

BIRTHDAY PAINS OF A CO-OP

J. Eliot Coit

Director Emeritus, California Avocado Society

In 1910 avocados were not grown commercially in California. Many seedling trees growing in yards and gardens in Southern California were beginning to produce fruit, some of which was of excellent quality. The increase in the number of trees and the opinion that some were good enough to be propagated, resulted in the beginnings of nursery propagation to meet increasing demands for budded trees of named varieties. In time, the number of budded nursery trees became far in excess of demand. The ardent interest of certain individuals, together with several publications, incubated the idea of forming an association to regulate the development of what was visualized by many as a new fruit industry. It was the nurserymen's need to sell more trees which built momentum. If so many budded trees were to be sold, buyers needed some assurance that a market would develop for the new fruit then largely unknown to the average housewife.

Accordingly, a public meeting of nurserymen and growers was held at the Alexandria Hotel in Los Angeles May 15, 1915 at which the California Avocado Association (later named "Society") was organized and tentative by-laws formulated. The society was not incorporated. At a subsequent meeting the by-laws were revised and adopted, nine directors elected and the general purpose of the organization stated to be the improvement of the culture, production, and marketing of the avocado. The total number of members signed up was seventy-four. The society proceeded to work actively by well advertised dinner meetings called "banquets" at leading hotels including the Ambassador in Los Angeles, the Maryland and Vista del Aroyo in Pasadena and others. Regular semi-annual meetings of growers in different areas were held and advertised in many ways.

In the beginning, large Guatemalan avocados brought 50 cents to \$1 each. The backyard production was consumed at home and by friends. Any excess could be traded in at the corner grocery. When some early commercial orchards came into bearing, some growers delivered to commission men in Los Angeles or San Francisco. Because of confusion from over supply at the Los Angeles Market and cut-throat competition, demand arose for the Society to attempt to market the fruit of its members cooperatively and ship to such distant markets as Seattle, Denver, Salt Lake City, and others. This writer was president of the Society at that time and I well remember how long and hard the board of directors discussed this proposition. We had no packing house or other facilities, scarcely more than half the commercial growers as members and NO FUNDS, but a financial deficit of \$862.

The American Fruit Growers, a private corporation, had a packing house at 2160 E. 7th St., Los Angeles where they packed and shipped some citrus fruits and vegetables. An

arrangement was made with them to accept, grade, pack and ship to commission merchants in other cities all the fruit of those members who signed up. This plan was given a trial for about eighteen months. It did not work for several good reasons and was abandoned. There was no advertising except the leaflets supplied by the Society which were enclosed in each package. There was no state maturity standard at that time, and after a Santa Ana wind, the house was swamped with immature windfalls. Certain members had developed small but lucrative local outlets for part of their fruit. It was suspected that they disregarded their agreement to deliver all their fruit to American Fruit Growers, graded their fruit at home, delivered the best to favored customers, and took the culls to American. Not being incorporated, we were in a very poor position to legally enforce our by-laws.

I remember that at this time I went to Cleveland, Ohio to testify in a lawsuit over the patent on an orchard heater. Before leaving town I visited the wholesale fruit and vegetable market. There were no avocados in sight. One salesman said he had previously received ten flats of avocados from American Fruit Growers, put them on the floor in full vision. A buyer from a hotel looked them over and bought five fruits. The rest just sat there until rotten and were thrown out. It must be said here that American Fruit Growers were very cordial and made a sincere effort to carry out the marketing plan of the Society, but their organization, built on a different plan, could not be successful with avocados.

In the spring of 1923, favorable weather resulted in a heavy set of fruit with crop estimates as high as 600,000 pounds. The distressing experience with American Fruit Growers as a marketing agent, for which they were only partly responsible, forced the conclusion that there was no alternative to forming a cooperative agency organized under the laws of the State of California. Fifteen members of the board began to lend the Society \$25 each month to meet expenses of incorporation. With this income, in addition to some membership dues, a start was made. Mr. George B. Hodgkin, at that time with the field department of Sunkist a man well trained in cooperative organization, and already an owner of an avocado orchard, was appointed secretary and manager at a half-time salary of \$300 per month, from September 1st to December 1st during which he served Sunkist half-time at \$300 per month. After December 1st, 1923, Mr. Hodgkin served full time for the Society.

He had a temporary office at the American Fruit Growers packing house until the last return from shipments were accounted for. I well remember one of the Society directors' meetings at that place where there was no place to sit down. A lot of empty nail kegs were found and set in rows with twelve-inch boards across the top. There we sat, being careful not to tip over when one of us got up, while we listened to Attorney John Hart discuss cooperative law, approve Hodgkin's plans and finally go ahead with incorporation.

As soon as all legal formalities were completed, and the directors of the new co-op (later named Calavo) were elected, the fine print eleven-page by-laws prepared by Attorney John Hart were adopted and signed January 21, 1924. Soon after that a joint meeting of the two boards was held. The old marketing business of the Society with both its assets and liabilities was formally turned over to the new cooperative. The assets consisted of about \$300 for fruit on hand and commission and the liabilities a

total of \$1.000 loaned by directors, as previously mentioned. After that the only income of the Society was from membership annual dues of \$5, donations and yearbook advertising. It retained all previous functions except marketing. The Calavo board, first called the California Avocado Growers Exchange, elected the then president of the Society as a director at large to serve as liaison between the two organizations, in which capacity I served for twenty years.

Because avocados were so little known, the co-op rented a very small vacant store on Hill St., Los Angeles, opposite the Pacific Electric passenger station. The object was not to make money selling avocados retail. It was only hoped to break even. An attractive sales lady was put in charge. She distributed printed matter, handed out samples of properly softened avocado flesh for people to taste. She made memorandums of what was said by each person who bought fruit or just talked. She questioned closely those who came back for another purchase. All the collected information about consumer attitudes was correlated and averaged for a basis on which to formulate future advertising. After six months the store was closed. The information gained was considered worth far more than the small loss of operating the store.

During the year 1924-25, 104 growers representing 320 acres of bearing trees and 700 acres non-bearing joined the co-op. The following year the crop included fifteen named varieties besides a large volume of what was then called "Cats and Dogs." For the year 1924-25 a total of 179,680 pounds were sold. Total received \$63,756.10, paid growers: \$47,305.19. Total expense: \$13,627.97. Deficit: \$2,822.94. Average amount per pound, including culls, paid to members: \$0.3366.