

Stimulating Innovation

Northeast Cooperative Council

2007 Annual Report



Meeting Member Needs for Education and Information

Council Profile

Mission

The mission of NECC is to stimulate the overall effectiveness of member organizations by increasing the understanding and power of the dynamic cooperative business model among directors, members, employees, advisors, future leaders, and educators through a working partnership of cooperative leaders and faculty at Cornell University. To provide leadership to members in leveraging their own educational resources through collaboration, and providing an ongoing forum fostering the exchange of ideas among cooperatives here and around the world.

Member Services

Cooperatives operate for the benefit of their member-owners. The Northeast Cooperative Council (NECC) operates for the benefit of member cooperatives and associate members. NECC is a regional membership organization serving cooperatives in New York and New England. Council members represent a variety of cooperatives including: rural electric, insurance, service, supply, credit and marketing. Associate members include legal, accounting, consulting and international development professionals working with cooperatives in the region.

NECC was incorporated in New York State in 1949 as the New York State Council of Farmer Cooperatives. As the service area of the member cooperatives expanded across the Northeast and the number of state councils in the region declined, the Council began to accept members from outside of New York State. In 1991 the name was changed to the Northeast Cooperative

Council. In 1997, the Council instituted an associate membership open to professionals working with cooperatives in the Northeast.

The Council is guided by the board of directors composed of representatives from member organizations. The board is comprised of a mix of producers and managers. The Council, along with the faculty and staff in the Department of Applied Economics and Management in the College of Agriculture and Life Sciences at Cornell University, strives to provide members with the highest quality educational programs.

A key relationship for the Council is a partnership between NECC and the Cornell Cooperative Enterprise Program (CEP). NECC and CEP jointly sponsor workshops, seminars and conferences.

The Council sponsors annual conferences and workshops for directors, senior management, and future leaders as well as special programs for members.

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President's Report

As your board of directors was discussing the theme of this years' annual meeting our Executive Secretary, Brian Henehan, suggested "Managing through Turbulent Times." I made the comment that I didn't really think we were going through "turbulent times" and the idea was dropped. Over the last several months there certainly have been a number of unsettling issues that have the potential to spin out of control if not managed carefully. We are mired in a war in Iraq that began with the bombing of Baghdad on the night of our annual meeting six years ago. Energy and commodity prices have risen to levels we only dreamed about in the past. For the year '07 dairy and grain farmers have been on the winning end of this scenario, but to other sectors it has been a blow directly to the gut. Feel free to add any number of issues to this list. We may just be in turbulent times.

This brings me to the theme of this years' meeting "Stimulating Innovation." I firmly believe we possess the ability to get through any problems we have caused ourselves, and some extra besides. Cooperation, the umbrella under which we all work, will get us there. In short, anything that increases cooperation is helpful and anything that decreases cooperation is harmful. This is not to say we don't need competition, cooperation and competition can co-exist. Your board of directors hopes the conference this year will spark some ideas needed to chart our way through the issues we will face.

In the past year the NECC board has spent a considerable amount of time evaluating, brainstorming and positioning us for the future. We began the year with a member survey and in our December meeting we used the survey results and input from Bob Ludwig in a formal strategic planning session to chart our future course. We paid particular attention to who our audience is and what programs are needed. The future leaders conference has been challenged in getting enough participants in recent years. However the board felt strongly that this program is valuable and should continue. Due to the timing of our discussion we decided to not have the conference this year, but to have it again in '09' with some extra marketing effort to increase attendance.

We also looked at just who our audience is. As a result of the survey and our discussion we believe our co-op managers have a number of other educational opportunities to network and receive training. Therefore your council will concentrate on directors and future leaders as we develop future programs. We are still very open to the guidance and ideas from our managers on what programs would be helpful, and will be continuing to seek their wisdom and expertise. We do not have a structure so rigid that it cannot change, so continue to feed in your ideas about what you feel would be valuable. We are willing to expand our membership as well if there are other cooperatives that feel an association with us would be helpful.

I want to thank all those who have worked tirelessly to develop and implement our programs in the past year. Brian Henehan, Todd Schmit and Carol Thomson in the Cornell office are invaluable in keeping the Council going in addition to their many other duties. The Council board members who give their time and talents to guiding the program and provide insight and ideas as we develop our programs. Finally, to all the board members of our member cooperatives thank you for the suggestions, encouragement and criticisms you have provided. We covet your suggestions and your support as we strive to fill the educational needs of our cooperative members and fill the needs of our farmer members. "Together we can, cooperatively."

Executive Secretary's Report

We have had another productive year for the Council. Please take a few minutes to read the content of this report. We have worked hard to deliver the most useful knowledge and information to our priority audiences throughout the year.

I continue to be impressed with the commitment and creativity that the Council exhibits in accomplishing our mission. In keeping with our theme for this year's Annual Leaders Forum, we have hopefully been a catalyst to "stimulate innovation" through our educational programs.

Cooperative members of the Council have been leaders of innovation in your own right over the years. Cooperatives in the Northeast have been very creative and innovative in organizational approaches, cooperative finance, and marketing. Here are some of my observations on how you have created innovation over the years:

- Expanding memberships across the U.S. and into other countries
- Utilizing non-member directors
- Creating new relationships with value-added marketing organizations
- Developing equity programs tied to transferable delivery rights
- Developing innovative mergers and consolidations
- Creating a Farm Credit organization by combining area associations with a national Bank for Cooperatives
- Developing innovative new consumer products
- Entering into new global alliances

Lest we don't practice what we preach, we are working on new innovative approaches to developing and delivering educational and informational programs for you, our member-customers. In that regard the NECC board of directors, staff and faculty at Cornell University are developing an updated strategic plan to keep the Council focused on your current needs for education and information. As I enter my seventeenth year serving as your

Secretary, I realize that previous strategies we have adopted may no longer be relevant. Today's farmer-members and managers receive their information when and where they want it. The challenge for the Council and educators as well, is to adapt to current audience learning styles, adopt new information delivery systems and create knowledge that is valued by members.

We need to take time to honor those individuals who have made a significant difference to their organizations. We will be honoring one of those individuals at our Annual Meeting. Roy Orton has contributed his leadership to a number of cooperatives over his years of service as a cooperative leader. He recently was recognized by the National Council of Farmer Cooperatives as "Director of the Year." Another individual who left his mark on his cooperative was Hugh Hill who passed away recently. Cooperatives in the Northeast are fortunate to have had the quality of leadership that these individuals have provided.

Cornell Report

Congratulations to the Northeast Cooperative Council (NECC) for another productive year working with cooperative leaders, executive management, future leaders, and educators in increasing the understanding and power of the dynamic cooperative business model! Cornell University, and particularly the Department of Applied Economics and Management (AEM), are proud of the collaborative working partnership we have developed with the NECC and look forward to continued interaction in the future.

One year ago I was introduced on this stage as the new faculty member in AEM and incoming Cornell liaison to the NECC. It has been a pleasure to get to know many of you and in working with the NECC to develop effective research and outreach products and activities that support both of our mission's. My professional interests focus on improving agribusiness firms' marketing and management skills that lead to improved decision making, firm performance, and industry viability. Research determining the effect of firm, spatial, and market factors on firm and industry performance provides critical information for improving firm marketing and management decisions, identifying sources of competitive advantage, and forming effective policies targeted toward agri-based industry development.

As you know, agricultural cooperative organizations serve as key players in many agricultural sectors, with significant economic contributions all along the food value chain. As such, applied research on improving the management and effectiveness of cooperatively owned agribusinesses serves a particular emphasis. I am pleased to collaborate with Brian Henehen, Program Leader of the Cornell Cooperative Enterprise Program (CEP), on research and extension efforts in this regard. Bringing together Brian's expertise in agricultural cooperative development with my interests in agribusiness and economic development are sure to produce effective and useful products for our cooperative industry stakeholders.

Northeast Cooperative Council

Cornell Report (cont'd.)

As it is the purpose of this report, we follow now with a brief description of this past year's educational and research efforts, particularly in relation to agricultural cooperatives and associated farmer members of the NECC. As always, we welcome and seek your input and feedback so as to develop effective, useful, and timely research and outreach products. We look forward to another productive year together!

Todd M. Schmit, Assistant Professor
Department of Applied Economics and Management

Educational Activities

Agricultural Cooperative Undergraduate Education: Brian Henehan presented a guest lecture to our department's undergraduate agricultural finance class (AEM 405) on "The Economics and Strategy of Agricultural Cooperatives." Students were very interested to learn of the development of agricultural cooperatives, the differences in operational and management structures, and how decision making is accomplished under the member-owned cooperative business model. Many of the students in the class are from family farming operations that are members of NECC member organizations.

2007 NECC Member Survey: To continue to effectively support the mission of the NECC, the Board of Directors (BOD) reviewed current strategies and delivery mechanisms employed to insure that they are meeting the needs of Council members. As part of this exercise, CEP developed and administered a survey questionnaire to NECC members seeking input on a number of questions aimed at clarifying today's educational priorities of NECC members and how the NECC might address those needs. Future leaders and directors continued to be identified as priority audiences, with primary topics covering strategy, decision making, and creating value for members. Annual conferences and individual cooperative sessions were the most preferred delivery approaches, with on-demand workshops and educational training modules following closely. Even in our technology-focused times, face-to-face interactions were far and away preferred over other delivery technologies such as web casts, email/file attachments, and web-based training modules.

Agribusiness in Poland: Todd Schmit traveled to Poland this past May with 19 undergraduate students to learn about agribusiness from a Polish perspective. Recently joining the European Union, Poland represents a success story of transition from a state-directed to a market economy, although not without struggles and obstacles along the way. Leading agricultural products in Poland include fruits and vegetables, wheat, poultry, pork, and dairy. The trip, as part of the Cornell Agribusiness Fellows program, provides

Cornell Report (cont'd.)

undergraduate students the opportunity to travel abroad to observe and interact one-on one with agribusiness leaders in different countries. Of particular note was a visit to Lazur Company, a successful dairy cooperative that manufactures and sells an amazing array of blue cheese products. Interestingly, their Board of Directors consisted of three elected farmer-members, with the Board Chairman also serving as co-op's chief executive manager!

Agricultural Cooperative Director Training: Given the current challenges in becoming or serving as a director of an agricultural cooperative in today's competitive market, directors need to have the best information and preparation available to fulfill their responsibilities. At the request of the board of directors of the NECC, Henehan and Schmit (through the CEP) are developing a *Director Training Clearinghouse* to serve as a centrally located educational resource for cooperative leaders and directors. There are a number of universities, organizations, and public entities across the U.S. that produce or deliver educational programs for directors of cooperatives. However, the availability of this information is oftentimes unknown beyond a cooperative's current geographic region or professional affiliations. In addition, there are a growing number of farmer cooperatives that have operations and directors located across the U.S. Given the commonality of educational and training needs for today's agricultural cooperatives, the availability of a centralized clearinghouse of training resources and programs will be a beneficial tool for cooperatives in accessing the latest resources available.

Cornell Strategic Marketing Conference: Todd Schmit currently serves as the faculty chair of the Agricultural Marketing and Management Program Work Team (PWT), whose mission is to give New York food and agriculturally related businesses a competitive advantage by improving the knowledge of marketing and management capacities and skills. Each fall, the PWT sponsors the Cornell Strategic Marketing Conference and the theme of this past years' conference was *The Northeast Competitive Advantage: Increasing Producer Access to Markets*. The conference brought in successful agri-business executives at all levels of the food value chain, from a variety of markets, and across a range of commodities and food products. Producers, distributors, wholesalers, and retailers shared and discussed their insights on distribution, selling techniques, accessing markets, product development, expanding market opportunities, and ways producers can capitalize on them. Representatives from successful joint-producer ventures discussed partnerships and cooperative arrangements for improved product marketing.

Other Educational Outreach Presentations: Both Schmit and Henehan presented the results of their research and educational efforts at numerous extension, industry, and educational events, including the Agribusiness Economic Outlook Conference, Cornell Cooperative Extension's Agricultural and Food Systems In-Service, and the Agricultural

Cornell Report (cont'd.)

Finance and Management Retreat. Henehan also provided a board evaluation training seminar to a cooperative interested in enhancing board performance.

Research Efforts

Food and Beverage Manufacturing: Retaining a healthy processing sector is essential to vital local economies and a viable food industry in New York State. Relative to the rest of the nation, food and beverage manufacturing in New York State is restructuring or declining and firm competitiveness in a global marketplace is a growing concern. Understanding appropriate adjustments to make New York more receptive to food and beverage manufacturing firms is crucial to improve firm competitiveness and long-term sustainability. Work continues to address these issues and critically analyze the future of food and beverage manufacturing in the state. We are establishing an industry advisory council across a wide spectrum of food and beverage firms to evaluate, review, and provide recommendations of our work. Several NECC member organizations are expected to be involved.

Chinese Visiting Scholar: Dr. Xiangyu Guo, Professor, and Dean of the College of Economics and Management, Northeast Agricultural University, China is working with Henehan for one year as a Visiting Scholar in AEM. Dr. Guo is very interested in the agricultural cooperative model and how such models can be applied to the developing rural economies in China. While here, Guo's collaborative research topics have included: the historical development, problems, and reform of rural supply and marketing cooperatives in China; studying the efficiency of agricultural cooperatives in China and the U.S.; and developing an economic index system for measuring the economic well-being of rural communities in China. In collaboration with Henehan and Schmit, Guo's research on cooperative developments in China was presented at this past year's NCERA-194 conference, a national research committee on improving the management and effectiveness of cooperatively owned businesses and organizations.

Agricultural Cooperative Conversions: Since the inception of Pro-Fac Cooperative in 1960, the cooperative has undergone significant structural and organizational change up to the current situation in 2008. The Pro-Fac case presents a unique opportunity to examine the changes in the processed fruit and vegetable industry and the strategies adopted by a producer-owned cooperative to best represent member economic and marketing interests over that time period. As part of a larger collaborative research effort on cooperative conversions, failures, and restructuring in U.S. and Canadian agriculture, Schmit and Henehan are applying a case study approach to provide an in-depth analysis of the transitions and operational changes of Pro-Fac over its storied history. The case will combine both descriptive and theoretical approaches and the underlying focus of the study will be on how

Cornell Report (cont'd.)

Pro-Fac created and delivered member benefits throughout the various phases of restructuring and reorganization.

Bioenergy Development and Agricultural Impacts: The recent expansion of the US biofuels industry and corresponding increased demands for grains and oilseeds is affecting the structure of agricultural commodity markets. These changes have substantially different implications for crop and livestock operations across the country. In states such as New York, higher grain prices may provide some opportunities to expand cash crop production, but for dairy producers, management adjustments will be required to respond to higher and more variable feed costs and to take advantage of supplies of alternative energy by-product feeds. One line of our research focuses on the direct relation of input prices to **feed costs** whereby economic models are specified and used to estimate the potential effect on feed costs under varying biofuels development scenarios. Given that on-farm management adjustments are likely to differ depending upon the size of the dairy operation and the quantity and quality of land available for feed production, in related research we are developing **whole-farm planning** models that will be used to assess these farm adjustments in terms of risk-adjusted farm profitability and environmental impacts. A third avenue of research is in developing a better understanding of the spatial, logistical, and economic issues associated with the system for producing bio-fuels, such as ethanol production from biomass in the Northeastern United States. This project will examine how economic aspects of growing, harvesting, transporting, and storing biomass and the cost of transporting bio-refinery outputs to end users affect the development and structure of the industry, particularly in terms of **plant size and location**. Finally, additional research is underway in looking at ethanol processing profitability and the modeling **firm entry and exit decisions** given current and expected market conditions. We estimate the spread between ethanol output prices and net revenue that would encourage an ethanol firm to exit and that would encourage a new entrant. These decisions will be differentiated by differing investment and cost structures of firms based on size, technology, feedstocks, location; and will have implications for anticipated industry developments.

Dairy Farm Business Risk and Implications for Risk Management Strategies: As you are well aware, dairy farms are currently exposed to greater risks than in the past. To identify specific strategies needed to manage dairy risk effectively, we quantify the important sources of dairy farm income variability for a sample of New York dairy farms over a recent 10-year period. The most important source of income variability is the fluctuation in milk prices, followed closely by year-to-year variation in the quantity of purchased feeds. These results suggest that forward pricing of milk and feed purchases may be effective risk reduction strategies. Our results suggest that older farmers are more successful in engaging in activities that increase diversification and reduce the variability in farm income. The same is true for farmers who utilize milking parlors, use recombinant bovine somatotropin, have greater assets per cow, and have engaged in activities to earn income from off-farm sources.

Cornell Report (cont'd.)

Recent Publications

Book Chapters:

Schmit, T.M. and N.L. Bills. "Agribusiness Contributions and Inter-Industry Linkages in the New York State Economy." *Yearbooks of Agricultural University of Poznan, Economy Series* Vol. 6, No 385. Agricultural University of Poznan Publishing: Poznan, Poland. 2007.

Journal Articles:

Chung, C., T.M. Schmit, D. Dong, and H.M. Kaiser. "Economic Evaluation of Shelf-Space Management in Grocery Stores." *Agribusiness: An International Journal*, 23(2007): 583-597.

Dong, D., T.M. Schmit, and H.M. Kaiser. "Optimal Media Allocation of Generic Fluid Milk Advertising Expenditures: The Case of NY State." *Agricultural & Resource Economics Review*, 36/2(2007):253-266.

Schmit, T.M. and H.M. Kaiser. "Optimal Seasonal Allocation of Generic Dairy Advertising Expenditures." *Journal of Agricultural and Applied Economics*, 39/1(2007):187-199.

Guo, X., Henehan, B. and W. Knoblauch. "The Dairy Industry in New York State", *Chinese Journal of Animal Science*, Chinese Animal Science Society, Beijing, China, February 2008.

Chang, H-H, T.M. Schmit, R.N. Boisvert, and L.W. Tauer. "Quantifying Sources of Dairy Farm Business Risk and Implications for Risk Management Strategies." Submitted, *Journal of Dairy Research*, January 2008.

Guo, X., B.M. Henehan, and T.M. Schmit. "Rural Supply and Marketing Cooperatives in China: Historical Development, Problems, and Reform." Submitted *Journal of Rural Cooperatives*, March 2008.

Schmit, T.M., L. Verteramo, and W.G. Tomek. "Implications of Growing Biofuel Demands for Livestock Feed Costs." Submitted *Review of Agricultural Economics*, March 2008.

Extension Bulletins and Staff Papers:

Henehan, B.M. "An Overview of Dairy Marketing Cooperatives Operating in New York State" E.B. 2007-03, Department of Applied Economics and Management, Cornell University, April 2007.

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Barry, J. and B. Henehan, "Enhancing Leadership and Organization for Farmers' MarketSuccess", SP 2007-01, Department of Applied Economics and Management, Cornell University, May 2007.

Schmit, T.M., H.-H. Chang, R.N. Boisvert, and L.W. Tauer. "Quantifying the Contributions to Dairy Farm Business Risk: Implications for Producer's Risk Management Strategies," E.B. 2007-12, Department of Applied Economics and Management, Cornell University, August 2007.

Lindabury, S., T.M. Schmit, R. Howe, and T. Schusler. "Municipal Approaches to Energy Conservation and Renewable Energy Production: A Resource for Community Energy Initiatives." CaRDI Report Issue 3, E.B. 2007-17, Department of Applied Economics and Management, Cornell University. November 2007.

Henehan, B.M. and T.M. Schmit. "Chapter 3: Cooperatives," in *New York Economic Handbook 2008*, E.B. 2007-20, Department of Applied Economics and Management, Cornell University, December 2007, pp. 3-1 - 3-5.

Schmit, T.M. and W. Tomek. "Chapter 5: Grain and Feed," in *New York Economic Handbook 2008*, E.B. 2007-20, Department of Applied Economics and Management, Cornell University, December 2007, pp. 5-1 - 5-13.

Schmit, T.M. and R.J. Weybright. "The Northeast Competitive Advantage: Increasing Producer Access to Markets." *Proceedings, 2007 Cornell Strategic Marketing Conference*. E.B. 2008-01, Department of Applied Economics and Management, Cornell University, January 2008.

Trade and Industry:

Henehan, B.M. Editor. "Cooperative Notes," Newsletter of the Northeast Cooperative Council, (NECC). Volume 21, issues 1-3. January, May, and October, 2007.
<http://aem.cooperatives.cornell.edu>

Chung, C., T.M. Schmit, and H.M. Kaiser. "Benefits of Shelf-Space Management in Dairy Cases of Grocery Retailers." *NICPRE Quarterly*, National Institute for Commodity Promotion Research and Evaluation, 13/1(2007).

Lindabury, S., T.M. Schmit, R. Howe, and T. Schusler. "Home Grown Power: Community Energy Initiatives in Upstate NY." *Rural New York Minute*, Community and Rural Development Institute, Cornell University, No. 9, September 2007.

Cornell Report (cont'd.)

Schmit, T.M. "Il Est Peu Probable Que Les Coûts D'Alimentation Élevés Actuels Baisseront Dans Un Avenir Rapproché." *Zoom Maïs/Soya*, January 2008, pp. 16-17.

Schmit, T. and B. Tomek. "Look for Continued Rise in Dairy Feed Expenses." *American Agriculturist*, 205(2), February 2008, p. 41.

Dunn, J., B. Tomek, and T. Schmit. "Grain Prices Face More Uncertainty." *American Agriculturist*, 205(2), February 2008, p. 41.

Year In Review

Forum Focused On - "The Power of Partnering"

The Northeast Cooperative Council held its Cooperative Leaders Forum and 58th Annual Meeting on March 15-16 at the Hyatt Regency in Rochester New York. The theme was "The Power of Partnering". The Forum was held in conjunction with COBANK's regional customer meeting.

Kevin Feeley kicked off the Forum with a presentation on "**Innovative Business Structures for Partnering**". Feeley is a partner in the Tax Department in McDermott, Will & Emery's Chicago office. He has advised on the structuring and implementation of over 50 cooperative mergers/acquisitions, including the two largest cooperative mergers in the United States. He focused his presentation on how today's cooperatives are utilizing alternative business structures to: attract new sources of capital; achieve economies of scale, gaining market access, and sharing expenses or expertise. He also reviewed the results of a survey of member cooperatives conducted by the LTA committee of the National Council of Farmer Cooperatives in 2005 concerning the use of various business structures to attract new sources of capital or enter into joint ventures or raise non-member equity.

Brad Keating, COO of Dairy Marketing Services addressed "**Milk Marketing Collaboration**". Keating is the Chief Operating Officer of Dairy Marketing Services (DMS). He described the DMS milk marketing venture that currently handles in the Northeast over 16 billion pounds of milk produced on more than 9,000 farms and manages a hauling system of 170 contract milk haulers carrying more than 850 loads per day.

"**Partnering for a Stronger Rural America**" was the theme of the CoBANK session which began with a report on 2006 operating results from Bob Engel, Chief Executive Officer. The CoBANK session also included a report from the Board.

Year In Review, Cont'd.

Dr. Kevin Hassett presented an "**Economic Outlook**". A resident scholar and director of economic policy studies at the renowned American Enterprise Institute, he was a senior economist at the Board of Governors of the Federal Reserve System and an associate professor of economics and finance at the Graduate School of Business of Columbia University. He reviewed a number of topics that will influence the U.S. and global economy. He also offered observations on the political scene and the upcoming presidential race.

Jim Bausell reviewed "**The Power of Human Connections**". Bausell serves as Vice President of the National Rural Electric Cooperative Association (NRECA). He reviewed the background on the development of the Touchstone program. Initially, it was formed to defend against the encroachment by competing utilities, such as Enron, on the significant commercial and industrial businesses served by the co-ops. He described an energy information system program that is now operated by the National Information Solutions

Cooperative which processes all of the utility bills in the nation for Wal-Mart, some 35,000 transactions and over \$1.5-billion in payments per year. He discussed the development of the Touchstone Energy Cooperatives, the national brand for America's Electric Cooperatives, with 636 cooperatives serving the energy needs of over 24 million Americans in 46 states. One of the key approaches used to deliver the Touchstone message is the use of Television commercials and promotional spots. He presented videos of several examples of these spots including the most recent one highlighting the return of a group of soldiers from Iraq.

The program was followed by a reception sponsored by CoBANK directors as well as the annual NECC banquet. The after-dinner speaker, sponsored by CoBANK was Scott McCain who spoke about "**Three Steps to Future Success**". McCain is Vice Chairman of Obsidian Enterprises, Inc. recently named as one of the "fastest growing public companies" in the nation. He described how he started Obsidian Enterprises, Inc., and a sister company Durham Capital Corporation which are involved in a wide range of businesses: From luxury buses for some of the nation's top entertainers to the highly sophisticated trailers for auto racing teams in NASCAR. He shared his approach to addressing the challenges of management and operation of diverse businesses on a daily basis. He offered inspirational messages aimed at enhancing personal lives and management performance

The Forum continued the following morning with a presentation on "**Building Global Partnerships**" by Keith Heikes, Vice President of International Programs at Cooperative Resources International (CRI) based in Shawano, Wisconsin which has 50,000 members throughout the United States. Heikes has overseen the development of an extensive international distribution network as well as the purchase or creation of businesses wholly or partially owned by the cooperative in the Netherlands, Australia, South Africa, India, and

Year In Review, Cont'd.

Brazil. CRI does business in approximately 55 countries each year. He provided an overview of the development of a new joint venture in India called Indiagen.

George Lamont reported on the "**The Premier Apple Cooperative**". Lamont is partner and past president of Lamont Fruit Farm, Inc., a six-generation farm in Albion, N.Y., now in the top 10 fruit farms in New York State as well as president, since 2002, of the Premier Apple Cooperative. He provided an overview. The Forum wrapped up with round table discussions for directors and managers. Those sessions offered an opportunity for leaders from across the Northeast to discuss current issues and share strategies.

NECC Officers & Directors for 2007

The Council announces the election of directors for 2007. Officers were re-elected along with several directors at the Council's annual meeting held in Syracuse, NY. Sanford

Stauffer, a New York dairy farmer and director of Dairylea and Dairy Farmers of America Cooperative continues to serve as president. Will Baildon, vice-president, COBANK continues to serve as vice-president to the Council. Theron Kibbe, director of marketing for Farm Credit of Western New York, ACA continues to serve as treasurer of the Council. Brian Henehan, senior extension associate at Cornell University, was re-appointed secretary.

Four directors were elected to serve on the 13 member board. Irene Sorensen, director of grower relations at Ocean Spray was re-elected to represent Ocean Spray Cranberries, Inc.; Sanford Stauffer, dairy farmer and director representing Dairylea was re-elected. John Majkut, director of member relations, representing Agri-Mark was re-elected. Jay Hardenburg, eastern region manager, representing National Grape Cooperative was elected to serve on the board.

Young Farmers Cultivate Leadership

Over 20 participants were sponsored by their cooperatives to attend the thirty-second Annual Cooperative Future Leaders Conference held July 25-27 in Syracuse, NY at the Genesee Grande Hotel. Dairylea Cooperative was this year's host cooperative for the conference. Cooperatives that sponsored participants included: Agri-Mark, Dairy Farmers of America, Dairylea Cooperative, Farm Credit of Western New York, First Pioneer Farm Credit, Yankee Farm Credit, and Upstate Niagara Cooperative.

The Cooperative Future Leaders Conference is co-sponsored by the Northeast Cooperative Council and Cornell Cooperative Extension. The conference provides an excellent opportunity for members and staff who are likely to be in leadership positions in their

Year In Review, Cont'd.

cooperatives to learn more about the unique operating features of cooperatives and current issues affecting their organizations.

Featured speakers included: Greg Wickham, CEO of Dairylea Cooperative, Sandy Stauffer, director of Dairylea and Dairy Farmers of America and Joyce Bupp, DFA director who participated in a panel discussion on "Cultivating Leadership Skills".

Dave Chamberlain, a director of Dairylea Cooperative discussed the "Roles and Responsibilities of Cooperative Directors". Tom Cosgrove, formerly a loan officer with COBANK discussed "Cooperative Finance." Brad Keating, COO of Dairy Marketing Services addressed "Milk Marketing Collaboration". "The Economics of Cooperative Businesses" was presented by Brian Henehan, senior extension associate in the Department of Applied Economics and Management at Cornell University.

The participants enjoyed a Thursday afternoon tour of the HP Hood dairy processing plant in Oneida, NY as well as Plainville Farms turkey farm and processing plant. The tour wrapped up with dinner at the Plainville Farms restaurant in Cicero, NY.

The Friday morning sessions involved group discussions with cooperative management and directors including: John Makjut with Agri-Mark, Ed Schoen with Dairy Farmers of America, Sandy Stauffer with Dairylea, Jack Van Almelo with DairyOne Cooperative, Theron Kibbe with Farm Credit of Western New York, Craig Pollack with First Pioneer Farm Credit, Jim Vitale with Genex Cooperative, Jay Hardenburg with National Grape Cooperative, Kevin Murphy with Pro-Fac Cooperative, Lynda Brushett with the Cooperative Development Institute, and Tom Gates with St. Albans Cooperative.

NECC MEMBERS ON THE "TOP 100" LIST

The National Cooperative Bank has released its 2007 "Co-op 100" list of the largest U.S. business cooperatives. Seven NECC members are included in this elite group which includes cooperatives operating in various business sectors. The NECC cooperatives are:

Rank	Cooperative	2006 Total Revenue (million \$)
2	Dairy Farmers of America	7,899
16	COBANK, ACB	2,218
32	Ocean Spray Cooperative	1,209
40	Dairylea Cooperative, Inc.	1,082
62	Agri-Mark	683
75	National Grape Cooperative	600
87	Upstate Niagara Cooperative	500

For more information on the list and on cooperative businesses visit www.co-op100.com

Leaders and Members

Board of Directors

(2007)

Will Baildon
COBANK, ACB

Paul Doton
Yankee Farm Credit, ACA

Jay Hardenburg
National Grape Cooperative

Theron Kibbe
Farm Credit of Western NY, ACA

John Majkut
Agri-Mark

Kevin Murphy
Pro-Fac Cooperative

Ed Neal
Upstate Niagara Cooperative

Craig Pollock
First Pioneer Farm Credit, ACA

Edwin Schoen
Dairy Farmers of America

Irene Sorensen
Ocean Spray Cranberries, Inc.

Sandy Stauffer
Dairylea Cooperative Inc.

Eric Zuber
O-AT-KA Milk Products Cooperative

Officers

Sandy Stauffer, President
Dairylea Cooperative Inc.

Will Baildon, Vice-President
COBANK, ACB

Theron Kibbe, Treasurer
Farm Credit of WNY, ACA

Staff and Associates

Brian Henehan, *Executive Secretary*

Carol Thomson,
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Dr. Todd Schmit,
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or visit our website:

<http://cooperatives.aem.cornell.edu/>

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