Announcing the...

37th FUTURE COOPERATIVE LEADERS CONFERENCE
July 11-13, 2017, Mt. Morris, NY
In collaboration with Dairy Farmers of America
And the Cornell University Cooperative Enterprise Program

Conference facility: Genesee River Restaurant & Reception Center
Accommodations: Country Inn & Suites, Mt. Morris, NY

Featured presenters—

Chris Fesko—Chris farms with her family on a dairy farm located near Syracuse, NY. She became motivated to create and produce the On the Farm video series after a passerby stopped and requested to take a picture of Chris’s ‘cow.’ It was a horse. The videos have won numerous Telly and Parent Choice awards. She was honored as a Farm Credit 100 Fresh Perspectives for “creating the future of agriculture and rural America through their dedication and innovation.” Chris will talk about “Leadership: Do You Follow Me?” Strategies will be shared on how to be an effective leader as technology and generational priorities change.

Terri Webb—Terri currently serves as Delegate at Large on the Dairy Farmers of America board of directors. She has extensive experience in the dairy industry as the former President of Farmland Dairies, LLC, which she first joined in 2004. During her time at Farmland, she was instrumental in helping the company emerge from bankruptcy and guided the subsequent sale to LALA. Prior to Farmland, LLC she worked for Crowley Foods serving as Vice President and Chief Financial Officer. In 2001 she was appointed Vice President of Finance for National Dairy Holdings, a new parent company of Crowley.

Will Baildon—Will is a Regional Vice President at CoBank, ACB in Enfield, CT. Throughout his career he has worked in the area of finance and agricultural cooperatives. He served as a Relationship Manager with CoBank. Prior to coming to CoBank he was a Credit Manager at Agway, Inc. and Loan Officer at Farm Credit. He graduated from the Stonier National Graduate School of Banking in the Wharton School, University of Pennsylvania and Cornell University.

On tour—

Craig’s Station Creamery & Noblehurst Farms
A joint venture processing facility between 8 dairy farms and Dairy Farmers of America focused on sustainability; utilizing cold milk processing for customized dairy ingredients; powered by an anaerobic methane digester fueled by cow manure from Noblehurst Farms and local food waste; currently expanding to cheese manufacturing in collaboration with Arla Foods, a European-based co-op.

R. L. Jeffers & Sons, Inc.
A diversified 5th generation, 9,000 ac. farm, harvesting row crops and processing vegetables while providing custom tillage, planting and harvest services. Home of the Pod Squad and Navillus Irrigation, LLC. R. L. Jeffers & Sons is in collaboration with other farms to add value and market conventional and organic vegetables. The farm was the recipient of the 2007 NYS Agriculture Environment Award.
37th Future Leaders Conference Agenda

**TUESDAY, JULY 11**

11:00 AM Registration

12:00 Lunch
   “Passion on the Run” with Chris Fesko,

1:00 PM Co-opoly
   With Todd Schmit, Cornell University
   Unique twist to Monopoly, Start a co-op and balance
   the interests of the members and the cooperative

3:30 PM Break and network

4:00 PM Cooperative Round Tables
   Meet with Northeast co-op leaders to find how their
   cooperative is unique in the market place when
   meeting member needs

6:00 PM Break

7:00 PM Dinner
   “Leadership: Do You Follow Me” with Chris Fesko

**WEDNESDAY, JULY 12**

8:00 AM Cooperative Resource Panel
   Finance: Will Baildon, CoBank
   Management: Terri Webb, DFA
   Governance: Dairy Farmers of America board member

10:00 AM The Board is in Session—Scenario Part 1
   Governance, confidentiality & members right to know

11:00 AM The Board is in Session—Scenario Part 2
   Finance, joint ventures, mergers, acquisitions

12:30 PM Lunch

1:30 PM Tour

6:00 PM Dinner offsite

**THURSDAY, JULY 13, 2017**

8:00 AM The Board is in Session –Scenario Part 3
   Dealing with a shock

9:00 AM The Board is in Session –Scenario Part 4
   Issues confronting today’s cooperatives

10:30 AM Opportunities for Cooperative Leadership

12:00 Safe trip home

Registrations due June 6.

For more information, contact:
   Bobbie Severson, Executive Secretary
   Northeast Cooperative Council
   Email: rmh27@cornell.edu
   Phone: 607/255-1987

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**PRESIDENT’S COLUMN**

Building the knowledge of cooperatives to youth and younger cooperative members will be critical to the success of our organizations in the future. The 67th NECC Annual Meeting and Leaders Forum focused on risk management and marketing to millennial consumers. Panelists Charles Sullivan, Jay McWatters, and Leon Berthiaume presented important information in how to think about risks that face cooperatives. Gail Street provided insights into the market power of millennial consumers. Directors and managers of NECC member co-ops interacted with students from Cornell University, Penn State, SUNY Cobleskill, SUNY Morrisville, and the University of Vermont. All expressed their opinions about the issues confronting the farm and food system and learned from one another in roundtable discussions. It was my pleasure to recognize 3 recipients of the Cooperative Internship Recognition Award. I am appreciative of the Cooperative Development Institute, our partner in this program and express my gratitude for the support of CoBank, ACB as we align the Leaders Forum with their Northeast Customer annual meeting.

Next up is the Future Cooperative Leaders Conference, July 11-13 in Mt. Morris, NY. My thanks to Dairy Farmers of America for serving as the cooperative host. The event is geared towards young farm operators and early-career cooperative employees to build understanding of the roles and responsibilities of board members and management in guiding cooperatives in the future. It promises to be a highly interactive event. Participants will interact with cooperative leaders as they assume the roles of board members and learn about and react to issues and opportunities confronting cooperatives doing business in the Northeastern United States, tour diversified farm operations, and building their network with persons who will lead Northeast agriculture in the future.

Please consider sponsoring a young farmer, couple or employee.

On behalf of the NECC I express my appreciation to Gordon Hoover and Craig Pollock for their dedication to the Council and welcome Tom Wakefield, Land O’Lakes and Tim Slavin, Farm Credit East to the board.

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**COOPERATIVE INTERNSHIP RECOGNITION AWARD RECIPIENTS**

- **Mitchell Freeman**
  Penn State University
  AgChoice Farm Credit

- **Samuel Hartman**
  University of Vermont
  Yankee Farm Credit

- **Amy Garza**
  Cornell University
  CoBank, ACB

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**Dyson Cornell SC Johnson College of Business**
Marketing and Millennials...

Presentations at the 67th NECC Annual Meeting and Cooperative Leaders Forum focused on topics to strengthen cooperative enterprises doing business in the Northeastern United States. Gail Street, SVP, Integrated Marketing Communications for American Dairy Association Northeast kicked off the conference with Targeting Millennials—Evolution of the Market Place. Those persons born between 1982 and 2002 are now the largest workforce segment with over $8 billion in purchasing power estimated to increase to $1.4 trillion by 2020. They are the first generation to grow up surrounded by electronic technology at their finger tips. Millennials believe advertising to be spin, not authentic. They view social media as an authentic means to assess what goes on in the world, especially the content written by their peers, whom they trust. Thirty-three percent of millennials rely on blogs to secure information and opinions before making a purchase. They expect more from the company from which they purchase goods or services. Elite Daily conducted a survey of millennials and reported in Forbes online (January 20, 2015) that 75% of responders said that it is fairly to very important that a company give back to society rather than just being profit-focused. Millennials seek out experiences that allow them to be part of or tell a story that they can then share via digital channels. They are loyal to the brand that they are currently purchasing. Companies can be successful with millennial customers by building a brand that denotes authenticity and builds trust. Effective use of social media is a means to reach this customer. Street suggested several companies that resonate with millennial consumers. They have been successful because they understand the customer, create amazing content on social media platforms, satisfy customer cravings, and provide inspiration for social concerns.

Tolerance and Risk Aversion

As new directors are elected to the board and as new managers become members of the management team, the personal perceptions and tolerance of risk will influence how the group operates. Karel Hilversum and Marcus Brooks, Cornell University, Outdoor Leadership Program, suggest that individual perception is based on a rational or cognitive view of risk—that of reasoning, logic, and assessing the evidence and an irrational or emotional appraisal of risk—relying on intuition and imagination.

- Trust—Less afraid of risk when a person trusts the officials providing information or the process to evaluate risk
- Origin—People less concerned about risks they may incur, but become angry or concerned when they perceive someone else is putting them at risk
- Control—When one believes they are in control of the outcome, they perceive less risk
- Scope—Size and scale of an event that leads to massive destruction deemed more risky than a chronic condition
- Awareness—Media coverage or an event that “hits closer to home” heightens perception of risk
- Imagination—When threats are invisible or hard to understand, people tend to find the risk more menacing
- Age affected—Risk assessment is affected by age; risks more frightening when they affect children
- Uncertainty—Perception of risk increases when what is known is not communicated or the potential outcome is unknown
- Familiarity—New and unknown risks are perceived as more dangerous than familiar threats
- Personal impact—Risks that affect individuals personally are more frightful than those affecting strangers
- Fun factor—Engaging in behavior that results in pleasure may not seem to be risky
- Nature—Risks of nature are more benign than made-made harms
- Dread—Events that invoke fear scare people more than those that do not
- Specificity—Victims who are publicly identified evoke a greater emotional reaction than those who remain nameless and faceless.
The recent NECC Annual Meeting and Leaders Forum focused on managing risk. Attorney, Charles Sullivan, Bond Schoeneck & King noted that a director has legally enforceable duties to the owners (members) of the cooperative. The members or the cooperative may sue a director personally for failure on the part by a director to properly discharge his or her duties. The Duty of Care is critical in serving on the board of directors. It requires a director to represent the interests of all of the members and of the cooperative. Management should provide directors with sufficient information to enable directors to make an informed decision. Directors should not be reluctant to require additional information. It is also appropriate for directors to request additional information from outside experts. All directors should weigh in on a particular issue so that it can be properly vetted before a decision is made. Most know that members exercise oversight of the cooperative by electing directors to represent their interests. Directors sign confidentiality agreements so that the interests of the cooperative are protected. As a result, members are not privy to the discussions in the boardroom. Unauthorized disclosure of nonpublic information to members or non-members may expose the cooperative (and the Board of Directors) to claims by members who may view themselves as harmed by the disclosure. Unauthorized disclosure of nonpublic information may trigger additional federal and/or state reporting requirements.

One of the duties of the board of directors is to develop a strategic plan that includes policies and procedures to serve the needs and interests of the members and the cooperative. The strategic plan should be intentional about addressing risk. It is appropriate that the board develop and oversee risk management policies and procedures but should leave it to the management team to monitor and manage the risk day-to-day. Sullivan suggests these policies and procedures should be written in a policy record book, along with the date of adoption or amendment.

Leon Berthiaume raised the question, “Why has risk management become more prevalent?” He noted that customers are looking for proof that their suppliers have risk management strategies in place, which builds confidence. Customers are concerned—do suppliers have access to secondary supply if necessary, is there sufficient redundancy or flexibility in the system that would allow for product or services to continue to the customer in case of a significant event? Customers are requiring that tracking procedures are in place in case of product recall. Investors and bankers want more information and confidence that the cooperatives in which they invest their funds have strategies to mitigate risks. Cyber crime continues to escalate. Are procedures in place to monitor these attacks and protect business, employee, supplier, and customer information. Are defense mechanisms sufficient that computerized processing systems will not be hacked or held hostage for ransom?

Jay McWatters suggests that risk management is a pivot point between strategy set forth by the board and tactics employed by the management team. Risk management allows managers to prioritize the risks across the cooperative. Risk management was first conceived in the 1950s but has evolved as a prevalent focus when doing business. Jay notes, “We need to remember that risks are not always adverse.” Typical risk responses include: avoiding the risk, transfer or share the risk, mitigate it, or accept it. The tone at the top is critical and an annual review of risk management procedures by the board keeps the process fresh and relevant. When developing risk assessments, baselines are created from which future progress can be monitored.”