Lutheran Church council, and was a member of the Northern Agriculture Research Center advisory board for 8 years.

Robert received a Bachelor of Arts in Industrial Arts from University of California Santa Barbara and a Master of Science in Agricultural Economics and Economics from Montana State University, Bozeman, Montana. Robert has also attended the Crop and Pest Management School at Montana State University in 1995.

The Montana Department of Agriculture has appointed Robert to the Organic Certification Advisory Council.

### Fernholz respected nationally for longtime organic leadership, on-farm research

#### *Continued from page 2*

agricultural systems for the University of Minnesota. Since 1985, he has participated in on-farm research with the University of Minnesota, North Dakota State University, the Rodale Institute and the United States Department of Agriculture.

Fernholz has been active in several associations and organizations, including the Organic Growers and Buyers Association, the Minnesota Institute for Sustainable Agriculture (MISA) and the Sustainable Farming Association of Minnesota. He is a co-founder of the Organic Farmers Agency for Relationship Marketing and started the Southwest Minnesota Poultry Coop in 2000. He currently is the chair of the West Central Regional Sustainable Development Partnership. He also does organic systems crop consulting and public speaking.

"Carmen is acknowledged and respected nationally for his long-time leadership in organic systems and years of on-farm research with University of Minnesota faculty." said Nickel.

"I'll be working hard to enhance connections between producers, researchers and the staff at the University," commented Fernholz. "There's lots of room for expanding what's going on in the field into the work that happens on campus. I believe we will really raise the awareness of what's going on with organics in Minnesota."

Riddle and Fernholz stepped into their new positions Jan. 17.

## OFARM Member Organizations

### **Buckwheat Growers Association of Minnesota**

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### **Great Lakes Organic (Ontario, Canada)**

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**Great Lakes Organic (Petrolia):** 519/882-4526  
Website: [www.greatlakesorganic.com](http://www.greatlakesorganic.com)

### **Kansas Organic Producers Association**

Earl Wright  
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Website: [www.kansasorganics.com](http://www.kansasorganics.com)

### **Midwest Organic Farmers Co-op (Illinois)**

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### **NFOrganics/National Farmers Organization**

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Website: [www.nfo.org](http://www.nfo.org)

### **Organic Bean and Grain Marketing (Michigan)**

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### **Organic Farmers of Michigan**

Steve Steely  
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### **Wisconsin Organic Marketing Alliance**

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