

Portrait of a Cooperative Pioneer

The Seattle Wholesale Growers Market Cooperative



Vision:

Cultivating a Northwest Floral Industry that values and supports local growers and sustainable growing practices.

Mission:

Creating a sustainable living for our Pacific Northwest member farms by promoting their vibrant and diverse products to the floral industry.



1 Introduction

USDA data show floriculture to be among the most profitable crops for small scale farmers—those who farm on 10 acres or fewer. Interest in supporting local growers is increasing, as is interest in sustainably-grown flora in general. However, the challenges of bringing such a highly differentiated and perishable product to market (within 48 hours of harvest no less) and doing so at a family-supporting scale can be daunting.

Cooperatives are a logical tool for addressing some of these difficulties of market access and scale, and the success of the Seattle Wholesale Market Growers Cooperative (SWGMC) is one illustration of what can be achieved when a committed group of producers put their minds and hearts together. What started a decade ago with a dozen or so local flower farmers gathered in a cold warehouse in downtown Seattle, is now a sophisticated and profitable business grossing \$2.6 million a year and growing. As much a “How Not To” guide as a “How To” one, the following case study tells the twisting and turning, but ultimately flowering story of this intrepid group of industry pioneers.

2 The State of the American Floral Industry

As recently as 1990, cut flowers were still a domestic industry, with a majority of the blooms sold in this country grown in American soil. This changed radically in 1991 with the passage of the American Trade Preference Agreement (APTA) which eliminated tariffs on a number of products including flowers, imported from Bolivia, Ecuador, Columbia and Peru. The intent was to encourage South American farmers to shift production from cocaine-related plants to something more benign. The result was the United States market was flooded with cheap, duty-free flowers and American flower producers took an enormous hit. This decimation of the domestic cut flower market was widespread—USDA data show a loss of fully one third of all cut flower operations between 1988 and 1998.¹



In 2012, members of the Association of Specialty Cut Flower Growers (ASCFG) began to fight back. In 2014, the California Cut Flower Commission, in coordination with other growers around the country, launched the “Certified American Grown” logo and third-party source certification program to promote domestic product. That same year industry advocates launched slowflowers.com, an online hub to connect consumers with the

farmers, florists, and retail outlets offering American-grown stock. The effort has had some effect, but (pre-Covid) the United States still imported about 80% of its cut flowers. The majority of these came from Columbia and Ecuador, followed by the Netherlands, Canada, and the rest of the world.

Flowers that need to travel such long distances are bred for durability and uniformity, with little concern for scent or other aesthetic features (think of the square, almost tasteless tomato you find in a Northern grocery store in mid-winter compared with the garden variety just off the vine). Foreign flower growers do not have to follow the same environmental standards or labor rules as American farmers, and cut flowers for import are routinely sprayed with pesticides in the field, preservatives in preparation for their long journey to market, and fungicides to pass United States customs once they arrive. Some blooms never encounter a real bee or butterfly in their short lives, and more than a few are tended by children, despite efforts to eradicate child labor in the industry. Imported flowers are cheap and plentiful, and many consumers have grown used to having roses available year around in their grocery store, and seldom give it a thought.

The Slow Flower Movement

The emerging local flower scene is still rather new, but follows a well-established move toward local, “slow” artisanal food that has grown dramatically. Consumer trends across the United States show that a preference for local products and for shopping at small, local businesses is on the rise. Most U.S. consumers, and especially younger ones, are willing to pay more for local products. Consumers know that local goods are fresher and more authentic, and that buying local sustains the area economy and fosters community wellbeing. The buy-local trend leads consumers to be more conscientious in their shopping choices and drives them to look for products they feel will contribute to the local economy and support environmental sustainability. The Slow Flower movement is part of this development, and is additionally characterized by its commitment to the aesthetic diversity of local flora. Slow Flowers celebrates the special shapes, textures, colors and scents of the flowers to be found seasonally in each region, distinctive assets of each place which don’t necessarily transport well to other markets.

The undisputed mother of the Slow Flower movement is former Seattle area journalist Debra Prinzing, who published the first book on the subject, *The 50 Mile Bouquet*, in 2012. A second book, *Slow Flowers*, followed in 2013, and in 2014 the slowflowers.com, website. In addition to serving as a resource for data and inspiration about the movement, the site also hosts a blog, podcasts, and an annual summit and runs a listing service for several hundred farmers, florists, event planners and retail outlets offering American-grown stock. In recent years, the number of event planners listed on the site has increased by 40%, and the number of farmers by 60%. Interest was growing even before the Covid-19 pandemic, which dramatically increased demand for local flowers, as imports became unavailable.



Despite the discouraging competitive landscape, there are several factors that make floral production an attractive alternative for American farmers. As an industry, nursery and floriculture production has a low level of ownership concentration, and small, family-run businesses dominate. While the domestic industry overall is essentially stagnant, the cut flower portion is amongst the bright spots. USDA data show the number of domestic cut flower and florist greens production operations grew by 15% from 2012–2017, and the value of their production increased by 17.8%.

Cut flowers are generally the most profitable segment of the floriculture industry, and flowers are one of the highest-grossing crops that can be grown, per acre. This means that even at a modest scale of fewer than 10 acres (or even three or fewer), a savvy grower can make a living. While price continues to be the dominant factor in competitive sales, quality is increasingly important in floral production. Unlike most other plants, cut flowers can be graded according to appearance and scent as well as size, and higher grades can demand a somewhat higher price. Because the relative space required is less than for many other products, flower farmers frequently do at least some production under cover where they are able to influence growing conditions, leading to higher quality, more lucrative product. These factors boost the ability of an astute farmer to enhance income.

Unlike commodity crops, flowers are typically planted, tended, and harvested almost exclusively by hand. Relatively little equipment is required beyond that needed for temperature control, so it is relatively easy for a flower farmer to start out with a limited amount of capital and land, as long as they are willing to work hard.

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The Roots of the Seattle Wholesale Growers Market Cooperative

The Idea Germinates

Founders date the beginning of the SWGMC to a June 2010 regional meeting of the Association of Specialty Cut Flowers in Eugene, Oregon. Despite some successes, many growers at the time were concerned for the future of their farms: traditional big box wholesalers—a core sales outlet—had sharply reducing their purchases of local floral products in favor of cheaper, readily available South American imports. The feeling was particularly acute among Seattle area growers, who faced the additional pressure of imports flowing across the Canadian border from Vancouver, British Columbia, a huge center for the international flower trade.

“We didn’t have any clout as individual farmers; we couldn’t challenge the price paid by wholesalers,” remembers SWGMC co-founder Vivian Larson of Everyday Flowers in Stanwood, Washington. “But the beauty of it is, we started talking.”

Since 1942, the Oregon Flower Growers Association (OFGA) had successfully managed the Portland Flower Market, a producer-owned cooperative with more than \$3 million in gross annual sales. At the time of the meeting in 2010 no such venue existed in the Seattle area.

With the example of the venerable Portland Flower Market in their sights, a handful of area farmers decided, *“we could do this in Seattle too.”* The following October, 12 founding members met to lay plans for the Market’s launch. At first, they thought they might simply arrange to meet together regularly in a convenient parking lot somewhere; but growers from Oregon would be driving 6–7 hours to reach them and would need cooler space for their product. So the idea of a central warehouse took hold.



“What is “Slow Flowers?”
“At its simplest, it means enjoying flowers grown with sustainable farming practices, harvested in their natural season of bloom, sourced as close to you as possible, and produced by florists who are using green, chemical-free design techniques.”

Debra Prinzing


Early Days

The following April, in 2011, the Seattle Wholesale Growers Market Cooperative opened for business in Seattle’s hip Georgetown neighborhood, also home to the region’s major wholesale market for conventional floral. It was a particularly cold, wet spring that year, founders remember, and there actually wasn’t much local product available to harvest and sell. Growers from southern Oregon brought some lilacs, Skagit Valley producers contributed a few hellebores, and everyone else just brought their energy and enthusiasm to the frigid, nearly empty warehouse.

Now affectionately dubbed simply “the Market”— which speaks to how important the co-op has been in the fortunes of some of its members—the new venture took off. Originally it was organized along the same lines as the Portland Market, like an indoor farmers market. The SWGMC offered members a stall to sell from and the convenience of a central checkout, but each farmer ran their own business, albeit in a shared space. By the end of the first season, membership had grown from 12 to 20 farmers from around the Pacific Northwest, and sales were \$300,000. A year later, they topped \$500,000.

Grant Support from USDA Helps the Co-op Take Root

A fortuitous USDA Specialty Block Grant awarded to a partner organization helped SWGMC members hold two Cut Flower Growers Schools in nearby Mount Vernon, Washington, in 2011 and 2012. Area floral designers joined local growers at the intensive two-day training, and a collaborative local and sustainable flower industry centered on the Seattle market started to take shape. In 2012, the SWGMC was awarded a USDA Multi-State Specialty Crop Block Grant of their own to build their mass merchandise program for grocery outlets, hold another two-day grower school in 2013, and to host several other education events targeted at helping farmers improve sales. In 2013 the co-op also successfully competed for a USDA Value-Added Production Grant (VAPG), which supported co-op member-growers as they pursued “Salmon Safe” certification, a regionally recognized sustainability mark that recognizes businesses whose practices protect vulnerable area watersheds.



“We didn’t have any clout as individual farmers; we couldn’t challenge the price paid by wholesalers... But the beauty of it is, we started talking.

SWGMC co-founder Vivian Larson of Everyday Flowers in Stanwood, Washington

The advent of these grants was a game-changer for the Market. While early sales had been brisk, co-op leaders had begun to realize they needed to grow the business substantially and become a year-round enterprise in order to survive in the high-cost Seattle real estate market. The USDA grants allowed them to hire full-time management staff rather than only counter help, and restructure into a cooperative as a full-year, co-marketing and co-branding initiative, not just a shared real estate venture.

The rest of the world started to take notice as the local and sustainable slow flower movement gained traction (see p. 3) with a dedicated website, podcast and online directory. The influential industry publication *The 50 Mile Bouquet* came out in 2012 with a photo of a SWGMC member farmer on its cover. In December 2013, both the Market and industry leader and board member Debra Prinzing made the *New York Times*.

But this success masked some tensions. Early members freely admit the co-op was under-capitalized from the beginning. With an initial buy-in requirement of only \$500 (it is now \$2,000) there wasn’t much money for improvements. The Market relied on sweat equity to turn the empty warehouse into an inviting sales space. The whole thing “was not as easy as we thought it would be,” noted one early member philosophically.

A big shift in trust was also needed to make the new cooperative model work—trust not only between member-growers, but also between growers and Market employees. Unfortunately, the first hired manager was a poor fit for such a co-op. Sales slipped and the manager departed, leaving members to face the looming 2013 season without core staff in place. Fortunately the husband of a board member—a Harvard lawyer and MBA—was willing to fill in on a temporary basis. Sales rebounded, topping \$600,000 in 2014. After another ill-fated but short-term management hire, a new Market manager, Molly Sadowsky, arrived to take the co-op through its next important stage of development. Issues with quality control and delivery schedules needed to be worked out, but with critical USDA help, the Market was on its way.

“I don’t know that we would have survived the early days without those grants,” remembers co-founder Diane Szukovathy of Jello Mold Farm in Mount Vernon, Washington.

Having the breathing space to find the right staff and re-direct the Market in a more financially sustainable manner was key to its continuation.

Growing Like a Weed

Thus began a third phase in the co-op's development, a period of almost non-stop growth in terms of customer count, revenue, staff members and almost everything else. At close to \$1 million, 2015 revenues were more than 60% above the previous year, and 2016 added another 38% to those numbers. Sales in 2017 were \$1.68 million, or more than three times what they had been just five years earlier. The number of wholesale customer accounts increased rapidly as well, rising from 546 in 2015 to 728 two years later. Before, individual farmers were very limited in the number of potential customers they could approach on a regular basis; with the Market, that number soared.

Some early members left when the co-op transitioned to the more intensive model of co-branding, and the membership stabilized at around 15 members (there are 16 members in 2021). But those modest member figures understate the larger impact that the SWGMC was having on the surrounding industry.

While 60-70% of product sold through the Market during this high growth period was from member growers, the co-op also provided an outlet for dozens of other area producers, either on a consignment basis (a prerequisite stage for possible membership) or as providers of fill inventory needed to cover periods of the year when no member product was available. Area florists and floral designers also relied on the Market to build their own businesses and stake out a reputation for unusual, beautiful and sustainable blooms. Demand for such product had been increasing steadily, but until the SWGMC opened, there was no efficient way for buyers to source either sustainably-grown flowers or unusual local blooms.



And co-op members at last found some of the sales growth and reliability they had been looking for when they first founded the cooperative. Even while paying the 30% commission required under the new co-selling model, founding member Jello Mold Farm found their actual net farm revenue unaffected in the first year. Freed from the time spent at farmers markets or driving around in a truck with buckets of flowers visiting potential customers, farmers had more time to actually farm. For Jello Mold Farm, enhanced sales through the Market completely made up for the new overhead cost. Soon, take-home pay from the farm had doubled, largely by way of the sales channels accessed through the SWGMC. Another member grower, Everyday Flowers, plowed all their new revenue back into the business, investing in high tunnels and other infrastructure to lengthen their growing season and sell into higher-paying shoulder seasons. This investment paid dividends the following year, as the Co-op found buyers for all the new product without farmers having to land the new accounts themselves.

SWGMC farmer-members continued to innovate, pushing the industry in new directions. A successful 2018 VAPG grant helped the co-op develop their nascent specialty in unusual and interesting foliage including bay laurel, eucalyptus, cotinus, raspberry canes, snowberry, maidenhair fern, snowberry, anthriscus, alchemilla, jasmine vine, currant foliage and ninebark. This opened new products for members to grow, and cemented the Market's reputation with local designers as the place to go for interesting, uncommon and beautiful ware.

Meanwhile, the Market was quickly outgrowing its original footprint. Parking was scarce, and customers complained of repeated parking tickets received while trying to shop. Under-capitalized from the beginning, resources were tight. The pace of growth was exciting, but the situation thrust both board and staff members into responsibilities they were not prepared for.



Membership

As is true with many cooperatives, in the early days membership requirements at the SWGMC were rather lax. That has since changed, and now prospective members are required to sell for a full season as a consignment grower (paying a higher commission rate) before being considered for membership, and then spend at least six additional months as a provisional co-op member in order to establish a record of product consistency, quality and timely delivery.

Member buy-in is \$2,000 per member. Three of the co-op's original 12 members are still active, joined by 13 others for a current (2021) total of 16. Family-owned Peterkort Roses in Oregon has been in business since 1923 and farm 100 acres with 5.5 acres of greenhouses. But most SWGMC members operate on a smaller scale, devoting 3–7 acres to their floral products, with the smallest farm only 1.5 acres. Approximately 80% of co-op members can be characterized as full-time farmers, with the percentage of product sold through the co-op ranging from a low of about 10% up to several farms that derive more than 90% of their revenue from co-op sales.

The co-op has never had to expel a grower, but membership has shifted over the years. Some early members left with the transition to a co-branding and co-selling model, preferring an individual approach. Others have retired, or simply given up flower farming, finding it too challenging a way to make a living. The goal of the co-op is not to have the most members, but to have the right ones. Notes co-founder Vivian Larsen of Everyday Flowers:

"We had a lot of people wanting to be part of the market. It boiled down to this. You want those people to be people that you are comfortable going into business with... Nothing quite brings out either the best of or the worst of people as when you start getting into the financials, when you're trying to sell... That is probably the biggest thing that we had to learn, to not just be an 'open-arms, bring anybody in' kind of thing, but be way more careful about vetting people."

GROWERS MARKET

Wholesale Hours

Monday - Friday 6 am - noon

Public Hours

Saturday - Sunday 10 am - noon



“For a number of years, it was like, ‘Oh that was a mistake, let’s put our finger in the dike on that one.’ It’s a learning process, I guess,” remembers board member Pam Uhlig.

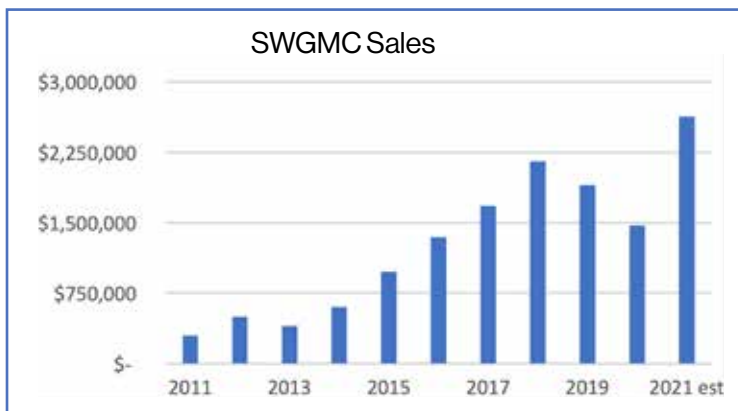
Over the winter of 2016–2017, the board undertook a comprehensive strategic planning process, coalescing on the need for, among other things, a larger and more accessible facility. The co-op identified a site, and in autumn 2017 moved into an 8,000-square foot combined warehouse, office and plant display area on South Orcas Street, a few blocks from their original home.

Flowering in Difficult Times

The move was financed through two tranches of members loans and a new system to collect a small portion of additional equity on each member sale. But the financing again proved inadequate. The Seattle real estate market had grown only more blisteringly hot in the ensuing five years, and their working warehouse neighborhood of Georgetown had amassed additional cache, driving prices up. But the neighborhood was still the central hub of Seattle’s flower wholesale industry, and the Market needed to remain close to the action. Pushed to the limits in their current home and unable to find a site anywhere of the appropriate size, the co-op was forced into a lease for a much larger and more expensive space than they needed, which they then had to sub-lease a portion of. Finding a suitable

tenant took longer than expected. After achieving the milestone of two years of operating profits without any grant subsidy in 2016 and 2017, in 2018 the co-op for the first time started to post significant negative net operating income.

Members agreed to pay a larger commission—33% instead of 30%—to make up some of the difference. A line of credit from a Community Development Financial Institution (CDFI) helped bridge the immediate cash-flow need over the slow winter season, but clearly something needed to change. Sales flattened for



the first time, and co-op staff started to explore alternatives for revenue growth needed to meet overhead expenses, such as online sales or shipping to other markets. Worn out by the stress of relentless growth with insufficient capital, the longtime general manager left on amicable terms in 2019. An interim stint by a board member proved to be only a short-term solution, and the co-op once again faced the need to hire someone to tame and manage the extraordinary, complex, difficult, demanding, promise-filled creation that was the Seattle Wholesale Growers Market Cooperative.

At this point, one of the smartest moves the SWGMC board ever made began to bear fruit. While always a farmer-owned cooperative, from the beginning co-op leaders had recognized that theirs was a multi-stakeholder enterprise. The fate of sustainable flower growers and sustainable floral designers, retailers and advocates had always been intertwined, and from the beginning the Market had welcomed a changing array of industry professionals, one or two at a time, onto their board as full voting members. Board leaders found it a useful way to get advice and feedback directly from customers, as they planned the future of their enterprise. One of these outside board members—now a florist by trade—also happened to have significant experience as a corporate human resources executive. Working from knowledge of and commitment to the co-op derived from her board service, she helped other board members clearly articulate the skills and experience they needed in a general manager, post the job listings in the right places, and sort through the resulting applications.

In January 2021, the SWGMC welcomed industry veteran Brad Siebe as their new general manager. Two months later, Covid-19 hit the United States, making landfall in the Market’s hometown of Seattle. For the co-op, as for many businesses, the ensuing pandemic turned the world upside down.



Weddings and other events that were mainstays of the co-op's market disappeared overnight. At the same time other players in the floral industry who had relied for years on cheap imported floral product now found their flower buckets empty, as international shipments were cut off. Armed with a new appreciation for local flowers and local suppliers, these customers started calling the SWGMC; mass merchandise sales to grocery shot up by 80% over previous years. A lot of sales were pushed to pre-order and online where it became critical for members to standardize post-harvest handling and refine grower practices to maximize vase life. Everybody was forced to change their game as the co-op struggled to replace lost sales with new opportunities.

As a farmer-owned cooperative, the SWGMC held an edge in sourcing product that had suddenly become scarce in the wider marketplace. Having a veteran industry leader at the helm meant the Market members had access to the skills they needed to navigate these treacherous waters and stay afloat. It was a good time to have a cooperative, and a good time to have a highly skilled manager. Fortunately for Market members, they had both.

With the agreement of the board, Siebe instituted changes that resulted in improved financial performance for the Market and for members. Staffing was streamlined and operations made much more efficient. After significantly curtailing in-person shopping during 2020, the Market started opening to the public one day a week in 2021. While previously Tuesday was the slowest day of the week, it now became a sales anchor, second only to Wednesdays, the traditional day for farmers

to drop off product and meet with the Market's most active industry customers. Houseplants and dried flowers were added to the inventory to promote sales during the slower winter season. Mass merchandise sales to grocery stores grew significantly, as stems from local farms replaced those from South America, Europe and Africa.

Previously the co-op had allowed growers to set their own wholesale prices, with the Market only establishing a minimum rate. Siebe instituted uniform pricing for all members, based on his firsthand knowledge of rates charged for similar products across the area at any given point in the season. This practice in many cases resulted in better returns for farmers, as Siebe negotiated higher prices for blooms based on relative scarcity or superior quality when compared to competitors' product. High quality, consistency and value continue to be the hallmarks of SWGMC fare, but the co-op is now operating in a much more sophisticated and sustainable way as a business.

"For the first time in several years we are operating not only in the black, but with the potential to expand the co-op into new markets we had only dreamed about," says SWGMC Treasurer Bruce McCloskey with evident pride.

“ *A seed germinates when it comes into contact with light, warmth and the nourishment of healthy soil. Similarly, good ideas sprout and take root when they are sown in ideal conditions. That is how the Seattle Wholesale Growers Market Cooperative came into being ...*

Debra Prinzing, "The 50 Mile Bouquet"



Looking to the future

Despite the difficulties faced during the pandemic, in 2021 the co-op has returned operations to profitability and replaced most of the revenue lost to the decline in their weddings and events line of business. A new sales system has for the first time allowed the Market to easily aggregate sales of different farmer-members by distinct product type, so as to better track and anticipate broader trends in each of the 600–800 discrete product units handled by the co-op. Plans are in place to begin repayment of five-year member loans according to schedule in 2022, something that few thought would be possible only two years ago. Additionally, the co-op has managed to retain sufficient cash from the 2021 season to self-fund their operations over the winter without need of an outside line of credit, a key marker of business viability in this highly seasonal industry.

This state of financial stability and solvency has given SWGMC the luxury of thinking about the future. As some farmer-members prepare to retire, and the co-op strategizes to retain some of the new customers it made during the pandemic, thoughts have turned to new member development. Unlike the wholesale end of the industry, the production portion of the floral market is highly fractured, with many small and part-time players in the mix. The challenge for businesses like the SWGMC is to appeal to the best of these small growers and have the structure in place to help new and emerging farmers get their product quality and consistency up to standard, with effective systems for post-harvest handling, storage and transport in place.

The Market is also looking beyond the Seattle area, investing more in online capacity and exploring the potential to ship to areas where the local flower industry is still relatively undeveloped. One day, they hope to be a member of a new kind of cooperative: a consortium of local grower cooperatives like themselves, dedicated to supporting and promoting seasonal, sustainable and stunning local flowers.



4 Key Elements of Success

+ Aggregation and Relation(ships)

Most farmer-members of the SWGMC have seen meaningful increases in farm revenue since joining the Market—a significant indicator of success. Many recognize there is no other way to efficiently sell to the sophisticated and potentially lucrative wholesale market of floral designers—or many wholesale markets at all—as an individual producer. Designers and buyers don't have time to take 17 or more meetings, and farmers don't have time to lug buckets of blooms to 17 or more potential sales points. ***The aggregation element of the cooperative takes a substantial strain off of farmers and end users alike.*** Having a single physical place where parties and product can meet saves time for both farmers and customers. ***"Time is actually more valuable than money,"*** as one member says, and the Market saves farmers a lot of time.

Having a common meeting place also allows each party to interact, seeing, feeling and smelling the flowers and talking with and learning from one another. In this way, the Market also contributes to a larger "product" in terms of local floral identity and industry development that is far greater than the sum of its parts, and from which all parties benefit.

"Community is a huge part of this business and this industry, and a huge part of people's motivation to make the co-op work." notes co-founder Diane Szukovathy. Member Joan Bateman agrees: "The people who were present in the Market really made a big difference, like Jello Mold Farm, and Everyday Flowers. They were there all the time, developing these relationships with different customers. And that was so critical, to develop that rapport... I think if you didn't have those early people there all the time, developing those relationships, I don't think the co-op would be where it is today."

In an emerging industry like sustainable floral, there are few ready-made answers, and everyone involved needs to be in flexible, learning mode. Being the place where things happen, every Wednesday morning at 6 a.m., month after month, is a big part of the Market's success. And of course, it's also an enormous logistical challenge.

+ Quality, Quality, Quality

Having a clear sense of their position in the marketplace has also benefited the Market. There may be thousands of different colors and varieties of blooms available through the SWGMC, but *"quality is our number one product,"* according to co-op leaders.

As co-founder Vivian Larson says: "Quality, quality, quality is what we have always touted from the very beginning... People know that when they come, they are going to get the freshest, the first quality product."

Building and maintaining a reputation for quality, consistency, value and innovation has helped move the Market from an occasional, secondary supplier for local designers to a valued primary partner. This aspect of their success has not been simple to put in place. Building a brand based on

Competitors and Collaborators

One of the most difficult things for outsiders to understand about the SWGMC is how they manage the tension that must naturally exist between farmer-members competing for the same sale; between the co-op and individual farmers striving to serve the same customers; and between growers and their customer-collaborators, each trying to make a living in an industry dominated by low margin, highly perishable product. "Technically, everyone is a competitor," agrees member Vivian Larsen of Everyday Flowers.

However it does not serve the co-op to focus on differences, but rather to enhance opportunities for collaboration—making the whole pie bigger rather than fighting over crumbs. All co-op members agree, for example, that it is to everyone's benefit to take care of the customer. Helping local floral designers and retail florists to differentiate their own work and build a reputation for quality and variety builds demand for more local flowers in general. As a member of SWGMC, each farmer-member has direct access to many more customers than they typically would on their own, and every member is free to meet with those customers during delivery days. Market days are a good opportunity for growers to try out new products and get responses to current offerings so they keep their own businesses growing and on trend. Advice from peers—both in-person and through the cooperative's spec sheets and transport, storage and harvesting guides—helps co-op members improve their offerings and find a

niche where both they and the co-op can make money. Rules are important, but relationships more so.

Customers are not viewed as a money purse, but as a key ally. For the local florist or floral designer, this experience is unlike that found at any other floral wholesaler in the area. At SWGMC, "they don't focus on what other wholesalers are doing, they focus on what they want to do," says Miles Johnson, a longtime floral customer and former board member. Giving a vote to volunteer board members like Johnson in the co-op's early years of growth was an important way of inviting engagement, and demonstrating that they take customer input seriously. Specific, measurable business goals like fulfillment percentage of special orders, show customers that SWGMC is serious about service. At the co-op the special-order fulfillment rate is 90+%; their largest competitor doesn't even track this figure, but customers know it is far less. As a consequence, customers don't push too hard on price, because they understand what goes into it.

"The thing that really makes us unique," notes one member, "is that we are a group that works together. None of us could have done this alone—we all make each other better, and that is what a cooperative really is."

consistency and quality has required concerted effort on the part of staff and some sacrifice and compromise from member-farmers. It would certainly be easier for farmers if the Market just bought every bloom they grew. But that would not be a successful approach for appealing to the upscale end-users that are a core element of the SWGMC's overall strategy, nor to the small business floral customers that are such crucial partners in the shared endeavor to build a market that can and will pay the real cost of production for the grower.



There is a different model than that of some other flower cooperatives, noteworthy among them the venerable old Portland Flower Market. While also a cooperative, the Portland market still operates on the individual vendor model, where each producer or other member must service their own stall or section of the market and are responsible for upholding their own quality standards. There is no consistency of quality or product, and each vendor is there on their own in terms of making connections with customers. That sort of model serves the needs of customers by aggregating vendors in a single place, but it doesn't do as much for the farmer. In a co-op like the SWGMC, farmer-members are truly in charge, and co-op staff see their core jobs in alignment with farmers, helping to produce and sell a unique, high quality product at a price reflective of the risk and effort involved.

+ A Sharing Culture of Accountability

Building and maintaining a reputation for dependable quality take significant discipline and structures of accountability, hallmarks of successful cooperatives anywhere. Fortunately, as a farmer-owned cooperative, the SWGMC also makes significant investment in policies and practices that support farmers and help them to be successful sellers to Market end customers. Information flow and transparency is another factor critical to the success of the SWGMC. A formal Crop Sharing policy helps to mitigate risk for individual farmers and balance the needs and desires of each member-farmer and the cooperative itself. Established members get some priority for sales based upon successful recent years' production, but newer members also get support in developing strategies for successful sales. A new set of crop specification sheets has helped quantify exactly what is meant in each case by "quality," which has enabled members to bring new products to the Market that they may not have tried to sell through the co-op before. Tips for fruitful production, harvesting, storage and transportation of different crops are included in the specs sheets, based on the actual performance from some of SWGMC's most successful growers of each crop. "This group of farmers really help each other," says General Manager Brad Siebe.

Such candid and generous sharing of information between members is one of the hallmarks of a successful cooperative that is hard to imagine happening in another kind of sales environment. The co-op wants every member to be successful because that way, everyone is. But there is a lot of art in that practice, and more than a little tough love. Clear expectations, member agreements, spec sheets, coaching, praise and celebrations all contribute to a common sense of pride and shared mission. A related factor is cooperative culture—"cultivating and keeping the community we have is just as, or more important of an asset than having money in the bank," noted one longtime member. "A rising tide floats all boats," agrees Erin McMullen of Raindrop Farms, another loyal member of the co-op. "I feel like that's the swell within the SWGMC. We are all more than the sum of our individual farms."

Market and Industry

The SWGMC competes in three primary markets: wholesale to designers and florists, mass merchandise sales to grocery stores, and direct-to-consumer sales from the Market's warehouse in downtown Seattle.

For farmers, each of these has a particular appeal, as well as challenges. Grocery sales have the advantage of being a pre-sold product, so there is very little shrink. But they also have a lower price point (although the co-op takes a somewhat lower commission, to compensate for that). Some farmers like the dependability of grocery, while others prefer the more creative outlets of the wholesale wedding and event trade. For grocery sales, co-op members create their own bouquets on-farm, which has advantages for everyone. Farmers can use whatever blooms they might have available and exercise their own design skills. For customers, this is a good arrangement as well: instead of a dozen or more identical bouquets such as they might get from another source, SWGMC's delivery will typically have bunches from at least three different farms, each with a distinctive look.

The wholesale trade to event planners, floral designers and retail florists has always been a core sales avenue for SWGMC members. "Diversity is where we really shine," says GM Brad Siebe with pride, which places the Market at an advantage over other suppliers. With member farms located throughout the region, SWGMC can deliver a plethora of interesting and unusual crops emanating from the diverse array of micro-climates the Pacific Northwest is known for. While the wholesale market segment can pay well, designers can also be

picky. These customers are under intense pressure to deliver high quality work for their high end customers, and producers need to deliver.

"There is a lot of nuance in the design business," says longtime grower Diane Szukovathy. *"You can charge more for a pure white dahlia, but it has to be perfect."*

When the Market first opened, designers might stop by, look, and purchase a few items, but their primary wholesale relationships were elsewhere. As the SWGMC has expanded and their product has become more consistent the situation has changed, and the Market has become a primary source for many. Attracting more loyalty from wholesale customers has in turn benefited the farmers.

"It's all about the right mix and blend of sales" says Siebe, both for the farmer and for the market. But the task is sometimes a dizzying one. While often compared with local food hubs, flower co-ops are different in the sheer number of products: 600–800 unique offerings over the course of the season. Margins on each of these products vary—sometimes significantly—and both prices and margins can also change appreciably with the seasons, weather conditions and a myriad of other variables. Add to that the serendipity of being viewed as a luxury product rather than a staple, like food, and the picture resembles a kaleidoscope: always attractive, but also quite complex, and never the same moment to moment.



+ A Pacific Northwest Jewel

A final factor in the success of SWGMC, which the cooperative model cannot take any credit for, is the varied and gentle climate of the Pacific Northwest and economic vibrancy of the Seattle market. Co-op member farms stretch from Southern Oregon to Bellingham, Washington, 26 miles from the Canadian border. This means the cooperative has the benefit of staggered harvests for many core crops. The Pacific Northwest also benefits from a number of distinct “micro-climates,” yielding a diverse array of interesting and attractive plants that simply cannot be commercially grown in other parts of the country—even Southern California. The density, demographics, and high incomes of the Seattle area also contribute to the success of the Market by providing a concentration of customers with a decided appreciation of sustainably produced floral, as well as the money to pay for it. Cooperatives in other markets might also be successful, but each would have to adapt to the distinctive combination of growing conditions and the industry environment in their area.

5 Impact on Farmers

Many flower farmers started out growing vegetables but could not make the economics work. Cut floral can have a very high yield per acre, making a modest but real living possible from farming even just a few acres. But sales channels are key.

SWGMC member Jello Mold Farm has built a successful full-time flower farming enterprise by using the Market’s sales avenues almost exclusively. Everyday Flowers is another farm whose revenues soared with the advent of Market sales: “The market is directly responsible for me changing my business model to a longer seasonal type,” says farmer Vivian Larsen. “There is a direct correlation

between the growth of my business and the market. I would not be doing what I am today without it.”



A few other SWGMC members also sell over 90% of their product through the co-op. One of these is Sonshine Farm based on Whidbey Island. With every trip to the mainland requiring the cost of a ferry, it makes sense for farmer Pam Uhlig to conserve time and expense by marketing primarily through the SWGMC. “We are way bigger because of the Market,” says Uhlig. “Way bigger than I thought we could be.” Other members, especially those located in Oregon—several hours drive from the co-op—use the Market as a secondary sales channel for 10–25% of product.

The vast majority of SWGMC member farms have at least one family member working as a full-time farmer; the rest are still working toward that goal, or else enjoy flower farming as a retirement occupation or supplement to other income. Some do value-added production such as dried lavender, but the bulk of member product is fresh cut.

Some members still use farmers market outlets, which can be a valuable way to maintain relationships and build a customer base in the local community. But for those with an aim to make a living at full-



Governance and Member Relations

SWGMC is governed by a six-member board of farmer-members. Historically, the board has also had two additional seats to be filled with industry liaisons, experts by appointment of the board. Slow Flowers movement founder and longtime advocate Debra Prinzing, for example, was an early SWGMC board member. The co-op has used this provision as a way to make sure farmers were in touch with the needs and opinions of core customers directly and at a strategic board level, rather than always relying on sales staff for this information. "I think that's been incredibly helpful over the years, to be able to help the board to balance the needs of the farmers and the needs and wants of our customers," says long term member Vivian Larson. "It's helped us to have a broader perspective of the greater market overall... More information is always better."

The co-op has recently (2021) discontinued this practice, as industry members found the responsibilities of full board membership to be taxing. Instead co-op leaders plan to rely on other means, such as committee membership or focus groups, to continue to access this vital perspective.

The SWGMC board meets monthly. The co-op also hosts a monthly Zoom call with the board and another with the general manager which all co-op members are invited to attend. There are also twice-a-year general membership meetings: in the spring to hold elections and deliver a financial report of the previous years' performance, and in the fall to discuss strategic goals for the coming year and consider policy changes. The board also gathers annually for a two-day strategic planning retreat.

In addition, many farmer-members enjoy the tradition of gathering at the Market every Wednesday morning before it opens at 6 a.m. during the growing season, to deliver product and meet with customers. These informal meetings help facilitate information-sharing and develop relationships among the growers.

time farming, alternative sales avenues are essential. Farmers with sales in the tens of thousands may be able and willing to handle all marketing tasks themselves. But if the aim is to actually make a living, a greater volume is usually needed, and it is hard to be a full-time grower and a full-time sales agent at the same time.

The co-op helps farmer-members build their business in a number of ways. First is access to a more diversified customer base and more time in the field. The co-op helps farmers generate additional revenue by closely monitoring local supply-and-demand conditions and pricing product to market, taking advantage of gaps and opportunities. General Manager Siebe also helps farmers plan for the potentially lucrative shoulder season, when conditions can be unpredictable, but popular items are also harder to find and can bring a higher price. The fact that the co-op helps members sell to multiple markets, from high-end floral designer and everyday grocery, means member farms can find their own personal “sweet spot” on the spectrum, and fine tune their own operations accordingly.

“The SWGMC is more than a sales person,” says farmer Gonzalo Ojeda of Ojeda Farms. “They are able to reach customers and channels that I would probably never be able to.” Member Joan Bateman agrees and adds: “Plus, for me it’s been sort of like an MBA. Watching all the changes and all the iterations of change at the market. It’s been quite a personal learning experience.”

Except for grocery pre-orders, there are no guaranteed sales for SWGMC members, so each farm has to be attuned to the needs of the customers who visit the market weekly. Delivery days give them that opportunity to combine transportation tasks with customer interactions, and also visit with other members and admire peers’ handiwork. Farming is a risky business in the best of times. While members are still ultimately responsible for their own farms’ sales, the Market helps by providing feedback, information and support. The Crop Coordination policy, for example, gives members a better idea of optimal planting and harvesting schedules where previously the best that most farmers could do was guess what might sell. Members with proven track records of quality and dependability are given a priority position for sales of certain products for which they have been designated; but the voice of customers is always the ultimate arbiter of sales.

“Instead of looking at the relationships and saying ‘I own that relationship,’ the thing that is best for the co-op overall is to say, ‘how can we best serve the customer?’” notes longtime member Vivian Larsen.

It’s sometimes a challenge for members to make that transition of perspective, but if the co-op is to deliver on its potential for members’ businesses, it is necessary.

General manager Siebe helps newer members identify gaps in existing production or emerging opportunities and helps each member to define their own portfolio of crops that are both pleasing to grow and reliable money-makers. Setting up a consistent schedule for crop availability reports has made pre-ordering easier for customers, thus more dependable for farmers. And by upholding a high standard for quality and a fair price for farmers, the Market works to interrupt and redirect the race to the bottom that can characterize a farmers market in the weeks that everyone’s sunflowers or dahlias come in at the same time.

“The Market makes all of us better growers” is a common sentiment.

But it’s all as much art as science, and the system depends on clear communication and honoring good intentions. No one has time to enforce strict rules, and, as co-op leaders note, someone will always try and get around them anyway. ***“You can’t extort commitment or engagement,”*** a wise cooperator once noted; it must be freely given. For a cooperative like SWGMC to be successful in the long run, it needs to create a culture of self-discipline and accountability and help members to then reap concrete benefit from the system.

“We are running a business, and they need to be running a business too,” says GM Siebe.

But it is a business fueled on trust, relationships, and a meaningful practice of balance and reciprocity between members.

The co-op recently updated the complex, six-page “Crop Coordination” policy and replaced it with a much simpler, two-page “Market Share Opportunity” policy. Language on how to deal with unexpected decreases in demand that used to favor senior co-op members now spread the risk evenly amongst all members. It is a sign of growing comfort and trust as the co-op matures, with increasing confidence in a model that shows, by doing, the power of collaborative action.

6 Starting a New Flower Market Cooperative: Advice from the Field

Starting a marketing cooperative in the highly diversified and unpredictable market for sustainable and local floral is not a task for the faint of heart. While the industry resembles the more familiar local food hubs in a number of ways, there are key differences. Floral marketing cooperatives typically handle a much broader array of products whose availability can alter rapidly as weather changes and seasons come and go. They also tend to target a fairly diverse collection of end-users, from the budget-conscious but relatively forgiving supermarket shopper to more discerning and demanding, but highly appreciative floral designer. There is more science involved in the minutia of climate control needed by various species, and more potential for good margin under the right circumstances. But it is a logistical nightmare in a lot of ways, and any co-op must face some tough decisions regarding how much risk the cooperative can afford to either eliminate or reasonably shift away from the farmer.

Not every co-op member agrees about the proper role of the cooperative in the marketplace; how risk should be apportioned between the co-op and the membership or between the members themselves; or the relative benefits of the proverbial carrot of opportunity versus the stick of policy enforcement. All would agree, however, that the co-op’s job is to manage its activities and affairs so that it will benefit members and they will use it. Balancing competing interests is often more art than science, requiring patience, good will and long-term vision on the part of members. But the results can be impressive. “It’s not a perfect thing,” warn SWGMC founders, but it’s frequently better than what farmers would be able to achieve alone, or by depending too much on industry partners whose interests may diverge from that of the farmers.

Advice for those seeking to emulate the SWGMC success?

“Don’t do anything we did,” laughs co-founder Diane Szukovathy, remembering the many mistakes and missteps of the early years. “But here’s our model.”

Upon reflection, however, some long-term members were able to distill a few key pieces of advice for aspiring floral cooperatives.

- **Hire professional financial services from Day One, a vendor with experience in cooperative accounting.** None of the early founders were finance professionals, and leaders agree it would have saved many mistakes and difficulties if the financial records of the cooperative had been set up in a rational manner from the start, and if board members had been able to get timely and accurate financial information. Such information would have allowed them to act on problems earlier, and better fulfill their governance duties of financial oversight.



“ There are no shortcuts to starting a cooperative, or maintaining one... Co-op leaders must be willing to compromise and to weave the visions of others into their own personal perspectives... No farmer likes to be told what to do. Asking rather than compelling builds strong culture, but it may mean more work for leadership in the short run. The growth and survival of a co-op’s culture and business rely on setting and upholding fair policies and respecting the democratic process. This means that leaders work harder for the same benefits that every member enjoys equally. It therefore benefits the co-op to seek members with strong leadership potential.

Diane Szukovathy, SWGMC co-founder

- **Obtain the advice of Human Resources professionals to help with hiring and staff evaluation—and then hire good people.** Just as none of the early farmers were finance experts, none had significant experience in human resource management. As a consequence, the co-op suffered the pains of inefficiency (and worse) with some of its early management staff. Board members did not have the experience to properly hire and evaluate their manager, and the lack of continuity as they moved from person to person increased costs and exacerbated other issues. Fortunately, the Market eventually attracted a flower grower as a member who was also a retired human resource professional, and its most recent hire has worked out very well. But the lack of sophistication on the part of the board and some management staff made many things more of a struggle than they needed to be. Sustainable floral is a complex industry, and co-op boards need to hire accordingly.
- **Make sure the board is properly supported in other ways.** Get Directors and Officers insurance, legal support, proper documentation of leases and other core documents, and ensure that board members get regular, high quality training and are supported in their roles. In the early days, SWGMC board members were not adequately trained in finance and governance. Board members tried to keep in their lane and stay out of the way of management, but then did not know what to do when early financial records were inadequate or simply missing. “The financials were like a feral child’s closet,” remembers Szukovathy. Board members were unsure how to exercise appropriate oversight and ended up reacting to issues rather than strategically guiding activities. Board training and tools like a financial dashboard could have helped focus the board’s energy on the right kind of activities, while accounting services from an outside organization with a reporting relationship directly to the board could have prevented many difficulties.
- **Secure sufficient capital before launch.** Like many a cooperative, SWGMC started up with little more than sweat equity and good intentions. As a consequence, funding was inadequate, board members were stretched thin, and the co-op was forced into some suboptimal business decisions because they didn’t have the capital to make different and better ones. “We were really putting a lot of fingers in the dyke,” remembers one early member, “and that made it hard to have perspective and see where you are at, when you are just in the middle of it.”
- **Invest in education and operational support for farmer-members.** The path to self-sufficiency that SWGMC has forged relies on meeting the needs of a very sophisticated customer base. Producers need to understand those needs and run their farm operations so they can make a living and also meet those customer expectations.
- **Nurture and build upon the foundational commitment and patience of a core group of dedicated leaders.** It is stressful for co-op leaders in an emerging industry to have to figure everything out for themselves, from leadership and governance to quality standards for the industry and minutia like the details in the spec sheets. It can be tempting to build in big benefits for founders, but forward-looking leaders understand that the co-op needs to be a good deal for the second generation of members as well, and the third. The successful co-op belongs to everyone, and maintaining that balance can be challenging. As co-founder Vivian Larsen put it:

I think one of the things that’s been hardest for me, as a farmer, a board member and one of the founding members, is switching those hats. You may have to make decisions that may not be that great for your business specifically but it’s a good business decision for the co-op as a whole... It’s not easy sometimes to do that. Switching those hats, and totally divorcing yourself from, “I want my farm first”, to I want the co-op first,... that’s a tightrope sometimes and it’s hard to walk it.

It is well worth it to “Pay the price of owning yourself” as co-founder Diane Szukovathy put it in an article for an industry journal she penned about the co-op’s growth. But that does not mean it is easy:

There are no shortcuts to starting a cooperative, or maintaining one... Co-op leaders must be willing to compromise and to weave the visions of others into their own personal perspectives... No farmer likes to be told what to do. Asking rather than compelling builds strong culture, but it may mean more work for leadership in the short run. The growth and survival of a co-op’s culture and business rely on setting and upholding fair policies and respecting the democratic process. This means that leaders work harder for the same benefits that every member enjoys equally. It therefore benefits the co-op to seek members with strong leadership potential.

SWGMC has certainly benefited from some remarkable leadership on the part of members, board and staff over the years, a fact that has helped the co-op to face and overcome many challenges. Other things the co-op did that worked well for them (that may not fit every situation) included welcoming representatives from industry onto their board, and pursuing grant funds from USDA at various key junctures to support growth.

7 Conclusion

Co-ops do not come naturally to everyone; they are something we need to work on to make successful. It takes a level of maturity and planning, a willingness to listen and not be afraid to make changes as needed. The Seattle Wholesale Growers Market Cooperative has survived and thrived for a decade, but they are still in the midst of their journey; both the sustainable flower industry and the cooperative continue to evolve.

Is it possible that being a small scale farmer can be economically as well as environmentally sustainable? Can we be small yet sophisticated, meeting the needs of a complex but compelling new industry? To be a business, yes; but also to be so much more?

“You can always focus on how it might not work,” noted founding member Szukovathy philosophically, *“or else you can make it work... We acknowledge limits, but we don’t focus on them.”*

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