

cooperative notes

35th Future Cooperative Leaders Conference



Board members and management of NECC cooperatives share information with future cooperative leaders about their respective cooperatives and services provided to members during round table discussions.



On tour, learning about best management practices in calf rearing at Poverty Hill Farm, Albion, NY.



L to R: Leah and Lynn Hoover, Cumberland Valley Cooperative Association share perspectives on leading a cooperative with O-AT-KA CEO Bob Hall and Mike Davis, Upstate Niagara.

The 35th Future Cooperative Leaders Conference was held in Batavia, N.Y., July 17-19, 2013. The event was cosponsored by the Northeast Cooperative Council and the Cornell University Cooperative Enterprise Program and was cohosted by Upstate Niagara Cooperative, Inc. and Farm Credit East, ACA. Forty-one young farmers and employees sponsored by 12 cooperatives including three Farm Credit Associations attended the event. Attendees met with key leaders of cooperatives doing business in New York, New England and Pennsylvania. NECC President Craig Pollock encouraged attendees to gain a better understanding of the cooperative business model, meet some new folks, and ‘steal’ some ideas to take home. He shared his list of internal and external issues and opportunities facing cooperatives. Some of those issues included changing farm and consumer demographics and needs, industrialization of the farm and food sector, the global economy, structural changes in food processing, building equity in the cooperative business, and the growing emphasis on value-added activities.

Other key presentations included:

• COOPERATIVE FINANCE & THE CAPPER VOLSTEAD ACT

- Michael Oleksak, CoBank, ACB explained cooperative financial statements and the ratios desired by CoBank when assessing the creditworthiness of a cooperative loan application.
- Charles Sullivan, Attorney, Bond, Schoeneck & King, Syracuse, N.Y. shared the history and protections provided through Capper Volstead in allowing collective processing and marketing. He went on to discuss the cooperative rebuttal to the Antitrust Modernization Commission’s perspective that Capper Volstead was no longer necessary or relevant. He shared examples of recent and pending litigation against cooperatives that challenge the antitrust immunity.

• BRAND EQUITY

- Ted Sowle, Dairy Farmers of America, defined brand equity as a combination of brand awareness (recognition by potential customers), brand personality (consumer’s emotional response), and brand loyalty (what the consumer feels and expresses with their purchase). Consumer loyalty is what drives brand equity. He discussed how DFA tracks volume trends, consumption patterns and loyalty rates of their brands using consumer panels.
- Karen Murphy, Farm Credit East, ACA, mentioned the organization’s promise to serve their members every day. “As a cooperative, it’s what you do, how you do it and where you do it.”
- Rob Smith, National Grape Cooperative, showcased the evolution of the Welch’s brand. He shared some of the tag lines of Welch’s – Real. Grape. Goodness. “Grape a fruit, not a flavor.” The presentation showed how Welch’s had adapted their product to reflect changing societal norms.
- Ken Voelker, Upstate Niagara Cooperative, Inc. provided information about the “Return to Values, Welcome Back to the Farm” campaign. The campaign connects Upstate Niagara members to their customers through specialty made labels on products, new fleet graphics, Internet, print and radio ads.

• FARM ESTATE PLANNING & BUSINESS SUCCESSION

- Successful estate planning from one generation to the next is critical to the future of cooperative businesses. Ed Neal, Poverty Hill Farm, Rob Noble, Noblehurst Farms, Bob Brown, Brown’s Berry Patch, Steven Walker, Attorney with Scolaro, Fetter, Grizanti, McGough, & King, P.C. stressed the importance of getting along, respecting one another, and organizational structures that they had created

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35th Future Cooperative Leaders Conference *Continued*

to minimize risk, provide income to a Senior generation family member, transfer ownership, and acknowledge off-farm heirs.

• LEADERSHIP & GOVERNANCE

- Farm Credit East, ACA Directors Laurie Griffen and Richard Janiga, and retired director Hal Adams spoke about serving in a leadership capacity in a cooperative business. People get involved in leadership because they have a stake in the business as a member-owner. “Being elected by ones’ peers is an honor as they respect and recognize your good judgment and trust you, as a director, to deal with governance and fiduciary issues facing the cooperative and to balance decisions made in the best interests of the cooperative business and its owners.”
- Roy Orton, former CoBank, ACB Chairman and Past Chairman of National Grape Cooperative and Bob Hall, CEO, O-AT-KA Milk Products, Inc. presented their perspective on the leading a cooperative as the chairman or chief executive officer. Respect of one another is key to this relationship. There has to be mutual agreement to talk frankly. The board sets measurable goals to be accomplished

by the CEO. The CEO needs to have a competitive compensation package. Unlike the board chairman who is elected, the CEO is hired by the board of directors to fulfill the duties in a position description created by the board. The CEO works for the board and is guided by the board. Boards have a tendency to be more passive in nature while management is more forward thinking, seeking solutions. The relationship between the board and the manager should be dynamic in nature, with both seeking out new opportunities and excellence. Ethics and integrity are important in leading a cooperative business. Honesty in business benefits customers and customer service, which is key to the sustainability of the business.

- Upstate Niagara President Dan Wolf closed out the event. He said, “A cooperative serves to face the challenges that we can’t solve by ourselves. We have to work together.” He stressed the importance to go home, get involved, move forward in leadership positions, and get on a first name basis with board members and senior management. And when you go home, ask, “What can I do to help? The business at home has to be going well, or you will not be an effective director.” ■

FROM THE EXECUTIVE SECRETARY by Roberta Severson

On behalf of the Northeast Cooperative Council, I thank Upstate Niagara Cooperative Inc. and Farm Credit East, ACA for cohosting the 35th Future Cooperative Leaders Conference and thanks to the 12 cooperatives that sponsored their members and their employees. It was a great event!

Future Leaders were put to work as soon as they walked into the meeting room. Each were given 4 stickers and allowed to vote once on 4 questions put before them mounted on the wall. The questions remained on the wall for the entire conference, which provided insight and food for thought for some of the presenters. The attitudes held by Future Leaders today will shape their cooperatives through time. Cooperatives continue to strive for ways to provide value to their members.

Following are the four questions and choice of responses. Thirty-four people responded to the survey. The number at the end of each statement reflects the percent of people who selected that particular statement.

Question 1

A cooperative is important to me because:

- a. The functions provided by my cooperative (finance, marketing, supplies, services) are critical to my business. (75%)
- b. Membership provides a buffer to my business from threats I have little control over. (3%)
- c. Cooperative values (member-user, member-benefits, member-control) are important to me. (22%)

Question 2

Historically cooperatives were formed to overcome a market failure or secure a needed service, some have coined them a “self-help” organization. I believe:

- a. Cooperatives should continue in their current capacity. (0%)
- b. Cooperatives should become more aggressive/entrepreneurial in pursuing new, innovative business opportunities. (35%)

- c. Cooperatives should consider innovative partnerships with other cooperative businesses through supply and marketing channels. (65%)

Question 3

Effective member relations and communication between member-owners and the cooperative is essential to the cooperative or any other “group-action based” association. The most important relationship between me and my cooperative is through:

- a. Conversation with field staff and local managers. (69%)
- b. Conversations with the Senior Management Team. (7%)
- c. Conversations with elected directors. (14%)

Question 4

In 2018 (5 years), the most important way I will receive information from my cooperative is:

- a. Monthly (periodic) cooperative publications (hard copy). (9%)
- b. Communications with field staff, local managers, elected directors. (27%)
- c. Attending the cooperative’s annual meeting. (0%)
- d. Attending the cooperative’s regional member meetings (0%)
- e. Cooperative website (32%)
- f. Social media (in whatever form it might take) (32%)

One of the components of the Future Cooperative Leaders Conference was the ‘Pathway to Leadership.’ Directors from Farm Credit East, ACA and Upstate Niagara Milk Cooperative, Inc. talked about why they are leaders in their cooperative and the roles of delegates and committee members. A few of the Future Leaders currently serve as delegates or committee members. Following the conference there was almost a threefold desire of Future Leaders to serve as delegates and the desire to serve on committees doubled. ■

UPCOMING EVENTS

16TH ANNUAL FARMER COOPERATIVES CONFERENCE November 7-8, 2013 – Minneapolis, Minn.

Find out about the latest strategic thinking on current cooperative issues and trends. uwcc.wisc.edu/outreach/FCC/Current/register.html

STRATEGIC MARKETING CONFERENCE November 12-13, 2013 – Syracuse, N.Y.

Learn about collaborative marketing structures to achieve economies of scale and access new marketing channels
dyson.cornell.edu/outreach/strategic_marketing_conference.php

CORNELL AGRIBUSINESS ECONOMIC OUTLOOK CONFERENCE December 10, 2013 – Ithaca, N.Y.

Industry leaders, agribusiness professionals, policymakers, educators, and farm managers learn more about the current situation and outlook for the national economy, immigration reform, dairy policy, outlook for grain, feed, dairy, fruit, vegetables, wine and ornamentals. For more information, dyson.cornell.edu/outreach/ag_outlook_conference.php

NATIONAL COUNCIL OF FARM COOPERATIVES ANNUAL MEETING February 12-14, 2014 – New Orleans, La.

Program focus on current and future economic and political environments in which agricultural cooperatives operate.
For more information, nfc.org/events/events

NECC LEADERS FORUM & ANNUAL MEETING March 27, 2014 – Albany, N.Y.

Confirmed presentations include communicating cooperative value to diverse membership, succession planning for directors and management, and critical decision making.

CoBANK, ACB NORTHEAST CUSTOMER MEETING March 28, 2014 – Albany, N.Y.

Details available December 1, 2013.



PRESIDENT'S COLUMN

As showcased in this issue, we held our Future Leaders Conference in mid-July. My lasting impression is the future is alive and well; I was very impressed with the young talent in the room. I am confident a number of those attending will be representing our cooperatives

sooner versus later. Our member cooperatives did a nice job selecting the participants; I was thrilled at the diversity of the group – we had a wide geographic and professional range. This certainly enhanced the quality of the conference. We cannot extend enough thanks to the presenters who volunteered their time and wisdom over the course of the three days. I was touched by the heartfelt advice and sincerity that a number of our presenters displayed; their passion for cooperatives and making a difference could not have been missed by the group. Special thanks to O-AT-KA Milk Products for the tour of their processing facility, Ed Neal for hosting the Thursday evening pig roast at his farm and our conference hosts, Upstate Niagara and Farm Credit East.

Stay tuned for information regarding a new program in the final stages of development. The purpose will be to recognize outstanding Cornell University students who successfully complete an internship with a NECC member cooperative. We feel this program will enhance the overall quality of our respective member cooperatives' intern programs while at the same time assisting students with their cooperative learning efforts. We look forward to providing similar opportunities to other university students in the near future.

At our recent July Board meeting, we discussed increasing the number of our Associate Members. We believe doing so will better inform the professional community regarding cooperative values and benefits while benefiting our NECC membership. Currently, we have some Associate Members who, not only support our efforts, but are regarded as very good friends. For example, Charles Sullivan, a respected attorney from the firm of Bond, Schoeneck and King, LLP, presented at the Future Leaders Conference leading the group in a discussion regarding Capper Volstead. I am confident Charlie would tell you his relationship with the NECC is a win-win one. We are hoping to cultivate more of these relationships by expanding the pool of Associate Members. Should you have any thoughts on how to do so and/or Associate Member candidates, please drop me a line at craig.pollock@farmcrediteast.com. An action item from the Board meeting on this topic was to develop a promotional packet designed for potential Associate Members. We will share that material when it becomes available.

In closing, time flies and it is autumn already. It has been a challenging weather year for many producers in the Northeast and Mid-Atlantic. Mother Nature is a formidable force and she has reminded us this year we need to account for her in our risk management plans. We wish you improved weather this autumn and a successful harvest season. Take care.

Sincerely, Craig Pollock

e COUNTING DOWN We Need Your Email Address

Thanks to those of you who have shared your email addresses as we move *Cooperative Notes* from a printed, hard-copy format to an electric version sent directly to your email box. **The upcoming Winter issue of the publication will be the last hard copy you will receive.** The NECC is working towards some new initiatives and we want to make sure you will be notified of upcoming events and projects. **Please share your email with Executive Secretary Bobbie Severson at rmh27@cornell.edu**

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Dairy One Ithaca, N.Y.
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Farm Credit East Enfield, Conn.
Genex Cooperative, Inc. Ithaca, N.Y.

Land O' Lakes St. Paul, Minn.
Lowville Farmers Cooperative, Inc. Lowville, N.Y.
National Grape Cooperative Association, Inc. Westfield, N.Y.
New York State Rural Electric Association Hartwick, N.Y.
Ocean Spray Cranberries, Inc Lakeville-Middleboro, Mass.
O-AT-KA Milk Products Cooperative Inc Batavia, N.Y.
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To learn more about NECC or read past issues of *Cooperative Notes*, visit the NECC web pages at: www.cooperatives.dyson.cornell.edu/

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