



This seven-family incorporated cooperative's informal equipment and cost sharing strategies form the basis for a successful partnership that benefits all its members.

North Star Neighbors: Neighbors and Friends Working Together

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Meet the Neighbors

North Star Neighbors is a marketing cooperative that organized in the late 1990's, and formally incorporated in 2000. The cooperative is made up of seven family farms in Nance, Boone and Greeley counties in Nebraska.

Meat products make up the bulk of sales for the co-op. North Star offers a large selection of beef, pork and poultry products.

Some products are designated "natural," which means that the animals are never given antibiotics or growth implants.

"Premium natural" indicates that, in addition to the standards for the "natural" label, none of the grain used as feed is treated with any chemical pesticides, herbicides or synthetic fertilizers. These are the same standards for organic certification, but the group doesn't use a third-party certifier.

North Star Neighbors markets in three main venues: farmers markets in Lincoln and Grand Island, their direct-marketing customer base, and retail grocery outlets in Omaha, Lincoln and Grand Island.

Summer 2000 sales averaged about \$500 per week. Sales in 2001 averaged over \$3,000 per week—a six-fold increase. In fact, North Star product sales have increased so rapidly that the group is now looking for new members.

Sharing the Expense and the Success

Equipment and cost sharing arrangements between members of the cooperative have been two of the keys leading to the success

of North Star Neighbors. Members agree that their greatest challenge has been raising enough money to get North Star Neighbors off the ground. The equipment and cost sharing arrangement was their "only way to get started."

In the beginning, members loaned individually owned equipment to the cooperative. One couple purchased chicken processing equipment; another family purchased the first van used at the farmers markets; and a third family bought the coolers and tables.

As sales increase, income will be used to reimburse members for that equipment, and title will pass to the cooperative. Members don't charge for the use of that equipment, but all maintenance and repair expenses are reimbursed by the cooperative.

Increased sales from meat products have allowed the cooperative to buy some equipment. The wives in the group maintain a schedule for equipment use. Operating, maintenance and repair expenses on equipment owned by NSN are paid out of income from sales.

Big-ticket items have required "advances" by members. For example, a 12 by 18 foot walk-in freezer was recently installed in a machine shed on Jim's farm, and the eastern third of the building was remodeled to accommodate it and an adjacent shipping room. Most of the labor was donated, and the cooperative reimbursed members for costs.

In the past, North Star rented out their chicken processing equipment, but the cooperative

no longer allows the use of the machines by non-members. The expense to repair damaged equipment didn't seem like a good investment to North Star Neighbors members.

Nebraska's Agricultural Opportunities and Value-Added Partnership Program: A Financial Shot-in-the-Arm

North Star Neighbors, in partnership with the Center for Rural Affairs, and two other small meat-marketing cooperatives with non-competing products, received a grant from the State of Nebraska's Agricultural Opportunities and Value-Added Partnership Program in January 2001. North Star's share of the grant was \$25,425. Most of the grant money went toward equipment, marketing and legal expenses.

The grant money paid for three new 7 by 14 by 8-foot trailers to use as "portable stores" at farmers markets. Each of the trailers is equipped with two 72-cubic-foot freezers and one 36-cubic-foot freezer. The trailers' interiors are finished with electrical wiring, lights, painted walls and ceiling, and tile floor. The North Star logo is emblazoned on the outside walls. Customers enter through two large doors at the back of the trailer, and exit through another door to the side. This is a simple and elegant solution to managing customer flow and quality control at the markets, while promoting the cooperative's identity with prominent signage and a high-quality sales environment.

Informal Agreements Work Well for These Neighbors

According to Board President Jim Knopik, the members deal with each other as “neighbors,” and live by the Golden Rule. All members realize that everyone must share in both the risks and the benefits of marketing through the cooperative. No one benefits at the expense of another member.

Jim also notes that the group has never put together any type of contract regarding ownership or use of the equipment. “A handshake and a guy’s word are all that is necessary,” says Jim.

The group has discussed formalizing their equipment and

cost sharing arrangement, but has not taken steps to put the arrangements in writing. They see no reason to “fix something that isn’t broken.”

Talking It Out: Consensus-based Decision Making

Like any group, members of North Star Neighbors sometimes have different points of view on some issues. Jim says that if faced with a problem, members “talk it out.” Discussion, compromise and consensus have solved all problems to date.

When asked how major decisions are made within the organization, Jim repeats that “we talk

it out.” He gives most of the credit for their smooth ride to the wives, who “have a real knack at maintaining good relationships within the group.”

A Success? Members say “Yes”

When asked if they would do it all over again, members responded with a resounding “yes!” If it were not for the agreement to share equipment and start-up costs, North Star Neighbors members say they probably wouldn’t be in business today. Neighbors and friends working together for the common good is the foundation for this resourceful and promising business venture.

Current members of North Star Neighbors are: Jim and Carolyn Knopik, Dan and Karon Horn, Dean and Shirley Johnson, Ron and Brenda Knopik, Tom and Gail Knopik, all residents of Fullerton; Dan and Teri Choat of St. Edward, and Carol Schooley of Wolbach.



For more information about North Star Neighbors, go to www.geocities.com/northstarneighbors