

Southeast Nebraska Area Producers – SNAP, a history and update.

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They say necessity is the mother of invention. Low profits for traditional grain crop production and disappointing personal experiences with attempts to break into the value-added grains market, were listed as the reasons a group of Lancaster County farmers began meeting last spring to see if they could find a common solution to these universal problems.

This group of farmers began meeting monthly in May, 1999. The group adopted the name Southeast Nebraska Area Producers (SNAP). A steering committee was formed and made up of: Herschel Staats, Lincoln; Gary Hellerich, Valparaiso; Burdette Piening, Emerald; Steve DeBoer, Princeton; and David Schwaninger, Martell, all of whom happen to be members of the Lancaster County Farm Bureau. Staats – leader of the group, credits much of the group's success, so far, to their willingness to look beyond their own membership for ideas and involve outside agencies in their search for answers. "We have been delighted with the help we have received from the extension office, Nebraska Rural Development and USDA Rural Development."

An underlying feeling of anxiety and frustration, perhaps reflecting those of most farmers, would best describe the prevalent sentiment when I first met with the SNAP group in June. Representative comments include: "It costs more per bushel to produce than the market is willing to pay. Farmers need to get into a position of being price makers, not price takers.", "Our only salvation right now is the Farm Program. What are we going to do when the USDA transition payments run out in 2002?", "I raised specialty soybeans for export to the Japanese market one time. The beans were shipped to the west coast and I

never got paid. I'll be more careful who I sign contracts with next time.", "Price per bushel is only half the story, we need to find crops that provide more profit per acre, that is the real bottom line."

At the July SNAP meeting, USDA Cooperative Specialist,

Some people define luck as "preparation meeting opportunity." Such was the case with SNAP. Two events occurred with the right timing to set the future course for SNAP. First, the extension office received notification that Phillip Morris Company was seeking proposals

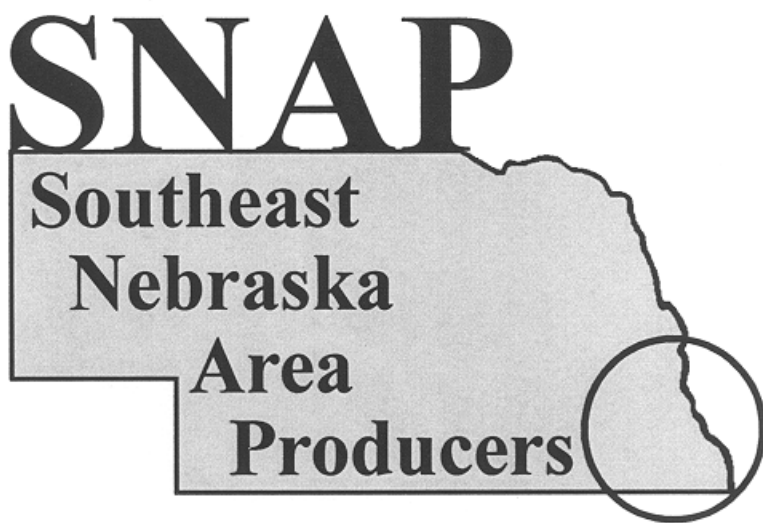
has already received considerable validation as attested to by the fact three grants have been received to help SNAP through its start-up phase. Phillip Morris has awarded a \$25,000 Shared Solutions grant, Nebraska Rural Development has awarded a \$4,000 grant and Lancaster County Farm Bureau has pledged \$4,000. In addition, the University of Nebraska has approved a sizeable portion of my time to be devoted to the effort in the coming year.

The producer alliance-producer cooperative concept accomplishes several important things that improve efficiency and save time and expense for producers, grain handlers and shippers and for end-users. It is this added efficiency that will result in higher prices returned to SNAP members for their production.

SNAP will hire experts with grain industry contacts to seek out contracts on behalf of their grower stockholders. SNAP, representing numerous producers, can justify spending time seeking out the most favorable contracts. Something most producers couldn't do for themselves.

By coordinating production and delivery of a potentially large volume of grain, SNAP should be able to negotiate better prices simply based on volume. Rather than writing many individual contracts, end users save time and management headaches by signing one contract with SNAP. End users will be able to buy sufficient quantities of a particular grain to justify gearing up for a production run. Finally, SNAP will test the grain before it is delivered, thus assuring quality and purity before the grain reaches the plant.

SNAP overcomes many design constraints that exist in the grain handling industry today when dealing with IP grains. Due to low volume, compared to bulk commodities and the necessity to avoid cross-contamination, grain elevators presently find it difficult to receive IP grains, especially at harvest time. By using on-farm storage to store the crop until it is called in for delivery on a contract, SNAP overcomes this bottleneck. SNAP will contract with an elevator to receive, blend and ship IP grain; but the grain will be brought in after the harvest rush. The IP grain will be delivered over a short span of



Jeff Lobe, discussed how he has helped other groups of farmers form cooperatives. Through these cooperatives, farmers are able to add value to the crops and livestock they produce. Many times, the products go into niche markets which hold promise of greater returns to the producer members.

This presentation set a focus for the group. All subsequent discussion has centered on the cooperative idea, but with certain constraints. Members of the SNAP steering committee were in agreement, at least for the time being, they are not interested in buying brick and mortar, nor do they intend to produce crops that require large investments in new farm machinery. They began to concentrate on ideas that provide added value through better management or marketing efforts but not requiring large capital purchases. In an effort to find what others are thinking, an informal telephone survey of Lancaster County farmers was conducted. It was found that over 70% of grain producers would grow value-added grains if the profit margin were greater than traditional crops.

for a competitive grant program called Shared Solutions. This national program would fund non-profit organizations that identify, plan and execute innovative programs addressing shared issues within the agricultural production chain. Secondly, Nebraska Farm Bureau invited representatives of KAAPA (Kearney Area Ag Producers Alliance) to come to Lincoln to meet with Farm Bureau employees and members of the SNAP steering committee. Gary Anderson, shared how KAAPA has found niche markets for value-added grains in central Nebraska. Value added grains are also known as Identity Preserved (IP) grains. (See Page 11 side box)

Following the meeting with KAAPA, Staats and I met to develop ideas that might fit the Shared Solutions concept. What came out of this effort has been the development of an organizational and operational model that we feel has potential to increase profitability for SNAP members and ultimately help establish many value-added grain crops as alternatives to the traditional crops grown today in eastern Nebraska. This model

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