

Coffee Shop Talk



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Profitability over time gnaws at every independent business operator and is certainly foremost in mind among California's 3,000 avocado growers. In recent months, the topic has surfaced with more frequency in part due to an early season market weakened by a surfeit of imports. Anxious growers closely followed the blueberry industry's attempt to secure government relief from imported fruit volumes, voicing the opinion that the Commission should follow suit, filing an action of its own. The Commission board voted not to do so, and the International Trade Commission resoundingly issued a 5-0 "no-harm" decision in the blueberry case. The debate over profitability continues.

Growers' expectations of the Commission are colored, to some degree, by how they are situated on the profitability scale. The limits of either end of the scale are a matter of conjecture, but a few indicators suggest that there are growers whose cost of production is quite low while others struggle to break even at fruit prices of \$1.60 per pound. The Commission's mission to maximize grower returns by enhancing premium brand positioning for California avocados while improving grower sustainabil-

ity is intended to serve all growers and yet the degree to which it does depends on a grower's individual circumstances. And at the end of the day, growers only know about their own set of books and no one else's.

It is easy to make assumptions about the health of the industry based

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on observation. Nursery stock cannot be produced fast enough, young trees in high density spacing can be spotted on hillsides along country roads, and late-model trucks arrive at field days and other grower gatherings, suggesting optimism in some farming operations.

Drive a little farther down the road and you may see 30-year-old avocado trees with root-rot symptoms badly in need of pruning, or 10-year-old trees with severe tip burn because of prolonged, elevated soil salinity. Coffee shop talk draws heavily from this anecdotal information, which is used as supporting evidence on both sides of the debate. So little of it, however, can be deemed conclusive.

What *would be* conclusive is the collective information from the ledgers of every commercial avocado grower in California, aggregated in such a way as to paint an accurate picture of bottom-line profit or loss for the totality of the industry. The difficulties in gathering this information are all too obvious—growers would have to voluntarily hand over proprietary details of their farming operation to an organization entrusted to keep it confidential. Try asking the Internal Revenue Service about how likely that is to happen.

Refinement of an industry strategy to improve profitability is nearly impossible without factually based information about how growers are faring as a group. As Yogi Berra said: "if you don't know where you're going, you'll end up someplace else." In this instance, if you don't know where you are to be-



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gin with, good luck trying to get somewhere you would like to be. The full range of Commission programs—from marketing efforts geared toward obtaining a premium price for every California avocado to production research projects designed to improve yields—could be so much more effective if we knew, definitively, specific details about the financial health of the industry. A grower confidant I know often remarks on the difficulty of defining a “premium” price. The answer depends upon the perspective of the beholder. A premium price for California avocados at the retail point of sale may be enough to put money in the pocket of one grower, while falling short of allowing another to pay his or her monthly water bills. It’s all relative, and the truth about how growers fall out on either side of that premium price is a big unknown without hard facts. Coffee shop talk is not

going to cut it.

In February, the Commission board took a first step at solving this puzzle. It tasked CAC’s Production Research Committee with formulating a way to collect concrete data about the overall profitability of the industry. Of course, any methodology used would have to be statistically sound and rigorous, and presented in such a way as to elicit participation by a substantial portion of the grower base, to ensure its reliability. Mission impossible? Perhaps, but it is worth a try. Success would mean having a new tool to guide the industry strategy in the years ahead. By contrast, failure relegates us to relying on coffee shop talk, less than optimal strategies, and perpetual debate among the ranks about the overall condition of the industry...a circular conversation that, in the end, as Yogi would say, gets us nowhere. 🥑

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