Cherry Growers Unite

CherrCo bargaining co-op brings stability to market
Bargaining co-ops help level field, stabilize markets

Farmers and ranchers who bargain for price when they are united and represent a large share of their industry — rather than as individuals who control only a tiny fraction of the supply — negotiate from a position of strength, rather than weakness. This was true during the earliest years of the cooperative movement, and remains just as true today in the face of a food industry being concentrated into fewer and fewer hands. Due to this trend, I foresee a growing role for bargaining cooperatives in the 21st century. Not only do bargaining co-ops help secure a fair price for farmers and ranchers, they help bring stability to markets by better coordinating the production of their members with the needs of the marketplace.

Bargaining cooperatives have been used by agricultural producers for decades as a self-help tool. Many of these associations grew out of pricing challenges encountered in the 1960s by fruit and vegetable producers. By banding together, producers worked to get legislation changed so they could form recognized associations that could bargain with processors.

CherrCo, our cover story, is a prime example of a bargaining co-op that has brought stability to an agricultural market. This relatively new tart cherry bargaining association was developed at about the same time a new federal marketing order for tart cherries was put into place. By licensing sales agents and working confidentially between growers and processors, this organization — a federated association with 28 member cooperatives — has helped to bring some order to the tart cherry industry. Had CherrCo not been created, many observers feel that the ranks of cherry producers would have been decimated.

Bargaining associations in California also play a critical role linking farm fields with the family dinner table. In an upcoming issue, we will look at how some bargaining co-ops work in the Golden state. From apricots and peaches to olives, raisins and tomatoes, bargaining associations have enhanced the income that producers can realize from the sale of their crops. They extend across state lines and commodity sectors as effective tools that help farmers earn fair prices for apples, plums, raw milk, ryegrass, potatoes, sugar beets, hazelnuts and many other crops.

These associations do not invest capital in buildings or equipment. They don’t own a consumer brand name or make marketing campaigns. But what they do possess is the ability to galvanize producers in a union of common purpose.

The real power behind successful bargaining associations is that they are a tool for producers to become price makers, rather than price takers. These associations work to secure a fair price for producers. For these co-ops to work, producers need to agree to let their association negotiate a price, and then hold to that commitment. Even the largest producer of a commodity will find it extremely difficult to go it alone in a global marketplace where processors can source product from around the world.

Bargaining associations have proven time and again that they are a valuable tool for producers committed to working together to remain competitive and profitable in an increasingly global marketplace. The time is ripe for further use of this invaluable tool.

Jill Long Thompson
Under Secretary USDA Rural Development
FEATURES

4 CherrCo helps bring market stability to tart cherry industry
By Pamela J. Karg

8 Trading Up
Plains Cotton Co-op uses computer technology to pursue business-to-business strategy.
By Pamela J. Karg

14 Consolidation in the heartland
A closer look at grain co-op mergers and acquisitions, 1993-1997.
By Anthony Crooks

20 Are you a good leader?
Director assessments are building blocks to productive board-management relations.
By James J. Wadsworth

24 Cooperative Agro Pastorale Segbeya
African swine raising cooperative struggles to survive and prosper.
By Azanmasso Joseph, Steve Graham

DEPARTMENTS

7 LEGAL CORNER
11 MANAGEMENT TIP
26 IN THE SPOTLIGHT
27 NEWSLINE
31 ANNUAL ARTICLE INDEX

On the Cover:
Michigan-based CherrCo is helping stabilize the tart cherry industry by negotiating prices at a level that keeps growers and processors in business. Story on page 4. Grant Heilman Photo
Life can change quickly in agriculture. At other times, it takes many years of hard work to develop necessary changes — including new cooperative organizations. Yet leaders of the tart cherry industry were persistent in their work and have created an innovative cooperative marketing organization as well as a new federal marketing order program.

Both the new order and the new organization — called CherrCo — didn’t happen as quickly as life can change. It took years of hard work. Some previous attempts at organizing new approaches had succeeded, and some had their ups and downs. For example, an earlier supply-management federal marketing order had been discontinued in the early 1980s.

But a number of the industry’s key underlying problems — including surplus supplies, fluctuating production and weak pricing arrangements — did not go away. So leaders explored alternative programs and organizational arrangements to try to improve their industry. Their efforts included in-depth discussions during the late 1980s and early 1990s about developing a new marketing order for supply management and a new, broad-based cooperative.

Throughout the early 1990s, the industry often grappled with surplus supplies and low cherry prices. The only exception was in 1991 when there was a short crop. Prices temporarily rose to exceptionally high levels – 80-plus-cents-per-pound for frozen cherries. But the temporarily high prices were a deterrent for some users. More problematic than one season of high prices, though, were the years tart cherries drew very low prices.

In 1995, for example, prices had tumbled to 25 cents per pound for frozen cherries. By contrast, the costs for production, harvesting, processing and freezer storage were about 60 cents a pound.

“Another year or two [of low prices] and we estimate that about half our growers and a good share of our processing plants would have gone out of business,” says CherrCo President James Jensen, who has been around the cherry business for 39 crops. “We knew we needed a consistent supply for the marketplace and pricing that was relatively stable. We knew by 1996 that, if the conditions that occurred in 1995 continued, many of our growers and processing plants would go out of business.”

These kinds of difficult economic conditions set the stage for change. Growers and processors found themselves engaged in many industry-wide discussions that eventually led to the development of a new federal marketing order to help reduce some of the surplus supply problems. And discussions continued into the subject of a new federated cooperative for tart cherry growers.

“By 1996, we knew we’d have a marketing order in place. It was a new tool we could use to help turn the situation around. And we thought that, if we were ever going to put together a ‘super cooperative’ like we’d talked about for years in this industry, this was the time to do it,” Jensen says.

The industry credits the creative thinking by some growers and processors who were willing to develop a strategic plan for CherrCo. While grain and livestock producers have developed “new generation” cooperatives, these fruit growers decided to stay the course by developing a “super cooperative” that bargained on behalf of its members rather than processing value-added products. Yet the tart cherry industry borrowed ideas from some of these other facets of agricultural cooperatives to put together its own organization.

In early 1997, CherrCo organizers brought Jensen on board as president of the “super cooperative.” Months of hard work and many discussions across the country in cherry circles resulted in 78 percent of the industry willing to give the idea a try by a self-imposed deadline of June 1997.

During those grower and processor meetings, Jensen communicated CherrCo’s two goals. First, CherrCo proposed...
to stabilize the price of the industry's commodity products—No. 10 canned or hot-pack tart cherries and frozen tart cherry products. Second, CherrCo wanted that stable price to be at a level that helped keep growers and processors in business.

On July 1, the first CherrCo board voted to move ahead. By July 6, Washington state cherries were rolling into a processing plant.

As a federated cooperative, CherrCo now has 28 member cooperatives in the United States and Canada. It represents 75 to 80 percent of Michigan's tart cherry production and significant portions of the production in New York, Utah, Washington, Wisconsin, and Ontario. Members range in size from producing about 600,000 pounds to more than 10 million pounds annually.

The cooperative's primary directive is to establish minimum prices for various grades and packs of frozen and hot-pack tart cherries. Once a minimum price is set, individual members select sales agents, all of whom are licensed by the cooperative. Sales agents can represent more than one member.

But it is imperative that sales information be treated as proprietary and not shared with other members. Information about who is selling to whom and at what price is also confidential. By licensing the agents, CherrCo can ensure they follow procedures as well as abide by the established minimum price.

“Another year or two [of low prices] and we estimate that about half our growers and a good share of our processing plants would have gone out of business.”

—James Jensen

CherrCo concentrates its efforts on No. 10 canned or hot-pack tart cherries and frozen tart cherries. Photo by Forest McMullin, Agrilink
CherrCo also tracks and keeps a handle on the nation's tart cherry inventory. When and where possible, CherrCo and the licensed agents work to pool production to meet customer demands. Before cherries are processed, they are sent to storage facilities. At that time, the fruit is consigned to CherrCo.

However, the cooperative never has the cherries in its physical possession. Rather, the fruit remains in storage until a sale is made. If the minimum price requirement has been met, CherrCo releases the cherries. The cooperative then bills the buyer, collects from the buyer, subtracts an administrative charge to cover its expenses, and sends the balance of the proceeds to the cherry's growers.

“We’re not in the retail business,” Jensen emphasizes. “We don’t have a brand name. We don’t own any processing plants. Our members decide what they’re going to do with their cherries and whom they’re going to sell to. They hire their own sales staff licensed by CherrCo. We concentrate on ensuring we can maintain a price for our members.”

Even though the issue of price is taken out of the marketing equation, CherrCo members find other avenues on which to compete against each other. Some members offer a mix of tart cherry and other farm-grown produce. Others specialize in just frozen or hot-packed tart cherries. Still others try to differentiate themselves from CherrCo competitors by building on their reputations in the industry, product quality, processing plant standards and capabilities, and any other special services they may develop to attract customers.

“But I think what we didn’t realize, when putting this together, is a third thing that would happen. We’re facilitating better discussions, better communication, throughout our industry. We’re all at the table together and, while we are not all holding hands, we are at least not throwing things at each other,” Jensen says. “There have been a lot of things happening in the tart cherry industry that have benefitted many that were enabled by CherrCo. Several times I’ve heard, ‘Five years ago, we would never have this conversation.’”

People never really knew each other, even in an industry with only a couple thousand growers across the nation. But what they did know about each other was that it was always “the other guy’s fault” for the marketing problems the industry faced. Now the individual members are getting to know each other and understand the collective power that occurs when they can work together.

CherrCo’s 28 members each hold a seat on the board, and those directors meet quarterly in addition to serving on committees that include marketing, quality, grower relations and strategic planning. “It allows us to involve all our members in discussions and decisions. It doesn’t mean we all agree on everything even now, but we’re at the table,” he adds.

Yet, despite the developments and progress that have been made through organizations such as CherrCo and the new federal marketing order, the industry continues to be challenged by a number of ongoing fronts. Work is needed to expand exports. More could be done to fine-tune supply management mechanisms. And both could help to stabilize prices even further for growers as well as their customers. Talking through these challenges has become critical in this specialty fruit industry whose grower numbers are easily dwarfed by other segments of U.S. agriculture.

A commitment to continued, industry-wide communication by organizations such as CherrCo was the motivation behind a major conference this past spring. During their time together, industry leaders looked at the various problems or major gaps in the tart cherry industry, and how various programs and parts of the industry could work together more effectively to provide continued progress. And expectations are running high that events such as the conference, formation of organizations such as CherrCo and an ongoing dialog could act as catalysts to create even more changes. They may not happen overnight. But they certainly will require hard work.
The rash of consolidations taking place throughout the food industry is placing pressure on all participants, including cooperatives, to become both more efficient and more effective in protecting and enhancing their market position. Public documents concerning a recent negotiated settlement between a major dairy marketing cooperative and the United States Department of Justice provide insight into how some cooperatives are dealing with changes in food marketing and how antitrust enforcement officials may react when cooperatives become the dominant players in a particular line of business.

Justice challenges dairy plan

On Dec. 15, 1999, Dairy Farmers of America (DFA) entered into a letter agreement to purchase SODIAAL North American Corporation (SODIAAL). DFA and SODIAAL were two of the three firms which accounted for over 90 percent of branded butter sales in the Philadelphia and New York metropolitan areas. The third firm in the market is Land O’Lakes Inc. DFA and Land O’Lakes are the two largest dairy marketing cooperatives (as measured by sales) in the United States. SODIAAL is a privately held subsidiary of a French cooperative.

Section 7 of the Clayton Antitrust Act (15 U.S.C. § 18) provides that one business shall not acquire another business when the effect of the acquisition may be to substantially lessen competition or tend to create a monopoly. In March 2000, the United States Department of Justice filed a civil antitrust action to block the proposed acquisition. The Justice Department alleged that DFA’s purchase of SODIAAL would substantially lessen competition in the butter market in Philadelphia and New York and therefore violated Sec. 7 of the Clayton Act.

Impact of Capper-Volstead

The Capper-Volstead Act provides a limited exemption from the antitrust laws for agricultural producers to process, handle, otherwise prepare for market, and market their farm products on a cooperative basis. Capper-Volstead specifically authorizes separate and competing cooperatives to form a common marketing agency to set prices and market member products as if the cooperatives were a single entity. Several court decisions have held farmers, through a single cooperative or a common marketing agency, may acquire substantial or even monopoly control over the sale of products they produce, so long as only farmers are involved in the scheme and the decision to work together is a voluntary one (not the result of coercion or intimidation by the cooperative(s) against nonmembers).

As part of the settlement process, the Justice Department published a Competitive Impact Statement summarizing its case. When reviewing the proposed acquisition, Justice gave special emphasis to two legal standards for interpreting Capper-Volstead. First, Justice noted that if the purchase went through as proposed, DFA and Land O’Lakes would control more than 90 percent of the branded butter market in Philadelphia and New York. Since both DFA and Land O’Lakes are agricultural cooperatives they could agree on the price and other terms of sale for their butter in these areas free from antitrust scrutiny.

Second, Justice took the position that SODIAAL, as a private subsidiary of a French cooperative, is not covered by Capper-Volstead. Thus the government was free to challenge its purchase by DFA as a violation of Sec. 7 of the Clayton Act. (65 Federal Register 44825, July 19, 2000).

The settlement

The United States (with the acquiescence of DFA) asked the court to approve a final judgment in the case that permits DFA to complete its acquisition of SODIAAL but prohibits DFA from joining with Land O’Lakes in any joint effort to market branded butter. Procedural rules that apply to settling antitrust cases require a 60-day period for public comment after the Proposed Final Judgment and Competitive Impact Statement are published in the Federal Register. No comments were filed. In November 2000, the judge signed an order implementing the proposed final judgment.

Under the settlement, DFA agrees to transfer all of its assets necessary to manufacture and market its branded butter on the East Coast, including DFA’s interest in the “Breakstone’s” brand, and all of the assets acquired from SODIAAL, including the “Keller’s” and “Hotel Bar” brands, into a new limited liability company to be called Keller’s Creamery, LLC. The settlement: a glimpse into the future of antitrust enforcement? continued on page 30
Trading up
Plains Cotton Co-op uses computer technology to pursue business-to-business strategy

By Pamela J. Karg
Field Editor

ike many computer users, Plains Cotton Cooperative Association (PCCA) decided this spring it was time to trade up to the next business model.

With non-cooperative partners, PCCA created an Internet-based, business-to-business (B2B) marketing venue for cotton and cotton-related products. The partners include Allenberg Cotton Co., a division of the Lous Dreyfus Corporation, Duna- vant Enterprises and Cargill’s Hohenberg division. Leaders from each organization believe the B2B venture creates a comprehensive, independent, electronic exchange for both prospective cotton suppliers and cotton customers.

The courage it takes to look into the future and imagine what could be is nothing new to the Lubbock, Texas, farmer-owned organization. That’s how PCCA started in 1953 and that’s how it greeted the new millennium when it announced the new venture – the Seam — that would take its producers to the next technological level in the world market.

Since 1975, PCCA members had used TELCOT, a mainframe-based computerized extension to the way producers had traded their cotton for decades. The online, real-time cotton marketing system was a centralized place where buyers and sellers could meet to trade cotton via computers connected to PCCA’s servers.

Conceptually, it operated similarly to the New York Stock Exchange.

TELCO T gave producers a number of options to sell their cotton and it gave them access to major buyers. With this tool, farmers could receive the most competitive price available at the time of sale. TELCOT guaranteed each producer payment for the cotton sold and it guaranteed each buyer delivery of the cotton purchased.

PCCA President and CEO Van May says this year’s new venture is a logical step for his marketing cooperative, one which prides itself on using new technologies, developing innovative and aggressive marketing strategies, and achieving the best possible prices for their farmers.

“PCCA has a legacy of innovation and industry leadership,” says May. “Our 25-year commitment to the electronic marketplace has clearly demonstrated the many efficiencies and advantages of electronic trading. And we think this new venture – the Seam — is a catalyst for positive changes in our entire industry.”

The initiative gained momentum in early summer with the addition of two prominent U.S. textile mills: Avondale Mills of Monroe, Ga.; and Parkdale Mills of Gastonia, N.C. Avondale and Parkdale are the largest U.S. consumers of cotton.

The new B2B marketplace is designed by and for the cotton industry. It operates as an independent company and the four initial investors each own an equal share. Their ownership percentages will decline as additional partners come on board.

Buyers and sellers of products and services get a single, convenient place to connect, conduct and facilitate transactions and better manage their supply chains on the Seam. The B2B marketing system allows any merchant meeting necessary criteria and agreeing to pay the commissions to trade cotton. With just the TELCOT system, PCCA earned just one commission from the time the producer sold the cotton until it was delivered to a textile mill. But cotton typically changes hands an average of five times, and May says the Seam will garner commis-
sions at each trade. As one of the partners, PCCA and its members will share in those commissions.

The new venture also significantly expands the scope of PCCA’s TELCOT system, which serves 53 buyers. However, May says there are approximately 200 cotton buyers in the United States and the new system is aimed at capturing a greater share of their business.

“We believe this new marketplace provides more choice, not less, for users, and they can instantly compare prices. This allows both sides of the supply-demand equation to buy or sell more efficiently because it’s an open market,” May says. “It shifts some competitive advantages to producers who now have immediate, online access to prices and other information. As we attract more buyers, this means more choices for farmers who want to sell their product.”

Additionally, PCCA members and their co-op gins see little difference in the way they sell cotton and receive payments.

“[This system] shifts some competitive advantages to producers, who now have immediate, online access to prices and other information.” — Van May

Over 22 million bales of cotton have been traded through PCCA’s existing computerized system. PCCA spins much of that cotton into textiles in its Texas plants. Photos courtesy PCCA
eligible to participate in any of PCCA’s dividends.”

Rather, the site should improve the cotton industry’s efficiencies which, in turn, can improve prices paid to producers. PCCA and the other partners agree that the multi-billion-dollar cotton industry has some inefficiencies that make it ideally suited to benefit from a B2B marketplace. May notes that the cotton industry is fragmented among producers, merchants and manufacturers, all of whom deal with incompatible, labor-intensive logistical systems. In many areas, cotton transactions still involve multiple, redundant faxes and phone communications. An online marketplace allows manufacturers and merchants to more effectively purchase and sell cotton and to expose producers to a far broader range of buyers and services.

“Competition should increase based on the number of merchants across the country, and this increased competition will have a positive impact. When cotton buyers compete, cotton producers benefit,” May adds.

Texas and the other portions of the southwest served by PCCA is big, wide-open country. Services can be few and far between, including U.S. Department of Agriculture Service Centers. PCCA has developed a quasi-governmental role for itself, and will continue to do so even with the Seam B2B business.

Currently in its software system, PCCA differentiates between cotton placed in the Commodity Credit Corporation (CCC) loan program and non-loan cotton, and notifies buyers where the cotton was ginned and stored. In addition, it offers producers a loan advance program. Through it, producers can tender their cotton to PCCA and receive an interim cash advance equal to the CCC loan price. When the market is right, producers then notify PCCA to offer the cotton over TELCOT to obtain the best price available. In essence, the producer has an immediate cash advance available, and the cotton can be marketed at a later date.

Over 22 million bales of cotton have been traded over TELCOT. The network has more than 300 remote sites supporting over 1,000 devices. The computer processes an average of 10 transactions per second and handles 175,000 to 350,000 transactions per day. In peak trading periods, more than 25 transactions per second have been sustained.

“When you look at the numbers of what we’ve accomplished alone with our TELCOT marketing system, it doesn’t take too much imagination to envision what an expanded B2B site can do for cotton,” May adds.
Editor’s note: This is Cummins’ final Management Tip column. He is retiring Jan. 1, 2001, after more than 38 years with USDA, including 19 years with the Cooperative Services unit of USDA Rural Development and its predecessor agencies. Prior to that he worked with USDA’s Economic Research Service and Federal Grain Inspection Service. His retirement home will be in Virginia’s Shenandoah Valley, west of Staunton.

Downward spiral for commodity prices continues; bottom line mixed for Plains co-ops

By David Cummins,
Ag Economist
USDA Rural Development

Rain and total sales continued to slide downward in 1999 for cooperatives that are first-handlers of grain in the Northern Plains, where wheat-barley-oats co-ops are prevalent. Grain volume marketed by these co-ops was significantly higher in 1999 than in 1998 - up 20 percent for medium-sized co-ops (those with total sales of $5 million to $14.9 million) and up more than 15 percent for large co-ops (those with total sales of more than $15 million).

Commodity prices, however, continued a sharp downward trend that has been ongoing for the past three to four years. Farm supply sales averages were considerably higher in 1999 for large grain co-ops and about the same in both years for medium-sized co-ops.

Net savings for large grain co-ops averaged $352,637 in 1999, compared with $461,975 in 1998, a drop of nearly 24 percent. This followed a 17-percent drop in 1998. Net savings for the medium-sized co-ops averaged 12 percent higher, $78,587 vs. $70,142 in 1998.

Sixty-two percent of large grain co-ops and 64 percent of medium-sized grain co-ops in the Northern Plains reported lower net savings for 1999. The average decline in net savings for large co-ops was $338,580, while medium-sized co-ops reported an average decline of $105,192. Large co-ops that improved their bottom line in 1999 did so by an average of $438,049, while medium-sized co-ops reported an average gain of $102,390.

For large grain co-ops in the Northern Plains, gross income averaged more than 5 percent higher in 1999, but operating costs were more than 12 percent higher than in 1998. While grain margins were down, margins on total sales and service revenue were both up. Non-operating income dropped significantly, plunging 89 percent.

For medium-sized grain co-ops in this region, gross income averaged more than 5 percent higher in 1999, but operating costs were more than 12 percent higher than in 1998. While grain margins were down, margins on total sales and service revenue were both up. Non-operating income dropped significantly, plunging 89 percent.

Patronage refunds received from other co-ops declined 41 percent for large grain cooperatives and dropped 35 percent for medium-sized co-ops. These refunds are a key component of non-operating income for co-ops, particularly for medium-sized operations. In 1999, these refunds accounted for 44 percent of net savings from total operations for large co-ops and 62 percent of net savings for medium-sized co-ops.

Nearly 7 percent of the medium-sized grain co-ops in 1999 had losses averaging more than $261,000 per co-op. The loss rate, however, was down from nearly 23 percent in 1998. An additional 21 percent of medium-sized co-ops would have had losses (averaging about $35,000 per co-op) if it hadn’t been for patronage income. The loss rate for large grain co-ops was about the same in both years: 11 to 12 percent.

Southern Plains co-ops

Large Southern Plains wheat-sorghum co-ops averaged net savings of $847,274 per co-op, up slightly from 1998 and the highest since at least 1982. Net savings for the medium-sized co-ops averaged $250,022, down about 5 percent, but the second highest since at least 1982. Grain margins and service revenue increases were key factors for the large grain co-ops; farm supply margins and service revenue increases were key for the medium-sized co-ops. For large co-ops, an 8-percent increase in gross income more than offset 10 percent higher operating expenses. For medium-sized co-ops, the increase in gross income more than offset operating expenses.

Downward spiral for commodity prices continues; bottom line mixed for Plains co-ops
co-ops, an 18-percent increase in gross revenue fell short of covering 23 percent higher total operating expenses.

Lower net savings in 1999 was reported by 62.5 percent of large and 61.5 percent of medium-sized grain co-ops. Corresponding dollar declines averaged $331,072 and $168,040. Large and medium-sized grain cooperatives showing higher earnings in 1999 had increases of $263,551 and $94,859, respectively.

In 1999, as in 1998, grain price averages were down 14 percent for large co-ops and 17 percent for medium-sized co-ops. Grain volume marketed increased 18 percent for large and 16 percent for medium sized co-ops. Grain sales climbed an average 1 percent for large co-ops, but dropped more than 3 percent for medium-sized co-ops in 1999.

The incidence of losses among wheat-sorghum grain co-ops was 13 percent for the medium-sized co-ops, with no losses reported by the large co-ops. As in 1998, fewer than 5 percent of the co-ops would have had losses if it had not been for patronage income received from other co-ops. This was in spite of sharply lower patronage income in 1999 - down more than 24 percent for large and down nearly 29 percent for medium-sized co-ops.

Producers continued to adjust to changing weather conditions and relative commodity prices in 1999. This was reflected in a change in the relative

<table>
<thead>
<tr>
<th>Table 1 - Compare your wheat-sorghum cooperative with averages for similar cooperative operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group/Item</td>
</tr>
<tr>
<td>Storage capacity</td>
</tr>
<tr>
<td>Grain marketed</td>
</tr>
<tr>
<td>Turnover rate</td>
</tr>
<tr>
<td>Proportion grain</td>
</tr>
<tr>
<td>Total assets</td>
</tr>
<tr>
<td>Long-term debt1/</td>
</tr>
<tr>
<td>Member equity1/</td>
</tr>
<tr>
<td>Total sales</td>
</tr>
<tr>
<td>Margins on sales</td>
</tr>
<tr>
<td>Total expenses</td>
</tr>
<tr>
<td>Net savings (losses)</td>
</tr>
<tr>
<td>Labor of total expenses</td>
</tr>
<tr>
<td>Net savings paid in cash2/</td>
</tr>
<tr>
<td>Current ratio</td>
</tr>
<tr>
<td>Debt/assets</td>
</tr>
<tr>
<td>Net savings(loss)/tot. sales</td>
</tr>
<tr>
<td>Gross margins/total sales</td>
</tr>
</tbody>
</table>

1/ Of total liabilities and member equity. 2/ Of total patronage allocation.
proportions of the grains/oilseeds marketed by their co-ops.

A general shift from grain sorghum to primarily wheat and (to a lesser extent) corn was evident in the Southern Plains, particularly by large grain co-ops. In the Northern Plains, large grain co-ops handled significantly more corn and soybeans, along with more wheat, at the expense of barley, in 1999 than in 1998. Noteworthy for the medium-sized co-ops were an 84-percent increase in “other crops” (mainly oats, sunflowers and rye) sold and a 34-percent increase in barley sold, at the expense of wheat.

**How does your co-op measure up?**

Benchmarks are common in business management to measure how well your cooperative is performing. However, such figures don’t reveal how your cooperative compares with others. If your cooperative is primarily a first-handler of wheat and sorghum or handles wheat, barley and oats as its major function, comparative data for 1999 are now available. Tables 1 and 2 contain selected average financial and structural data compiled from a survey of Southern Plains and Northern Plains cooperatives marketing wheat and grain sorghum and wheat, barley and oats, respectively. Most cooperatives in the study were diversified, also handling farm supplies and providing related services. Fill in the blanks for your cooperative and see how it measures up.

### Table 2 - Compare your wheat-barley-oats cooperative with averages for similar cooperative operations

<table>
<thead>
<tr>
<th>Group/Item</th>
<th>Unit</th>
<th>5-14.9 (1998 Data)</th>
<th>15 or more (1998 Data)</th>
<th>5-14.9 (1999 Data)</th>
<th>15 or more (1999 Data)</th>
<th>Your Cooperative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storage capacity</td>
<td>Million Bu.</td>
<td>0.661</td>
<td>1.843</td>
<td>0.863</td>
<td>2.560</td>
<td></td>
</tr>
<tr>
<td>Grain marketed</td>
<td>Million Bu.</td>
<td>1.888</td>
<td>6.768</td>
<td>2.267</td>
<td>7.818</td>
<td></td>
</tr>
<tr>
<td>Turnover rate</td>
<td>Times</td>
<td>2.86</td>
<td>3.67</td>
<td>2.63</td>
<td>3.05</td>
<td></td>
</tr>
<tr>
<td>Proportion grain</td>
<td>Percent</td>
<td>79.0</td>
<td>84.6</td>
<td>78.9</td>
<td>80.0</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>Million $</td>
<td>3.068</td>
<td>12.611</td>
<td>3.796</td>
<td>13.056</td>
<td></td>
</tr>
<tr>
<td>Long-term debt1/</td>
<td>Percent</td>
<td>7.5</td>
<td>6.9</td>
<td>8.7</td>
<td>8.1</td>
<td></td>
</tr>
<tr>
<td>Member equity1/</td>
<td>Percent</td>
<td>46.5</td>
<td>41.6</td>
<td>48.8</td>
<td>39.5</td>
<td></td>
</tr>
<tr>
<td>Total sales</td>
<td>Million $</td>
<td>8.430</td>
<td>26.573</td>
<td>8.391</td>
<td>25.952</td>
<td></td>
</tr>
<tr>
<td>Margins on sales</td>
<td>Million $</td>
<td>0.436</td>
<td>1.740</td>
<td>0.526</td>
<td>1.812</td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>Million $</td>
<td>0.593</td>
<td>1.940</td>
<td>0.684</td>
<td>2.178</td>
<td></td>
</tr>
<tr>
<td>Net savings (losses)</td>
<td>Million $</td>
<td>0.070</td>
<td>0.462</td>
<td>0.079</td>
<td>0.353</td>
<td></td>
</tr>
<tr>
<td>Labor of total expenses</td>
<td>Percent</td>
<td>43.7</td>
<td>45.3</td>
<td>43.2</td>
<td>46.2</td>
<td></td>
</tr>
<tr>
<td>Net savings paid in cash2/</td>
<td>Percent</td>
<td>36.9</td>
<td>29.0</td>
<td>35.8</td>
<td>27.6</td>
<td></td>
</tr>
<tr>
<td>Current ratio</td>
<td>Number</td>
<td>1.33</td>
<td>1.17</td>
<td>1.36</td>
<td>1.14</td>
<td></td>
</tr>
<tr>
<td>Debt/assets</td>
<td>Ratio</td>
<td>0.11</td>
<td>0.11</td>
<td>0.11</td>
<td>0.11</td>
<td></td>
</tr>
<tr>
<td>Net savings/total sales</td>
<td>Percent</td>
<td>0.8</td>
<td>1.7</td>
<td>0.9</td>
<td>1.4</td>
<td></td>
</tr>
<tr>
<td>Gross margins/total sales</td>
<td>Percent</td>
<td>5.2</td>
<td>6.5</td>
<td>6.2</td>
<td>7.0</td>
<td></td>
</tr>
</tbody>
</table>

1/ Of total liabilities and member equity. 2/ Of total patronage allocation.
When the directors of two small cooperatives in North Dakota approached USDA Rural Development in July 1997 for technical assistance regarding a possible merger, they probably had little idea of how large a trend they were joining. About 95 other grain cooperatives also merged or were acquired in 1997.

Both of these Dakota cooperatives — one a petroleum and farm supply cooperative with grain assets, the other a grain elevator cooperative — were seeking to strengthen their operations and improve financial performance. In addition to consolidating assets, these cooperatives wanted to expand a rail load-out facility owned by one of the cooperatives and add to an agronomy center near another facility. They also wanted to reduce grain shipping costs and to generate additional revenues from spring fertilizer sales. Both goals appeared to be financially rational at the time.

However, both cooperatives and their plans were soon superseded by an even bigger merger: that of Cenex and Harvest States. The merger of two giant, regional co-ops was the biggest wave in the recent tide of mergers, consolidations, alliances, joint ventures and acquisitions that has swept over the U.S. grain industry (as reported in this magazine in the Sept./Oct. 1998 and 1999 issues).

The small Dakota petroleum cooperative was an affiliate of Cenex and a competitor of Harvest States. And thus the merger and improvement plans of these two small Dakota cooperatives was placed on an indefinite hold because of the merger of the two regional cooperatives.

About this time, a $4 million joint venture was announced by Harvest States and one of its Dakota affiliates, a move which would lead to the construction of a terminal facility just down the road from where the two local co-ops had planned to expand their load-out facility.

Except for their relative size, the two planned mergers shared many similar characteristics. Each merger involved farm supply operations merging with grain marketing operations. Each co-op hoped that the merger would offer new business opportunities in one partner's specialty area while helping the other to restructure its operating costs. In addition, the co-ops were attempting to link their farmer-members into a production-marketing chain which would take the grain from field to buyer. They wanted to lower operating costs, share or redistribute business risk and expand operations.

It is easy to focus on the more sensational aspects of this story: two small, seemingly independent cooperatives being swept onto the economic sidelines by the decisions of the much larger regional cooperatives they belonged to. However, it is more instructive to view these four cooperatives as role players in the ongoing, widespread economic consolidation trend in agriculture. Strikingly similar occurrences have been witnessed repeatedly in recent years.

A soon-to-be-released report from USDA Rural Devel-
development (Research Report 180, “Consolidation in the Heartland, 1993-97: A Closer Look at Grain Cooperative Mergers and Acquisitions”) analyzes the operational and financial characteristics of co-ops that were merged, consolidated, went bankrupt or were closed for other reasons during those years. These businesses will be referred to as M/C (“merged or consolidated”) co-ops in the balance of this article, which presents M/C and surviving cooperatives in the context of agriculture’s economic restructuring. Lessons learned from mergers, consolidations or other reasons for cooperative closures also provide some insights into the challenges that lie ahead for grain cooperatives hoping to thrive. Some of the highlights of this research follow.

Tracking co-op closures
The Rural Business-Cooperative Service, an agency of USDA Rural Development, began keeping detailed statistics on mergers, acquisitions, consolidations, bankruptcies and related activities in 1993 (table 1). During 1993-97, it counted 367 M/C events. On average, this is equal to about 8 percent of all large co-ops and 10 percent of all mid-sized cooperatives each year. In general, the majority (198, or 64 percent) of these M/C events occurred in 1996 and 1997 and among cooperatives having less than $15 million in total sales. Most activity was in the nation’s heartland. Eighty-seven percent occurred in the Corn Belt and Southern Plains regions (table 2).

Table 1 — Number of Grain Co-ops In and Out of Business, 1992-97, by Year and Size in Total Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Grain cooperative size in Total Sales</th>
<th>Number of cooperatives In Business</th>
<th>Grain cooperative size in Total Sales</th>
<th>Number of cooperatives “Out of Business”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$15 million or greater</td>
<td>Between $5 and $15 million</td>
<td>Less than $5 million</td>
<td>ALL</td>
</tr>
<tr>
<td>1992</td>
<td>419</td>
<td>570</td>
<td>204</td>
<td>1,193</td>
</tr>
<tr>
<td>1993</td>
<td>405</td>
<td>537</td>
<td>203</td>
<td>1,145</td>
</tr>
<tr>
<td>1994</td>
<td>384</td>
<td>495</td>
<td>191</td>
<td>1,070</td>
</tr>
<tr>
<td>1995</td>
<td>370</td>
<td>463</td>
<td>191</td>
<td>1,024</td>
</tr>
<tr>
<td>1996</td>
<td>326</td>
<td>408</td>
<td>186</td>
<td>920</td>
</tr>
<tr>
<td>Average</td>
<td>354</td>
<td>452</td>
<td>191</td>
<td>997</td>
</tr>
</tbody>
</table>

The relatively strong working-capital-to-sales performance posted by large cooperatives that merged with IOFs suggests a financial characteristic for cooperatives that were involved with investor-owned firms (IOFs) in either a merger (8 of 330) or an acquisition (14).

Financial characteristics
The goal of the study was to answer some general questions about the financial health of grain cooperatives involved in mergers, acquisitions and other activities. Cooperatives that were involved with other co-ops and those that merged with, or were acquired by, IOFs are compared to each other. To compare M/C cooperatives with national averages for grain co-ops of their same relative size, a five-previous-year average was constructed for each (remaining) cooperative for each year of observation. In this way, M/C cooperatives were compared only with their cohorts. Grain cooperative balance sheets and operating statements were used to construct a set of generally recognized financial ratios. The ratios selected are associated with four general aspects of a business: profitability, liquidity, efficiency and solvency (table 3).

Profitability indicators generally compare the returns of the business (local net savings, from the operating statement) with another aspect of the cooperative's business. By each of the four profitability measures, M/C cooperatives, regardless of the size of the surviving firm, accrued modest returns over the five-year period. In every measure, M/C co-op performance was less than both the benchmark (used by CoBank) and the national average among grain cooperatives remaining in business.

Cooperatives and their creditors have a strong preference for a margin of safety against the operating uncertainties to which they are subject. Liquidity refers to a cooperative's ability to generate short-term cash in case of unexpected expenses. M/C cooperatives had liquidity difficulties. Except for large cooperatives that joined IOFs, M/C cooperatives failed to meet either national or benchmark standards for liquidity.
very good reason for these cooperatives’ relative attractiveness as merger targets. Of course, it’s possible that these values reflect relatively low sales. On the other hand, what firm wouldn’t like to acquire a ready stream of working capital as part of the bargain?

Efficiency indicators provide some measure of how well the firm is managed. Because there is no direct measure for “management ability,” these indicators serve as a proxy for two aspects of a manager’s job: holding down costs and making the best use of the business’ resources. M/C cooperatives showed relatively strong performance in efficiency. Regardless of other shortcomings, these co-ops were apparently blessed with management that made sure overall expenses (particularly labor) were kept low compared with income and that sales income was kept high compared with inventory. Efficient operations may have been the single most attractive feature to firms aspiring to acquire these cooperatives.

Solvency indicates a cooperative’s long-term financial health. Solvency indicators include guidelines for the firm’s interest expenses and liabilities relative to its income and equity. M/C cooperatives generally had mixed results regarding solvency. While large cooperatives that merged with IOFs were more solvent than those merging with other cooperatives, mid-sized cooperatives merging with other cooperatives were more financially stable than those that merged with IOFs.

Are best co-ops cherry-picked?

A common perception is that the most promising cooperatives are quickly purchased by IOFs. This study refutes that belief in two ways.

First, while both groups of cooperatives were in poor financial health, those that merged with other cooperatives outperformed those that merged with IOFs. Table 3 reveals that for large cooperatives, those that merged with other cooperatives outperformed those that merged with IOFs in 8 of 13 indicators. Medium-sized cooperatives that merged with other cooperatives outperformed their counterparts that merged with IOFs in 9 of 13 indicators. In other words, cooperatives that merged with other cooperatives were generally more profitable, liquid, efficient and solvent than those that merged with IOFs.

Second, a very broad measure of financial health was given to the 330 cooperatives that went out of business and their merging partners. Firms that performed no worse than 90 percent of the benchmark level for at least six of the 13 indicators were considered healthy. Firms that failed to achieve the 90 percent performance level for seven or more indicators were considered in poor financial health.

Table 4 summarizes the financial health of the 330 M/C cooperatives and their partners. Sixty-five percent (82 of 126) of mergers that occurred among large cooperatives during 1993-97 involved two firms in poor financial health. Thirty-one percent (39) of the mergers occurred among a healthy and a not-so-healthy firm. And only 4 percent (5) of all large cooperative mergers during that period involved two healthy firms.

While a slightly larger percentage of medium-sized cooperative mergers (38 percent, or 63 of 204) involved at least one healthy firm, the implication remains the same for both groups. For the most part, cooperatives that went out of business during 1993-97 were performing poorly, or at least not as well as their surviving neighbors. In most categories, whether the average M/C cooperative was involved with a cooperative or becoming part of an IOF, its financial indicators were weaker than national averages and well short of benchmark values.

When a cooperative went out of business, it was in poor financial condition. To become part of another business — whether as a cooperative or an IOF – the co-op tended to accept the terms offered by its benefactor, not to dictate the terms. Few, if any, negotiations were carried on by these cooperatives from a position of strength.

Roughly two-fifths of the 291 cooperatives that stayed in the “cooperative family” were financially sound. However, of the 22 cooperatives that merged with or were acquired by an IOF, there was only one solid performer. So, if we look at the best among a group of relatively weaker cooperatives and ask if they were “cherry picked” or “stayed in the family,” the answer is that they stayed. Of the 121 available “cherry” cooperatives that went out of business during the period, only one was “picked” by an IOF.

Predicting mergers and acquisitions

USDA wanted to know if a grain cooperative’s financial health is able to say something about how likely it is to merge with, or be acquired by, another firm. An economic model was constructed to evaluate the likelihood of a...
grain cooperative going out of business in the near term, given its financial performance record.

Each of the 14 financial ratios listed was used as a predictor to determine which variables, if any, could do a better job than the rest of predicting a cooperative’s failure. A three-variable “best fit” was selected from among the 14 ratios using a special statistical procedure (RBS Research Report 180 provides specific details).

The odds of large grain cooperatives going out of business were most successfully predicted by the three ratios: return-to-total assets (−), expenses-to-sales (+), and labor-to-income (+). The “minus” sign after the “return-to-total assets” variable indicates that the likelihood of a cooperative going out of business increases as return-to-total-assets decreases. The results also show that it’s more likely a cooperative will go out of business as the value of expenses-to-sales and labor-to-income increase, hence the “plus” signs after those variables.

The fact that out of all 13 variables, these three were selected as having the most power for predicting which large grain cooperatives will go out of business says a lot about the challenges that confront remaining cooperatives. That one variable indicates profitability and the other two efficiency speaks to the relentless marked pressure in which

Table 3 — Financial Indicators: National Means and “Out of Business” Co-ops, By Size and Type, 5-year Means With Benchmark

<table>
<thead>
<tr>
<th></th>
<th>Total Sales of $15 million or greater</th>
<th></th>
<th>Total Sales between $5 and $15 million</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>National In Business Average</td>
<td>Out of Business - to a Cooperative</td>
<td>Out of Business - to an IOF</td>
<td>Benchmark</td>
</tr>
<tr>
<td><strong>Profitability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return to Total Assets</td>
<td>0.08</td>
<td>0.01</td>
<td>(0.03)</td>
<td>0.08</td>
</tr>
<tr>
<td>Return to Fixed Assets</td>
<td>0.27</td>
<td>0.02</td>
<td>(0.01)</td>
<td>0.30</td>
</tr>
<tr>
<td>Return to Equity</td>
<td>0.16</td>
<td>0.01</td>
<td>(0.06)</td>
<td>0.10</td>
</tr>
<tr>
<td>Local Return to Local Assets</td>
<td>0.07</td>
<td>(0.02)</td>
<td>(0.04)</td>
<td>0.03</td>
</tr>
<tr>
<td><strong>Liquidity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1.32</td>
<td>1.16</td>
<td>1.37</td>
<td>1.50</td>
</tr>
<tr>
<td>Quick Ratio</td>
<td>0.68</td>
<td>0.47</td>
<td>1.05</td>
<td>0.80</td>
</tr>
<tr>
<td>Working Capital to Sales</td>
<td>0.04</td>
<td>0.03</td>
<td>0.05</td>
<td>0.07</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td>0.08</td>
<td>0.08</td>
<td>0.10</td>
<td>0.10</td>
</tr>
<tr>
<td>Labor to Income</td>
<td>0.37</td>
<td>0.38</td>
<td>0.32</td>
<td>0.35</td>
</tr>
<tr>
<td>Farm Supply Sales to Inventory</td>
<td>8</td>
<td>12</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td><strong>Solvency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Times Interest Earned</td>
<td>3.84</td>
<td>0.15</td>
<td>0.91</td>
<td>3.00</td>
</tr>
<tr>
<td>Total Liabilities to Total Assets</td>
<td>0.45</td>
<td>0.47</td>
<td>0.32</td>
<td>0.50</td>
</tr>
<tr>
<td>LT Liabilities to Equity</td>
<td>1.17</td>
<td>1.32</td>
<td>0.95</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Negative values are in parentheses.
* Value rounded to zero (0).
survival hinges on paper-thin profit margins. Managers are faced with seemingly impossible goals: making every asset a source of revenue while simultaneously reducing operating costs. The bigger challenge still is to remain in the game as every player gets bigger and more competitive.

This analysis suggests that merger targets among large grain cooperatives are likely to have the following financial characteristics: a local return-to-total-assets of less than 2 percent, expenses-to-sales approaching 10 percent, and return-to-fixed assets of significantly less than the 30-percent benchmark (18 percent or less). Under these circumstances, another 60 medium-sized cooperatives are likely targets for consolidation in 2000.

To survive, large cooperatives need to be profitable and efficient, with an emphasis on efficiency, while medium-sized co-ops need to be efficient and profitable, with an emphasis on profitability. And — even more importantly — what does “survival” mean for grain cooperatives in the context of agriculture’s widespread economic restructuring? Perhaps what has been learned about M/C cooperatives will provide some important keys to the challenges that lie ahead.

Consolidation implications

Even the most cursory look at the M/C cooperatives during the 1993-97 period suggests two predominant patterns: cooperatives in poor financial health seeking a partner to avoid bankruptcy; or, strong cooperatives seeking out stronger partners and/or expanding internally to position themselves strategically for the future.

In regard to both patterns, historians looking back on the late 1990s may very easily conclude that the “farm” crisis of two decades earlier simply “moved further up the food chain.” Any smaller farms were “shaken out” of the industry in the past generation. Now, even among the largest players remaining in agriculture, there is near universal agreement that “only the lowest cost operations will remain.”

The buildup of surpluses and declining export demand have driven prices to their lowest levels in decades. Expectations for their recovery are equally as bleak. What was once a cost-price squeeze may now be likened to a hammer and anvil.

Paper-thin profit margins and low expectations are forcing grain cooperatives, and the rest of agriculture, to lower operating costs. That means a firm must grow in size so as to spread operating costs over a larger business volume to gain “scale economies.”

A merger with another cooperative is often perceived as a way of gaining a step on the economic treadmill. By acquiring additional assets (such as storage facilities, unit-train loadout

### USDA seeking more accounts of co-op mergers and closures

Is there a story to tell about a cooperative you worked for, or were a member of, which has merged, consolidated, went bankrupt or for some other reason ceased to operate as an independent business? USDA is developing a historical account of “consolidation in the heartland” and would like to add your story to the record.

Tell us briefly about your cooperative’s activities along with the circumstances that led to the merger, consolidation or other action taken. Your note should also tell us what has happened to the membership and the community since the co-op ceased operations as an independent business. We will treat your information confidentially, if you so advise us.

Send your story (or questions) to the author of this article by e-mail: anthony.crooks@usda.gov, or by regular mail to: USDA/RBS, “Cooperative Consolidation,” Stop 3252, Washington, D.C. 20250-3252. If you don’t have time to write out your account but would be willing to be interviewed, we would still like to hear from you. Send a phone number where you can be contacted.
meeting the quality specifications; the absolute minimum, subject to c) that the associated risks are managed within acceptable levels.

Supplies chain integration — long a fact of life in the poultry/broiler industry and becoming one in the pork industry — is now underway in the grain industry. The grain delivery system is not quite as complete as in the poultry/broiler industry. A handful of firms have yet to completely dominate seed development, production, processing and marketing with every coordinated step up and down the chain.

However, in recent years, we witnessed the harvest and marketing of herbicide-tolerant corn and soybeans. The so-called “Roundup®-ready” varieties are just the first of many crops derived from seed stock that was modified at the genetic level to garner specific properties. Moreover, we also watched several alliances of seed corporations with pharmaceutical firms formed with the specific interest of developing genetically modified seed stock. And, while both international and domestic markets have proved to be less than enthusiastic for genetically modified corn and soybeans — at least during the 1999-2000 marketing year — continued progress in bioengineering is expected.

In short, the best available genetics were combined with the best (i.e., most profitable) production processes to deliver products intended to meet the needs of an increasingly discriminating consumer.

**The final choice**

As the marketing chain structure dominates the grain industry, both cooperatives and their producer members are faced with a straightforward choice: build new partnerships or be left behind. Survivors in the poultry and pork industries successfully adjusted to a shift in emphasis from “commodity marketing” to “product delivery.” For producers and cooperatives in the grain industry, this will mean realignment to become an “integrator” themselves, such as Dakota Growers Pasta Cooperative of Carrington, N.D., or, at the very least, a reliable supplier to a cooperative integrator, for example, producers with membership delivery rights of corn for Golden Oval layers in Renville, Minn.

**Table 4 — Financial Health of Out of Business Co-ops and Their Partners: National, Regional, and Reason, by Size and Relative Condition**

<table>
<thead>
<tr>
<th>Out of Business Cooperatives</th>
<th>Total Sales of $15 million or greater</th>
<th>Total Sales between $5 and $15 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>Both Poor 82</td>
<td>Both Healthy 126</td>
</tr>
<tr>
<td>Corn Belt</td>
<td>Both Poor 60</td>
<td>Both Healthy 102</td>
</tr>
<tr>
<td>Southern Plains</td>
<td>Both Poor 6</td>
<td>Both Healthy 8</td>
</tr>
<tr>
<td>Northern Plains</td>
<td>Both Poor 15</td>
<td>Both Healthy 15</td>
</tr>
<tr>
<td>Pacific Northwest</td>
<td>Both Poor 1</td>
<td>Both Healthy 1</td>
</tr>
</tbody>
</table>

By Reason:

- Merged w/ Co-op 46
- Acquired by Co-op 19
- Consolidated w/ Co-op 10
- Merged w/ IOF 4
- Acquired by IOF 5
- Bankruptcy 4
- Unknown Reason 4

Facilities, etc.) relatively cheap, by combining two sales forces or accounting departments and other consolidation measures, firms hope the benefits of size will help them to structure their operating costs a notch lower.

This cost-saving behavior among two or more firms at the same level, or “link,” along the supply chain is characterized by economists as horizontal integration. Vertical integration, on the other hand, involves the forward or backward linking of two or more firms at different levels of the supply chain.

Wile supply chain integration is not a new event in agriculture, its increasing pervasiveness in recent years is prominent.

A supply chain is formed when one firm — usually a significantly dominant player or “integrator” — works to control (contractually or through ownership) the activities of firms (groups of firms) at each level of the production process, up to and including delivery to the consumer. These chains seek control.

Integrators assume command of the production and delivery process to assure themselves: a) that product quality meets their customers’ specific needs; b) that costs are driven to the absolute minimum, subject to meeting the quality specifications; and c) that the associated risks are managed within acceptable levels.

**References**


By James J. Wadsworth
Program Leader, Education and Member Relations
USDA Rural Development

Editor's note: This article is excerpted from a forthcoming report, CIR 58 “Assessing Performance and Needs of Cooperative Boards of Directors.” The report includes three board assessment exercises: (1) Director’s self-assessment, (2) Full board performance assessment, and (3) Board meeting productivity assessment. This article discusses the first—director assessment; a subsequent article to appear in a future issue of this magazine will discuss the latter two assessments.

A common concern among cooperatives is the need to enhance or improve the relationship between management and the board. This does not necessarily imply that there are pervasive problems among the relationships of these cooperative leaders. But it does indicate that, at times, issues arise between managers and directors that may be detrimental or disruptive to smooth governance and management of cooperatives.

Managers and directors have distinct responsibilities. While managers are hired with the qualifications to run the cooperative and meet their many responsibilities, directors come from diverse backgrounds and experience levels. Many directors find their many responsibilities challenging. They are not often fully trained or completely able to perform the many duties required when elected to the board. A learning curve is involved, and gaining necessary experience and skills takes time for directors. Differences in experience levels, ability and points of reference between directors and management sometime create instances of misunderstanding or conflict that may lead to weakened relationships.

Director assessment can help bridge such differences by providing a means for directors to enhance their abilities and better understand their distinct role in the cooperative. Assessments allow directors to visit both the vastness of their responsibilities and the limits imposed. They provide building blocks for more productive relationships between directors and their hired management.

Director assessment can be a very useful tool for all directors. Directors who lack experience and ability can lessen the time needed to gain the pertinent knowledge and skills for being an effective director by completing a self-assessment and then diligently working on areas that need improvement. And experienced directors, who certainly can use improvement in some areas, can accurately pinpoint weaknesses to address. Assessment makes this process easier through a plan specifically tailored to address identified weaknesses.

Knowledgeable, skilled directors better understand their roles and are better able to effectively serve. These directors are more likely to have a professional and productive relationship with management and other directors.

Related responsibilities
Assessment should correspond to directors’ distinct responsibilities and duties. To set the stage for assessment, let’s review some often-cited director responsibilities/duties (from Donald A. Frederick, Co-ops 101: An Introduction to Cooperatives, RBS Cooperative Information Report 55).

Working as a group, directors have the responsibility of setting the policies and objectives for the cooperative, and making decisions that set the course the cooperative will follow to achieve those objectives. More specifically, directors:

- Hire a competent manager, determine the salary, outline duties and authority of the position and formally review his/her performance at least annually;
- Adopt broad, general policies to guide the manager;
- Develop and adopt short-
long-range business strategies;
• Require written monthly financial
reports and operating statements
for board meetings to be informed
of adverse as well as favorable
operations;
• Direct the manager to prepare,
before the close of each year, an
operating budget for the next fiscal
year for board approval;
• Employ a qualified auditor to make
an independent audit at least once
each year;
• With the aid of the manager, plan
and conduct the annual meeting to
keep membership informed about the
status of their business, including
operations, finances and policies;
• Determine the boundaries of dis-
tricts, divisions, locations of opera-
tions offices, etc.;
• Establishing appropriate election
and voting procedures to
maintain proper representation of
members, including filling
vacancies on the board or any
other corporate body, commit-
tee, or organization that results
from resignation, death, dis-
qualification, etc.;
• Making decisions about the
proper relationship with other
farmer cooperatives and farm
organizations;
• Making decisions about corpo-
rates membership in other
organizations, associations and
federations;
• Establishing the responsibilities
duties assigned to
individual division boards and
the individual committees;
• Establishing basic policies with
regard to legislative or adminis-
trative decisions on local,
state, national and international lev-
els that affect the welfare of the
member-producer.

Directors should not expect to
receive special favors from the manager
or employees and a director does not:
• Act independently on matters that
should be decided by the entire
board;
• Represent special interests, factions,
or political entities.

These are some of the major
responsibilities of most cooperative
directors. To carry them out, direc-
tors conduct a host of actions as indi-
viduals, as a group during board
meetings and in other membership
meetings. They are required to learn
and carry themselves as directors,
conducting necessary tasks and func-
tions. They must be competent, dili-
gent and active. They use the cooper-
ative and lead it. They need to have
an in-depth understanding and
knowledge of cooperatives and asso-
ciated issues.

Areas and items to assess

Simply asking directors if they are
able to meet a defined responsibility
is too general a question. So, an
assessment should include a series of
specific statements under several key
areas. Director responsibilities and
duties can be broken down into a
smaller number of significant knowl-
dge and ability areas such as: man-
gerial skills, finance, policies and
planning, member relations, board
operations, leadership and personal
competence. In an assessment, direc-
tors determine what areas, or parts of
areas, they need to improve.

An assessment is not a complicated
eexercise. Directors simply react to a
series of items or statements associated
with each key area to clarify where
they have ability and where they need
improvement. For example, a number
of items (gleaned from work from
H arold E . C hapman’s “T he C ontem-
porary D irector: A H andbook for
E lected O fficials of C o-operators,
C redit U nions, and O ther O rganiza-
tions,” Saskatchewan Cooperative Col-
lege of Canada, 1986) are identified
here under the “seven knowledge/abil-
ity areas.” These areas and statements
are directly associated with various
director responsibilities and duties.

Managerial Skills
• I am able to help establish the job
description for the general manager,
including the specific duties and
responsibilities;
• I am able to participate in the
recruitment, selection and hiring of
a general manager;
• I am able to participate in a perfor-
manence review and appraisal of the
general manager;
• I am able to participate in establish-
ing the compensation for the general
manager.
Finance
- I am able to define financial objectives and develop policies to guide capital and operational financial decisions;
- I am able to analyze and approve capital expenditure plans;
- I am able to interpret the cooperative's financial statements and to assess the viability of the cooperative;
- I am able to understand financial ratios and analyze trends;
- I am able to analyze budget proposals and approve the annual budget;
- I am able to analyze proposals and participate in discussions on major financial matters;
- I am able to compare actual financial performance to the budget;
- I am able to analyze and participate in decisions involving the distribution of net savings or losses;
- I am able to understand and analyze the cooperative's financial investments;
- I am able to explain the cooperative's financial position to others when required;
- I am able to explain the cooperative's equity redemption program to members;
- I am able to analyze equity redemption requests and establish equity redemption policy.

Policies/Planning
- I am able to help establish objectives and policies for operations and services of the cooperative;
- I am able to appraise the adequacy of operations and services of the cooperative;
- I am able to understand feasibility studies and analyze proposed changes and their implications for long-term operations and member-service;
- I am able to analyze and approve annual plans for services, operations and facilities;
- I understand the cooperative's planning system and am able to actively participate in the process;
- I am able to develop objectives in line with member needs and the cooperative's resource base and operations;
- I am able to take part in brainstorming sessions and provide ideas/strategies relevant to the cooperative's objectives;
- I am able to evaluate the effectiveness of the cooperative's performance against its plans.

Member Relations
- I am able to analyze proposals and approve a program and budget for member and public relations in the cooperative;
- I am able to evaluate the effectiveness of the member relations program;
- I am able to communicate well with members;
- I am able to represent the cooperative at public functions when requested;
- I am able to receive ideas and expressions of concern from members and to initiate appropriate action on their behalf;
- I am able to analyze and approve objectives, policies and strategies for maintaining effective relations with the public, other cooperatives and government agencies;
- I am able to assist in planning the annual meeting program to maximize member involvement and input;
- I am able to encourage members to attend annual and other meetings of the cooperative;
- I am able to analyze and make decisions on applications for membership;
- I understand the cooperative's operating territory and membership districts and boundaries.

Board Operations
- I am able to work well with other directors and the management team;
- I fully understand the procedures for appointing officers and take an active part;
- I am able to plan, prepare and articulate my thoughts to maximize group participation in board decisions;
- I am able to participate as a member of a committee and chair it, if required;
- I am able to effectively communicate my opinions and feelings to the board;
- I am able to take part in all important board discussions, fully representing my member constituents;
- I am able to analyze and recommend appropriate per diem, travel and sustenance allowances for directors.

Leadership
- I am able to inform others of the history, values, principles, organization and functioning of the cooperative;
- I am able to actively support and promote cooperative activity in the community;
- I actively patronize the cooperative and display active cooperative membership;
- I understand the cooperative's system of governance;
- I fully understand the qualifications for board leadership positions;
- I keep attuned to agricultural, business and environmental issues and work to be knowledgeable in all concerns effecting the cooperative;
- I take my role of director seriously and work to improve my performance;
- I do my best to help my fellow direc-
Evaluating statements on an individual basis is the first part of assessment. Following evaluation, directors review and identify those statements to which they did not assess a “yes.” Then they should provide input on how they might improve some of their self-diagnosed weaknesses.

Individual cooperative boards may wish to re-word some of these statements, add others or subtract some to better fit their unique circumstances. The idea is to create an exercise that will effectively evaluate directors, given their distinct associated responsibilities and duties to their cooperative.

Develop training, track progress
The major goal behind director assessment is not merely to pinpoint individual weaknesses, but to find ways that directors can improve their ability and performance — to be better directors. The theme for improvement is simple. Cooperative boards need to proactively identify weaknesses to find and to implement appropriate methods for correction. They need to seek necessary resources and take advantage of materials, programs, classes, workshops, seminars, conferences and other educational activities.

Informal training may be all that’s needed. Simply providing the directors with pertinent reading materials or some type of individual or group tutoring may make some improvements. Directors can also help each other.

Experienced, effective directors can be valuable resources for some types of training. Management may also participate in tutoring certain areas.

Tutors are available from a variety of sources. Professionals, state departments of agriculture and governmental agencies such as USDA and university personnel also become involved. Cooperative-related institutions also hold other classes, conferences and seminars.

The board of directors should consider discussing some of the major weaknesses identified from the self-assessments to surface ideas on best methods for developing improvement programs. Sometimes a single program can alleviate a problem area identified by a number of directors.

Once training has been developed and implemented, it is important that the board track past director needs and the types of training used. Such information will be useful for future assessments and training programs.

Director assessment should be an ongoing process. Director assessments need to be completed and then actively monitored. Assessments should be active instruments by which progress is regularly checked during the course of a director’s tenure. Directors should review their assessments on a regular basis. Most directors will be able to clearly see where they’ve made progress or need further improvement. However, a director should feel free to take a new self-assessment at any time. Learning to be a competent director with a professional and productive relationship with management is a continuing process — which is the goal of self-assessment.
Cooperative Agro Pastorale Segbeya

African swine-raising cooperative struggles to survive and prosper

By Azanmasso Joseph and Steven Graham

Editor's note: Joseph is president of Cooperative Agro Pastorale Segbeya; he met Graham when both worked with the Peace Corps in West Africa in the 1970s; Graham was administrator of the Kansas Wheat Commission from 1980-95, and has since then served as assistant to the dean and director of agriculture at Kansas State University.

The “Cooperative Agro Pastorale Segbeya” was started in 1994 by swine producers in Benin, West Africa. The co-op faces many challenges to develop and grow, not unlike many facing cooperatives in the United States.

Benin is slightly smaller than Pennsylvania, with a population of 6.3 million. It is located west of Nigeria and east of Togo. As a former French colony, the country’s official language is French, but there are eight major tribal languages spoken within its borders.

Benin is primarily an agricultural country, producing ample fruits, vegetables, peanuts, corn, cotton, and livestock for its own use plus limited export. The southern half of Benin receives rain in two periods each year, and thus two growing seasons. The northern half is drier and only has one growing season. Commodity exports from Benin include cotton, crude oil, palm products, and cocoa.

The population in the southern half of Benin is more affluent than in the north, and one of the meats consumed in large quantity is pork, especially in the County of Toffo in the Atlantique Province, or Department of South Central Benin. Other preferred meats are poultry, fish and beef. This rich agricultural region is located just north and west of Cotonou, the country’s most populous city.

Subsistence farmers

Agriculture in Benin is primarily of the subsistence-type, with the exception of a few palm or fruit tree plantations. Farmers usually clear a couple acres and plant a mixture of tall and short crops on the land for a few years. That land is then allowed to go fallow and another piece of land is cleared. Livestock is primarily allowed to range free and forage for whatever food can be found. Beninese producers do not talk in terms of production days for livestock but rather in terms of months or years.

A rudimentary Agricultural Extension Service exists and provides the very slimmest of technical information and assistance. The assistance available depends greatly upon the knowledge base of the local extension agent and whether the agent is reaching out to the producers through meetings in their local villages.

There is no system of banks or organizations providing credit to the subsistence farmers who might want to try some new type of crop or livestock production system. Money is transferred to local villages through the many Post, Telegraph & Telephone offices (PTT) throughout the country. If people receive checks from overseas and do not live in one of the few cities in Benin and have a bank account, they will not be able to cash those checks. Instead, they must receive their money in the form of international postal money orders, which can be cashed at their local PTT.

Many roadblocks slow progress

Small producers wanting to try new ideas which cost money face a very difficult situation. Either they need to band together and form a cooperative or find some backer with money.

Those wanting to form a cooperative in Benin discover many of the same roadblocks as in the United States. For example, previous cooperatives that have failed reduce chances for new ones to begin. There are also issues such as finding the right mix of farmers to join, deciding on a reasonable and attainable business plan, and determining how to direct and manage the cooperative to a profitable position.

Even when producers form a cooperative, they have great difficulty convincing authorities to take the group seriously and provide technical or financial assistance. The following story is about a cooperative in Benin, West Africa, that faced the difficulties and has continued to operate.

Editor's note: The following portion of this article is told in the words of the cooperative’s president, Azanmasso Menai Joseph, translated from French.

Genesis of the co-op

“Realizing the affluence of the population in the neighboring Oueme Province for the purchase of pork and the great consumption by the popula-
tion in the Atlantique Province, especially by persons of Toffo County and, in particular, the Community of Ouagbo, I had an idea. On April 11, 1994, I invited 10 farmers to come together and create a cooperative for the purpose of producing swine. Seven of the invited farmers responded favorably and created a cooperative: the Cooperative Agro Pastorale Segbeya—which, to this day, is working together as a cooperative and a team.

“With our own resources, we bought a piece of land and paid for the construction of a new semi-confined hog operation, including a building and walled lot. It opened on June 1994.

“Through the life experiences of each cooperator and using whatever technical, financial and human measures and methods possible, the cooperative hoped to create a more modern and rational system of producing swine in the community of Ouagbo.

“The cooperative’s objectives were to: 1) Satisfy the demands of the local population for pork meat; and 2) Provide reasonable income to the cooperators who initiated the cooperative.

“In addition, we wanted to pull from this experience the lessons that would permit us to aid other farmers who might want to abandon the traditional ways of raising swine and become more self-sufficient in the production of animal protein in Toffo County and our community of Ouagbo.

**Goals of the Cooperative**

“The overall goal of the Cooperative Agro Pastorale Segbeya is to change the traditional system of raising swine in the County of Toffo and, in particular, in the community of Ouagbo, by developing a new swine-raising system that mixes a local breed of swine with an imported breed. The cooperative raises crossbred swine, using imported males and local females.

**Co-op’s accomplishments**

“Based on the planned objectives and purposes for the cooperative, the results have been positive, though income did not increase as much as desired because three-fourths of the annual receipts are destined to pay for the animal feed and the veterinary services. Therefore, we decided to buy one hectare of land to cultivate and raise food for the swine. We received a gift of money from Steven and Cheri Graham to buy the land. I had worked with Mr. Graham when he was a Peace Corps volunteer in my country from 1974-76, and we have stayed in contact over the years since he left.

“From 1994 when the cooperative started, until November 1997, more than 75 head were in our production system. But in November 1997, a disease killed many swine in Benin. The cooperative faced great losses and big difficulties. Previous receipts were used to take care of the remaining swine, but the government was eventually forced to order all swine killed to stop the spread of the disease.

“We were finally allowed to restart production in 1999. The government imported swine, which we were required to purchase, and authorized our new efforts. We purchased three females and one male. The females have now had one litter apiece.

**Future Plans**

“Despite all the difficulties, we still have the desire and the will to succeed in livestock rearing. We hope to add another animal to our mix and spread the risk. Also, we would like to purchase more farmland to use in producing feed for the animals. We investigated what it would take to raise chickens, fish or agouti, a local, raccoon-sized, wild animal that is considered a delicacy.

“We thank those who have assisted us over the years for the opportunity to work together as the Cooperative Agro Pastorale Segbeya. We appreciate the opportunity to share our story with friends in other parts of the world. May God bless us all.”

Readers with suggestions that could help farmers’ organizations in Benin or other West African nations can contact Steven Graham at: 1603 Little Kitten Avenue, Manhattan, KS 66503-7543. His phone number is 785-532-5729 and his e-mail is steveng@ksu.edu.
Glenn Webb

Former Board Chairman and President GROWMARK, Bloomington, Ill.

Personal, farm and education: O. Glenn Webb and his wife, Phyllis, have raised three children on a fruit and cattle operation. He earned a bachelor’s degree in agriculture from the University of Illinois in 1957. Webb went on to earn a master’s degree and a Ph.D. in education administration from Southern Illinois University.

Co-op service: At age 25, this Tunnel Hill, Ill., native was elected to the Fruit Belt Service Co. board to fill the seat vacated by his father Ray, who was retiring from the board. Over the next 38 years, Webb served on the boards of FS Services Inc. and then the Illinois Grain Corp. before becoming FS Services board secretary and then its vice president. In 1980, when GROWMARK was formed through the merger of FS Services and Illinois Grain Corporation, Webb was elected board chairman and president. He retired from that post at the end of the cooperative’s 2000 annual meeting on Aug. 31.

Other leadership posts: Webb has served on the boards of CoBank, Federal Farm Credit Banks Funding Corp., Archer Daniels Midland, ADM/GROWMARK, CF Industries, Graduate Institute of Cooperative Leadership, Illinois Agricultural Leadership Foundation, National Forum on NonPoint Source Pollution and the American Institute of Cooperatives. “I hope to continue to stay involved for a while in the Farm Credit system, maybe serve on the ADM corporate board for awhile. And, of course, be involved in the community here and in the church. It will just be a different balance. I am fully aware there are so many things to do that I certainly don’t plan to pull up a rocking chair and be a spectator as the world goes by.”

Co-op honors: Webb was named National Cooperative Statesman in 1988. In April 2000, he was inducted into the Cooperative Hall of Fame.

Why such a commitment to education? “I think it’s unfair to a director to be elected, to come on board for what, today, are multi-million-dollar companies and not provide for that director some level of education, some level of training that helps them understand their role better and gives them more confidence in terms of doing the job that shareholders expect of them.”

What legacy do you leave behind at GROWMARK? “I hope I’ve left the impression and developed the culture that we’re not afraid to take action because we’re afraid we’re going to make a mistake. I think you just like to think that, after you’ve left a leadership role, people would reflect back and say, ‘Yeah, that leadership was responsible. That leadership was forward-thinking. That leadership was genuine. That it was sincere. ’ I think those are some of the things I would hope would be viewed as my impact here.

“I believe that GROWMARK is at a time in which we need to continue to have sustained, strong leadership. I feel very good about the quality of that leadership that’s on the board of directors of GROWMARK at the present time, and those who will come on. So I don’t have any concerns about any vacuum of leadership on the GROWMARK board. It’s there. Very top quality people there. I just felt it was probably the right time for me and the right time for GROWMARK, and probably the latter more so than the former.”

What has been the strength of GROWMARK? “I think the greatest strength we have is the cohesion of the members in the system. Our vision statement discusses how we want to be the best cooperative system in North America. I think the key word is system, and I think the strength has been that we’ve acted as a system. Now, have we always done that? No. But have we done it to the extent that it’s given us great strength? Yes. And I am encouraged that that will continue to be a strength of the GROWMARK system. If we lose that inter-dependence of one cooperative member with the other in the GROWMARK system, and the inter-dependence between those member cooperatives and GROWMARK, then I think we would have lost a tremendous element of our past success and a potential for the future.”
Nation's largest local co-op to reorganize

Problems associated with rapid growth through consolidations and mergers during the past decade have forced Farmers Cooperative Association (FCA) – the largest cooperative in Kansas and probably the largest local co-op in the country – into Chapter 11 bankruptcy. However, the co-op’s continued operation has been assured by a federal judge.

FCA, based in Lawrence, Kan., filed its reorganization plan with the U.S. Bankruptcy Court Judge John Flanagan in Kansas City, Kan. Contributing to the co-op’s financial problems were the depressed agricultural economy, dwindling federal subsidies, elimination of crop-storage programs and declining sales. The co-op’s sales totaled $76.2 million in 1997, $62.7 million in 1999, and will drop further for 2000.

CoBank — the co-op’s largest creditor, holding $10 million of the co-op’s $20 million in debt — appointed Don Dumler as FCA chief operating officer and president after his predecessor was dismissed in June. Dumler said the cooperative already has sold some of its facilities and will eliminate or transfer some of its 130 employees.

At one point, the cooperative had to stop buying grain for lack of money to pay for it. But limited purchases from FCA’s 3,500 members in northeastern Kansas have resumed, to the extent that cash has been available. The co-op reported having 3.5 million bushels of grain in storage and $30 million in assets. Reorganization is expected to take months to accomplish.

Gold Kist offers skillet meals

Gold-Kist, an Atlanta-based poultry processing cooperative, has introduced a new line of “Dish in a Dash” skillet meals. The fully cooked dinners feature all-natural chicken with vegetables, gourmet sauce and rice or pasta. “The nutritious, single-step dinners are convenient meal solutions that today’s consumer demands,” says John Bekkers, Gold Kist president and chief operating officer. The dual servings in a 24-ounce bag can be prepared in minutes in a skillet or microwave.

Sugarbeet co-op eyes purchase of Western Sugar

Rocky Mountain Sugar Growers is pursuing the purchase of six Western Sugar plants. Rocky Mountain Sugar Growers is a subsidiary of Tate and Lyle LLC, an English firm that purchased the plants in 1980 from the holdings of the bankrupt Great Western Sugar Co.

RM SG C growers say with sugar prices depressed this year, they hope owning the plants that process their crop will help them farm more profitably. “This is a pretty bad time for us,” Frank Eckhardt of La Salle, Colo, told the Denver Post. “Prices are down, and we’re looking at some way to help ourselves,” added Eckhardt, treasurer of the Colorado Sugarbeet Growers Association. The purchase plan hinges on the co-op obtaining financing and getting enough crop delivery commitments from growers to keep the plants operating at near capacity.

The co-op will have to find bank financing for about $52 million, with grower members investing the remaining $26 million, based on payments of $180 per acre.

Western Sugar currently has 185,000 acres of sugarbeets under contract in four states and 600 employees. About 1,000 family farms are represented in the five participating beet-grower groups in Nebraska, Wyoming, Colorado and Montana who plan to conclude the sale within six months, pending financing and grower investment.

The plan mirrors an earlier cooperative effort to buy Great Western Sugar in 1973. That plan failed amid
opposition from North Platte Valley growers. Great Western was forced to seek bankruptcy protection in 1985. Sugar beet prices have plummeted since December 1999 due to over-production.

**Fremont Co-op joins AMPI**

Members of southern Minnesota's Fremont Cooperative voted to merge with Associated Milk Producers Inc. (AMPI), New Ulm, Minn. The merger added about 30 million pounds of milk produced by 40 farmers to AMPI's 5.1 billion pounds of milk produced by 5,000 members.

Dan Olson, Fremont board chairman, said the merger resulted from changes in the dairy industry. A dairy producer from Lewiston, Minn., Olson said his cooperative had been serving farmers for nearly 10 years. "AMPI will provide a stable market for our milk, member services, and secure our cooperative's equity," he said. Milk from Fremont will be shipped to AMPI's manufacturing plant at Rochester, Minn. Last October, Glencoe (Minn.) Butter & Produce Association merged with AMPI.

Meanwhile, AMPI broke ground for a $3 million expansion of its cheese cutting, wrapping and processing operation at Portage, Wis. When completed next spring, it will increase the plant's cooler pallet capacity by 85 percent and add 25,000 square feet to the facility. Each month the Portage plant converts about 13 million pounds of bulk cheese into processed cheese loaves, cheese slices, shredded cheese and natural cuts.

**Youngdahl new CEO at Blue Diamond**

The board of directors at Sacramento-based Blue Diamond Growers has chosen Doug Youngdahl as its seventh president. He will assume responsibilities Feb. 1, 2001, when current President Walt Payne retires from the 90-year-old California almond marketing cooperative.

Youngdahl has been with the cooperative since 1997. He said he is "committed to making Blue Diamond the world's premier tree-nut company in terms of growth and return on investment to our growers." Currently, Youngdahl is director of the Americas Industrial Business and served on the Almond Board of California. The new executive was expected to discuss his plans for the cooperative with members attending their 90th annual meeting November 30.

**Michigan blueberry co-op launches venture with Chile**

MBG Marketing, a berry marketing cooperative in Grand Rapids, Mich., is joining with Hortifruit, Chile's largest berry grower, in a new joint venture. MBG and Hortifruit have formed a new fresh marketing venture called Global Berry Farm LLC. It will supply berry markets around the world. Global Berry will exclusively represent growers from the United States, Chile, Mexico and Guatemala. The firm will be based at Naples, Fla., and market fresh blueberries, raspberries, blackberries, strawberries, and golden raspberries under both companies' existing labels. Requested photo or logo

**Agri-Mark opens whey plant**

"Our goal is to squeeze every drop of profit from every drop of milk we market for our farmer-owners," stressed Paul Johnson, Agri-Mark's president and chief executive officer, during the October grand opening of the cooperative's $20 million whey processing plant at Middlebury, Vt. The facility is adjacent to the largest of the cooperative's two cheddar cheese plants.

The cooperative has been scrambling for whey markets ever since Vermont Whey closed its plant two years ago. "Rather than paying to dispose of cheese whey, we are now producing valuable whey protein isolates that will add profits in years to come," said Carl Peterson, Agri-Mark's chairman from Delano, N.Y.

Growing Cabot cheese sales is forcing Agri-Mark to operate its cheese production plants six or seven days a week. With more cheese production comes more whey, the natural byproduct of the cheesemaking process. So the cooperative signed an agreement with Century Foods International, Sparta, Wis., which will purchase and market all the whey proteins and de-proteinated whey powders Agri-Mark can produce. Century Foods is the largest manufacturer and distributor of whey-based products in the United States. It also markets products in more than 46 foreign countries.

**Minn. canola co-op looks to Mexican market**

Equipped with a small plastic bag containing some seed meal, Art Brandli, a farmer from Warrod, Minn., recently joined several dozen Minnesota businessmen on a trade mission to Mexico. During a stop at a Guadalajara egg pro-
cessing plant, Brandli, chairman of FarmCo connect, a new M innesota service cooperative, heard canola mentioned. Out popped his plastic bag containing a seed sample so his hosts could see how productive their chickens would be dining on northern M innesota canola meal.

It was a perfect meeting for both the farmer and his new cooperative. The M exican egg plant manager asked if Brandli could supply 2,000 metric tons per month throughout the year. Brandli handed him his business card and told him that FarmCo connect members should be able to grow and ship product that would meet the processor’s specifications.

The trade mission was headed by M innesota G overnor J esse V entura and included C arl Wittenburg of N orthern P ride, a turkey processor at T hief Riv er F alls, M inn. Wittenburg said the doors opened by the trade mission put him in contact with M exican companies that may offer joint venture opportunities. W hile the cooperative already sells dark turkey meat in M exico, Wittenburg said M innesota’s labor shortage and M exico’s low wages suggested that a M exican-based processor would benefit both sides of the border.

W ashington growers lose credit co-op

Apple growers in W ashington state are losing a creditor that has served their industry for the past 55 years. Growers Credit Cooperative will close this winter. T he S pokane office of CoBank told the cooperative this summer that it would no longer finance its operation. M anager R on W ard said many growers hadn’t made a profit for three years and more than half of the 150 members were delinquent on payments after the disastrous 1998 season. T he co-op had a loan carryover of more than $2 million from 1997, another $5.5 million from 1998, and an estimated $2 million for 1999. A number of growers may turn to U SDA’s F arm Services Administration, considered a lender of last resort on commercial financing, but its local loan cap is $200,000.

Faulty co-op ventures worth ‘post mortem’

N ew business supporters believe their ventures will succeed. But if they don’t, there’s a tendency to avoid talking about it. A Colorado attorney who has worked with cooperatives for the past 20 years believes it’s worth re-examining failed ventures to learn valuable lessons for the future.

W riting in the Colorado Cooperative Council’s newsletter, Attorney T ed Svitavsky believes management and the board could benefit from conducting a “post mortem” on a failed, or less than successful, venture.

Svitavsky said successful ventures are periodically “rolled out to tout cooperatives working together.” But discussions are avoided about failed enterprises.

“O ne of the harsh realities of today’s world is that there are very few people who care whether a cooperative enterprise succeeds or fails. And, in fact, quite a few people would like to see cooperatives fail at whatever they do. It should be apparent to all of us who do care that cooperatives must take care of themselves. Cooperatives have a legitimate interest in taking care of each other and making sure the infrastructure that has been built survives,” Svitavsky said.

He suggested one way was to “critique, not criticize” ventures that cooperatives have begun but which did not meet expectations, in order to learn from those experiences.”

For those cooperatives that may have stumbled while trying to better themselves, the attorney cited President T heodore Roosevelt’s observation: “It is not the critic who counts, not the one who points out how the strong man or woman tumbled, or how the doer of deeds might have done them better. T he credit belongs to the man or woman who is actually in the arena, whose face is marred with sweat, dust and blood; who strives valiantly; who errs and comes up short again and again; who knows the great enthusiasm, the great devo tions, and spends himself or herself in a worthy cause; and who – if he or she fails while daring greatly – his or her place shall never be with those cold and timid souls who know neither victory nor defeat.”

W isconsin co-ops sponsor joint seminar for young producers

A group of W isconsin cooperatives have banded together to offer a joint co-op education seminar for young producers. Backing the effort are: E quity Live stock Sales Association and Foremost Farms U S A, both of Baraboo; the state’s four local F arm Credit Services associations; C enex H arvest States, S t. P aul; C ooperative Resources International (CRI), S hawano; A lto D airy Cooperative, A lto; and the W isconsin F ederation of C ooperatives (W FC), M adison.

T he Y oung Producer C ooperative L eadership conference, “A chieving the Eights - T he P ower of Cooperatives,” is set for F eb. 15-17 at W isconsin D ells. A panel of progressive cooperative leaders is scheduled to speak, including R od N ilsestuen, W FC; D ave Lull, R ichland-Grant and L aValle T elephone C o-ops; J im H enion, C RI; R oger C hamberlain, C oBank; A nya F irszt, W illiamson S treet (g rocery) C o-op; and B en Brancel, co-op member and secretary of the W isconsin D epartment of Agriculture, T rade and C onsumer Protection.

T he conference goal is to provide young farmers an opportunity to network with their peers, learn about the cooperative way of doing business, and develop their leadership and communication skills.

Record revenue for Southern States

Record revenue topping $1.5 billion was reported by Richmond-based Southern States Cooperative (SSC) for fiscal 2000. T hat’s a 13-percent gain from 1999. T he cooperative also reported net savings for its members of $4.96 million for fiscal 2000 vs. a $2.1 million loss in 1999. SSC has expanded its farm supply business in recent years and moved into livestock marketing. Earlier this year, it reached an agreement with Agway, based in S yracuse, N. Y., to handle its 500 dealer operations. A fish marketing program also was initiated.
**Electric co-ops to study clean-burning coal**

The nation’s rural electric cooperatives are sponsoring a research project aimed at a cleaner burning coal, the main source of electricity production in the United States. Coal plants co-produce electric power, hydrogen from fuel cells and commercial chemicals, all with little or no emissions. The ultimate goal is to have power plants that generate no air pollutant byproducts and negligible emissions of carbon dioxide, a gas implicated in global warming.

**Lupinacci resigns from Sunkist**

Sunkist President and CEO Vincent Lupinacci has resigned following 2½ years at the helm of the nation’s leading citrus fruit marketer. He cited “personal and family” reasons for his decision, but the past several years have been very challenging for the co-op and its members. In 1998, the California orange crop was devastated by a freeze, and fruit quality problems the next year caused prices to nosedive. More recently, the decision by the co-op to market South American lemons has been quite controversial with members.

Sunkist Board Chairman James H. Mast has been named as acting president while the co-op searches for a permanent president. Sunkist represents about 6,500 citrus growers and 60 packers in Arizona and California.

**“.coop” new Internet domain**

The international body that manages the Internet has approved the use of .coop as one of seven new Internet suffixes. The National Cooperative Business Association, which spearheaded the effort to create the new domain, hopes co-ops currently using .com for their Internet address will switch to .coop, or use it as a second address. “Today’s decision by ICANN [the Internet Corporation for Assigned Names and Numbers] will give cooperatives instant recognition on the Internet and help consumers find the business they trust online,” says NCBA President Paul Hazen.

NCBA had also sought to register .co-op (with a hyphen, as is commonly used in America), but that suffix was not approved, based on common international usage. The proposed registration fee for use of .coop will be $75, higher than many of the other suffixes charge, but it will allow NCBA and the International Cooperative Alliance to screen applicants to make sure they operate as true cooperatives. For more information, call NCBA at (202) 383-5456.

---

**Legal Corner continued from page 7**

Key provision requires DFA to transfer partial ownership in Keller’s Creamery to persons who are not agricultural producers. The purchasers are members of the pre-merger SODIAAL management team. This non-producer ownership interest deprives Keller’s Creamery of cooperative status and the right to engage in common marketing activity with cooperatives (including L and O’Lakes) under the protection of the Capper-Volstead Act.

The agreement also enjoins DFA and Keller’s Creamery from entering into any collaborative marketing effort of branded butter with L and O’Lakes and from disclosing any competitively sensitive information regarding branded butter to L and O’Lakes. The agreement also contains several provisions to prevent DFA or Keller’s from circumventing the judgment by restructuring themselves or selling any assets to another firm, particularly L and O’Lakes, without the court’s permission.

**Outcome frames crucial issues**

In essence, DFA agreed to forfeit its Capper-Volstead status with regard to marketing branded butter in the relevant markets in exchange for permission to purchase a major non-cooperative competitor in those markets. The acquisition benefits DFA members by providing an additional market for their milk that will be used to produce the butter manufactured at the former SODIAAL’s plant and by increasing the amount of value-added processing being undertaken by their cooperative. But in return, DFA loses the ability to cooperate with L and O’Lakes to improve the economic return to all of their farmer-members.

One position taken by the Department of Justice in this case is encouraging for marketing cooperatives. This may be the first time Justice has admitted that “explicit collusion” between large agricultural cooperatives with a dominant position in the marketplace “would be legal and could not be challenged under the antitrust laws.” (65 Federal Register 44827).

As the trend toward fewer but larger firms continues in many product lines in the food (and other) industries, cooperatives will feel pressure to also grow. When this growth is accomplished by simply signing up new members or through working agreements or combinations with other cooperatives, antitrust concerns may be minimal. However, when deals involve joint ventures with, or acquisitions of, non-cooperative firms, the Capper-Volstead shield will not be available. The proposal will be subject to challenge under the same standards as an agreement between two non-cooperative firms.

The deal accepted by DFA in this case consummates the acquisition but restructures it to negate future access to Capper-Volstead protection in the relevant market. Whether this will become a model for Department of Justice response to future actions that reduce competitors in a market with a strong cooperative presence is unclear. And like any approach to resolving complex conflicts, what operates in the best interests of producers in one instance may not in another. But as cooperatives adjust to the changing competitive environment of agri-business, antitrust issues and the attitude of federal and state enforcement officials, will remain important parts of the planning and implementation process.
**Subjects:**

**Aquaculture**

New Directions: Co-ops help tobacco farmers transition ........ September/October 20

**Bargaining**

CherrCo helps bring market stability to tart cherry industry ......................... November/December 4

Co-ops in the 21st century Cooperative marketing in the new millennium .... J anuary/February 7

**Communication/Education**

A Creed for Cooperative Members ................. September/October 30

Are you a good leader? Director assessments are building blocks to productive board-management relationships ................. November/December 20

Boosting the 3 Bs England’s Plunkett Foundation promotes “the furtherance of rural cooperation” ......................... M arch/April 4

Co-op communicators honored ......................... J uly/August 13

History of NFO charts farm protest movement ......................... J uly/August 5

John M. Alcheski, Wisconsin’s roving co-op ambassador, spreads cooperative skills and knowledge worldwide ........ September/October 12

**Co-op Development**

Boosting the 3 Bs England’s Plunkett Foundation promotes “the furtherance of rural cooperation” ......................... M arch/April 4

Cooperative Agro Pastorale Segbeya ......................... September/October 12

African swine raising cooperative struggles to survive and prosper ......................... November/December 24

Fingers and needles Alaskan co-op turns cashmere-soft musk ox wool into hard cash ......................... M arch/April 7

Generating rural progress Study finds that new-generation and traditional co-ops have major beneficial impacts on rural communities ........................ September/October 16

Last Train leaving? Some say Pork America represents best, and possibly last, chance for hog farmers to gain significant market access ......................... September/October 6

The Musk Ox Farm continues Teal’s work ......................... M arch/April 10

New Directions: Co-ops help tobacco farmers transition to new crops ......................... September/October 20

Small co-ops and marketing groups formed in wake of hog crisis ......................... September/October 8

South African village banks receive World Bank funding ......................... M arch/April 11

Strength through unity Bulgarian honey producers sweeten their future through cooperation ......................... M arch/April 12

Why U.S. agriculture should support foreign aid ......................... M arch/April 23

**Cotton**

Trading Up Plains Cotton Co-op uses computer technology to pursue business-to-business strategy ............ November/December 8

**Craft Co-ops**

Fingers and needles Alaskan co-op turns cashmere-soft musk ox wool into hard cash ......................... M arch/April 7

The Musk Ox Farm continues Teal’s work ......................... M arch/April 10

**Dairy**

Butter settlement: A glimpse into the future of antitrust enforcement ......................... November/December 7

Foremost Farms traces its name to J. C. Penney ......................... M ayJ une 29

How well are dairy cooperatives performing? ......................... J uly/August 25

Land O’Lakes buys butter business ......................... M arch/April 26

Making its mark Agri-Mark, New England’s largest dairy co-op, is building markets for producers ......................... M ayJ une 16

New model, old ways Wisconsin farmers find new life serving burgeoning organic markets ......................... J anuary/February 23

Organic: a philosophy & production system ......................... J anuary/February 26

Organic Valley Firsts ......................... J anuary/February 25

**Environment**

Seeing the forest for its trees Cooperatives promote sustainable forestry and tap green trends ......................... J anuary/February 17

“Start with the rising sun” Sustainable forest a tradition for Menominie Indian tribe ......................... J anuary/February 19

**Farm Supply & Agronomy Services**

Asset growth for largest co-ops shows resilience to declining revenues ......................... J anuary/February 28

Cal/West Seeds Woodland, California ......................... M ayJ une 15

Consolidation in the heartland A closer look at grain co-op mergers and acquisitions, 1993-97 ......................... N ovember/December 14

Co-ops in the 21st century Co-op supply cooperatives: a look on and over the horizon ......................... J anuary/February 9

Co-ops’ share of farm marketings up slightly in ‘98 ......................... J anuary/February 14

Depressed ag sector puts squeeze on largest co-ops ......................... J anuary/February 32

Generating rural progress Study finds that new-generation and traditional co-ops have major beneficial impacts on rural communities ......................... J uly/August 16

Lower commodity prices cause drop in co-op sales ......................... September/October 4

**Finance**

Asset growth for largest co-ops shows resilience to declining revenues ......................... J anuary/February 28

Consolidations, technology, politics to impact co-op financial institutions ......................... J anuary/February 14

Depressed ag sector puts squeeze on largest co-ops ......................... J anuary/February 32

How Does Your Local Farm Supply Cooperative Rate? ......................... M arch/April 25

Iowa RECs reach 15-year milestone for rural development ......................... J uly/August 8

Maine co-op building support for economic development ......................... J uly/August 11

Marine Electric Co-op’s quick response attracts major source of jobs to service area ......................... J uly/August 12

Net savings dipped in 1999 for most corn-soybean and wheat-barley co-ops ......................... September/October 16

Pennsylvania co-ops take development underground ......................... J uly/August 10

Saving an industry Plant closure leads Michigan growers to form new turkey cooperative ......................... M ayJ une 4

South African village banks receive World Bank funding ......................... M arch/April 11

**Forestry**

Joyce Kilmer Memorial Forest ......................... J anuary/February 21

Seeing the forest for its tree Cooperatives promote sustainable forestry and tap green trends ......................... J anuary/February 17

“Start with the rising sun” Sustainable forest a tradition for Menominie Indian tribe ......................... J anuary/February 19

**Fruits, Nuts**

CherrCo helps bring market stability to tart cherry industry ......................... November/December 4

Hazelnut Growers of Oregon Cornelius, Oregon ......................... J anuary/February 16

Tri Valley Growers files Chapter 11 bankruptcy ......................... J uly/August 4

**Fuels**

Fill ’er up! Pipeline flowing with new generation ethanol co-ops ......................... M ayJ une 8

Generating rural progress Study finds that new-generation and traditional co-ops have major beneficial impacts on rural communities ......................... J uly/August 16
Missouri’s first ethanol plants will have major impact on region’s rural economy. Power formula

Higher gas prices fuel drive for ethanol production; farmers look to co-ops to gain market share.

Grains & Oil Seed

Consolidation in the heartland
A closer look at grain co-op mergers and acquisitions, 1993-97.
Downward spiral for commodity prices continues; bottom line mixed for Plains co-ops.
Generating rural progress
Study finds that new-generation and traditional co-ops have major beneficial impacts on rural communities.
Grower co-ops to coordinate marketing.
How Does Your Local Farm Supply Cooperative Rate?
Net savings dipped in 1999 for most corn-soybean and wheat-barley co-ops.
Power formula
Higher gas prices fuel drive for ethanol production; farmers look to co-ops to gain market share.

Legislative and Legal
Butter settlement: A glimpse into the future of antitrust enforcement.
Co-ops in the 21st century
Consolidations, technology, politics to impact co-op financial institutions.
Co-ops in the 21st century
Providing power beyond 2000.
Foreign affairs
USDA Foreign Agricultural Service promotes U.S. agriculture abroad.
Going global
Export certificates a valuable tool helping co-ops tap overseas markets.
Valley Beyer, Retired Administrator
USDA Rural Development, Rural Utilities Service.
When the lights came on
USDA program brought electricity and a better way of life to rural America.
Why U.S. agriculture should support foreign aid.

Livestock (Pork)
Building a cooperative on the fast track.
Finding new ways to market ‘this little piggy’.
Generating rural progress
Study finds that new-generation and traditional co-ops have major beneficial impacts on rural communities.
Kentucky hog co-op to explore value-added alternatives.
Last train leaving?
Some say Pork America represents best, and possibly last, chance for hog farmers to gain significant market access.
MT. Pride Cooperative Inc.
MT. Lake Park, MD.
Saving an industry
Plant closure leads Michigan growers to form new turkey cooperative.
Small co-ops and marketing groups formed in wake of hog crisis.

Management
Are you a good leader?
Director assessments are building blocks to productive board-management relationships.
Consultant’s feasibility study can predict success of ‘next great idea’.
Co-ops in the 21st century
Cooperative marketing in the new millennium.
CROPP’s guiding principles.
Net savings dipped in 1999 for most corn-soybean and wheat-barley co-ops.
Organic: a philosophy & production system.

Marketing
Asset growth for largest co-ops shows resilience to declining revenues.
CherryCo helps bring market stability to tart cherry industry.
Co-ops in the 21st century
Cooperative marketing in the new millennium.
Co-ops’ share of farm marketing up slightly in ’98.
Depressed ag sector puts squeeze on largest co-ops.
Finding new ways to market ‘this little piggy’.
Generating rural progress
Study finds that new-generation and traditional co-ops have major beneficial impacts on rural communities.
Hazelnut Growers of Oregon Cornelius, Oregon.
How well are dairy cooperatives performing?
Kentucky hog co-op to explore value-added alternatives.
Last Train leaving?
Some say Pork America represents best, and possibly last, chance for hog farmers to gain significant market access.
Lower commodity prices cause drop in co-op sales.
Making its mark
Agri-Mark, New England’s largest dairy co-op, is building markets for producers.
New model, old ways
Wisconsin farmers find new life serving burgeoning organic markets.
Trading Up
Plains Cotton Co-op uses computer technology to pursue business-to-business strategy.

Mergers
Consolidation in the heartland
A closer look at grain co-op mergers and acquisitions, 1993-97.
Making its mark
Agri-Mark, New England’s largest dairy co-op, is building markets for producers.

Organic
CROPP’s guiding principles.
New model, old ways
Wisconsin farmers find new life serving burgeoning organic markets.
Organic: a philosophy & production system.
Organic Valley Firsts.

Rural Development
Boosting the 3 Bs
England’s Plunkett Foundation promotes “the furtherance of rural cooperation.”
Co-ops in the 21st century
Cooperatives build community values.
Co-ops in the 21st century
Providing power beyond 2000.
Fingers and needles
Alaskan co-op turns cashmere-soft musk ox wool into hard cash.
Generating rural progress
Study finds that new-generation and traditional co-ops have major beneficial impacts on rural communities.
Iowa REC’s reach 15-year milestone for rural development.
Maine co-op building support for economic development.
Missouri’s first ethanol plants will have major impact on region’s rural economy.

Mo have Electric Co-op’s quick response attracts major source of jobs to service area.
Pennsylvania co-ops take development underground.
USDA, Commerce join forces to boost early-warning system.
Valley Beyer, Retired Administrator
USDA Rural Development, Rural Utilities Service.
When the lights came on
Co-ops’ share of farm marketings up slightly in ‘98 . . . . . . . January/February 4
Consolidation in the heartland
A closer look at grain co-op mergers and acquisitions, 1993-97 . . . . . . November/December 14
Co-ops’ share of farm marketings up slightly in ’98 . . . . . . . January/February 4
Depressed ag sector puts squeeze on largest co-ops . . . . . . . J anuary/February 32
Downward spiral for commodity prices continues; bottom line mixed for Plains co-ops . . . . . . . November/December 11
How well are dairy cooperatives performing? . . . . . . . J uly/August 25
Lower commodity prices cause drop in co-op sales . . . September/October 4
Net savings dipped in 1999 for most corn-soybean and wheat-barley co-ops . September/October 16
Trade takes a tumble
Cooperatives trade plunges 41 percent as Asian markets cool . . . . . . . September/October 18

Technology
Co-ops in the 21st century
Consolidations, technology, politics to impact co-op financial institutions . . . . . . . J anuary/February 14
Co-ops in the 21st century
Farm supply co-ops: a look over the horizon . . . . . . . J anuary/February 9
Trading Up
Plains Cotton Co-op uses computer technology to pursue business-to-business strategy . November/December 8

Tobacco
End nears for tobacco warehouse co-ops . . . . . . . September/October 23
Grower co-ops to coordinate marketing . . . . . . . September/October 22
New Directions:
Co-ops help tobacco farmers transition to new crops . . . . . . . September/October 20
Pursuing other uses for tobacco . . . . . . . September/October 24

Trade
Co-ops in the 21st century
Farm supply cooperatives: a look on and over the horizon . . . . . . . J anuary/February 9
Foreign affairs
USDA Foreign Agricultural Service promotes U.S. agriculture abroad . . . . . . . M arch/April 15
Going global
Export certificates a valuable tool helping co-ops tap overseas markets . . . . . . . M arch/April 18
Trade takes a tumble
Cooperatives trade plunges 41 percent as Asian markets cool . . . . . . . September/October 18
Why U.S. agriculture should support foreign aid . . . . . . . M arch/April 23

Utility Co-ops
Co-ops in the 21st century
Providing power beyond 2000 . . . . . . . J anuary/February 12
Iowa RECs reach 15-year milestone for rural development . . . . . . . J uly/August 8
Maine co-op building support for economic development . . . . . . . J uly/August 11
Mohave Electric Co-op’s quick response attracts major source of jobs to service area . . . . . . . J uly/August 12
Pennsylvania co-ops take development underground . . . . . . . J uly/August 10
Streamlined USDA utilities program draws plaudits . . . . . . . M ay/J une 21
USDAs, Commerces join forces to boost early warning system . . . . . . . J uly/August 14
Walley Beyer, Retired Administrator
USDAs Rural Development, Rural Utilities Service . . . . . . . M ay/J une 20
When the lights came on
USDAs program brought electricity and a better way of life to rural America . . . . . . . J uly/August 6

Value Added
Co-ops in the 21st century
Cooperative marketing in the new millennium . . . . . . . J anuary/February 7
Dennis M. Mullen: President & CEO
Agrilink Foods, Inc., Rochester, NY . . . . . . . J uly/August 15

Fill ‘er up!
Pipeline flowing with new generation ethanol co-ops . . . . . . . M ay/J une 8
Fingers and needles
Alaskan co-op turns cashmere-soft musk ox wool into hard cash . . . . . . . M arch/April 7
Generating rural progress
Study finds that new-generation and traditional co-ops have major beneficial impacts on rural communities . . . . . . . J uly/August 16
Hazelnut Growers of Oregon Cornelius, Oregon . . . . . . . J anuary/February 16
Land O’Lakes buys butter business . . . . . . . M arch/April 26
Larry D. Steward: President and CEO
Minn-Dak Farmers Cooperative . . . . . . . J anuary/February 22
Making its mark
Agri-Mark, New England’s largest dairy co-op, is building markets for producers . . . . . . . M ay/J une 16
Mt. Pride Cooperative Inc.
Mt. Lake Park, MD . . . . . . . . . . . . . M arch/April 22
New Directions:
Co-ops help tobacco farmers transition . . . . . . . September/October 22
New model, old ways
Wisconsin farmers find new life serving burgeoning organic markets . . . . . . . J anuary/February 23
Power formula
Higher gas prices fuel drive for ethanol production; farmers look to co-ops to gain market share . . . . . . . M ay/J une 7
Saving an industry
Plant closure leads Michigan growers to form new turkey cooperative . . . . . . . M ay/J une 4

Vegetables
Grower co-ops to coordinate marketing . . . . . . . September/October 22
New Directions:
Co-ops help tobacco farmers transition to new crops . . . . . . . September/October 20

AUTHORS
Bailey, Isaac J.
End nears for tobacco warehouse co-ops . . . . . . . September/October 23
Banks, Eliza
Boosting the 3Bs
England’s Plunkett Foundation promotes “the furtherance of rural cooperation” . . . . . . . M arch/April 4
Borst, Alan
Going global
Export certificates a valuable tool helping co-ops tap overseas markets . . . . . . . M arch/April 18
Brockhouse, Bill
Kentucky hog co-op to explore value-added alternatives . . . . . . . September/October 10
Campbell, Dan
Tri Valley Growers files Chapter 11 bankruptcy . . . . . . . J uly/August 4
When the lights came on
USDA program brought electricity and a better way of life to rural America . . . .
Chesnick, David S.
Asset growth for largest co-ops shows resilience to declining revenues . . . . . . . J anuary/February 28
Depressed ag sector puts squeeze on largest co-ops . . . . . . . J anuary/February 32
Crooks, Anthony
Consolidation in the heartland
A closer look at grain co-op mergers and acquisitions, 1993-97 . . . . . . . N ovember/December 14
Cummins, David
Downward spiral for commodity prices continues; bottom line mixed for Plains co-ops . . . . . . . N ovember/December 11
Net savings dipped in 1999 for most corn-soybean and wheat-barley co-ops . . . . . . . S eptember/October 16
Duffy, Patrick
Generating rural progress
Study finds that new-generation and traditional co-ops have major beneficial impacts on rural communities . . . . . . . J uly/August 16
John Malschki, Wisconsin’s roving co-op ambassador, spreads cooperative skills and knowledge worldwide . . . . . . . S eptember/October 12
Making its mark
Agri-Mark, New England’s largest dairy co-op, is building markets for producers . . . . . . . M ay/J une 16