

Working Together for Survival

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The concept of working together to survive has been around since cavemen formed clans. While pork producers are not trying to bring down a mastodon with a rock, they may seem as overwhelmed by the recent economic losses in the pork production sector. The idea of working together in the pork industry became popular six years ago following a networking conference hosted by the NPPC. Since that time working together has become standard operating procedure for many producers.

Working together is often the strategy of last resort. When all else fails let's work together to solve a problem. That is clearly where many producers find themselves today. My observation is that working together or teaming up is a better offensive strategy than a defensive one. First, when playing offense you have a goal in sight and are moving forward rather than standing with your back to a wall trying to stop something. Second, it is difficult to capture early adopter profits if you have waited five years to see if these things are going to work. Third, it is a difference in attitude. It is the difference between: "How can we work together to capture a profit," and "I don't really want to work together, but I guess I don't have any choice." This attitude difference and approach is often the difference between success and failure.

There has been a lot written about networking over the last five to seven years, and many of these guidelines for working together still apply. The members must share a common goal, focus on real economies, capture technology, and be able to evolve as the conditions change. There are also several reasons that a network fails. It tries to be too flexible to satisfy everyone and it loses focus. Members don't follow the rules. It tries to ignore laws of economics, such as fixed price for feeder pigs, too little initial equity or unrealistic expectations. There are too many objectives or agendas. It is poorly managed.

It is important to recognize that not all producers have the same goals or needs for survival. As a result, they should not all be in the same network. For example, consider two neighboring farmers. One producer has ample labor,

skills, and facilities to successfully breed sows and farrow pigs. His neighbor is 20 years older, has limited labor and wants to slow down, has poor farrowing facilities, and doesn't have the necessary skills to breed sows and care for pigs. One could benefit from joining a cooperative sow unit. The other would gain very little if anything from joining the same network.

While there are numerous ways to work together, I have grouped them into three general types of networks. Each can improve the survivability of members. These are:

- **Information sharing**, compare production and financial records and notes on day-to-day management issues.
- **Input purchasing**, volume purchases of inputs, joint investment in sow units, boar studs, multiplier farms.
- **Groups marketing**, transportation savings, collective bargaining, producer owned processing plant.

These become increasingly more formal as you move from #1 to #3 and individuals often will progress from an informal information sharing group to a sophisticated multi-million dollar investment once they are comfortable with working together. It also appears that the more successful cooperative ventures are closed rather than open and a commitment of time and cash is required to belong. It is hard to get comfortable with others if they are not as committed as you are.

Leadership is probably the most important ingredient for joint efforts to be successful. This includes both visionary leadership and day-to-day, keep-things-on-task leadership. This leadership can come from individual producers, but often it will come from a veterinarian or other allied industry person with a vested interest in the success of the members. There is also a thin line between vested interest and conflict of interest; it is the members' responsibility to monitor the line.

While often viewed as less holy than a grass roots producer driven cooperative, linkages to feed companies, processors, or mega-producers are in some sense a network. Most of the individuals may be contract growers and have limited, if any, decision making responsibilities. However, they still share a common goal, there is leadership, they capture a technology and realize economies. Most importantly, they are deriving income from pork production. Many of these companies have also been very successful and provide good examples for others to study.

Producers in tomorrow's pork industry will have to address critical control points to be successful. Many of these are the same ones identified five years ago,

but are now more obvious than they were then. First, producers must have access to information, technology, and markets. As information becomes more proprietary, technology more capital intensive, and markets more consolidated and integrated, working together becomes more practical and more necessary.

Second, they must manage risks (production, price, financial). Production networks that achieve multi-site production help reduce disease risk, but may increase price risk, unless the members continue to work together to market hogs year around. Joint investment in the appropriate business entity can reduce financial exposure to the home operation.

Finally, a producer must have the management skills or knowledge to make profitable decisions in the context of their own operation. While they must develop the knowledge on their own, they may learn better from other producers rather than trying to learn in a vacuum.