

## **ANECOOP 2014-2018<sup>1</sup>**

*"One of our priority goals is to guarantee the future of our producing members by promoting projects that enable our agricultural cooperatives to continue driving the development of production areas."*

Anecoop's Corporate Social Responsibility Report 2012-13

That afternoon in February 2014, Joan Mir, managing director of Anecoop, recalled the conversation he had just had with Francisco Borrás, the deputy managing director. They had spent that afternoon – and many hours since last June – defining the measures they needed to implement in order to achieve the ambitious objectives set by the Integration Plan that the management team had outlined for the next 4 years. Despite the excellent results of 2012-13, both were aware – as was the entire team – that the challenges of the context, both for Anecoop and for the whole Spanish agricultural and horticultural sector, were not small. They had to decide what the most appropriate actions were as soon as possible and begin to undertake them promptly, as they had to present their conclusions to the Governing Board in one week.

### **ANECOOP**

Anecoop was a second-tier cooperative<sup>2</sup> that comprised 76 member cooperatives (which together grouped over 50,000 farmers). It was the largest operator in the Spanish horticultural industry in terms of turnover and among the leading ones in Europe. The company had been first in the world ranking of citrus fruit exporters for years, and second as a marketer of this product after the American Sunkist. It was also the first European exporter of watermelons and kakis. Its turnover in 2012-13 was close to 600 million EUR (720,000 tons of horticultural products and 18,000 hectoliters of wine). Anecoop had 250 employees and exported to more than 60 countries.

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<sup>1</sup> This case has been published by the Research Division of Instituto Internacional San Telmo, Spain. It has been written by Professor Antonio Villafuerte Martín of Instituto Internacional San Telmo, in collaboration with research assistant Ms. Fatima Segura Alcaide. This case is intended as a basis for class discussion only and not to illustrate any judgment on the effective or ineffective management of a specific situation. Copyright © September 2014, Instituto Internacional San Telmo. Spain.

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<sup>2</sup> A second-tier cooperative is a cooperative whose members are other cooperatives. In 2002, Anecoop's bylaws had been changed to allow different types of members, such as corporations, limited companies, and even individuals, to join. However, in February 2014 there was still no partner with this new profile.

Despite the crisis that had hit the world economy since 2007 and the particular crisis that the Spanish agricultural sector had been immersed in for several years, all indicators led to think that Anecoop was resisting these attacks better than other companies. In the 2012-13 trading year, sales had increased by 9% in volume compared to the previous fiscal year and by 17% in terms of value. The Spanish export sector as a whole had grown by 7% in volume and 11% in value (see Appendix 1).

Anecoop's management was satisfied with the overall performance of the last few years. However, it could not hide its concern about several issues, mainly the continued loss of profitability of member cooperatives and their farmers, with the subsequent abandonment of land, and the new challenges that had surfaced in the diagnosis made to develop the Integration Plan 2014-2018.

### The origins

Anecoop was founded in Valencia in September 1975, the result of the decision of 31 citrus fruit cooperatives in Castellón and Valencia to export part of their products together and to try and put some order in the chaotic citrus industry of that time. However, it was not a good time. Farmers were very reluctant to integrate and create second-tier structures, and neither farmers nor cooperatives wanted to lose prominence or control.

*"That is why the initial idea was to begin little by little. To avoid any misgivings, we only required members to contribute with a minimum of 10% of their production. This was the only requirement to join Anecoop,"* said José María Planells, one of Anecoop's founders and Managing Director of the organization from 1975 to 2010<sup>3</sup>.

The cooperative reached a significant milestone in the 1979/80 trading year: the signing of a supply contract of 15,000 tons with the Soviet Union that drew the industry's attention in Spain *"by the size of the operation and the youth of the company."* The way to reach these markets was through Spanish and Czech intermediaries, who, in turn, supplied state purchasing agencies, sole interlocutors in these types of centralized economies. At the same time, the cooperative began to operate with some purchase centers in Germany and in the French wholesale market.

The need to diversify the offer soon became apparent. *"We realized that citrus fruit sold better in international markets if it came along with other products, such as vegetables and non-citrus fruit,"* said José María Planells.

In this way, Anecoop began to expand its product range and allow cooperatives from other Spanish regions to join. It also started to expand internationally through subsidiaries abroad (the first one was Anecoop-France, established in 1978 at the Saint

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<sup>3</sup> In February 2014, José María Planells was Chairman of the Anecoop Foundation.

Charles International Market in Perpignan<sup>4</sup>). However, the cooperative remained highly dependent on the Eastern countries until the end of the 1980s, when political changes led to the liberalization of purchasing and supply systems in those countries.

*"In 1989, we had the worst crisis in our history. For a number of reasons, we had to break our business relationship with our main client, a German agent. It represented 30% of our total turnover. This event helped us realize two things that were later key to our business: the importance of having our own structures and that no customer should concentrate a large portion of our sales. Since then, no client has accounted for more than 10% of our turnover. However, the hardest part was that some large cooperatives that belonged to the Anecoop Governing Board began to work directly with this client straight away, and there was nothing Anecoop could do about it,"* recalled Planells.

### **Anecoop in February 2014**

Anecoop's core function was to market its associated cooperatives' production and offer them a range of financial, technical, and R&D services. Anecoop's Mission, Vision, and Values can be found in Exhibit 1.

Anecoop continued to have a solid presence in the Valencian Community, although, eventually, other cooperatives from different regions of Spain had joined (Table 1). They thus formed the largest production network in the country<sup>5</sup>, with an extensive harvest and marketing calendar. Anecoop did not produce in any other country and only some of its subsidiaries marketed products grown in the country of destination or third-party countries, in a percentage that never reached 10% of its sales in terms of volume<sup>6</sup>.

**Table 1: Anecoop member cooperatives by province  
 (February 2014)**

	<b>Province</b>	<b>N. of cooperatives</b>
<b>Valencian Community</b>	Valencia	43
	Alicante	9
	Castellon	6
<b>Murcia</b>	Murcia	5
<b>Andalusia</b>	Almeria	6
	Cádiz	1
	Huelva	2

<sup>4</sup> The International Market of Saint Charles, located in Perpignan (southern France), is a logistic platform that channels much of the horticultural commerce for the European market. It was created in the 1960s by a group of French importers of fruits and vegetables.

<sup>5</sup> Source: Agroinformacion, 3/16/2010.

<sup>6</sup> According to some in Anecoop, many members and managers of the member cooperatives considered any possibility of producing or procuring in other countries, especially Morocco, a taboo.