

Organomy *Where stakeholder communities collaborate in new business models to live out the organic principles*

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Working in organic business for over 25 years I saw the silent takeover of organic pioneers in real business life. I encountered how organic pioneers were bought by corporates and what this did to their principles and values. The organic movement has its principles and ambitions defined for changing the entire food system. The consolidation process of organic pioneers by corporate food multinationals makes that the organic market is being mainstreamed; organic is seen as a brand and executed as business as usual, meaning common business within the existing set of rules. Institutionalized by legislation (EU regulation and USDA-NOP), embraced by mass consumption, corporate interest and large scale retail listings, the organic movement faces a serious risk of becoming locked-in as a pioneer by the new regimes that collect power in the organic market. In this paper I study the question on how the organic movement can protect their defined values and principles within an organic market of on-going growth, institutionalized legislation and corporate consolidation.

The European organic market is the worlds second largest market, representing a value of 22,7 billion EUR in 2012. The USA market has an estimated value of 25 billion EUR in 2011. Despite the crisis in Europe a steady growth rate of 6 % is reported over 2012. (Meredith). In both Europe and USA dedicated consumer trust and confidence in the organic market is realized through providing the largest quantity and quality available within sustainable food.

First I analyze the aspirations of the organic movement by studying its main role and defined principles. Second, I briefly describe the essence of stakeholder theory as being key for implementation of these principles. Thirdly, I describe the consolidation process in the USA organic market. And last I explore new business models in order to come to a call for action: the organic movement must keep the lead in the further development of their values and principles by creating what I call 'the organomy', meaning citizenship driven communities that collaborate to realize the organic principles within new business models.

“Food system sustainability needs to be seen as much more than a set of ecological standards easily met by discerning consumers: it is a fundamentally political project with obligatory cultural, social and ideological dimensions.”¹

The organic movement:

In order to understand the organic movement we must know what is the basis for their existence; why do they claim to be there? The organic movement wants to change the way in which agriculture is discussed and viewed across the planet. It proposes a different relationship between society and nature, between humans and ecosystems. The organic movement can therefore be seen as a planet wide social movement. The importance of underlining the organic movement as a social movement is the consideration that its essence is about wanting to make a fundamental change; and not about describing an environmental friendly agricultural method only. By looking at the broad scope of values we also see the tension occur with the interaction between these values and the corporate companies that reduce organic to be a brand and an environmental friendly agricultural method.

The organic principles of organic agriculture:

A summarize of the four principles of organic agriculture as defined by the GA of IFOAM in 2008 (IFOAM = International Federation of Organic Agriculture):

Principle of Ecology: *“ Organic Agriculture should be based on living ecological systems and cycles, work with them, emulate them and help sustain them” . This principle roots organic agriculture within living ecological systems. It states that production is to be based on ecological processes, and recycling. Nourishment and well-being are achieved through the ecology of the specific production environment.*

Principle of Fairness : *“Organic Agriculture should build on relationships that ensure fairness with regard to the common environment and life opportunities” . Fairness is characterized by equity, respect, justice and stewardship of the shared world, both among people and in their relations to other living beings.*

Principle of Care *“ Organic Agriculture should be managed in a precautionary and responsible manner to protect the health and well-being of current and future generations and the environment” . Organic agriculture is a living and dynamic system that responds to*

¹ J. Johnston, A. Biro en N. MacKandrik ‘Lost in the Supermarket: The Corporate Organic Foodscape and the Struggle for Food Democracy’ *Antipode: A Radical Journal of Geography* 41:3 (2009) 521

internal and external demands and conditions. Practitioners of organic agriculture can enhance efficiency and increase productivity, but this should not be at the risk of jeopardizing health and well-being.

Principle of Health: “ *Organic Agriculture should sustain and enhance the health of soil, plant, animal, human and planet as one and indivisible.*” This principle points out that *the health of individuals and communities cannot be separated from the health of ecosystems - healthy soils produce healthy crops that foster the health of animals and people.*

Looking in more detail at the 4 Principles we can say that the market basically adopted the Ecology and the Health principle. Ecology is clearly institutionalized in legislation: the EU Directive 2092/91 which was adopted in the EU in 1992 and the NOP legislation in USA, finally adopted in 2002. The Principle of Health is adopted largely as well as it closely linked to ecology but also to safe food , like for example pesticide free food, milk without antibiotics (USA) etc.

The Principles of Care and Fairness are undervalued: not really adopted by legislation and partially embraced by the market. There might be a reason for this as they both, when closely looked at in detail, are the ones that the most enter the debate on how do we care for each other in the food chain; how do we generate added value and how do we share this value between all stakeholders in a fair and sustainable way? Stakeholder theory can help us out here.

Stakeholder theory:

It was Edward Freedman who was the first to address the stakeholder theory. It is seen as an alternative to the shareholder theory, where the main aim in business is to satisfy the interests of shareholders only. The stakeholder theory defines the essence of a company's goal in a much broader way by defining the shareholder as one of the stakeholders, but not the only one. The interests of all stakeholders, related to a company or organization, must be taken into account in the process of value creation.

In stakeholder theory the business and ethics are put together; they cannot be separated. Freedman states it is about a new way of capitalism: “ ...New capitalism is about value creation for all of us; it is about social collaboration”. Related to the principles of organic agriculture, stakeholder management can be used as a tool for implementing them. Stakeholder theory therefore supports the principles of care and fairness in the food chain as necessary principles to remain successful on the long term.

Organic consolidation:

The principles of organic agriculture have a natural fit with stakeholder theory. Corporate food companies, though, are mainly functioning from the shareholder theory, where its ultimate goal is to only satisfy the shareholders interest. In order to understand the dynamics of the organic movement it is therefore important to understand the consolidation process within the organic market.

It was Phil Howard who brought the topic of consolidation in 2007 on the agenda, with it's paper "Who owns organic: from roots to suits". It was a clear overview of the USA's consolidation process of organic pioneer companies that started to come on full speed when national legislation on organic agriculture was formalized in the USA: NOP (National Organic Program) in 2002. The big corporations dared to enter the organic arena . This consolidation continued and we have the USA picture now till recent 2013. " The overall trend is increasing industry domination by large, transnational corporations."(P.Howard, 2007). What was the reason for the corporations to start buying organic pioneers ? Buying up small organic food companies simply means that big corporations can directly buy into, not only the profits and added value, of the organic food market, but also into the country cottage sustainable image of organic and the ethical/ environmental values of these pioneer companies, giving them instant CSR profile. Acquiring an established name is far less risky than starting a competitor. The following graphic clearly shows the consolidation process in USA food market from 2000-2013; some of the corporations also consolidated in Europe; f.e. Hain Celestial bought the early pioneer Lima in Belgium. Dean Foods recently required Alpro Soya in Belgium. No study on organic consolidation is done for Europe so far.

supply. They offer their brands, they offer their shelves, they offer organic their sales and profits but in the end they can not contribute to a further development of the organic principles for change as it is not in their interest. The principles of care and fairness require a stakeholder approach to succeed; for a shareholders strategy they are a threat.

Therefore, if organic really wants to strive to make the change reality, it should look at alternative new business models where stakeholders collaborate to create value and share this value with all involved.

New business models

Lots of new developments can be mentioned on new business models. As a spin-off of the crisis citizens worldwide look for alternative ways to create more autonomy towards their basic needs. The largest developments we see in the fields of care, energy and food. The basic idea behind all new business models is a new concept of value creation. Value creation not based on the “ old economy” where the main focus was on financial profit for a few shareholders only, working within a mere linear consumption. The new value creation originates from basically three main aspects: it is multiple, it is collective and it is shared.

(J.Jonker, 2013).

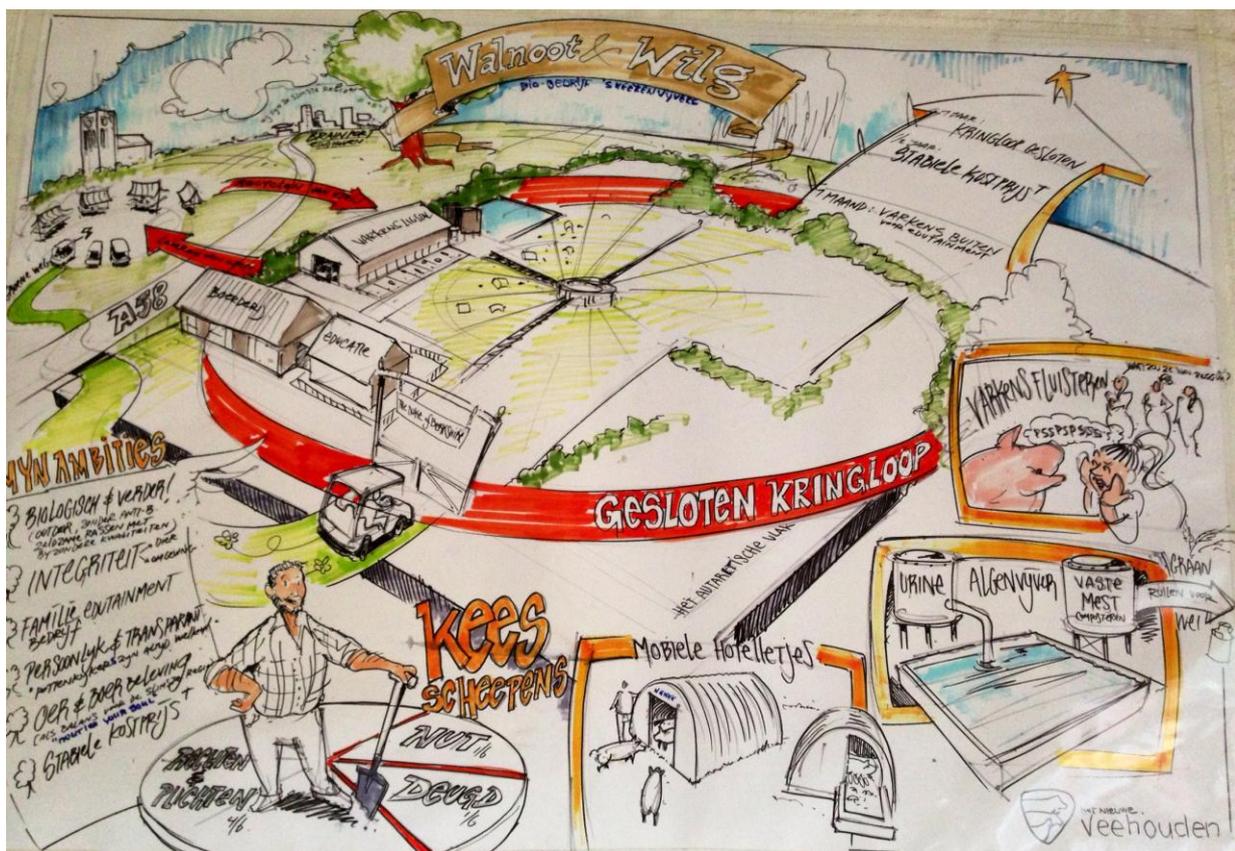
The new value creation is sustainably designed within three new types of economy: the circular economy, the bio-based economy and the functional economy. The main focus of these three is the material part of the economy, on resources and the way we can use these more sustainable on the long term. On the other part we see self-organizing concepts in which consumers or groups of citizens collectively organized in cooperatives or companies, try to organize a certain topic. Basically we distinguish three types: first we define the shared economy, in which sharing goods, knowledge and ideas are the basis. Individual ownership is no longer the focus ; it is the focus on the access to it that matters here. Secondly we define the collaborative economy where it is all about cooperating among stakeholders in a certain chain. The focus here is trading, leasing and sharing and the main question is how cooperating can be organized in the best possible way. Thirdly we see the self-productive economy where citizens get access to producing high valued goods themselves, f.e by 3-D printing.

Organomy

Let us acknowledge that organic has a scale that offers close contact with millions of organic consumers worldwide. Most of these consumers want to change the way we deal with food; the way we deal with agriculture and the way we treat nature. My main plea for the organic

movement is to mobilize and join the power of these millions that want us to make that change. We practice this by creating and facilitating “organomies”. An organomy is a stakeholder driven community where the organic values and principles are realized within (various) new business models. Farmers, consumers/ citizens, processors are collaborating to create the change that is needed for a more sustainable, fair and circular food system in which the value creation is shared with all involved. Imagine what a citizenship power can be mobilized if they collaborate and decide to take autonomy over the interests of their food, their stores, their suppliers and their financial needs. Organomies can become the hotspots where societal change is practiced to strive for a better, more sustainable world in food. For all of us involved. Just like IFOAM wants it to.

To show you how an organomy can look in real life, i share the visualised mindmap of an organic dutch pig farmer called Kees Scheepens in his company “Walnoot en Wilg”. He drew his organomy concept in the following way:



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