

HAWAII COFFEE ASSOCIATION STRATEGIC PLANNING SESSION

Date: June 20-21, 2003

Place: Ohana Keauhou Beach Hotel

Facilitators: Sotero Agoot, Skip Bittenbender, Donna Ching, Carrie Kuwada, Ellen Mehos, Tim O'Connell, Virginia Easton Smith

Participants: Sotero Agoot, Jack Armstrong, Mark Berfield, Skip Bittenbender, Sam Camp, Cathy Chan-Halbrendt, Steve Collector, Jeff Ferguson, Loren Gautz, David Gridley, Steve Hicks, Roger Kaiwi, John Langenstien, Tim Martin, Nick Matichyn, Ellen Mehos, Chifumi Nagai, Ed Paige, Kathy Patton, Dick Petersen, Mike Rand, Sandra Scarr, Leta Schooler, Virginia Easton Smith, Don Soares, Kathy Tarutani, Jim Wayman, Gary Williams, Howard Yamasaki, Rae Young

I. AGREEMENT TO PLAN

A. MODEL EXPLAINED AND AGREEMENT ATTAINED

1. All components of the model and their relationship to each other are explained.
2. Given their current understanding of the strategic planning process, the group was willing to commit themselves to the one-day process.

B. GROUND RULES

- Maintain a positive attitude
- Switch seats during breaks
- Avoid being defensive about your own ideas
- Listen attentively and avoid interrupting others
- Resist the temptation to put words into another person's mouth
- Avoid side conversations while someone else has the floor
- Be clear and concise
- Respect others

C. EXPECTATIONS FOR SUCCESS

1. What is going to have to happen at the retreat to enable you to feel it was a success?
 - Have at least 3-4 items agreed upon that will make organization successful.
 - Set some goals (5 years) and a road map to get there.
 - Want to see HCA become cohesive, influential
 - Group to be representative and supportive of the coffee growers.
 - To understand issues of industry and networking.
 - 2-3 researchable items
 - Exchange of ideas
 - Next 9-10 years goals
 - Everyone realizes we have more in common than differences.
 - Pest management problems-applications to pest management start plan.

- See how KCC goal of promoting 100% Kona can fit in with HCA and mutually supportive.
- Short to midterm vision, ID challenges
- Proven wrong that group too diverse to be represented by one group.
- See group build synergy toward promoting Hawaii coffees.
- 1 or more researchable problems to make more productive and profitable.
- See areas of common concern to group to focus on.
- What is organization's goal and how to work with HCA.
- See where group is going in next few years. Want to know what group would like to see re: engineering.
- Find more common denominators within industry. Better professional understanding of each other's roles, which will help in better decision making.
- See comprehensive future market targets.
- Better understanding of future of coffee industry in Hawaii.
- New composite picture occur of Hawaii industry in represented to world.
- Create vision, action plan for new successes found in Hawaii industry, move forward.
- Framework for a plan with objectives and strategies to achieve premises we start with its concern.
- Bringing together all facets of industry create basis/understanding we can work from to benefit all coffee industry in Hawaii.
- Come closer to establish venue for marketing own coffee. As assoc., best to work together.
- See us talk about issues causing problems or have a plan so we can talk about them.
- Find out/learn about Hawaii coffee industry.
- Come together and market "Hawaii" coffee and to educate all re: coffee grown in America.
- Find 1-2 specific strategies for this organization to become a "statewide" organization that represents all.
- Action plans with "teeth" (usable/practical) that will work and be followed up with.
- See coffee to be the leading agriculture industry in the state.

II. ENVIRONMENTAL SCAN

A. VISIONING

1. What is the best possible future you can envision for HCA? What does HCA look like in 5 years?
 - Comprehensive idea of what it will take to sustain industry.

- Stakeholders with have things in common to work for absolutely no dissention.
- All Hawaiian coffee recognized superior.
- Hawaiian coffee industry model of cohesiveness of all facets of industry working together.
- Set world standard quality consistency and fairness.
- Everybody making a profit.
- Everybody will want to belong to HCA.
- Other world groups look to us as example of successful partnership with industry and research groups.
- Everyone from seed to cup feels they're being served.
- Absolute leader in marketing of coffee in the state.
- Leading resource of coffee information in the world.
- HI Coffee Industry would not have to be protected from self but only from those outside of Hawaii.
- HCA will reach all members via its island chapters.
- Benefits of HCA are clear to all its members.
- HCA will be supporting R&D for technology so cultivating highest quality/yield in the world.
- Marketing "coffees" of Hawaii.
- HCA can successfully unite all the different organizations within HI coffee industry.

B. EXTERNAL ENVIRONMENT

1. What are TRENDS in the external environment that may have impact on HCA?

- Small farmers totally integrated from seed to cup.
- Listen to needs of coffee drinkers/customers and try to meet them (cup to seed).
- Increasing competition from other parts of the world.
- Increase fair trade, bird friendly environmental coffees.
- Clear understanding of the "C" market and its impact on our coffee.
- Discretionary income around world increasing
- Increasing production, down cost worldwide.
- Increasing consumption in restaurants and coffee shops recognizing impact.
- Increasing Organic Consciousness
- Appreciation for history and heritage of industry.
- Increase in alternative beverages
- More coffees around the world being developed to meet specialty market.
- More people want to be educated about coffee.
- Increasing demand for coffee in other products.

- Increasing competition from other destinations (i.e. tourism)
- Increasing bio-terrorism will result in more restrictions on foreign products moving in the U.S.
- Increasing people's health consciousness.
- People are trying to educate self more about coffee (beyond "Starbucks").
- Increase in additives (e.g., soymilk) in coffee and increase in points of coffee (e.g., coffee marts, houses).
- Growth of mega chains
- Emerging markets that are consuming coffee (China).
- Fair Labor standards applied in Hawaii (not exploiting labor).
- Increasing Internet marketing.
- Coffee sold iced and all year round (in Japan).
- Bad quality coffee (Vietnam) driving good coffee out of the market.
- Freedom of choice for Internet shoppers.

2. Identify STAKEHOLDERS in HCA's external environment who: (a) are impacted by (End user), (b) will implement (Help) or (c) can block implementation of (Hinder) decisions made by the organization?

- | | |
|--------------------------------------|--------------------------|
| • Growers | • Government |
| • Green brokers | • Retailers |
| • CTAHR/ UH System | • Local banks |
| • Regulatory Agencies | • Real estate brokers |
| • Restaurant Industry | • Dept. of Water Supply |
| • Hotel Industry | • Consumers |
| • Roasters | • Processors |
| • Utility Co. | • Research Organizations |
| • Workers | • Land owners |
| • Tourists | • Ag. Organizations |
| • Transportation Companies | |
| • Equip. Manufactures and Processors | |

3. Identify COMPETITORS in HCA's external environment who may have impact on the organization?

- | | |
|-----------------------------------|-------------------------|
| • Coca-Cola | • Tea Manufacturers |
| • Other World Coffees | • Starbucks |
| • Coffee Ignorance | • Jamaica Blue Mountain |
| • Other land users | • Land developers |
| • Other municipal water users | |
| • Other beverages (e.g., alcohol) | |

4. Identify potential COLLABORATORS in HCA's external environment who the organization may work with in the future?

- Blenders/Roasters
- Land owners
- Juan Valdez (Columbian Coffee Fed.)
- Milk/sugar Industries
- Flavorings
- Packaging Companies
- Other Ag. Organizations
- Transportation Industry
- Ag. Chemical Sales
- Other Coffee Assoc. (e.g., Pacific Coast Coffee Assn-PCCA, KCC Council)
- CTAHR/other research/extension groups
- Hawaii State Government/Federal/County
- Equipment Manufacturers
- All individuals/groups listed on the Stakeholders and Competitors lists are potential Collaborators

C. INTERNAL ENVIRONMENT

1. What RESOURCES, CLIMATE OR OTHER FACTORS within the organization can *help or hinder* it from achieving its desired future (like items have been clustered together and the title of the cluster **bolded**).

WORKING TOGETHER

- Group
- Unite all aspects of Hawaii Coffee seed to cup.
- Members get together to identify opportunities.
- People working together.
- Unified mouthpiece.
- Source of Industry Cooperation.
- Works through compromise and consensus.
- Working together
- Common goals
- Unifying the Hawaiian Coffee Industry.
- Integrative being a forum for finding commonalities.
- Coffee-collectiveness.
- Coffee brother/sister-hood.
- Obligation to each other.
- More consideration in decision making.
- More respect among members.

NOT WORKING TOGETHER

- Lacks cohesiveness
- Contentious
- Not organized
- Unfocused

HAWAII'S VOICE FOR COFFEE

- Forum for all views.

- Only organization representing all aspects of Hawaii Coffee.
- Hawaii's voice for coffee.
- Being in a forum for all coffee related business in Hawaii.
- Umbrella rep. of Hawaii coffee industry.
- Representative of whole industry.
- Where people gather to make Hawaii's coffee future.
- Representation of Hawaii's coffee future.
- Broader representation.
- Recognized by government and legislature.
- Statewide organization.
- Statewide representation.
- Provides industry leadership.
- Represents Hawaii coffee industry.
- Industry wide coming seed to cup.
- Lobby for coffee interest.

IMPROVING COFFEE INDUSTRY

- Vision for Hawaii coffee industry.
- Advancing the "Hawaii Coffee Industry" in size and scope.
- Dedication to and commitment for Hawaii coffee.
- Highly motivated to advance the industry.
- Working toward profitability of all aspects of industry.
- Seeking high quality coffee.

CONFLICTING INTERESTS

- Not following its charter
- HCA cannot represent growers because processors and blenders have incompatible interests (e.g., importing foreign green coffee).
- Lack of teamwork and uncommon goals.
- Fragmenting the Hawaiian coffee business into Int'l Hawaii and Kona.
- Diluting the "Kona" name.
- HCA membership is too expensive for most coffee farmers. Most cannot belong or influence HCA decisions.
- Perceived as Kona-dominated
- HCA represents big coffee companies, blenders and roasters.

POSITIVE ELEMENTS

- Group of positive people
- Smart members
- Hard working
- A lot of potential
- Respected organization

- Diverse

MARKETING

- Promote marketing of Hawaii's coffee
- Marketing
- Marketing Hawaii coffees
- Marketing interested in developing markets
- Marketing of Hawaii coffee
- Branding unity
- Too much focus on marketing

PROMOTION

- Trade show organizer
- Promote Hawaii coffee
- Promoting American Hawaii coffee
- Promotion potential
- Promotion leader
- Promotion of high quality "Hawaiian Coffees"

EDUCATION

- Education of producers and customers.
- Education of Hawaii coffee to consumers.
- Developing educational programs in all facets of coffee from seed to cup.
- Promotion and educating coffees from Hawaii to the world.
- Learning about other facets of industry.

R & D

- A producer's resource
- Provide R& D initiatives
- Lack of initiatives for growers concerns, especially R& D.
- New production technology.
- Venue for state and federal grants.

INDUSTRY PROTECTION

- Legislation to protect Hawaii coffee
- New coffee-related legislation
- Protection of industry from foreign pathogens
- Truth in advertising, law

MISC.

- Hawaii

- Coffee

III. MISSION

A. VALUES

1. The values you have drive the work you do. What are your most important organization-related values? Like items have been clustered together and participants voted to indicate the values of highest priority

	Votes
a. Integrity, Honesty	16
b. Profitability, Sustainability	19
c. Quality, Consistency, Reliability, Accountability	3
d. Respect, Promptness, Professionalism, Inclusiveness	15
e. Cooperation, Confidence, Loyalty, Patriotism	10
f. Happiness	0

2. Discussion of Prioritizing Value Clusters

- A & B - must make money. If we have integrity, all else falls into place
- A – otherwise ENRON
- C – w/out good product/nothing to sell
- D – drives all others
- B – profitability drives others
- D – if have respect will have others
- B – ends, others are means
- F – ends, others are means
- Look at the 1994 Retreat group memory section on values
- A & C – C & D overlap
- A & D – respect is earned
- A & B – sustainability encompasses other aspects of other clusters
- C – B results from C so advocating for C
- A & E – HCA is a non-profit, must have E to work
- HCA formed to be a forum to discuss issues from different perspectives
- Need to identify issues HCA can work on
- Bring in issues in a non-adversarial way – how can HCA solve a problem...?
- Favor D over A because D more concrete than A
- A – too confining
- B & D – are the drivers
- Lobbying for word “cooperation” in a sense focusing on group actions

B. UNDERLYING ASSUMPTIONS

1. Given the values you have, you develop underlying assumptions about how the world operates. What are some of these organization-related assumptions for the value clusters you prioritized? You need to make sure

the assumptions are (a) behaviors that are indicative of the value and (b) behaviors that can be seen.

At this point in the process, participants divided into small groups representing the three priority value clusters and they defined behaviors indicative of that cluster. Each group was told to make sure that the behaviors listed were concrete (i.e. behaviors that can be seen) and that each member of the small group could live with and support each behavior. If a member of the group could not live with one the behaviors, the group would initially try to rewrite the statement to make it acceptable. If this effort was not successful, the behavior was removed from the list.

When the large group reconvened, the three lists were shared and members of the larger group were asked to indicate their agreement for all items on each of the lists. As with the small groups, if member of the large group could not live with one of the behaviors, the group would initially try to rewrite the statement to make it acceptable. If this effort was not successful, the behavior was removed from the list. The final lists below represent behaviors everyone in the room could live and support (i.e. this is how they will behave in the future and expect others in HCA to do the same.

a. Cluster B - Profitability/Sustainability

Note: symbols indicate related ideas

- Follow best business practices (e.g., paying bills on time, meeting contracts)
- Controlling costs
- Forecasting
- Conscious about using chemicals on land and being able to continue to farm land, productivity
- Reusing by-products of processing
- Returning cherry pulp to farmers for fertilizer
- Diversifying business-roasting, tourism, etc. vertical integration
- Education of growers, roasters and processors profitable, and sustainable production method
- Support of membership in cost controls leveraging group rates. Working cooperatively (e.g., fertilizer purchases, shipping, buying)
- Consumer education about Hawaii coffee
- Lobbying state agencies (e.g., DOA) for funds for marketing, advertising, consumer education
- Insistence on quality, maintenance of quality, set standards in quality, enforcement of standards
- Cooperative labor force, (e.g., sharing house costs)

- Registration of products for pest control, forecasting pest problems, education on ID and management
 - ❖ Establishing, creating, stabilizing and maintaining markets
 - ❖ Promotion of features/benefits of Hawaii coffee
 - ❖ Global marketing; joint marketing
 - ❖ Cooperative advising
- b. Cluster A - Respect, Promptness, Professionalism, Inclusiveness
- Willingness to listen to all points of view
 - Willingness to understand all aspects/roles of the players in the industry
 - Desire to validate other points of view
 - + Not being rude in discussion with others
 - + Practicing the above behaviors result in fair and equal treatment of members
 - ❖ Not spreading misinformation
 - ❖ Prepared on facts and information before making points
 - ✓ Willingness to “compromise” at some level without violating anyone’s principles
 - ✓ Willingness to deal with issues at their source (direct vs. “talking stink” behind back) or use proper channels
 - ✓ Come on time to meetings
 - ✓ Follow through with promises made, do what you say
 - ✓ Communicate in a concise/direct manner to the issue vs. the personality
 - ✓ Use understandable terminology (no industry slang or jargon)
 - ✓ Welcoming everyone who supports the Hawaii Coffee industry to HCA
 - ✓ Exhibit patience-give others time to process information
 - ✓ Sticking to meeting agendas
 - ✓ Not controlling info inappropriately (e.g., “selective emails” vs. to all involved)
- c. Cluster D - Integrity and Honesty
- Admit mistakes
 - Assuring your actions follow your principles
 - Deliver what your promise
 - Follow legal laws
 - Consistent in what you say
 - Willing to incorporate/discuss other ideas
 - Willing to listen and not be pre-judgmental
 - Willing to express what you feel and believe

C. MISSION STATEMENT

1. Are the values and underlying assumptions discussed above reflected in HCA's mission statement? If not, does the statement need to be updated?

Draft Mission Statement for By-laws

The Hawaii Coffee Assn., in order to promote interest in Hawaiian Coffees and products containing Hawaiian Coffees of the highest quality; to provide education about cultivation, processing, research, preparation and marketing and consumption of Hawaiian coffees and products containing Hawaiian coffees; to establish a common forum for discussion among industry member to insure a sense of purpose and cooperation; and to enhance the unified character of our industry, do hereby establish the Hawaii Coffee Assn.

David, Tim, Dick, John and Leta volunteered to a draft of a more generic and “warm” version of this mission by the July Conference

IV. SWOT [At this point in the process, participants were divided into groups whose topics were: (A) Strengths, (B) Weaknesses, (C) Opportunities and (D) Threats.]

A. STRENGTHS [This group prioritized HCA's strengths listed below.]

Prioritized list of strengths:

1. Membership (C/G)
 - Diversity of background
 - Available resource people w/experience
 - Utilized as a resource to members
 - Financially large/small members
 - Total vertically integrated industry, seed-->cup
2. Willing, Responsible, Sacrificing BOD (A)
 - Willing BOD participation
 - Responsible
 - Sacrificial/time/resources
3. Value of Membership vs. Benefits (F)
 - Quality of educational composite of the seminars/conference
 - Large well-educated pool - brainpower

Clusters not prioritized:

- B – Research/Development w/HARC, UH, Private
 - UH participation R & D/credibility
 - Good research/dev. people in State
 - Good relationship w/HARC
- D – Access to Gov’t-credibility
 - Gov’t. State Legislature/DOA/Funding

- Ability to mobilize on issue, email
- Establish credibility w/State Ag
- Ability to influence State/Fed. legislation for industry
- Good association w/other Assoc.
- E – Rep. a High Quality Product (best in USA)
 - High quality coffee
 - High perceived value
 - Only domestic coffee
 - Strictest quality *growing start* in world (pg. 2-3)
- H – Balanced High Tech./Traditional
 - High volume production method
 - High boutique/traditional picking method
 - High tech. harvest/processing method

B. WEAKNESSES [This group prioritized HCA's weaknesses listed below.]
Brainstormed list of weaknesses:

1. Communication
2. Funding
2. Insufficient unity & agreement on direction
3. Insufficient accountability and follow through
3. Grower R & D needs not been met

Items not prioritized:

- Education – consumers, membership
- Membership – active
- Insufficient marketing plan
- No central location, staff or home
- Travel costs - time

C. OPPORTUNITIES

[This group prioritized the items listed. The group also determined the probability of each item presenting itself]:

- | | Probability |
|--|-------------|
| 1. Marketing | H |
| - Increase the demand for HI coffees | |
| - Marketing to new trade organizations | |
| - New emerging markets (Europe, China, etc.) | |
| - Develop commodity exchange | |
| - Develop niche markets to the gov't | |
| - Convincing HI's restaurants/hotels to sell HI coffee | |
| - Point of sale promotions in existing HI retail outlets | |
| - Develop coffee cookbook to market HI coffee | |
| - Focus marketing \$ to growth areas to get more bang for buck | |

- Focus on patriotism angle (“Only Coffee in America”)
 - Rising discretionary incomes around the world – target promotions/marketing there
 - Increase penetration of local (St.) market. Dev. local marketing campaign
 - Target more press opportunities
 - Market health benefits of HI coffee
 - Increase utilization of internet marketing for HI coffee (more spam)
 - Dev. HCA website w/health (positive) links
1. Developing Partnerships L, M
 - Partnering w/other industries
 - Further establish Hawaiian coffees w/the tourist industry
 - Joint ventures in airline marketing
 - HCA to become members (send rep) of other organizations
 - Invite orgs. to become members of HCA
 - Inviting other worldwide coffee industries to have their mtgs./Conf. in HI
 2. Education H
 - Educate tourists in cupping on airplanes
 - Develop coffee cookbook to market HI coffee
 3. Access Grants for Industry H
 - Solicit more grants for R & D

Items not prioritized:

- Develop/offer expertise to other countries re: coffee for fee L
 - Form HCA team of experts to solve problems in other coffee growing countries for a fee (develop tech. expertise)
- Potential to increase production (part of education) H

D. THREATS

[This group prioritized the items listed. The group also determined the probability of each item presenting itself]:

- | | Probability |
|--|-------------|
| 1. Lack of funding for promotion and research | H |
| 2. Dissention from outside groups or individuals, Competing splinter groups | H |
| 3. Loss of ag lands/urbanization/loss of ag leases | H |
| 4. Misrepresentation of HI coffee <ul style="list-style-type: none"> • Loss of credibility • Bad publicity | |
| 4. Introduction of foreign pests, diseases <ul style="list-style-type: none"> • Existing nematode problem | |

5. Ineffectiveness of marketing, inability to market
5. Laws – EPA, non-profit status, taxes

Items not prioritized:

- Expensive labor in HI vs. cheap labor elsewhere. Lack of labor.
- Adverse environmental conditions
- Sustainability of industry

V. STRATEGIC ISSUES

Issues were identified by individual participants and similar items have been clustered together and the title of the cluster **bolded**.

Brainstormed list – categorized

COMMUNICATION

- Improve communication to general members
- Communicate and educate objectives to community
- Maintain good communication and offer logistics for meetings
- Communication with membership and industry
- Insufficient communication with industry
- Communication is a key element in the success of the HCA.
- Improve internal communication among diversified members.
- Increase the membership of HCA through increased communication/education of the value/benefits.
- Improve communication within the Hawaii coffee industry to unify.
- Improve communication to all Hawaii coffee industry.
- Communication with industry, each other, consumers and mainland.
- Develop better communication through a willingness to work together for the benefit of the entire Hawaiian coffee industry.
- Develop communication to address insufficient unity and agreement on direction.
- HCA must allow attendance at board and general meetings to be attended via electronic, video or other technical means.
- Commitment of its members to the organization and not to their self-interests.
- Address minority but deeply held opinions in a manner that does not create dissension.

UNITY

- Reunite all subgroups
- Insufficient unity and agreement on direction.
- Unity-pull together, seed to cup
- Lack of focus or direction
- The ability to speak with one voice for many competing interests.

- Without a unified front, HCA will lose credibility.
- HCA must be a unified entity for all of the Hawaii coffee industry.
- Continue to approach each issue from a broad aspect.
- HCA should address diversity of needs in coffee industry to prevent further splintering and repair rifts.
- HCA must allow all segments of the Hawaiian coffee industry to participate.
- Address dissention from outside groups, etc.
- Has to be able to unify differences in Hawaiian coffee industry.
- HCA must foster cooperation within the industry.
- HCA should develop strategies to focus on common issues for all constituents.

FUNDING

- Find a funding mechanism for operations and projects.
- Generate adequate operational funding.
- HCA must obtain new sources of funding if it is to survive and grow.
- Loss of funding state and federal and membership.
- HCA must secure adequate funding for operations, R&D and promotion.
- HCA must maintain an adequate funding base (dues, grants, etc.)
- Mobilize effort to secure increased funding for promotion and research.
- HCA must find funding for administration and staff.
- Government funding
- Funding
- Improve ability to direct funds to projects identified by HCA.
- Develop better funding.
- Insufficient funding to accomplish the mission.

MARKETING AND PRODUCTION

- Educate consumers, retailers, and all distribution channels on the benefits of Hawaiian coffee.
- Promote and increase consumption of Hawaiian coffees.
- Emerge as the voice of Hawaiian coffee's
- HCA should focus on marketing Hawaii coffee to the world.
- Aggressively market Hawaiian coffee.
- Increase activities and creative actions for increasing marketing and R&D.
- HCA must increase and improve promotion efforts.
- Maintain the value of all coffee origins in Hawaii (grown and roast).
- The protection and promotion of HCA's unique product and domestic status.
- Increase marketing to outside organizations.

Participants divided into three small groups. Group 1 and 2 discussed the Unity and Communication strategic issue. Group 3 focused on Funding.

Strategic Issue: Group 1 – Unity and Communication

Brainstorming ideas on desired future:

- Open, accurate, timely communication in two directions.
- Update monthly from BOD to members about things happening, action, and issues being address.
- Active involvement by all members.
- Active committees meet between BOD meetings and report to BOD.
- All facets of industry have their needs and concerns addressed and participate.
- Anticipate challenges to industry, communicates to members and organizations outside of Hawaii.
- Structured focus group, clear goals, mission, vision, and accountability.
- E Pluribus Unum
- Each member feels their voice heard.
- Committees seek feedback before BOD decision.
- Forum for discussion of issues.

Brainstorming ideas on worse case scenario:

- Everyone pursues own agenda, no cohesive HCA.
- HCA loses credibility
- HCA ceases to exist, is irrelevant
- Industry suffers, damaged, and loses premium market share.
- No ability of industry to respond emergency

Brainstorming ideas on current reality:

- Functioning below potential.
- Foundation of competent members to build HCA.
- A new, better truth-in-labeling law passed.
- Blending vs. 100% Kona
- Sense that processor/roasters controlling the HCA over growers.
- Loss of members, withdrawals.
- Failed to fill gap (setting research agenda) left by HCGA-HI Coffee Growers Assn.
- HCA is separate entity from HCGA.
- HCGA preceded HCA. Started in 1989 but by 1994 it became obvious that it couldn't handle significant industry issues. (e.g. marketing, etc) beyond growing.
- HCA started but it didn't clarify the relationship between two organizations.
- HCGA dormant so research issues it used to address not currently being addressed.

Brainstorming ideas on sustaining forces:

- Recognized by state for funding.
- Current members realized need for unified voice of coffee.

- Only forum for diverse Hawaii coffee industry. (growers, processors, roasters, retailers).
- Committed membership
- Good, high quality product.
- Industry is growing throughout the state.
- Cooperation (success) of the labeling legislation
- Cooperation (success) of origin mark.
- Cooperation (success) of promotion efforts, annual conferences.
- Continuing coordination with R& D groups.
- Shared information.

Brainstorming ideas on restraining forces:

- Lack of central office (calls, information, staff) impacts continuity, communication.
- Diversity of need.
- State's island geography
- Estate production creates needs for unique image, this bring competition between islands, districts, even growers in Kona.
- Lack of understanding different perspective (e.g., 100% Kona vs. blends).
- Lack significant self funding (HCGA had large assessment).

Group 1's Compelling Case on the Issue of Unity and Communication

Communication is the key to successful unity of the HCA. When extended to all members on a regular basis; it allows positive feedback to deal with diverse issues to achieve a better understanding and agreement. HCA is recognized by the state as the voice of coffee. It is the unifying organization representing all facets of the industry. If better unity and communication via HCA is not achieved there will be further fragmentation and weakening of Hawaii coffee industry.

Strategic Issue: Group 2 – Unity and Communication

Brainstorming ideas on desired future:

- Handle diverse issues by committee not by other groups; subcommittees based on need.
- Able to address all parties involved with coffee in the state in a timely basis.
- Having a vehicle to understand what the issues are for the Hawaii coffee industry.
- Representation in HCA of all segments coffee industry.
- HCA universally recognized as the focal point, “clearing house” for Hawaii coffee.
- Pro-active in communicating, collect/disseminate information to and from constituents.

- Identifying those issues that all can work on through HCA.
- Mechanism for I.D. and addressing issues that are specific to a “segment” by standing or ad hoc committees.

Brainstorming ideas on worse case scenario:

- “Dysfunctional family”
- Everything splinters apart
- Nothing gets done
- Foster confusion with stakeholders
- Industry declines
- Unable to affect policy or legislative change.
- Having harmful legislation passed.

Brainstorming ideas on current reality:

- HCA has with some successes- new labeling law, new green certification process, HI coffee origins certification trademark.
- Some fragmentation within the HCA.
- Some feel issues not being addressed.
- Lack of understanding of benefits of HCA, due to inefficient communication.
- Structure of HCA isn’t representative of all industry and is not appropriate for addressing the needs (i.e., promotion).
- HCA recognized at world level for a “good” commodity organization.
- Able to take diverse industry and put under one roof.

Brainstorming ideas on sustaining forces:

- Good membership-diverse/knowledgeable.
- Supportive government agencies-DOA & USDA
- Good markets /good products
- Concept of “Hawaii” recognized world-wide.
- Being apart of U.S.-sustainable/stable regulatory environment.
- Hawaii coffee ability to look at itself and change to meet needs.
- Willingness to collaborate/work together.

Brainstorming ideas on restraining forces:

- Failure to address issues of members.
- Ego’s/personal agendas
- Wide/varying points of view “mutually exclusive”
- Inefficient communication, “miss-communication”
- Fear of the unknown-how markets handle new information.
- Lack of money/access to money
- Perception that serves interest of large growers and processors.
- Constraints for “small” growers, businesses to join and participate.

- Limited communication and R& D needs.
- Membership/volunteer time is limited.

Group 2's Compelling Case on the Issue of Unity and Communication

In order to serve and represent the extremely diverse needs of Hawaii coffee industry, HCA must develop mechanisms and structures to foster effective communication to it's members and partners. To build on HCA successes and to avoid divisive actions a effective communication and organizational structure will allow industry to find a common direction and to enroll all the diverse groups of the industry into its membership. Failure to develop effective communication and organizational structure will lead to further disunity and disharmony within the Hawaii coffee industry. This will lead to the decline of the industry.

Strategic Issue: Group 3 - Funding

Brainstorming ideas on desired future:

- Mechanism to manage funds.
- Unlimited funds from all sources: government and private for R&D, for markets, operations, growth, education, and grants.
- Stable for 5-10 years.
- Self-sustaining.

Brainstorming ideas on worse case scenario:

- No funds.
- Owe funds.
- No mechanism to manage.

Brainstorming ideas on current reality:

- Cut back of all government funds.
- Limited funds
- Increase dues to match-HDOA for promo.
- Decreased funding from state.
- Competition for fund.
- USDA funds
- \$44,000 HCA's current balance
- (\$20,00) committed funds
- \$24,000 remaining
- \$75,000 from USDA promotion grants with project budget.
- Budget 1 year by project.
- Cost to pursue Green to roast certification/grading project.
- Need funds from government and private sector.

Brainstorming ideas on sustaining forces:

- Dues
- Government grants
- Conference
- Volunteer forces and paid agent

Brainstorming ideas on restraining forces:

- Government cutbacks- increases competition for less state money.
- Loss of members
- Dues restructuring
- Lack of industry assessment
- No grant writer
- Looking for handouts

Group 3's Compelling Case on the Issue of Funding:

HCA need to find more sources of funding in addition to traditional sources in order to sustain and grow. Failure to do so will silence the unified voice of Hawaii coffee.

VI. IMPLEMENTATION (Another framework for developing an Action Plan is found in Appendix 1)

Participants divided into two groups looking at two separate goals. One goal focused on the Unity and Communication strategic issue and the other group focused on the Funding strategic issue.

Goal Area 1: Relating to the strategic issues communication and unity

Context for Goal 1

Seek input from all then develop agenda for meeting.

Annual evaluation at beginning of fiscal year :

assess strategic plan

assess past year

set goals for next year

establish ad hoc committees as necessary

Keep divisive issues discussed within HCA. Appoint ad hoc committees to address these as needed.

Results of BOD discussions disseminated to all member organizations of HCA (eg KCC, coffee committee of HI farm Bureau, etc) not just to representative of those organizations on the board add individual members of those organizations).

Structure of HCA

HCA make a formal request of HCGA to agree to let HCA take on its responsibilities for grower and R&D issues.

Goal 1: Seek industry buy-in that HCA is the umbrella organization for the coffee industry.

Action Plan- Think about an action plan that has to be developed to assure the achievement of your goals.

Objectives (must be measurable)

1.1. Improve communication to all in coffee industry.

Action steps.

1.1.1 Start an Email/fax newsletter to everyone in industry (even non-members for x months) . Include: events, issues, article on one facet of industry, BOD minutes?

Who is responsible: Mike Abrams, Kathy Patton, Skip Bittenbender

When: 8/03/03 to include strategic plan and annual conference highlights.

1.1.2 Build email address list from website, other coffee org. email lists of members

Who: Brian Shiroma

1.1.3 Put bulletin board on HCA website for discussion of topics

Who: David Gridley talk to Mitchell Silver- webmaster

1.2. Develop mechanism to deal with issues

1.2.1 President appoints ad hoc committee as issues arise

1.2.2 Create a flowchart to bring new issues for industry to HCA

Who: Sandra Scarn, John Langenstein, Jim Wayman

1.3. Educate constituencies of benefits of involvement in HCA and that HCA cares

1.3.1 Create orientation package for new and potential members

Who: David Gridley, Kathy Patton by 7/25/03

1.4. Make formal request of HCGA that HCA take on grower and R&D issues

1.4.1 Write letter to HCA president

Who: Steve Hicks by 7/15/03

1.5. Increase accessibility to meetings (BOD and committee)

1.5.1 Develop scheduling plan to hold meetings in Kona and Oahu

New BOD by August 2003 mtg.

1.5.2 Investigate meeting options such as tele- or video conferences.

Who: Gus Brockson by 7/24/03

1.6. Annual evaluation of HCA organizational structure to insure continued growth and membership satisfaction.

1.6.1 Conduct annual review to assess goals in strategic plan

New BOD first meeting after elections

1.6.2 Make adjustments as needed

BOD

1.7 Investigate identity development (logo)

1.7.1 Submit ideas for logo and associated costs

Who: Kathy Patton by 9/15/03

1.8. Create press releases monthly

1.8.1 Press releases created from newsletter and minutes

Who: Jim Wayman by 9/1/03

1.8.2 BOD approve participation in 'Agriculture Hawaii' magazine

1.9 Potential objective: Improve meeting structure and reduce length of time,
cost

Goal area 2: Relating to the strategic issue of Funding
Context for Goal 2

Current budget about \$100,000 annually.

R&D—HCGA brings funding if HCGA becomes a part of HCA, however HCGA will have the same funding difficulties.

Identify needs, then assign funds.

Goal 2: Increase funding to meet expanding needs of HCA.

Action Plan- Think about an action plan that has to be developed to assure the achievement of your goals.

Objectives (must be measurable)

2.1. Identify funding needs.

Action steps.

2.1.1 Each committee of HCA defines committee goals, plans, timelines each year and develops and identifies potential funding sources and an annual budget. Each committee should come up with at least two additional “logical” funding sources and develop compelling cases for each.

Who: Committee Chairs.

When: May 1 of each year.

2.1.2 Finance Committee to evaluate each of the other committee’s annual budget and action plan and projects and find a “funder” that “fits”.

2.1.3 Finance Committee consolidates information and creates an overall budget for HCA.

2.1.4 Finance Committee makes overall recommendation to the Board.

Who: Finance Committee Chair.

When: By May 30 of each year.

2.1.5 Board presents annual budget and action plan to the members at the Annual Meeting..

Who: Board of Directors.

When: At Annual Meeting each year.

2.1.6 Newly elected Board approves annual budget and action plan at the first board meeting after the annual meeting.

Who is responsible: Board of Directors.

When: August of each year.

2.2. Develop Assessment Program that will be presented for approval at the 2004 Annual Membership Meeting. Assessment depends on communication, which results in unity.

Action steps.

- 2.2.1 Establish an ad-hoc Assessment Committee to develop a program.
Who: Dick Peterson, Jim Wyman, Roger Kaiwi, Tim Martin, Sotero Agoot, Ellen Mehos will be available for helping.
- 2.2.2 Make a compelling case at the 2003 Annual meeting. Solicit other people to serve on the committee.
Who: ad hoc Assessment Committee.
When: July 2003.
- 2.2.3 Committee reports monthly on progress to the Board.
Who: ad hoc Assessment Committee.
When: Monthly through May 2004.
- 2.2.4 Assessment Program is submitted to full Board for approval.
Who: ad hoc Assessment Committee.
When: May 2004.
- 2.2.5 Assessment Program is submitted to Membership for approval.
Who: Board of Directors.
When: July 2004.
- 2.3. Re-evaluate Dues.
Action steps.
 - 2.3.1 Objective completed.
Who: Board of Directors.
- 2.4. Increase Membership
 - 2.4.1 To be determined.
- 2.5. Create independent profit making centers.
 - 2.5.1 To be determined.
- 2.6. Create educational workshops
 - 2.6.1 To be determined.
- 2.7. Do Training for Hotels for fees.
 - 2.7.1 To be determined.
- 2.8. Do consultation for other countries for fees.
 - 2.8.1 To be determined.

WALL SAFE

Items mentioned but not incorporated in to actions.

Research Items – CTAHR, HARC, USDA, HDOA

- Creating a process to identify research issues
 - face-to-face (farmers and CTAHR w/other research entities)
 - follow up w/polling others
- Create mechanism w/in HCA that deals w/research issues (part of communication effort)
- Researchers go to groups
- HI Coffee Growers Assn. (HCGA) dormant last few years – they were in charge of research issues
- Started because coffee growing on all islands
- Attempted to integrate w/HCA and failed
- HCGA funding was by assessment
- Wanted to bring in Kona farmers but assessment was issue
- Research from private funding, 3:1 leverage, new varieties primarily
- Great if HCA could take on research role
- HARC has relationship w/HCGA (4 members now) but not with HCA
- Research didn't really address "old" orchards

EVALUATION

- | | Day 1 | |
|--|-----------------------------------|----------------------|
| | | ? |
| + | | |
| (Liked) | | (Could have changed) |
| • Great facilitator(s) | • Add'l cold beverages | |
| • Moved things along in timely fashion | • More brownies | |
| • Plenty space | | |
| • Frank discussion | | |
| • Good participation | | |
| • Good cookies/brownies | | |
| • True confessions from Sotero | | |
| • Good Kona coffee compliments of Capt. Cook | | |
| • Everyone acted in positive manner | | |
| | Day 2 | |
| | | ? |
| + | | |
| (Liked) | | (Could have changed) |
| • Super facilitator | • Decrease cost | |
| • Had good help | • Not until 9:00 p.m. first night | |
| • Good group cooperation & participation | | |
| • Good brownies | | |
| • Positive overall | | |

- Proved Jim wrong (that “group too diverse to be represented by one group.”)
- Steps in getting Sotero back
- Good product - Action Plan
- Good group movement – no stuck

Appendix 1 –Action Plan Component

- A. ACTION PLAN - Think about an action plan that has to be developed to assure the achievement of your goals.
1. What - Objectives (must be measurable)
 - a. What specific objectives must be undertaken to achieve each of your highest priority goals (no more than two or three)?
 - b. What specific strategies/activities must be accomplished to achieve your objectives?
 2. Who Responsible
 - a. Identify people who will be responsible for each activity/strategy in your action plan.
 3. When - Deadlines
 - a. Determine the sequencing of activities and set deadlines for them.
 4. Resources Required
 - a. Think about the resources you will need for each activity. How can resources be allocated so that goal achievement is possible?
 5. Obstacle Consideration
 - a. What are some potential obstacles which may prevent you from achieving your goals?
 - b. What are contingency plans for dealing with these potential obstacles?
 6. Evaluation
 - a. What method(s) of evaluation will you utilized to determine the success of your activities and the progress you are making toward the achievement of your goals?
 - b. How will you evaluate the success of your action plan(s)?

COMMITTEES--GENERAL

A. General

Board committees, when used, will be assigned so as to reinforce the wholeness of the Board's job. Committees will be generally in an ad hoc capacity.

1. Board committees are to help the Board do its job, not to help or advise the staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board's broader focus, Board committees will normally not have direct dealings with current staff operations.
2. Board committees may not speak or act for the Board except when formally given such authority for a specific and limited purposes.
3. Board committees cannot exercise authority over staff. Because the Executive Director works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.
4. Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore, a Board committee which has helped the Board create policy on some topic will not be used to monitor organizational performance on that same subject.

B. Committee Structure

A committee is a Board committee only if its existence and charge come from the Board, regardless of whether Board members sit on the committee. The only Board committees are those which are set forth in this policy. Unless otherwise stated, a committee ceases to exist as soon as its task is complete.

The NOMINATING COMMITTEE shall be appointed in the manner provided for in Section ??, Article ?? of the Bylaws of the Association.

The EXECUTIVE COMMITTEE shall be made up of elected officers of XXXXXX. It shall meet ***[specify when]*** or as requested by the President or Executive Director of XXXXXX. Meeting notices are to be sent according to the bylaws. The power, functions, and reporting requirements shall be in accordance with ARTICLE ??, Section ?? of the bylaws.

The Executive Committee shall act for the Board of Directors in the interim between its regular Board meetings, but shall not have the power to reconsider or reverse any action or policy of the Board of Directors. All actions taken by the Executive Committee shall be promptly reported to the Board of Directors at its next meeting and all business transacted by the Executive Committee shall become the action of the Board of Directors when approved by the full Board.

The Executive Committee shall review operating results and new policies and procedures prior to implementation, on a monthly basis and ensure they are in line with established objectives.

The Executive Committee shall evaluate the overall performance of the association.

The following standing committees may be organized within the Board of Directors:

1. Policy Committee.
2. Finance Committee.
3. Membership Committee.
4. Marketing/Promotion Committee.
5. Research and Development (R&D) Committee.

All appointments to these committees shall be made by the President and approved by the Board of Directors for terms ending at the close of the annual meeting following their appointment.

Each committee shall be composed of a chairman who shall be a Director and not less than two (2) other directors as committee members, one of whom shall be designated as vice-chairman. Each committee may also have a number of non-directors of XXXXXX as members of the committee provided, however, such non-director members shall not in any event, make up a majority of the members of any of these standing committees. Each committee shall upon appointment, develop a plan of action for the coming year.

These committees shall be subject to the general direction, approval, and control of the Board of Directors and shall report to the Board in writing, the activities undertaken together with any recommendations the committee may have for possible Board action. The committees shall not have the authority to make decisions for the Board of Directors.

POLICY COMMITTEE

The Policy Committee shall be responsible for developing, reviewing and keeping up-to-date all policies relevant to the operation of XXXXXX. The committee shall do this on a continuous basis. It shall be open to receive suggestions regarding policies from the Executive Director, the Board of Directors, and the other standing committees.

The Policy Committee shall submit its recommendations for new policies or revisions of existing policies in final form and wording to the Board of Directors. All such additions and revisions must be approved by the full Board.

This Policy Committee shall oversee the maintenance of an official updated copy of a manual containing a complete set of all existing policies of XXXXXX.

Each policy shall contain information on the date of adoption/and amendments made by reference to the specific minutes of the Board of Directors meeting:

"The adoption of the following policy and any subsequent amendment(s) by the Board of Directors are recorded in the minutes of (specify dates):

" _____ "

FINANCE COMMITTEE

The Finance/Planning Committee shall:

1. Oversee the development, implementation, and annual review of the Strategic Plan for XXXXXX.
2. Conduct a self-evaluation of the Board of Directors performance annually in May.
3. Oversee the development and annual update of annual action plans.
4. Oversee the implementation of all financial and planning policies and propose necessary revisions or additions to the policy committee.

The Treasurer shall be the Committee Chairman.

MEMBERSHIP COMMITTEE

A. The Membership Committee shall:

1. Annually establish goals in the area of membership. If not already in place, the committee shall establish benchmarks and indicators for membership:
2. Provide information to the membership on major Board actions. The committee may write a column for each newsletter highlighting some aspect of the Board of Directors.

3. Hold a minimum of one director training workshop annually, including but not limited to training in marketing, financing, board operations, etc.
4. Hold and conduct member informational meetings from time to time, and in various locations.
5. Organize the Annual meeting.
6. Develop and implement an appropriate association communication plan dealing with members, other associations, and the public. Gather information on the attitudes about the association. Such information to be used in shaping programs, procedure, and policies.

All communications should consistently project the desired image of a well-managed and soundly financed association.

7. Recruit and train potential directors from the general membership.
8. Annually survey the members to determine needs, desires, and areas for improvement.
9. Handle all unresolved member problems and or complaints that arise with the Executive Director.
10. Oversee the implementation of all membership polices and propose necessary revisions or additions to the policy committee.

R&D COMMITTEE

The R&D Committee shall:

MARKETING/PROMOTION COMMITTEE

The Marketing/Promotion Committee shall:

1. Work with the Executive Director (if hired or on contract) fin the development of marketing plans.
2. Oversee the implementation of all polices affecting marketing operations and propose necessary revisions or additions to the Policy Committee.

ANNUAL BUDGETING SCHEDULE FOR EACH FISCAL YEAR

<u>ACTION</u>	<u>BY WHEN</u>
<ul style="list-style-type: none"> • Close books from previous year, accountant begins financial audit or review. • FY budget and action plan submitted for information at the Annual Meeting. • Board conducts Annual Membership survey at the Annual Meeting. 	July
<ul style="list-style-type: none"> • The Finance Committee meet to begin an organizational audit. • Accountant submits final report on the previous years annual financial plan. • Board approves FY action plan and budget. 	August
<ul style="list-style-type: none"> • Board review previous years financial audit/review. • Board reviews organizational audit completed by Finance Committee. 	September
<ul style="list-style-type: none"> • The Finance Committee meet to begin a review of the Strategic Plan. 	October
<ul style="list-style-type: none"> • Board adopts changes made in the organizational audit. 	November
<ul style="list-style-type: none"> • Board reviews mission statement and strategic issues. 	January
<ul style="list-style-type: none"> • Each committee of HCA defines committee goals, plans, timelines each year and develops and identifies potential funding sources and an annual budget. Each committee should come up with at least two additional “logical” funding sources and develop compelling cases for each. 	April
<ul style="list-style-type: none"> • Committee plans submitted to Finance Committee. 	May 1
<ul style="list-style-type: none"> • Finance Committee to evaluate each of the other committee’s annual budget and action plan and projects and find a “funder” that “fits”, consolidates information and creates an overall budget for HCA. An overall recommendation is made to the Board. 	May 30
<ul style="list-style-type: none"> • Board approves consolidated budget and action plan. 	June