

Description of the social enterprise – information sheet

Vicasol, S.C.A. Cooperative of first degree/tier Cooperative Society of Andalucía (SCA)



A. Identification data	
1. Name of the enterprise	Vicasol, S.C.A.
2. Location/Address of the enterprise	Calle Vicasol, 37, 04738 Puebla de Vicar (Almería)
3. Website of the enterprise	http://www.vicasol.es/
4. Legal organisational form	Cooperative of first degree/tier Cooperative Society of Andalucía (SCA)
B. Good practice of the social enterprise	
Aspects that recommend the social enterprise as a good practice in the particular sector.	<ul style="list-style-type: none"> <p>• A successful combination of internal and external growth model</p> <p>Vicasol has developed a successful growth model based predominantly on the steady integration of more growers, the majority of which are family farmers. The cooperative is governed by the principle of free and voluntary adherence which makes the incorporation of growers easier. The inclusion of growers as members of the cooperative has enabled the cooperative to increase the amount of cultivated land, and then, to increase its production capacity rapidly. In addition, the company merged with Almerisol SCA in order to gain a greater dimension and expand their product portfolio. This combination of internal and external growth strategy has helped the cooperative to gain size in a traditional atomized (fragmented) sector, which has contributed substantially to become one of the referents in the fruit and vegetable sector at national level.</p> <p>• Strong focus on quality and vertical integration to add value to its products</p> <p>The cooperative is completely focused on product quality maximization as a way to differentiate its products from competitors' ones and reach international markets. The cooperative continuously invest on improving the quality of its products and production processes. In addition, the company has quality certifications that allow selling its products in national and international markets. The cooperative has an own certified lab that certifies its product which reduces time and costs. In addition, the cooperative has added valued to its products thanks to a vertical integration consisting in integrating production, processing and commercialization of its products.</p> <p>• Agreements with supermarket chains</p> <p>The cooperative has export agreements with important supermarket chains that help to shorten the supply chain, which is translated in a reduction of costs and supply products with a longer shelf life.</p> <p>• Innovation activities</p> <p>The cooperative participates in diverse I+D+I projects to develop better production practices to meet the quality and environmental requirements of the national and international markets. In addition, the cooperative has integrated advanced techniques and new technologies that help to improve resource management.</p>

- **Environmental practices**

Environmental commitment is at the heart of the cooperative. It tries to make economic growth compatible with the preservation of the natural environment. A recent example, is the transformation of one of its experimental farms to carry out ecological production based on biological control.

- **Contribution to the socio-economic development of the area-young growers and employment**

The cooperative's growth is important to promote the socio-economic development of the area because it offers job opportunities for young growers that desire to join the cooperative and also creates jobs associated to the operating of the cooperative (administrative, marketing, exports, etc.). It has helped to raise agriculture as a profitable sector in the local economy.

- **Diversification strategy**

The cooperative has developed a diversification strategy based on extending the product range they can offer and reducing the risks by the foundation of unrelated business units such as a gas station or a grocery store.

C. Context:

1. Year of Founding	1979
2. Context of start-up – problem that the enterprise was set up to solve, economic social rationale	<p>The cooperative was founded by growers that aimed at joining forces to sell their crops outside the local market. They decided to come together in order to gain size sp as to have more market power in a sector that was dominated by a reduced number of powerful distributors and a lot of small sellers.</p> <p>In its origins Vicasol was founded as a Sociedad Agraria de Transformación (SAT)[a hybrid version of a shareholder owned company and a cooperative] but some years later, it changed its legal form to become a cooperative (Sociedad Cooperativa Andaluza). The main objective was to improve members' conditions.</p> <p>In 2003, the cooperative merged with Almerisol SCA in order to gain size (economies of scale), extend its product portfolio (economies of scope). Since that time though, it has followed a model of organic growth, convincing members one by one to join their cooperative project.</p>
3. What are the Main Activities of the entity?	<p>Production, processing and wholesale trade of fruit and vegetables (1500 hectares). Specifically they sell tomatoes, peppers, eggplants, zucchini, watermelons and melons.</p> <p>Recently, the cooperative has launched a gas station and a grocery store for the members and the general public.</p>
4. Who are the Main stakeholders (i.e. members, clients, producers, etc.)?	Cooperative members (growers), clients, employees, suppliers, supermarkets, distributors, public administrations and the general community.

<p>5. Geographic coverage with respect to:</p> <p>i) to production of services and/or goods and</p> <p>ii) market/consumers or beneficiaries, clients, etc.</p>	<p>i) The cooperative members own 1500 hectares of crops spread along several small towns mainly in the west side of Almeria and three product manipulation centers (El Ejido, La Mojonera, Dalías, Níjar, Puebla de V́icar, etc.).</p> <p>ii) Vicasol sells its product in both national and international markets. The main destinies of its products are Spain (20%) and Germany (20%). A great percentage of the production is also sold in France, UK and Italy. Recently, its products have also reached EEUU, Canada and Arab Emirates.</p>
<p>D. Ownership Structure</p>	
<p>1. What is the ownership structure of the entity: i.e., does the entity have shareholders, owners/members, donors, trustees, investors, etc.?</p>	<p>Vicasol is a cooperative society of first degree with ordinary and collaborative members. At the beginning it was constituted as a SAT, and some years later it was transformed into an Andalusia Cooperative Society, thus limiting the liability of its members to the contribution of social capital. In its merger with Almerisol in 2003, both entities lost their legal status and members received corresponding capital participation. The cooperative does not have investors. The growth of the entity is based on the integration of new members (growers) to increase the number of production hectares, and then, the production capacity.</p>
<p>2. If membership, is membership open or closed? Is exclusivity required?</p>	<p>Open to those who fulfill technical/health and safety, etc. requirements. Yes, exclusivity is required.</p>
<p>3. Is a capital contribution required? If so, how much? Is equity capital unallocated or individualised?</p>	<p>Yes, amount not available. Unallocated social capital contribution.</p>
<p>4. Describe in a few words the voting distribution (e.g. one member-one vote; proportional to equity contribution; proportional to use, etc.).</p>	<p>Voting based on use, up to a cap.</p>
<p>5. Describe in a few words the main benefits for members or owners.</p>	<p>Better prices, access to markets, more control over their business.</p>
<p>6. Indicate any main changes in ownership over the lifetime of the entity?</p>	<p>Change from SAT to Cooperative. Thereafter, a steady internal member growth but no main changes in ownership, except as stated above in merger in 2003.</p>

E. Governance	
1. Describe the governance structure of the entity (board, management, committees, etc.), number of members and method of selection (appointed or elected and by whom).	<p>Governance principles:</p> <p>Voluntary and open membership: members can voluntarily join the cooperative independently of political borders. Accession is voluntary and open for all willing growers if they meet technical (quality and safety) and economic requirements (can pay the social capital contribution).</p> <p>Autonomy and independence principle: the cooperative has autonomy from public authorities. Decision-making is based on the benefits to and welfare of the members.</p> <p>Transparency principle: transparent management and regular information for the members.</p> <p>Democracy principle: the cooperative is democratically managed. Members are actively engaged in decision-making.</p> <p>There is a Board of Directors, members of which are voted on by the General Assembly, consisting of a President, Vice President, Secretary and other board members.</p>
2. Is there an entity or process for oversight of the board?	General Assembly
3. Are there external independent board members?	No
4. Are there term limits for board members?	No
5. What is the gender composition of the board?	Predominantly male (tbc)
6. Describe management and board salary/ compensation policies and how they are decided/determined?	Compensation is determined by the general assembly. Generally, in Almería the role of president is not remunerated, nor do board members receive compensation, except for expenses.
F. Profit/ benefits/ surplus distribution policies	
1. Describe briefly the distribution policies and procedures for profits / benefits / surplus	1. Once the obligatory funds* and taxes are paid, the cooperative then is in the position to distribute the benefits in accordance with the bylaws and according to the agreement of the General Assembly every year. The benefits are distributed i) to members in function of the cooperative activity carried out by each member, ii) to the voluntary reserve fund or iii) to increase the obligatory funds.
2. Are members/owners liable for losses of entity? Describe how liability is shared.	<p>*The contribution to the obligatory reserve fund is 20% of the benefits from cooperative business and 50% from business with third parties. Also a 5% contribution must be made on the benefits of the cooperative business to the “social fund” which is the Cooperative Education and Promotion Fund.</p> <p>2. Members are liable for the losses in the amount of the capital contributions.</p>

G. Strategy: highlight approaches adopted to address the identified challenges

1. Describe briefly the business strategy looking at aspects like: main products/services, market niche, market share, quality and pricing/costs and main changes occurred in time.
 - **Growth strategy based on a combination of internal and external growth**

The cooperative has grown substantially and rapidly thanks to the principle of free and voluntary adhesion that has enabled the continuous incorporation of growers as members to the cooperative. The incorporation of growers has increased the size of the cooperation (greater production capacity) and the range of products sold. In addition, the cooperative has coordinated such strategy with an external growth that consisted in its merger with another agricultural cooperative of the area, which has strengthened its strategy of gaining size (the production capacity has grown in 40%) and scope. This allows the cooperative to have a greater supply power to be more competitive and offer better conditions to the cooperative members.
 - **Innovation strategy**

A substantial percentage of the benefits obtained by the cooperative are invested to acquire and develop technology and I+D to improve processes (production, information and logistics), the quality of the products (healthier and added value products) and reduce costs. In addition, innovation activities are conducted to develop production processes that are respectful to the natural environment.
 - **Quality strategy**

Since its foundation the cooperative has placed quality as the heart of its business strategy as a way to differentiate its production processes and products. The quality is controlled and certified in all its plants (ISO 9001). Having the certificates BRC, Global Gap and IFS enables the cooperative to export to different international markets (Each country demands a different certificate). In fact, the cooperative has its own internal quality department and certified lab that serves to guarantee the quality of its products to its clients and public administrations, which reduce time and costs compared to external certification labs.
 - **Vertical integration strategy**

The cooperative is centered in integrating all the processes connected to production, manipulation, processing and commercialization of its fruits and vegetables. This vertical integration adds value to the products, reduces costs (shortening of the supply chain) and extends the shelf life of the products (fresher products by the reduction of delivery time).
 - **Diversification strategy**

The cooperative has developed a diversification strategy based on extending the product range they can offer and reducing the risks by the foundation of unrelated business units such as a gas station or a grocery store.

<p>2. Describe briefly the relation between the business strategy and the social mission of the enterprise.</p>	<p>The business strategy of the cooperative is oriented to obtaining profits through the optimization of the conditions for the members and to make their products more profitable in national and international markets. Through an intense growth strategy seeking to concentrate the atomized offer of the zone, Vicasol has contributed to turn the agricultural sector in Almeria to a more competitive and profitable sector that acts as an engine of the economic development of the area. In fact, it has helped to generated thousands jobs. In addition, the business strategy focused strongly on quality and environmental respect, has enabled a sustainable growth and development.</p>
<p>3. Please describe briefly the strategic partners or alliances that the enterprise has.</p>	<ul style="list-style-type: none"> • Export alliances with other companies of the fruit and vegetable sector to reach international markets and obtain more competitive conditions (e.g., price). For example, the creation of the platform “Plattform Spanien” between other five companies with the aim of selling its products in the Swiss market. • Member of industry associations (e.g., Organización de Productos de Frutas y Hortalizas – OPFH- and Agrupación Integrada – API, Coexphal) that seek to foster the quality in the sector and that work to develop a certificate of food security and quality. • Strategic alliances between different cooperatives and companies to diversify its offer and develop a high-end brand. With that purpose they created Alcoex Mediterratneo and a high level brand. • Strategic alliances with national and international supermarket chains to sell their products and shorten the supply process. • I+d+i strategic alliances between cooperatives, companies, research centers and universities to improve production and marketing processes and the quality of the crops. • Collaboration with local and regional public authorities to promote a more concentrated and strong fruit and vegetable offer (public funding programs and subsidies)
<p>4. Please describe briefly the methods and practices of communication/relationships with Stakeholders (members, community, donors, NGOs, etc.),</p>	<p>Vicasol has developed diverse communication channels to established good relationships with its different stakeholders:</p> <ul style="list-style-type: none"> • Members <p>Members are actively involved in the cooperative. They are part of decision-making with their votes and they can raise proposals. In addition, they are permanently informed through the organization of ordinary and extraordinary assemblies and Vicasol offers a platform for direct communication with the members (extranet).</p> <p>The cooperative provides a great support to the members to improve their facilities and economic activities: subsidies management, fiscal and legal services, sample analyses, quality advice and technical services.</p> <p>The cooperative supplies and sells all the members’ products seeking to achieve the maximum profitability.</p>

Vicasol holds an annual dinner with the members where there are awards and recognitions for quality and innovation achievements.

The cooperative attends events, conferences and trade fairs (e.g., Ingoragro Exhibition, Fruit Attraction, Fruit Logistica) with the aim of establishing relationships with potential members.

- Clients

Vicasol is in social networks and have developed a website to offer information for clients and other stakeholders. In addition, the cooperative has recently created a video to present their activities and allow the general community to know its economic activities better.

Assistance to trade fairs and events to make new clients and strengthen its relationship with current customers.

Awards in the annual dinner for the best clients.

- Employees

Continuous investment in training and human capital

Organization of different dinners and lunch with the employees to reward them for their work

Promotion of down-up and up-down communication

- Society

Vicasol collaborate in public programs trigger by public authorities and receives support and subsidies from them.

Collaboration with different organizations and associations to improve the quality of life of people in the area and the natural environment.

5. Innovation and key performance factors

Innovation is core element of the business strategy of Vicasol. The cooperative develops innovative activities with the aim of increasing processes efficiency and improve organizational practices. A substantial percentage of the benefits is invested in doing research and I+D+i activities that seek to develop and implement new production technologies and techniques (e.g., ecological production, biological control, traceability system, etc.), update members' facilities and farms and to launch new products and varieties and improved packaging. These activities enable offering healthy, quality and environmentally-friendly products.

Example of innovations:

- Products with a longer duration postharvest (longer shelf-life)
- Extension of the traditional calendar for production of the crops.
- New environmentally-friendly packaging for products produced with biological control (cardboard and plastics are re-usable)
- Development of a new variety of tomato ("tomato intense") for professional cooking. It is characterized

	by a more intense flavour, fleshier and contains less water proportion.																				
	- Robotization and automatization of the facilities to improve the effectiveness and efficiency of the processes.																				
6. Human resources - personnel																					
- No. of employees	- More than 2,000 employees																				
- No. of volunteers	- No volunteers																				
- No. of members	- 720 members																				
6.1. For Work Integration social enterprise - vulnerable employees if the case (i.e.), work integration plan/programmed used and management structure	The cooperative has developed several programs fostered to hiring people at risk of social exclusion. For example, women and ex-prisoners. In addition, Vicasol has led a public campaign combating illegal employment “no illegal workers in the greenhouses” in order to avoid the illegal hiring of immigrants.																				
H. Outcomes: results achieved and lessons learned																					
- Yearly social and economic results – every 5 years since start-up, and/or the last 3 years																					
- Assets (raw numbers)																					
- Capital (raw numbers)																					
- Production																					
- Turnover /sales																					
- Profit/loss																					
	<table border="1"> <thead> <tr> <th></th> <th>2010</th> <th>2011</th> <th>2012</th> <th>2013</th> </tr> </thead> <tbody> <tr> <td>ASSETS</td> <td>36,6 M €</td> <td>40.9 M €</td> <td>45.9 M €</td> <td>50,3 M €</td> </tr> <tr> <td>SALES</td> <td>102.1 M €</td> <td>11.2M €</td> <td>119 M €</td> <td>138.1M €</td> </tr> <tr> <td>PROFIT/LOSS</td> <td>617,421€</td> <td>592,232€</td> <td>390,010 €</td> <td>239,771€</td> </tr> </tbody> </table> <p>Source: SABI database</p>		2010	2011	2012	2013	ASSETS	36,6 M €	40.9 M €	45.9 M €	50,3 M €	SALES	102.1 M €	11.2M €	119 M €	138.1M €	PROFIT/LOSS	617,421€	592,232€	390,010 €	239,771€
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I. Describe in a few words the broader social / environmental impact in your community – spill-over effects, in the last 3-5 years.	<p>DEVELOPMENT OF AGRICULTURE AS A PROFITABLE LIVELIHOOD FOR PEOPLE IN THE AREA</p> <p>The cooperative has contributed to turn agriculture into a very important economic activity in the area. A progressive growth has allowed the creation of many jobs every year improving the job opportunities of the inhabitants of the area and offering an alternative to leave the area in search of job. Most of the manipulation/packaging jobs are taken by women with the aim of favoring the incorporation of this collective to the agricultural workforce. In addition, the growth and increased supply power gained allow to optimize the conditions and benefits of the agricultural members of the cooperative.</p> <p>COMMITTED TO THE NATURAL ENVIRONMENT</p> <p>The cooperative is strongly committed to preserve the natural environment where it carries out its economic activities due to the close connection between agricultural activities and the state of the natural environment. Therefore, the cooperative has implemented diverse practices to reduce the environmental impact of its activities and produce more ecological products. For example, the cooperative production system is based on the biological control and an integrated pest management system, has developed more</p>																				

environmentally-friendly containers. In addition, the cooperative has different environmental certifications: ISO 14001 (environmental management), the integrated production certification and the green label of the regional government (Junta de Andalucía) awarded by the companies that produce ecological products through integrated production.

IMPROVEMENT OF PEOPLE'S LIFE

Collaboration with different organizations, institutions and associations to improve social conditions and social problems of the community. Some examples are the participation in a campaign of the Cruz Roja to donate food to needy families, commitment to hiring people at risk of social exclusion, development of activities to promote environmental concern, a healthy nutrition and healthier habits.

J. Discussion Points: questions readers may want to consider and to discuss about it

“Premio Agua” awarded by the local government for its water management strategy (2015)

“Medalla de oro” of Andalucía awarded by the regional government (Junta de Andalucía) to recognize the successful trajectory of the cooperative and its positive effect on the sector

“Premio Economía” awarded by the Economist association of Almería for its solid and successful trajectory, the creation of jobs in the province and continuous innovation to improve production techniques and plantations (2014)

Contact info

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Webpage www.vicasol.es

LINKS

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