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AGRICULTURAL MARKETING DEVELOPMENT PROJECT

FINAL REPORT

APRIL 1983 - APRIL 4, 1986

CONTRACT No. 532-0060-C-00-3014-00

SUBMITTED BY

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AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL

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PREFACE

Basic to the need for this report are the chronic restraints developed due to the financial dilemma of the GOJ and its frequent changing of the Division Directors. The Ronco/ACDI team has tried to perform under three directors in 3 years. I emphasize "try", because trying is all that can be accomplished with three different administrations and with GOJ funds unavailable for 18 months out of the thirty six (36) months I have been assigned to Jamaica.

The Agricultural Marketing Project Officer, Rick Mangrich, performed masterfully to keep the project on track with the above conditions until his departure in August of 1985.

My position as Produce Marketing Advisor is in effect one of two crucial advisory positions (the other the Wholesale Marketing Advisor) of the project with the exception of the Livestock Industry Consultant which is very specialized and works for the MOA office more than the MACD. This is a peoples training and organization project even though the original project designers contemplated the more technical positions such as Fruit and Vegetable, Livestock, Quality Assurance and Market News as the key positions.

I strongly suggest all key advisors come from one organization for future contracts. Under the consultant contract a vehicle was to be assigned to those working in the field. In the three years in Jamaica this vehicle never arrived and this is one of the most important conditions necessary in being able to perform successfully in the position of advisor. My recommendation is to always provide a vehicle for advisors working in the field.

The rewarding elements in this position have been the development of people, i.e. Lennie Morgan, Pansie Allen from the MACD main office and Cyril Chambers, Olive Downer and Radcliff King from the field positions. These Jamaican counterparts are trained Jamaican individuals that can perform their duties under unusual and difficult economic times. Along with Hector Dietrich, Sam Jones and Hugh Dixon of the National Union of Cooperative Societies these Jamaicans will continue to build the agricultural organizations into a viable business for Jamaica.

PROJECT NO. 532-0060

The addition of the RONCO/ACDI Team in the spring of 1983 gave a new thrust of energy to the Marketing Project. Bill Grierson (Fruit and Vegetable Advisor) and myself covered Jamaica from Portland to Hanover including South St. Elizabeth, Westmoreland, Clarendon, St. Ann and St. Catherine parishes.

Prior to my arrival U.S. Consultants promoted this by promising buildings and equipment. Many of the Jamaican counterparts also believed buildings and equipment were major elements to attract farmers to participate in developing producer organizations. The project may not overcome all of these promises, but a majority of the groups the PMO team has worked with are beginning to believe it is their business they are building rather than MACD's. However we have not convinced the Southfield Growers that the AGS is their responsibility at this writing. This project was designed assuming that market demand for food crops produced in Jamaica will exist. However, lack of demand is the cause of many farmer difficulties and frustrations.

Import restrictions have been relaxed and foreign staples such as rice, wheat, flour, red peas and onions have appeared on the market from time to time and compete directly with domestic farm food items. Farmers as a group are distressed by the lack of markets to absorb greater quantities of produce, as well as temporary surpluses that reduce prices. Streamlining the marketing system creates greater quantities of food items in the system but develops pressure on the farmers to move all grades of product including export grades.

Much research and on the farm demonstrations are needed to clarify these problems. In my opinion - had the research recommended by the evaluation team in January of 1984 been completed the PMO program would be working on improving markets today rather than trying to develop new PMO's before the first six to nine are operating properly. We do not know 3 - 5 years consumption or price trends much less have knowledge of nearby Caribbean markets, that could use a lot of Jamaican products as they presently grade out. Can PMO's access end users or should they use broker receivers?

LIST OF ABBREVIATIONS

GOJ	Government of Jamaica
MOA	Ministry of Agriculture
MACD	Marketing and Credit Division
USAID	United State Agency for International Development
PMO	Producer Marketing Organization
AGS	Assembly and Grading Station
CPGCA	Christiana Potato Growers Cooperative Association
JAS	Jamaica Agricultural Society
NUCS	National Union of Cooperative Societies
BOD	Board of Directors
PF P	Partnership for Productivity
Southfield	St. Elizabeth - Manchester Co-op Society Limited
Bushy Park	St. Catherine Vegetable Producers Association Limited
Douglas Castle	Mason River Producers Marketing Assoc.
Guys Hill	Guys Hill JAS Food Crop Association Limited
Moore Town	Rio Grande Valley Producers Association Limited
Wait-A-Bit	South Trelawny Vegetable Producers Co-op Society
Dias	Hanover Food Producers Association
AGM	Annual General Meeting
AIBGA	All Island Banana Growers Association
BECO.	Banana Export Company
ACDI	Agricultural Cooperative Development International
RONCO	Ronco International Company

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PRODUCER MARKETING ORGANIZATION ADVISOR***SCOPE OF WORK**

The Producer Marketing Organization Advisor under the general direction of the Director of the Marketing and Credit Division will assist and advise the Assistant Director of the Marketing Development Branch in all matters concerning the organization and management of producer marketing associations, co-operatives or other forms of producer marketing organizations. The advisor in conjunction with his/her counterpart will work directly with the organizations assisting and advising on organizational structure, management and accounting systems, membership relations and other matters necessary for an effective and efficient organization. The activities of the advisor will be undertaken with the general objective of upgrading producer institutions and the skills, capabilities and technical competence of the organizations, their officers and employees and the general membership. The tour of duty of the advisor shall extend for 36 person months beginning as soon as possible.

The Advisor will:-

1. In association with his/her counterpart, the Producer Marketing Specialist of the Market Structure Unit, work directly with producer marketing organizations.
2. Provide organizational and management assistance and advice to the producer marketing organizations, enabling them to operate effectively and efficiently.
3. In association with the Fruit and Vegetable Marketing Advisor and staff of the Division assist and provide advice on the Organization/Assembly and Grading Stations to be established under Phase II of the project.
4. Assist with an in-service training programme for producer marketing organization management and staff and marketing extension activities related to farmer participation in producer marketing organizations and suggest candidates for external training programmes.
5. Assist in undertaking socio-economic analysis and financial feasibility studies for proposed producer marketing organizations.
6. Develop and maintain association with local and external agencies for pertinent information related to producer marketing organizations.
7. Liaise with regional field officers and provide assistance and guidance.

8. In conjunction with the Fruit and Vegetable Advisor and Division Staff assist and advise in identifying potential areas and groups for establishing producer marketing organizations/assembly and grading stations.
9. Assist and advise in the establishment and operation of the Producer Marketing Organizations especially in the areas of management, book-keeping and member and non-member farmer participation.
10. Assist the Producer Marketing Specialist of the Division's Market Structure Unit with the preparation of monthly progress/status reports.

QUALIFICATIONS

The Producer Marketing Organization Advisor should have a broad background, training and practical experience in all aspects of co-operative organizations and operations. Practical experience in the management and operation of co-operative or other types of producer organizations operating on co-operative principles are essential. Experience in organizing and implementing co-operative programmes in LDCs is required. The candidate should have a degree in agricultural economics and marketing or business administration and at least 5 - 8 years practical experience within the last 10 years.

AGRICULTURAL MARKETING DEVELOPMENT PROJECT

GOAL

The goal of the project is to improve the living standards of farmers, consumers and market intermediaries. This will be achieved by reducing post harvest losses, increasing producers share of final price for the product, cutting intermediaries costs and providing larger quantities of better quality food to consumers.

PURPOSE

The purpose of the project is to improve the efficiency of the marketing system.

To accomplish the goal and purpose, the Project Provides for:

The establishment of a Marketing Division in the Ministry of Agriculture.

The construction of four Subterminal Wholesale Distribution Markets. and

The establishment and construction of 25 Assembly and Grading Stations in selected production areas.

The establishment of Producer Marketing Organizations to own and operate the Assembly and Grading Stations

N.B.

A Producer Marketing Organization is a group of farmers constituted as a legal entity such as a cooperative or a limited liability company, to undertake the marketing of members crops and to supply production inputs to members.

A. PRODUCER MARKETING ORGANIZATION - ACHIEVEMENTS

The objective of upgrading producer institutions, and the skills, capabilities and technical competence of the organizations, their officers and employees and the general membership has been achieved for the following Producer Marketing Organization:

St. Catherine Vegetable Producers Association

Mason River Producers Marketing Association

Rio Grande Valley Producers Association

Guy's Hill JAS Food Crop Producers Association

South Trelawny Vegetable Producers Cooperative Society

Rhymesfield Milk Cooperative

Preliminary development activities are in process at Lauana Dairy Cooperative that includes Bogue and Cabbage Valley producers

In addition - Mid-Clarendon, South Manchester, Harkers Hall, Alcan and Ebony Park have and are receiving my assistance

CPGCA and South St. Elizabeth Cooperatives have received my advice and have participated in six seminars, but continue to operate as in the past.

The ten tasks in the scope of work have been and are being accomplished with the exception of number five which is being conducted by the Market Research Branch of MACD.

B. PROJECT REVIEW

The Project Goals and Purposes are slowly but surely being achieved. The completion date suggested by USAID of 1987 is unrealistic and unreasonable in view of the educational and physical tasks that remain to be completed.

In view of MACD/USAID slowness in providing transportation, communication and operating funds a minimum of 2 years extension will be necessary to demonstrate completed PMO development.

Some of the PMO's are increasing acreages, some are selecting new crops for production that have a higher rate of return per acre. Benefits are small at this stage of development, with increased access to markets and improved methods of communication additional benefits will be realized.

1. ACTIVITY CODE	2. CROSS REF.	3. ACTIVITY DESCRIPTION	4. IMPLEMENTATION RESPONSIBILITY
		Meeting of Planning Committee and MACD	Extension, PMO & CA
		re Strategy, implementation and organization	
		Membership meetings to inform members of	
		marketing plans and Socio-Economic study	"
		Agreement from Producer groups for Socio-Economic	
		(Feasibility) study.	PMO & Extension
		PMO participates in Socio-Economic Survey	"
		PMO reviews survey results, agrees to proceed	
		With preliminary design.	"
		PMO participate in feasibility analysis including	
		identification of products, volumes, markets,	
		functions	"
		Develop plans for capital mobilization("
		Review preliminary design, agree with MACD on	
		detailed design on which to proceed.	"

4. In some cases, this will be filled in with the symbol of the unit responsible for implementation. In some cases a secondary unit responsible will also be indicated.

1. ACTIVITY CODE	2. CROSS REF.	3. ACTIVITY DESCRIPTION	4. IMPLEMENTATION RESPONSIBILITY
		Review & approve full Feasibility study(including break ev)	PMO & Extension
		Identifying site and clear with PMO	"
		Acquisition of site by MACD	MACD
		Register PMO; notify MACD	PMO & Extension
		Initiate training programs for New PMO Board of Directors or Steering Committee	Training/NUCS/PMO
		Define operating plans	PMO & Extension
		Refine strategy	"
		Estimate working capital needs	"
		Capital location	"
		Pricing policy	"
		Market demand for products in area contract	"
		Membership agreements	"
		Sales terms	"
		Non-member business	"
		Financial and Management Plans/Operating	"

4. In some cases, this will be filled in with the symbol of the unit responsible for implementation.

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1. ACTIVITY CODE	2. CROSS REF.	3. ACTIVITY DESCRIPTION	4. IMPLEMENTATION RESPONSIBILITY
		Order Vehicle(s) for AGS	
		Establish Vehicle requirements	FVH, PMO & EXTENSION
		Review local availabilities	"
		Preliminary to AGS operation	
		Hire marketing manager	PMO Board of Director
		Develop Budget detail	"
		Raise working capital	"
		Train marketing manager & staff	PMO/NUCS & Training
		Train workers	"
		PMO refines marketing strategy	"
		Test run equipment & handling procedures	PMO, FVH & Extension
		PMO issues letter of acceptance for facility	"
		MACD turns over facility on	
			MACD
		AGS operations & evaluations	PMO/MACD

4. In some cases, this will be filled in with the symbol of the unit responsible for implementation. In some cases a secondary unit responsible would also be indicated.

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SECTION I

FRAMEWORK FOR
PRODUCER MARKETING ORGANIZATIONS

Financial Records for Producer Marketing Organization

- balance sheet
- operating statement
- sources and uses of funds
- etc.

Planning the Financial Structure

- equity
- debt
- financial leverage

What the Banker is Looking for in the Loan Application

Liquidity and Cash Management

- cash budgets

Budgeting

- operating budgets
- budgets for decision making

Analyzing Soundness and Performance

- financial ratio analysis
- break even analysis

Managing Accounts Receivable

Managing Inventory

Evaluating the Acquisition of Long Term Assets

Developing a Financial Programme

- equity redemption

- storage
 - facilities-receiving and shipping
 - insurance
 - hedging
- processing (if processing)
 - facilities-physical-engineering, etc
 - supplies
- nature and degree of competition in procuring inputs
- non-member business
- market selection
 - market area--local, regional, etc
 - market target--wholesale, retail, etc
 - promotion decisions
 - coop label--branding
- market channels
- nature of competition--for products
- method of sale
 - supply contracts--made in advance
 - direct sale by own salesman--wholesale, retail
 - sales through agents--brokers
 - bidding--terms of sale
- services
 - transportation
 - warranties
- market research
- public affairs
 - taxes
 - licenses and fees
 - zoning, sanitation, etc
 - political activities
 - charities
- legal matters

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SECTION II

PMO RECORD AND BOOKKEEPING

Understanding PMO's

- cooperative principles

What Accounts should PMOs keep

- balance sheet accounts
- operating statement accounts
- functional accounts
- special accounts for PMOs

Financial Tools needed by Management

- operating budgets

Mechanics of Bookkeeping

Preparing Financial Statements

- what statements
- how often

Preparing for the External Audit

SECTION III

PMO MARKETING

Marketing

- what it is
- how producers may benefit through PMOs
 - market entry
 - economics of scale
 - lower costs
- PMO marketing - input (farm supply) and output (sale of member products)
- the marketing concept
 - customer satisfaction

Buyer Behaviour Concepts

- why people buy

Basic Principles of Economics that are Important in Marketing

- supply and demand
- others

Before Beginning Determine

- is there a need
- what are the sales potential (input and output)
- what are the costs
- what savings will result
- who are the potential customers
- method and amount of financing

Developing a Marketing Strategy

- determine what? when? where? how? how much?

Input Marketing - Farm Supply

- goods - seeds, chemicals, feed, fuel, etc
- services - hauling, spreading, mixing, etc
- costs - margins
 - record keeping
- procurement
- storage and transportation
- methods and term of sale - cash, credit, etc
- risks - insurance, etc
- non-members business
- public affairs
 - taxes
 - licenses and fees
 - zoning, sanitation, etc
 - legal matters
 - political activities
 - charities
 - other- federal and state regulations
- pricing decisions
- promotion decisions
 - personal selling

Output Marketing of PMO

- quantity and quality of products-output mix (what, how much and kinds)
- procurement
 - supply area
 - contracts: before or after production contracts
 - services--hauling, containers, etc
 - standards, grading, inspection, etc
 - methods of settlements:
 - pooling
 - outright purchase
 - individual accounts
 - commission sale
 - marketing agreements
 - record keeping

SECTION IV

PRODUCER MARKETING ORGANIZATION MANAGEMENT

Understanding the Unique Setting of PMO Management

- legal framework
- cooperative principles
- separating manager/board responsibilities

An overview of Management

- what is management
- management functions
- understanding leadership

Management Communication

- what is communication
- overcoming barriers in communication
- improving listening skills
- special problems of communication in cooperative such as member relations, annual meeting, etc.

Management Organization

- principles of organization
- setting up an organizational structure for their cooperative

Management Planning

- understanding objectives, goals, policies, etc
- tools for planning such as budgeting
- personal time management

Management Motivation

- understanding employee behaviour
- some ideas on how to deal with the problem of motivation

Selecting People

MANAGEMENT FOR PRODUCER MARKETING ORGANIZATION MANAGEMENT

Understanding PMOs

- principles of PMOs
- legal framework
- need for sound management

Divisions of Responsibility in Management

- members
- board of directors
- hired manager
- rules of dividing responsibility

Management Functions as they relate to Directors

- planning
- organizing
- directing
- controlling

Financial Management

- understanding financial statements
- financial statement analysis
- budgeting
- equity redemption

Long range Planning and Control

- establishing objectives, goals, and policies

APPENDIX III

Control System For PMO Vehicles

OBJECTIVE:

Ensure that vehicles provided by USAID/MACD are used for intended purposes only.

Ensure that vehicles are serviced regularly and inspected quarterly.

Institute procedures and records for control by the Producer Marketing Organizations.

Needed Forms *:

Inventory Record

Vehicle Receipt

Daily assignment Record

Repair and Replacement

Servicing Instructions

Vehicle History Summary

*Sample of forms in MACD office

APPENDIX IV

TO: Herbert Knight
Project Coordinator

FROM: Allen Poole

SUBJECT: Developing Southfield

DATE: April 30, 1984

Now that the PMO is launched at Southfield, we need some very important work completed before staffing and operating the AGS.

1. A management study -
 - a. Determine the potential volume of business - A survey and questionnaire to those growers who indicate they will sign an agreement to market through the Coop.
 - b. Conduct producers survey, analyze data and prepare: A report on 1984 projected volume of production, Cost of Sales and Expenses by Product Pools and operating budget.
 - c. Projections on volume of sales for 1984, 1985 & 1986.
 - d. Recommendation of needed services the Cooperative should offer and potential revenue and expenses.
2. Cost Analysis -

Develop procedures for determining production cost of vegetables and operating cost of cooperative:

 - a. Collect production costs and yield data by grades products produced.
 - b. Collect cost of Cooperative operations by operating functions
a(product production, supervision,) b(product preparation,) c(storage,) d(transportation,) e(marketing,) f(equipment rental,) g(administrative.
3. Conduct market survey of local wholesale markets to determine potential volume of sales in these markets in 1984, 1985 & 1986. If local wholesale markets are projected not to be adequate to handle projected volume of sales, conduct a market survey of out-of-area (Kingston, Montego Bay Wholesale accounts).

4. Prepare an analysis of the Cooperative operations to determine feasibility of continuing operations without long term (more than 4 years) assistance from MACD. Develop a detailed management plan to include:
 1. Financial needs assessment - total capital needed for additional facilities, equipment and operations.
 2. Source and method of financing (including MACD Grants) - member equity required based on the requirements of potential lenders and long-range capital needs.
 3. Grower payment plan - Procedures for operating a weekly single product pool, grower payment and per unit retains.
 4. Transfer of facility and equipment ownership from the MACD to the cooperative. Consider alternative plans to any of these areas.

APPENDIX V

MARKETING STRATEGIES

A variety of marketing arrangements for Southfield potentially exist: Higglers in the Southfield area buy at the farmgate and arrange delivery to a variety of purchasers; higglers who specialize in a limited number of products -

- Higglers located at Parish Markets
- Higglers located at Coronation Market
- Direct to hotel and restaurant buyers
- Direct to chain stores
- Direct to exporters

Local marketing involves assembling produce in 100⁺ bags, baskets, boxes and homemade containers for loading on buses or collectively sharing transportation costs.

Employing a professional Marketing Manager to market quality and quantity of produce and negotiate prices could yield greater net returns to growers than present marketing methods.

The centralized assembly for local marketing can allow for grade selection and quantity sales not available to individual higglers. However, for local PMO marketing to become viable, costs must be covered for receiving, assembling, grading and shipping produce in addition to employing a professional Marketing Manager as a bargaining agent.

Islandwide marketing would involve adding packing and storage facilities to allow the PMO to sell to a more diverse market. Sufficient volume of adequate quality produce is a must if Southfield is to consider chain stores markets as well as exports markets. Special consideration for transportation methods and expenses including costs of crates and other packaging supplies have to be established.

Southfield Board members and Management must work together to provide member - growers information relative to these market requirements. Knowledge of these requirements must be well-defined and adequately communicated on a timely basis.

The need for marketing agreements or contracts to assure the Organization of a definite volume of business will be needed in early 1985. There is also the need for advance information on quantities available for marketing so that firm sales commitments can be made when needed.

The Manager will need to coordinate production and emphasize grading, packaging and handling practices. The Marketing & Credit Division (MACD) will be conducting a grading and inspection school January 7 - 11, 1985. The new Southfield Manager is recommended to attend.

The new Manager should contact potential buyers before the members plant, to determine desirable varieties and required containers or packaging material. The Manager needs to follow-up after each growing season to determine buyers' satisfaction and where discrepancies may be corrected.

Selecting good, honest brokers is an important element of Southfield marketing strategy. Brokers are exposed to a variety of produce buyers. The broker will negotiate a sale between Southfield and a potential buyer for a fee that may be pre-pack charge or a percentage of the selling price. As price becomes more competitive the Manager will have to develop broker talents, his job is to sell produce for his grower-members.

A number of proposed services and operating procedures will be necessary to ensure success at Southfield. Primary services include cleaning, packing, grading, some type of storage and marketing the produce. Additional services may also include dissemination of production and harvesting information, production assistance through coordination of agricultural technicians and market development.

The new Marketing Manager - Mr. Rowe will oversee the production scheduling, grading and pack out needs of the marketing requirements of the Cooperative. The Manager will receive training and practical 'hands on' grading experiences in vegetable packing in order to see that products meet quality standards and are properly packaged.

The new Market Manager must accept responsibility for bookkeeping, maintaining grower records on products marketed, making grower payments and scheduling deliveries from the farm to the Cooperative and to the markets.

This is the first of a number of management papers produced to assist the Board of Directors and Management at Southfield.

Panzie Allen and Allen Poole
Producer Marketing Organization Advisors

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APPENDIX VI

SOUTHFIELD WORK PLAN

Major components of the work plan for the project include:

1. On-Site Technical Assistance. To assist the Cooperative establish correct management procedures, monitor operations and collect operating data from the 1985 operations.
 - a. Bookkeeping. Develop and implement bookkeeping procedures that will help to ensure that the Cooperatives' records are accurate, current and maintained in an acceptable manner, by:
 1. setting-up accounts and instruct staff on cooperative bookkeeping procedures.
 2. follow-up instruction of staff.
 3. monitor bookkeeping on a monthly basis.
 4. staff - PMO/NUCS.
 - b. Financial Management. Develop and implement necessary reports that will ensure that management will have adequate financial information to monitor the financial status of the Cooperative and that the Board of Directors, members and funding agencies have current and accurate reports on revenue and expenses. Reports to be prepared and follow-up actions include:
 1. projections on Cost of Sales and Expenses by Product Pool.
 2. projected operating budget to include grant assistance.
 3. monitor Sales and Cost of Sales, Comparative Operating Statement and Comparative Balance Sheet monthly.
 4. monitor revised Cost of Sales and Expenses by Product Pools and Operating Budget monthly; monitor Cash Flow budget monthly.
 5. staff - PMO/NUCS.
 - c. Board Training. Attend monthly Board of Directors meetings to assist in training of Board on its functions, responsibilities and duties. Assist Board in developing leadership responsibilities, understanding financial and other management procedures.
 1. NUCS - PMO Advisors.
- II. Management Study. Determine the potential volume of business and develop operating procedures required for the cooperative to be an economic benefit to members.
 - a. Conduct producers survey, analyze data and prepare:
 1. report on 1985 projected volume of production, Cost of Sales and Expenses by Product Pools and Operating Budget.
 2. projections on volume of sales in 1985, 1986 and 1987.
 3. recommendation of new services cooperative should offer and potential revenue and expenses.
 4. MACD Research/PMO Advisors.

- b. Cost Analysis. Develop procedures for determining production costs of vegetables and operating cost of cooperatives:
 1. collect production costs and yield data by grades of products produced.
 2. collect cost of cooperative operations by operating functions: a) product production supervision, b) product preparation, c) storage, d) transportation e) marketing, f) equipment rental and g) administrative.
 3. MACD Research/NUCS/MACD Technical Advisors & counterparts.

- c. Develop Marketing Strategy.
 1. Conduct market survey
 - a) determine potential sales volume for 1985, 1986 and 1987.
 - b) consider parish markets.
 - c) chain store markets
 - d) hotel markets
 - e) higgler markets.
 2. Identify retail markets
 3. Identify wholesale markets.
 4. Identify export markets by product.
 5. Compile price information relative to quality, quantity and season availability
 6. Demonstrate sales techniques.

- d. Prepare an analysis of the cooperative operations to determine feasibility of continuing operations without long-term grant assistance at projected volume of sales. Develop a detailed management plan to include:
 1. financial needs assessment - total capital needed for additional facilities, equipment and operations.
 2. source and method of financing - member equity required based on the requirements of potential lenders and long-range capital needs.
 3. grower payment plan - procedures for operating a weekly single product pool, grower payment and per-unit retains.
 4. transfer of facility and equipment ownership from the MACD to the Cooperative.

- e. If the Cooperative is determined not to be feasible at projected volume of production, develop alternative operating plan.
 1. MACD Project Director and selected staff.

I Technical Assistance

On site technical assistance will be provided by MACD and technical Advisor - Matt Tokar to develop correct management procedures; collect and assemble operational data. This will be monitored by MACD staff member - Panzie Allen and counterpart - Allen Poole/NUCS - Sam James and counterpart.

1. Bookkeeping

Develop procedures to ensure that records are accurate, current and maintained in an acceptable manner by specific accounts.

- a) instruction of Manager, NUCS/MACD.
- b) monitor bookkeeping on a monthly basis to ensure that they are maintained properly. Ensuring that MACD funds and Bank loans are accounted for by operating functions of the PMO and that sales and cost of sales are maintained by product pools - sample form attached - special attention will be given to: operating expenses, growers' payments and per unit retain accounts.

II Financial Management

Monitor financial records on a monthly basis to ensure that the Manager, Board of Directors and funding agencies have an accurate accounting of all incoming funds, donated labour and expenses.

- a) Develop preliminary 1985 operating budget with projections of revenue and expenses by product pools and revised upon completion of producers survey.

NUCS/MACD/PMO

- b) Monitor reports and procedures on a monthly basis. Ensuring that a monthly PMO comparative operating statement is prepared - sample balance sheet and financial data sheet attached. Specific expenses to be monitored:

1. Direct

- a. product preparation - to include labour, container, supplies and other costs by product pools.

- b. Storage expenses - labour, utilities and repairs.
- c. Transportation expenses - labour, fuel, insurance, licence and repairs.

2. Indirect

- a. Management expenses - Managers time allocation to production, product preparation, marketing and administrative.
- b. Other - rent, depreciation, insurance, auditing - legal.

III Board Training

Attend Board of Directors meetings - April - December NUCS
on a monthly basis to assist in training of the Board in its functions, responsibilities and duties.

Assist Board in developing leadership and understanding of financial and other management procedures.

IV Production Costs

Determine production cost to determine grower input expenses and yields by grade (when established) of products. Survey forms developed by MACD Research - Time - Fall production.

TIME FRAME FOR PROJECT

- | | |
|-----------------------------|---|
| February - December 1985 | 1. Provide technical assistance to management as needed. |
| March - October 1985 | 2. Collect and tabulates production and marketing data. |
| May - October 1985 | 3. Assist in implementing marketing and management plan for 1985. |
| | 4. Monitor cooperative operations, collect operating and production data. |
| October - December 1985 | 5. Prepare report and present to Board. |
| January 1985 - Janaury 1986 | 6. Provide technical assistance as needed. |

The PMO/AGS project will be conducted by the Marketing & Credit Division (MACD) and the Technical Assistance Advisors. The training segments will be conducted by NUCS and selected MACD staff.

OBJECTIVE:

Develop an economically viable Producer Marketing Organization (PMO) and Assembly and Grading Station (AGS), so it can operate independently of Government funding.

Basic outline and work plan prepared by:

Panzie Allen - PMO Specialist
Allen Poole - PMO Advisor
February - 1985

When using this work plan the following work sheets should be developed:-

Producer Record
Sales & Cost of Sales & Analysis
Producer Payments by Product
Example of Comparative Balance Sheet.

DUTIES AND RESPONSIBILITIES OF DIRECTORS*

In addition to the general duties and powers of directors as set out in the association's bylaws, the following responsibilities are particularly important:

1. Hire a competent manager (may call for a contract), determine his/her salary and outline his/her duties and authority.
2. Adopt policies for the guidance of the manager and make them a part of the minutes. They should include such items as credit to patrons, sources and limits of supply inventories, a grain position policy, general personnel regulations, etc.
3. Require written monthly financial reports and operating statements for board meetings.
4. Direct the manager to prepare before the close of each year an operating budget for the next fiscal year for the approval of the board.
5. Attend regular and special meetings of the board.
6. Understand the terms of all contracts into which the cooperative has entered by authority of the board - leases, loan agreements, supply and other contracts, etc.
7. Be sure that any projected expansion program is definitely needed, and that provision is made for adequate financing before giving final approval. (i.e. balance sheet, operating statement & sources of funds)
8. Maintain an active interest in the amount and condition of inventories and make such inspections as conditions warrant.
9. Employ a qualified auditor to make an independent unqualified audit at least once each year and report directly to the board.
10. The secretary should make the minutes of the board of directors meetings available to the auditor for such actions as might have a bearing on the report of the auditor.
11. Review at least once each year the amount of insurance of various kinds carried by the cooperative and determine if coverage is sufficient. Fidelity bonds on employees should also be checked.
12. Continue to give your cooperative close attention even when it seems to be functioning successfully under able management.
13. Develop good patron and public relations as a joint undertaking with management. (what about a marketing strategy? - What -when-where-how & how much?)

14. Plan with the manager to conduct annual meetings and provide the membership with reports based on the annual audit.
15. Be alert to every opportunity to improve knowledge and understanding of cooperative business procedure.
16. Abide by and support all decisions reached by a majority vote of the board.
17. The board should not delegate any of the responsibilities which clearly belong to the board.
18. Remember that boards of directors made policy decisions and should not assume responsibilities which are clearly in the field of management.
19. A credit policy established by directors for members should be observed in every respect by directors themselves when making purchases.
20. Board members should not act independently on matters which should be decided by the entire board.
21. Continuous non-use by a director of the services of his cooperative should desqualify him as a member of the board.
22. What is your Charter?

What are your By-Laws?

How many members are on the By-Law Committee?

23. Do Directors follow same rules as other members?

Good Directors - Give time to the board and management

They listen to members

They over see and watch - stay out of daily problems and can be trusted

States opinions honestly - use good judgement

They accept legal responsibility for actions as a board member

Democratic member control

operation at cost - Limited returns of investments

*From "The Cooperative Director", published by the St. Louis Bank for Cooperatives.

PLANNING FOR PRODUCER MARKETING ORGANIZATIONS

Frequently the Board of Directors and Managers of PMOs become convinced that planning is only for the large corporation. Busy Managers, Sales Managers and Staff who have to wait on customers, who check on inventories and invoices and who perform many details of daily operation actually do not have the time to contemplate long range plans. As a result, they drift from crisis to crisis without charting a definite course of action and become easy prey for ill-conceived and poorly thought out proposals which may waste needed capital.

Small producer marketing organizations can and will plan profitably with proper training. Planning techniques vary, just as the objectives and goals of each PMO vary.

The Board and the Management team must make a strong commitment to plan and then develop a plan to plan. Adequate personnel (Board of Directors or Staff) must allow the top management team enough free time to develop useful plans.

The Board should become acquainted with planning techniques and tools as a safeguard in appraising ideas and plans submitted by management.

The Board of Directors must evaluate plans submitted by management. The Board needs to know:

- a) when plans are conceived
- b) when plans are in progress
- c) when they are at their culmination

How do these plans meet company needs and philosophy, how well plans are progressing and when the end results of a plan have been achieved?

Is this a good plan?

1. Are plans consistent with company objectives and goals?
2. Have key industry growth factors been identified?
3. Have company strengths and weaknesses been accurately evaluated?
4. Have key productive areas been identified?
5. Have strategies been selected?
6. Have the capacities of different company units been projected far enough ahead?
7. Have competitor's strength and weaknesses been accurately evaluated?
8. Have company units been developed in balance?
9. Is there a practical timetable?
10. Do plans provide for alternatives and flexibility?
11. Have the different levels within the organization contributed enough to be a part of these plans?

Planning is difficult, creative and rewarding because it deals with the future. It should be a method to ensure profits for the company. A company that will consistently carry out its planning functions will have a competitive advantage over similar companies without this management tool. It is easier to fight a competitive battle (selling produce) if you are partially able to write the rules, rather than adjusting to rules imposed by your competitors.

PREPARED FOR NUCS BY
ALLEN POOLE/MACD

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PRODUCER MARKETING ORGANIZATION

MANAGEMENT

Understanding the Unique Setting of PMO Management

- legal framework
- cooperative principles
- separating manager/board responsibilities

An Overview of Management

- what is management
- management functions
- understanding leadership

Management Communication

- what is communication
- overcoming barriers in communication
- improving listening skills
- special problems of communication in cooperatives such as member relations, annual meeting, etc.

Management Organization

- principles of organization
- setting up an organizational structure for their cooperative

Management Planning

- understanding objectives, goals, policies, etc.
- tools for planning such as budgeting
- personal time management

PRODUCER MARKETING ORGANIZATION

MANAGEMENT

Management Motivation

- understanding employee behavior
- some ideas on how to deal with the problem of motivation

Selecting People

Employee Counseling

- evaluating employee performance
- discipline

MANAGEMENT FOR PRODUCER MARKETING ORGANIZATION

MANAGEMENT

Understanding PMO's

- principles of PMO's
- legal framework
- need for sound management

Divisions of Responsibility in Management

- members
- board of directors
- hired management
- rules of dividing responsibility

Management Functions as They Relate to Directors

- planning
- organizing
- directing
- controlling

Financial Management

- understanding financial statements
- financial statement analysis
- budgeting
- equity redemption

Long Range Planning and Control

- establishing objectives, goals and policies

MANAGEMENT FOR PMO DIRECTORS (Cont'd)

Some special Problems of the Director

- the board as a team
- basics of communication
- decision making process
- selecting the manager
- evaluating the manager's performance
- determining the manager's compensation
- planning and conducting effective board meetings
- director compensation
- rotation of directors
- board committees
- hiring an external auditor
- board/employee relations
- member relations
- annual meetings

FINANCIAL MANAGEMENT AND FINANCING

Financial Records for Producer Marketing Organization

- balance sheet
- operating statement
- sources and uses of funds
- etc.

Planning the Financial Structure

- equity
- debt
- financial leverage

What the Banker is Looking for in the Loan Application

Liquidity and Cash Management

- cash budgets

Budgeting

- operating budgets
- budgets for decision making

Analyzing Soundness and Performance

- financial ratio analysis
- break even analysis

Managing Accounts Receivable

Managing Inventory

Evaluating the Acquisition of Long Term Assets

Developing a Financial Program

- equity redemption

PMO RECORD AND BOOKKEEPING

Understanding PMO's

- cooperative principles

What Accounts Should PMO's keep

- balance sheet accounts
- operating statement accounts
- functional accounts
- special accounts for PMO's

Financial Tools Needed by Management

- operating budgets

Mechanics of Bookkeeping

Preparing Financial Statements

- what statements
- how often

Preparing for the External Audit

PMO MARKETING

Marketing

- what it is
- how producers may benefit through PMO's
 - Market entry
 - economies of scale
 - lower costs
- PMO marketing - input (farm supply) and output (scale of member products)
- the marketing concept
 - customer satisfaction

Buyer Behavior Concepts

- why people buy

Basis Principles of Economics That Are Important in Marketing

- supply and demand
- others

Before Beginning Determine-

- is there a need
- what are the sales potential (input and output)
- what are the costs
- what savings will result
- who are the potential customers
- method and amount of financing

Developing a Marketing Strategy

- determine what? when? where? how? how much?

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PMO MARKETING (Cont'd)

Input Marketing - Farm Supply

- goods---seeds, chemicals, feed, fuel, etc.
- services---hauling, spreading, mixing, etc.
- costs---margins
 - record keeping
- procurement
- storage and transportation
- methods and term of sale---cash, credit, etc.
- risks - insurance, etc.
- non-members business
- public affairs
 - taxes
 - licenses and fees
 - zoning, sanitation, etc.
 - legal matters
 - political activities
 - charities
 - other federal and state regulations
- pricing decisions
- promoting decisions
 - personal selling

Output Marketing of PMO

- quantity and quality of products-output mix (what, how much and kinds)

FMO MARKETING (Cont'd)

- procurement
 - supply area
 - contracts: before or after production contracts
 - services---hauling, containers, etc.
 - standards, grading, inspection, etc.
 - methods of settlements:
 - pooling
 - outright purchase
 - individual accounts
 - commission sale
 - marketing agreements
 - record keeping
- storage
 - facilities-receiving and shipping
 - insurance
 - hedging
- processing (if processing)
 - facilities-physical-engineering, etc.
 - supplies
- nature and degree of competition in procuring inputs
- non-member business
- market selection
 - market area---local, regional, etc.
 - market target---wholesale, retail, etc.
 - promotion decisions
 - coop label -- branding
- market channels

PMO MARKETING (Cont'd)

- nature of competition--for products
- method of sale
 - supply contracts--made in advance
 - direct sale by own salesman--wholesale, retail
 - sale: through agents--brokers
 - bidding--terms of sale
- services
 - transportation
 - warranties
- market research
- public affairs
 - taxes
 - licenses and fees
 - zoning, sanitation, etc.
 - political activities
 - charities
- legal matters

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PMO - MEMBER RELATIONS

Well informed directors are essential to PMO business enterprises. The quality of the director's vision and leadership determines the destiny of the company. Directors have the responsibility of determining objectives and policies, selecting management and maintaining a close check on the progress of the PMO. Often when directors are elected, many of them have had little experience in corporate business matters.

What is a PMO?

It is a voluntary association of Jamaican farm people organized to serve themselves through their own business on a profit sharing basis.

The objective of members of PMOs is to improve their farm income by orderly marketing of their products and by purchasing their inputs through organizations owned and controlled by themselves.

To accomplish these purposes a PMO must:

1. Have sufficient volume of produce to operate economically
2. Have the support and loyalty of the farmers in the community
3. Be adequately financed, including substantial equity investment by the farmer/members
4. Be directed by competent farmers serving on the Board
5. Have qualified, honest and efficient management
6. Have adequate and properly designed facilities maintained in good condition
7. Be competitive in service, quality of product and price, consistent with favourable operating results
8. Treat all members alike without favouritism
9. Observe sound business practices throughout
10. Cultivate good community relations.

Guidelines to consider in selecting Directors:

A Director should:

1. Believe in, invest in and do business with the PMO.
2. Take the time necessary to attend and participate in all Board meetings
3. Be qualified to make decisions in the overall interest of the PMO

4. Work well with others as a group and support majority decisions
5. Neither expect nor promote special favours for himself, relatives or friends
6. Not discuss with outsiders confidential matters brought up in Board meetings
7. Not be influenced by religious, political, or other issues unrelated to the business of the PMO
8. Develop new ideas that will contribute to the success of the PMO.

Hiring a Manager:

1. Determine salary
2. Outline duty and authority
3. Consider - age and physical condition in line with expected job to be accomplished
4. Business experiences, integrity and understanding of the large amount of record keeping necessary in a PMO
5. Ability to work with people and select and train employees
6. Ability to plan ahead and coordinate operations
7. A general understanding of PMOs and their objectives
8. Policies must be adopted and made a part of the minutes to guide the Manager:
They should include -
Credit to patrons and non-patrons
Export position policy
Source and limits of supply inventories
General personnel regulations
Written monthly financial reports
Operating statements for Board meetings
9. The manager should be informed that each year he will work with the executive or financial committee to prepare an operating budget for the approval of the entire Board. This budget should estimate the volume of sales and gross income of various items to be handled, the expenses by account classifications and the net income expected. The budget should be reviewed quarterly to determine the trends of the business.

In short, a budget for a PMO is not unlike the planning of an individual farmer deciding what fields will be planted to certain crops, what the expenses are likely to be and what net earnings are likely to be realized. It is an intelligent approach to conduct any business.

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Member Relations

1. Continuous effort and emphasis are needed by all employees and directors of PMOs to develop a better understanding on the part of the members and the public as to what the PMO is, what it does and what it stands for.
2. Remember that the PMO is owned by its members for whom the business is conducted. The members are of such importance to this type of organization that they should be kept fully informed by those whom they have designated to direct and operate the business.
3. Discuss with members at every opportunity the various services rendered by the PMO and welcome any proposals they may offer for improvement. Prompt consideration should be given to complaints coming to the attention of the PMO. Correspondence should be promptly answered.
4. Since PMOs usually do not have finances to permit the extension of unrestricted credit, it is important that when a credit policy has been established, the reasons for such a policy be explained to members to gain their support of the plan.
5. Employees, by giving efficient and friendly service to customers, help in a large measure to create a favourable impression of the PMO as a place to do business.
6. PMOs should take pride in their place of business and see that it is kept orderly and well maintained. Good housekeeping is very important in attracting business and creating respect and confidence.
7. A PMO should assume responsibility as a part of the business community. It should avoid becoming involved in political or controversial matters but should participate in worthwhile community activities.
8. Be prepared to discuss the facts about PMOs and cooperatives, including their obligations and responsibilities as business organizations as a means of helping correct misinformation expressed by people unfriendly to this type of business.

Credit Comments

All PMOs will have to borrow money at sometime to supplement their own capital funds. This may be to help finance expansion or remodeling or replace equipment or finance seasonal inventories. There is no good substitute for adequate equity (owner) capital, there is often a real need to borrow from outside lenders for specific purposes.

Building equity should be a major thrust of the PMOs. Whether it is through retaining funds from members as they conduct business or set policies to require investing a part of their returns at year end.

Member-patrons are the persons primarily interested in benefiting from the success of the business. As they use its services, they assume the basic responsibility of providing capital through investment of their share of net savings derived from patronage transactions.

Members of PMOs are primarily interested in the benefits they derive as patrons of the organizations. Because benefits in a PMO or cooperative are distributed to patrons on the basis of their use of its services, such benefits do not enhance the value of shares of stock or other equity capital.

Members must provide most of the capital either by direct subscription or by investment of their patronage allocations.

MARKETING COMMITTEE

Chairman

Ex-Officio

Marketing Advisor

Objective of the Committee:

1. **Develop a significant share of the fruit and vegetable market using PMO members products.**
 - a. **Develop pricing strategies**
 - b. **New product introductions with necessary volumes**
 - c. **Control enough of the supplies of PMO producers product to have an impact on buyers' decisions.**

The Board of Directors will need to recognize that market share goals may be in conflict with profitability, risk and security goals.

2. Price Leadership

Because we have the leadership - the land - the product, we should be capable of - Announcing and securing prices for our products in advance of our competitors.

- a. **This requires better knowledge, better price analysis, lower unit costs and enough volume to be recognized as a quality and quantity production area.**

1. Increase market penetration

Increasing the volume of sales to present customers

Finding new customers for present products.

2. Market Development

Expanding or adapting our present line of products to new markets

Presently selling to higglers to include selling to the institutional markets.

(2)

3. Product Development

Developing new products

Presently selling Boston or Bib lettuce

Planning to include Iceberg as part of product line.

APPRAISING PLANS

---Allen Poole -- PMO Advisor

The board needs some means of appraising plans (a) when they are conceived, (b) in progress, and (c) at their culmination - some ways of directing how well plans meet company needs and philosophy, how well plans are progressing, and when the end results of a plan have been achieved.

The following checklist may be useful in answering the question, "Is this a good plan?":

1. Are plans consistent with company objectives and goals?
2. Have key industry growth factors been identified?
3. Have company strengths and weaknesses been accurately evaluated?
4. Have competitors' strength and weaknesses been accurately evaluated?
5. Have KPAs been identified?
6. Have strategies been selected?
7. Have the capabilities of different company units been projected far enough ahead?
8. Have company units been developed in balance?
9. Is there a practical timetable?
10. Have plans recognized practical alternatives?
11. Do plans provide for flexibility?
12. Have appropriate levels within the organization contributed to the plans?

Planning is one of the most difficult, creative, and rewarding of the five management functions, because it deals with the future. Some refer to long range planning as their "profit insurance". There is no doubt that a company which consistently carries out its planning functions will have a competitive advantage over other companies, in that it operates in an environment which it has in part created. It is easier to fight a competitive battle if you are partially able to write the rules, rather than adjusting to rules imposed by your competitors.

PLANNING AND THE SMALL COOPERATIVE

Allen Poole, PMO Advisor

Frequently the Board of Directors and Managers of small cooperatives became convinced that planning is only for the large corporation. Very busy executives who wait on customers, who check on inventories and invoices, and who perform many details of daily operation actually do not have the time to contemplate long range plans. As a result, they drift from crisis to crisis without charting a definite course of action, and become easy prey for illconceived and poorly thought out proposals which may waste large amounts of capital.

Can the small cooperative prepare and carry out plans? Many small cooperatives do plan profitably. Planning techniques vary, just as the objectives and goals of cooperatives vary.

The board and executive must make a strong commitment to then develop a plan to plan. Adequate personnel must be available to permit the executive freedom from daily operating details. The board and executive should encourage each other in the process of learning how to plan. The first few attempts will undoubtedly be done clumsily.

The board should become acquainted with planning techniques and tools, as a safeguard in appraising plans submitted by the executive.

Finally, the board may desire to hire the services of a professional management consultant to formulate plans for special project. Economists with the cooperative Extension Service may be able to provide assistance for the board and executive through short courses or other training conferences. Also, the Farmer Cooperative Service, State Cooperative Councils, and the Small Business Administration often co-sponsor special management course which will be helpful fo the board and the executive.

The small cooperative that wishes to keep even with or move ahead of growth in the economy cannot afford not to plan or to plan poorly for its own future.

CRITERIA FOR SEPERATING BOARD AND MANAGEMENT DECISIONS*

Identifying where board decisions leave off and management decisions begin has been and continues to be a problem for cooperative board members. There are certain criteria or guidelines that can be used to determine which decisions should be made by the board and which should be made by management. The list below outlines some of the more important of these.

1. Ultimate accountability to members is vested in the board of directors, who may subsequently grant certain authority to officers, agents, and employees. The general manager in turn is accountable to the board and initiates action within the boundaries of authority granted by the board.
2. The board of directors, is primarily concerned with idea decisions while management is primarily concerned with action decisions.
3. Decisions on overall objectives, policies and goals are the responsibility of the board.
4. Decisions related to how and when objectives, goals and policies are to be attained are the responsibility of management.
5. Decisions involving long range and consequential commitment of resources, which include facilities, finances or manpower are the board's responsibility.
6. Decisions involving intermediate and short range commitment of resources, and the organization and control of these resources, are the responsibility of management.
7. Decisions related to the assurance of capable management succession by providing for executive depth and training are the board's responsibility.
8. Decisions specifying the ideal pattern of board performance and for the review of and perpetuation of this ideal through indoctrination and training of directors are the board's responsibility.
9. Control over the long range financial commitments, financial structure, objectives, policies, public and member relations, and overall management performance are decisions of the board.
10. Control over operations, subordinate managers and employees, budget procurement, production, marketing plans and industrial and employee relations programmes are decisions for management.

* From cooperative director training materials compiled by the Omaha Bank for Cooperatives.

Presented by Allen Poole - PMO Advisor to six Producer Marketing Organizations, with elected Boards

MARKET MANAGER OPERATING PROCEDURES

--- ALLEN POOLE - PMO ADVISOR

1. Production Scheduling and Delivery

The PMO Manager is responsible for a packing schedule reflecting sale of produce at time periods anticipating favourable market prices. This involves consulting with member - growers about production plans in terms of acreages planted, varieties grown and expected harvest data. The Manager may want to schedule planting to ensure early harvest to take advantage of the December - February's U.S. or European markets. In addition, management should recommend varieties of plants and seeds, inputs and proper production practices in promoting greater yields and higher quality produce. The marketing committee of the Board of Directors should play an active role in assisting the Manager with these tasks.

Members will be encouraged to field-grade and sort their vegetables. Cucumbers, peppers and tomatoes will be delivered to the AGS in standardized field containers developed by the PMO and furnished to the growers. The growers will pay for field containers by a deduction when sales are made or outright purchase by the farmer. The Board could consider a rental programme for field containers.

Field containers of produce delivered to the AGS are weighed, ticketed and graded. Tickets identify the produce with a grower number and state the quantity delivered. Tickets are made in triplicate, with one copy going to the farmer, one staying with the produce, and one for the PMO records. Produce grades (probably start with only 3 grades) are recorded on both the field container receipt and the Cooperative's record).

PMOs will need a manager who can work at the job full time. The Board of Directors hires the Manager. Strong managers make strong PMOs.

What must a Manager do?

- a. work well with people
- b. be a good business man
- c. be able to control the business
- d. know the goods and services the PMO has for its members
- e. know those goods the PMO sells for its members

Managers must understand that PMOs

- Have a Board of Directors to report to members
- PMOs do not make profits - if so the PMO will return to members with refunds at year end.
- PMO pays a low rate of interest on the money received from members.

Managers must develop trust with members - being honest - fair - work hard and do a good job.

Make good decisions. Strive to serve members better each week - month - year.

Handle the business affairs (banking etc) and direct/employees.

Manager must carry out plans made by a Board.

Study the PMO - find ways to make it work better for the members.

Run the day-to-day work.

Use common sense - get advice when it is needed.

Hire honest help - who are prepared to do the work.

Train new and old help to do a better job.

Work on self improvement to be a better manager.

Inform the Directors on just how the business is doing.

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Tell the Board what the PMO needs and suggest ways to make the PMO better.

Develop reports for Board meetings - also for annual meetings.

Plan ahead and think ahead of time what members need.

Remember the members on the PMO not the manager.

SPECIAL Benefits or Favours cannot be granted to Directors employees - members or management.

Management must take part in community affairs.

It takes everybody - manager - Board - members. Each person carries a share of the load - then the PMO will grow.

A course in PMO Management will -

- Develop the understanding of the Nature of Management.
- IDENTIFY Different Leadership Styles
- Recognize characteristics of Natural Leaders and Management Leaders.
- Recognize the difference between management and technical work.
- IDENTIFY Functions of Management.

Our overall objective will be to provide the environment for you to further develop our skills and abilities as PMO Leaders and Managers.

ALLEN POOLE - PMO ADVISOR

TERMS OF REFERENCE FOR MARKETING MANAGER FOR PMO's

A Marketing Manager administrative responsibilities are:

- Plan, organize and supervise the activities of the personnel of the Assembly and Grading Station and submit relevant proposals to the Board.
- Participate in budgeting the activities and ensure that the PMO is operated on sound commercial basis.
- Supervise the financial administration. Understand and interpret financial statements (trading, profit and loss accounts, balance sheet). Prepare quantitative information for budget and estimate cash flow needs.
- Present financial statements to the Board.
- Evaluate regularly accounts of clients, avoid risky transactions and arrange that accounts are paid by client before expiry date.
- Ensure that growers receive payment for supplies within arranged time limit.
- Evaluate the different programmes of the organization and make the necessary adaptation of activities in the further implementation of programmes.
- Supervise the buildings and equipment and take the necessary measures that they remain in good state of repair and working conditions.
- Organize adequate security for buildings, equipment and merchandise.
- Organize marketing functions, that is, assembly, grading, packing, transportation
- Procure inputs and materials needed, such as packing material.
- Monitor operation of the packing house, taking special care of quality, physical losses, presentation of produce and consider cost factors.
- Prepare regularly concrete schedules for the use of vehicles and foresee needs for additional transport facilities.
- Work proposal for short term storage and monitor the use of storage facilities (cost - benefit).
- Ensure that the Marketing Manager is available for being contacted at fixed hours by farmers and buyers.
- Organize training and demonstration activities leading to the proper implementation and improvement of operations, for members of the PMO, workers and other interested persons.

- Promote the increase of the number of active members and demonstrate the advantages of organized marketing.
- Establish good public relations with growers and customers.
- Presented to six Board of Directors and suggested to NUCS for future BOD's.

PMO/AGS POLICY AND PROCEDURE

SUBJECT: SALES ORDERS

Purpose: To establish how sales orders are issued, logged to open a sales order file, removed from the open file when order is completed; establish responsibility for missing sales orders and for researching for same until found and reported for bookkeeping.

Definitions:

Sales Order Book:

A set of sequentially numbered sales orders: i.e. 25 numbers in each book in 3 copies: White - Accounting Copy - to be signed by customers as proof of delivery and for invoice preparation.

2 Pink - Customer Copy - a record of goods purchased, for the customer.

3 Green - To remain in the book for reference to bookkeeping for verification of goods billed to the customer.

Completed Sales Order File

Sales order numbers which have been invoiced to the customer, or voided with the approval of bookkeeping.

It is suggested that the number of books issued be controlled to minimize and locate misplaced or lost sales orders.

Policy and Procedure for - C.O.D. Customers

Purpose: to define the meaning of, reason for, recording and notification of, and policy concerning C.O.D. customers.

Definition: Customers who have a charge account with the PMO/AGS evidenced by a customer number, but who have failed to pay all amounts due over 30 days are C.O.D. customers.

Customers who have not yet established a charge account with the company, but have furnished the required credit application information will be handled as temporary until proper information is tabulated.

A listing of C.O.D. customers will be established at the beginning of each month by the bookkeeper.

The assignment of C.O.D. status to an account will not be honoured, except as authorized by the bookkeeper and General Manager.

Sales orders will not be prepared for accounts on a C.O.D. Status.

We will not sell to a customer who has a past due balance on a cash basis unless at least 10% of the cash order is paid against the overdue balance. When any person neglects to follow this policy, this neglect will constitute grounds for dismissal.

What are some of the more important areas to develop policies for?

Company vehicles?

Preparation Sales Orders:

Sold to :

Ship to :

Order Date :

Customer Order No :

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Ship from :
Patronage Account :
No Patronage :
Trade Discounts :
Restocking Charge :
Person selling Initials :
Labour charge if applicable :
Freight - if to be invoiced? :
Back ordered :
Unit of measure (lbs, tons, feet, yards, etc.)
Description :
Price :
Assembled by :
Shi Via :
Date Shipped :

Returned Merchandise

Re-Stocking charges :
Damaged merchandise charges :

Presented to 7 potential Manager Trainees by:

ALLEN POOLE, PMQ ADVISOR

DECEMBER 10, 1985.

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TO : Mr. D. B. Irving
Mr. H. Knight

FROM : Allen Poole

DATE : 8 August, 1984

RE : Analysis of Technical Assistance as it relates to the
Producer Marketing Advisor

Producer Marketing Organizations were not a part of the original Project Document according to the Project Manager of USAID - Rick Mangrich. The PMO scope of work statement was developed in late 1982. The Producer Marketing Advisor - Allen Poole was selected and arrived in Jamaica in April 1983.

Although this huge marketing project adequately designed the technical needs as they call for scientific experiences (market news, quality assurance, training, post harvest, market research and animal science) it did not consider timing for organizational activities that requires three to five years of education and participation to complete successful programmes.

While in theory the above-noted activities are potentially viable, it should be noted that farmers and their organizations have practical suggestions that many times solve problems that the institutional approach complicates.

Each developing group designs its future by the interest, attendance and willingness to learn the basic business principles necessary to complete building a company.

If each board of director group had no illiteracy, we could expect to train a willing group of farmers how to make good board decisions in less than 2 years. With 30% to 50% illiteracy the time needed extends to four or five years. Operating budgets, sales budgets, grower equity and patronage refund principles are complex and difficult to perceive, requiring patience and repetition.

Major emphasis on people's participation and understanding is required to develop Producer Marketing Organizations. Just because we have a group of farmers that wish they could work together does not mean they can work together i.e. (Rio Grande Valley Growers Association).

From pages 94 - 96 of the implementation manual the OVIS refers to 10 producer organizations managing up to 25 assembly and grading stations over a two year period. Armed with four to five years of business training, organizations can expect to become viable marketing firms in two years of concentrated effort with trained Jamaican advisors.

The USAID November of 1983, evaluation team which included at least four Jamaicans concluded the organization phase of this project as a critical issue. Their reasoning for recommending extending the project through 1989 is the difficult human training aspect of the project. The evaluation team recommended 6 - 8 pilot PMO/AGS be developed over the next two years - (first new PMO developed March 1984), - March 1986 should prove to be rewarding and eventful for Jamaican farmers and supporting agencies.

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The Prime Minister has recommended using the private sector when possible to develop Jamaica. The MACD in conjunction with the National Union of Cooperative Societies (NUCS) is developing a training and organization programme. This programme will use skilled and highly motivated Jamaicans and their counterparts to deal with the myriad of critical problems associated with developing the producer organizations initiated by the Marketing Extension Staff of the Marketing and Credit Division. The NUCS programme will emphasize the principle that PMOs are business enterprises, capable of responding to the needs of their membership (the farmers) and as such, must submit themselves to viable economic policies that will not only allow them to operate but will conserve their nature as private legal entities that belong to the people forming them.

Nine (9) producer groups have been identified. These groups are located in eight parishes throughout Jamaica. A series of meetings to develop PMOs have been conducted on formal and informal formats over a 15 month period of time. Five to nine steering committees are in a more advanced stage of development. Some of the activities necessary in developing successful organizations are:

1. sign up members
2. raise capital to pay legal fees
3. assist in and draft legal organization papers
4. hire attorney to file for incorporation
5. arrange for the first annual general meeting (electing board of directors).

USAID requires that four conditions precedent be satisfied before the AGS/PMO can qualify for additional USAID funds for developing and operating the grading stations:

1. clear title to the land
2. socio-economic feasibility study
3. registration
4. PMO/MOA agreement

The goal of three producer marketing organizations to be established each year is practical and realistic if the conditions precedent can be accomplished.

Considering the GOJ budget restraints for 1983 - 1984, the PMO team is very satisfied with Christiana, St. Elizabeth - Manchester and Mason River Producers Association as qualified participating Producer Marketing Organizations. If experienced organization advisors provide proper training, these organizations will be successful.

Qualitative factors in developing PMOs. The nine Producer Groups:

Christiana Potato Growers Cooperative Association

St. Elizabeth - Manchester Cooperative Growers Society Limited

St. Catherine Vegetable Producers Association

Ebony Park Cooperative

Mason River Producers Association

Rio Grande Valley Producers Association

Guys Hill Producers Association

Hanover Food Producers Association

Wait-A-Bit

The identification and selection of committee members and potential Board of Directors for the PMOs is an on-going process. Monitoring the committee members progress and training programmes is an on-going process.

The overall goal of supporting the Agricultural Marketing Project by developing farmer organizations that can improve income to members is valid and developing.

The overall purpose to help Jamaican agricultural producers by organizing marketing groups on a cooperative basis using accepted business principles that provide marketing techniques for members, management and staff of these firms is valid.

More specifically, capabilities within the MACD to identify and service producer-owned organizations through a series of in-kind tangible and informational inputs has been developed.

The success of each PMO depends on the Board of Directors and their abilities to:

- . discuss concepts and characteristics
- . handle decision making responsibilities
- . concern for issues of growth and finance
- . improve organization and operation
- . improve the role of delegates and members

PMO technical assistance is performed at different levels in the Marketing Project.

First level - Training MACD personnel to deal with farm groups through education of and demonstration of cooperative principles to bring farmers together.

Second level - Training Steering Committees of farm groups to work together to understand organization and group participation principles including responsibilities of members, training potential board members on decision making procedures, training MACD personnel to teach board and management principles.

Third level - teach and demonstrate supervisory methods to Department heads and Extension Officers working with farm groups.

Fourth level - lead and direct the National Union of Cooperatives Societies into a balanced training programme for PMO members, Directors, Management and employees.

Fifth level - support the training component for MACD with MACD training Advisor to develop quality standards, better handling methods, grades etc as these and other marketing factors tend to help farmers grow and export better quality produce.

Sixth level - direct and develop specific training needs at various PMOs throughout Jamaica. Direct other advisors already working with two PMOs to a better functioning advisory programme. This programme has to relate to the existing and on - going accounting, financial and management functions of the various PMOs.

In conclusion the identification of motivated farmers and good production areas by Marketing Extension is critical and necessary to the existence of the Marketing Project. Without this, all important human identification element to use the services developed by MACD, there would be very little need for the other technical elements.

A logical frame work Matrix is designed in the work plan for this project. As NUCS develops, a more specific matrix will be designed in its work plan.

The two plans will blend to streamline the development of Producer Marketing Organizations.

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MEMORANDUM

TO : Mr. D. B. Irving
Mr. Herbert Knight
Mr. Lennie Morgan

FROM : Allen Poole - PMO Advisor

DATE : July 2, 1984

SUBJECT : National Union of Cooperative Societies Training and
Development Project

History: Shortly after surveying the potential Producer Marketing firms, I identified the need for extensive grower, board and management training needs. In a meeting with Dick Schermerhorn and Lennie Morgan, it was apparent that Dr. Schermerhorn would have his time consumed with staff training as projected in the project documents. His performance and assistance in the overall training programmes he has planned and is planning is very visible.

In reporting this to our Project Officer in the Agency for International Development, Rick Mangrich, he indicated that they had thought of this because all PMO activities were an after thought of this project and they realised that the success of the project depended on developing organizations at the farm level.

Rick indicated that they had contracted ACIDI to send a short-term Consultant to identify and spell out the training necessary to help the Producer Marketing Organizations become self-sustaining firms.

In the late fall of 1983, one Loren Fennel an individual Consultant from New York State reported to Jamaica with the concurrence of Fred Zenny - Marketing Director. Director Zenny called me into his office and asked that I spend one day per week with Mr. Fennel and as many nights as needed to assist him in the development of the NUCS training programme. His instructions were to make the NUCS programme a complimentary project not a supplementary project.

After one week's interviews with Consultants, Counterparts and Staff of the MACD, Mr. Fennel consulted with the Staff of NUCS for 3 days. After this he consulted with the Staff of ARDO. Most of the results are spelled out in the present NUCS document. In my view, we accomplished the strengthening of a major weakness of the project institutional training, promotion and organization of the Producer Marketing Organizations.

To complete this project, we need the support and assistance of the Director of Marketing, the Project Coordinator, the Coordinator of Extension Marketing and the Training Officers of the MACD. A team effort is imperative to the success of PMO development.

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With Lennie Morgan, Sam James, Dick Schermerhorn and Allen Poole coordinating and integrating the NUCS project, a comprehensive training and development programme will develop Jamaican Agriculture with improved quality (Maloney/Wellington) improved handling (Grierson/Jayasingh) improved marketing and economic concepts (Sahney/Feaster/Findlay) and developing dairy and livestock programmes (Johnston/Ross/Knight) to a level that no other Caribbean nation has attained.

The NUCS programme from its very birth called for a closely coordinated and integrated implementation programme. Unless the project is developed to emphasize assisting the MACD, the goals and purposes of the NUCS project cannot be accomplished.

My view and interpretation of the NUCS project is much like hiring a consulting firm to assist in developing a socio-economic programme to relieve the MACD of hiring a large staff to develop PMOs.

The NUCS consultants work very closely with Extension and MACD/PMO personnel to obtain the stated objectives.

In summary the project was developed to compliment the MACD. While the NUCS project states - NUCS will promote the development, organization and operation of the PMOs. This cannot be accomplished without the communication and liason of the PMO section of the MACD.

Good example of a current situation- Guys Hill needs more PMO members - JAS was requested to put an all out effort for membership - they produced 20 - 25 members in 5 months. Mr. Morgan and the Extension Staff working one-to-one added another 60 members in the last 3 months. How could NUCS develop that kind of communication?

Another example - PMO personnel have learned the hard way how to get the PMOS registered - NUCS does not have a lawyer and certainly not one familiar with the Industrial and Provident Societies Act.

The Steering Committee that are now in place were developed by careful human relations supported by knowledge of the localities and produce potential. MACD has this type of staff in place and must know enough about the committee members to initiate changes when and if necessary.

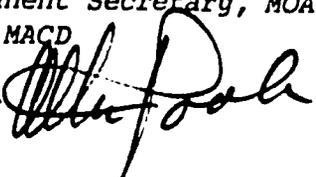
Basically, MACD needs and will need a tremendous training effort to maintain strength and continuity at the PMOs. When the training begins to produce successful Board of Directors, Managers and informed PMO members, the grower organizations can begin to branch out on their own. The manner in which the marketing project perceived the PMOs, was to provide some type of financial assistance for up to four years.

The project clearly states that the PMO Advisor and the NUCS Director will keep both firms informed of all developments guaranteeing open communication and cooperation.

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M E M O R A N D U M

TO : William Joslin, Director, USAID
Clarence Franklin, Permanent Secretary, MOA
D. B. Irving, Director, MACD

FROM : Allen Poole, PMO Advisor 

DATE : April 11, 1986

SUBJECT : Letter of Transmittal for PMO Report

Attached is the final report covering my three (3) years as
Producer Marketing Organization Advisor.

It is my understanding that USAID has de-emphasized the Producer
Marketing Organizations (the small farmers of Jamaica).

In view of the fact that there are approximately 40,000 small farmers
and only a few hundred of the large farmers - i.e. Spring Plains (semi-govern-
ment), Battaglia private enterprise, H. M. Shields, Inc., (private enterprise),
I do not believe PMO's should be considered as unimportant and unsuccessful
in the development of Jamaican agriculture. Agreed, the PMO's have not made
money in the past (they are just now getting to the stage where they can
start being successful) but in comparing dollar for dollar the large farmer
losses far exceeds the losses of the PMO's.

It is my recommendation that further development of these PMO's be
considered and an advisor secured to continue this project as I am convinced
this should be continued for the good of Jamaica.