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SWINE PRODUCERS ADD A MARKETING DEPARTMENT

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Great Lakes Pork Cooperative is an effort by swine producers in Ohio, Indiana, and Michigan to gain control of more of the pork marketing chain. GLPC is offering investment shares to producers to own a pork slaughter and processing facility. GLPC has identified specific markets for pork that may be underserved and provide opportunity for a market niche for their production. GLPC's success will be determined by producers' willingness to make significant financial commitment to this business vision and venture.

Farmers have long bemoaned their lack of control over the markets into which they sell their products. Although no business ultimately "controls" its market, moving away from commodity production to a differentiated product requires a radical change in the marketing philosophy and strategy of farmers. Agriculture producers are attempting to make this move via cooperative efforts that retain ownership of their commodity through the processing stage of the market chain. A key challenge for these producers is to vertically integrate their marketing mentality as they vertically integrate their business structure.

If farmers can successfully evolve their marketing capability, the potential benefits are significant. Every b-school grad knows that "marketing" means understanding the customers' needs and driving all facets of the business to meet or exceed the customers' demand. Yet commodity producers for the most part have not had the opportunity to create that kind of strategy. For them, cost control is the overwhelming strategic issue. But now, by vertically integrating their business, they can personally encounter someone – the end-user of their product – whose previous existence for them had been real, but muted. This new relationship should profoundly change the flow of information to the producer and allow him to make better decisions on what and how much to produce, and how to produce it.