

VII. MANAGING AND OPERATING A FARM BARGAINING ASSOCIATION

The Manager

While nearly every bargaining association is organized as a cooperative, there are some differences in the type of individual required to manage a farm bargaining association as compared to an operating cooperative. A farm bargaining association does not require heavy capital investments in plants, warehouses, and the like. A farm bargaining manager must have the knack of managing all aspects of human relations, and be a superb communicator, able to communicate ideas and concepts equally well to a food company president and a farm operator. Other qualities that the manager must bring to the job include: a superior knowledge of the economics of production, processing, and handling of the commodity as well as a comprehensive knowledge of the economics of the marketplace; ability to deal with criticism, complaints, and problems in an even-handed unemotional way; creativity, innovativeness, and perseverance; and, most important of all, integrity and the confidence of the association's members and customers.

A farm bargaining association has a great opportunity to improve the economic conditions of farmers. It may also, on occasion, find itself inflicting economic loss to an industry through poor judgment or bad decisions. Therefore, the integrity of the organization is linked very closely to the standing and reputation of its manager and board of directors. Growers' production is sold to numerous buyers, each jealous of the other, each eager to seek and gain advantage. Operating in such an environment requires integrity, fair dealing, and a reputation for honesty. Members of a farm bargaining association are also, in a way,

competitors. Their confidence can be maintained only by a belief that the association's leadership will provide fair and equal treatment to each member.

Failure of bargaining associations to perform can generally be related to a record of poor or inept management. Managers of many of the more successful bargaining associations are well paid. Their salaries and perquisites should be competitive with the salaries paid to the food company executives with whom they must deal.

Selecting a Board

The directors of a farm bargaining association are usually nominated by a nominating committee in the district which the director represents. Some care should be exercised in selecting people for this position. The nominating committee should know the director's responsibilities, and the selection of nominees should be considered with those duties in mind.

A list of some of the qualifications might be as follows:

1. Is the nominee known as a good farmer with independent judgment and good faith and respected by colleagues?
2. Is the nominee able to work in harmony with other members of the board?
3. Does the nominee have experience in business and financial affairs?
4. Is the nominee known as a person of integrity, capable of making decisions to benefit the association and not for personal gain?
5. Does the nominee have a grasp of the marketing programs associated with the commodity?
6. Is the nominee prepared to give the necessary time and effort to the affairs of the association?

Responsibilities

The responsibilities of the board and the manager should be clearly spelled out and understood. In a bargaining association, the board's principal obligation is involved with establishing the prices and the terms of sale of the commodity. Every farm bargaining association board of directors reserves to itself this final decision on prices and terms. The board has other duties, however, and these include:

1. Establishing association objectives, policies, and goals.
2. Selecting the manager and deciding on the compensation and duties of that position.

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3. Retaining legal counsel and auditors.
4. Approving budgets and financial plans.
5. Filling board vacancies between elections.
6. Approving employee retirement and benefit programs.
7. Designating committees of the board of directors.
8. Evaluating the performance of the management.
9. Developing long-range plans and objectives for the association.

The manager's responsibilities in a typical farm bargaining association consist of the following:

1. Under direction of the board, to plan the bargaining strategy, coordinate the bargaining activities, and negotiate with buyers to obtain the prices and terms of sale approved by the board.
2. To define management objectives, goals, and policies within the constraints of overall board-established association policies.
3. To prepare the relevant economic supply and market data upon which the board will make its decisions on price and terms of trade.
4. To plan and direct the communications with members, non-members, and the trade.
5. To select employees and fix their compensation.
6. To direct and supervise the activities of the employees and measure their performance.
7. To prepare budgets and marketing-bargaining plans for Board approval.

There are also a number of areas in which decisions may be shared between the board and the management. These matters depend in large part upon the working relationship between the board and the manager and the relative skills possessed by the manager and members of the board. These may include:

1. Insurance requirements.
2. Engaging professional services.
3. Employee bonding.
4. Changes in the organizational structure.
5. Employee benefit plans.
6. Investment policies.
7. Member relations.

Board-Manager Relations

The relationship between the board of directors and the management should be clearly understood. The board derives its authority from the

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members and serves as the nerve center from which major decisions are transferred through the manager to the operating unit. Directors are not expected to give directions to members of the operating staff. This is often the basis for misunderstanding because the directors, in their personal farming activities, are the operators and the doers and it is sometimes hard for them to realize when they are meddling in management affairs.

The director has no executive function in the organization and legally a director has no power except at a properly convened board meeting. Failure to understand this concept is at the root of much board-management friction..

A director with special training or ability, and who has acquired an expertise in a certain area, may often gain some informal authority in the management of the cooperative. As a practical matter, such skills **should** be used to advantage. However, it must be borne in mind that the executive or general manager is accountable to the entire board for initiating and carrying out activities within the boundaries of authority granted by the board. The board is primarily concerned with idea decisions, and the executive is primarily concerned with the action decisions. The board decides overall objectives, policies, and goals of the association and the executive decides on matters relating to attaining those objectives and goals.

Boards of directors can make valuable managerial suggestions about policy implementation and negotiating problems. However, board participation in these areas must be regarded as opportunity rather than responsibility. Board members depend on the executive to raise the issues on which advice and counsel are sought, and a good executive will seek the advice and help of his board. The key is to remember that executive responsibility is vested in one person who is responsible to the entire board.

The directors on a bargaining association board frequently find themselves engaged in intensive bargaining among themselves over a final price decision. The final price decision may not be a unanimous one. Directors may find themselves holding views that are in conflict with the views held by the members in their districts. This is not unusual because the directors have been exposed to more information upon which they have based their opinions, while the members may not be as up to date. In such a case, the directors are faced with a decision as to whether they will vote their own convictions and conscience, or support the views of their members. Their decisions may determine their tenure

on the board. Most experienced directors caught in this dilemma will support the position which will maintain the integrity and the strength of the bargaining association.

Those seeking election to the board will sometimes campaign for a price or terms of sale which in the end is simply unobtainable. This then creates problems when the director is up for reelection. It is best for candidates not to make firm commitments when seeking directorships on a farm bargaining association board. Bargaining is essentially a business of give and take, timing, and compromise. Every farmer knows this from experience. Is there a farmer who has not said: "I should have sold earlier when the price was high," or "Had I only waited to sell, or had I only known, I would have sold on a different basis?" Farm bargaining takes much of the guesswork out of selling and tries to reach its pricing decisions based on the best and most complete information available.

A common problem in management-director relationships occurs when the board acts on a management price recommendation. The board should look to the executive to make recommendations based upon the latter's knowledge and contacts with the trade. That's what bargaining association managers are for. The board, in turn, should carefully examine the reasons and the basis for the recommendation before taking action. Individual directors on occasion will blame the manager and other directors if the decision is unpopular among the members. Such action can do serious damage to the association and its standing among the members. It may call for a vigorous defense of the action and a prompt meeting with the membership and staff to report on the facts leading up to the decision.

This is an area where district committees can be most helpful. They provide the sounding board for management and the district director. It is often much more constructive to tell an unhappy member, "I agree with you. I didn't like the results myself, but under the circumstances it was the very best decision we could make."

Bargaining association boards should guard against being "rubber-stamp" boards. Good managers appreciate a well-informed board that can intelligently evaluate management recommendations. Board members can often provide valuable insights. If the board views its responsibility mainly to vote on management recommendations and plans, it is not making an informed decision. Management recommendations, particularly on pricing matters, should be carefully evaluated. Management should be in a position to fully justify and document its recommendations. The board, in turn, should see to it that **manage-**

ment has access to all the information needed to document its recommendations. If economists, marketing specialists, or other special assistances are needed, they should be made available.

The Manager's Role

The manager's principal activity is devoted to learning the market behavior of the commodity. Each crop or commodity grown in the United States has its own particular marketing pattern and behavior. The forces that influence supply, demand, and market behavior for a commodity may differ substantially among commodities. Acquiring an intimate knowledge of these forces is the most important initial function of a farm bargaining association manager, whose stature and importance in the industry are related to the knowledge and expertise of the commodity. The manager should be the best informed individual available concerning the association's commodity. Such knowledge can be extremely significant in the bargaining process, particularly when it is recognized by the trade. The directors of the association can supply valuable assistance in evaluating potential supplies. Crop estimating can be improved through modern methods to enable the association to accurately estimate the crop, but beyond the production potential is a great unknown that the manager must explore and get to know.

Buying decisions are made on market intelligence and the bargaining association managers are most effective when they have as much as or more market intelligence than the buyer. The information is available from a multitude of sources, some of it good and some not so good. Information on inventories and stocks on hand, for example, can often be secured from government and trade sources. Friendly employees of the buyer will often share information on a confidential basis. Suppliers, brokers, and selling agents all have some knowledge concerning market forces that may be significant. Bargaining association managers or members of the association staff should attend trade conferences and conventions attended by the people who deal in the products made from the commodity. Trade contacts should be cultivated and trade publications subscribed to, so that the market intelligence of the association is maintained and improved. There should be an emphasis on market influences because the price negotiations will inevitably revolve around the final market of the product.

Farm bargaining association managers should be good communicators because part of their responsibility is in communicating the concerns and apprehensions of the farmer members to the buyers and

the intricacies of the market to the grower members. The manager stands between the farmer members who expect the best possible prices for the commodity and the buyers who hope to moderate their costs of raw material. The farmer members depend primarily on the manager's knowledge of the commodity and skills as a negotiator to achieve their economic goals. The buyers, under pressure from retailers and the trade and the bottom line demands of their corporations, will try to reduce their costs. The manager will often have to try to moderate the demands of both sides. A manager with a well-established integrity and who stays abreast of the industry can often satisfy both parties. A manager who fails to satisfy the members of the cooperative will seldom remain for long in that position.

The manager's role emphasizes the need for communication skills as well as an ability to get along with people. The farmer members, by and large, are hard-working people who expect the same hard work from those they employ. Farmers are also wary and suspicious because of past experiences in connection with marketing their production. However, once they are convinced of the integrity of their employees, they are loyal to a fault. They have long memories too, and will remember a mistake or an error in judgment for a long time. Farmers have pride in their independence and share it with few people. They tend to be forthright and frank, letting their feelings be known without reservation. Few bargaining association managers will have difficulty in knowing where they stand with their members. Working with farmers can be a rewarding experience for one skilled in communicating and dealing with people, and frustrating to one who has problems in this area.

Member Communications

Membership communications in a bargaining association should be constant, consistent, and understandable. Written communications, meetings, and personal contact all must be utilized fully to obtain good results. Written communications should utilize a medium to transmit both timely information and in-depth articles on the association and the industry. A members' newsletter should be written in a style that transmits timely information in a concise and rapidly readable form. The use of fillers in a newsletter should be discouraged. The information must be accurate and up to date. The newsletter should truly provide news that the members can use to better their understanding of the market and the association's position. The newsletter should never be more than four pages long. It should be sent out on a regular basis or

whenever important information is available. It is also important to test the readership to make sure that the newsletter is performing its task. Frequent surveys and spot checks can help.

A news magazine published on a monthly or quarterly basis can also be used. This provides an opportunity to deal with industry matters and personalities in the industry on an in-depth basis. Some associations pay for the cost of publication by selling advertising. However, that decision should be carefully considered, particularly if there is good coverage of the commodity by a trade journal. Advertising in the association house journal will place the association in competition with the trade journal. A trade journal will sometimes be willing to feature association stories and give editorial support to an association that is not in competition with it for advertising. A helping hand from a third party can often be very useful in maintaining a good image with the farmers.

Special bulletins and letters from the board chairman or manager can, of course, cover matters that, because of their importance, need to be highlighted. It is important to remember that any publication must be done with skill and designed to attract maximum readership. It is an expensive process, which is why frequent spot checks should be made.

Meetings

Meetings allow two-way communication between the directors and the members. Greater skill is required to hold meetings today than was the case a few years ago. Television has provided keen competition for people's attention. Unless a meeting is well planned, interesting, and informative, it may often prove to be a disaster. Careful planning should go into organizing a meeting format. Talks should be prepared in advance and be short and to the point. The time of the meeting should be established well in advance to make sure it is not in conflict with an important local event. The program should be timely and interesting. The formal meeting should start on time and end on time. The meeting place should be familiar to the members whenever possible. The setting should be conducive to a good meeting. Lights, screens, heating, and cooling should all be checked out in advance to make sure that some careless act doesn't ruin an otherwise perfectly planned affair. Many meetings have been ruined because the power or heat wasn't turned on, a main speaker didn't show, or the meeting was in conflict with the regional championship basketball game. It is advisable to prepare a meeting checklist and assign one employee with the responsibility of seeing to it that everything is fully covered.

Meetings can be divided into three types: annual meetings, area or district meetings, and local meetings. The annual meeting provides an opportunity for showcasing the organization. It is also an opportunity to secure a featured or "name" speaker, an authority on some phase of the industry. Such meetings are prized by political people who value the exposure, particularly if the meeting is a large one. It is a meeting to which allies, friends, and customers of the association can be invited. It is an opportunity to put one's best foot forward. If the meeting is large and has important speakers, it will receive media coverage for which press kits should be prepared. Annual meetings are not the place to air internal problems. Those should be dealt with at local or regional meetings where time can be set aside for participants to speak.

Future plans and goals should be the major theme at an annual meeting so that members and others look forward to the coming year. The main thrust should be upbeat, and association leaders should be featured.

The California Canning Peach Association used the annual meeting as an occasion to bring all its district advisory committee members together for a working session. The day before the annual meeting was set aside for a meeting of all the Association's district advisors. Each of the 11 districts had five elected and five appointed district advisors, whose expenses to the 1-day working session and annual meeting were paid by the association. The format for their working session was developed in consultation with the local chairmen and topics of current interest were placed on the agenda. The association staff prepared backup material and information to deal with the requested topics. The district advisors met with the manager and his staff and on some occasions directors were also invited to attend. Before the close of the meeting, the agenda provided for an executive session of the district advisors with only legal counsel present. This served to provide good communications from the districts and a means to deal with their interests or complaints. The meeting was followed by what was called an annual "Family Dinner" restricted to district advisors, directors, staff, and their wives, and special guests of the Association who had been particularly helpful during the past year. It was organized as an occasion for fun and contributed greatly to a close-knit feeling on the part of the farmer leadership of the association. The annual meeting was held the next day. This was a good way to give recognition and a sense of participation to district advisors.

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Regional or district meetings are generally smaller. They provide an opportunity to report on the past year's activities of the association and to test the water for new ideas and approaches that may be used. The same basic planning must be followed for district meetings. They should be held in a convenient, pleasant setting with short, informed and well-planned talks. It is the place to use slide presentations and charts to illustrate the reports to the members. If there is a local problem, it should be met head-on by management. Management should always be prepared. Surprises are evidence of a poor job of communications. District meetings provide a chance for questions and answers. Members' inquiries should always be fully met and frankly answered. The format should be such that the members leave the meeting feeling they have received a full and honest report on association activities, and had all their questions answered.

In view of the competition from television and other sources, efforts should be made to secure maximum attendance at regional meetings. A few notices in the mail will not suffice. Where possible, every member should be called and reminded of the time and place of the meeting. Misconceptions and complaints can often be averted if the member has an opportunity to be at a district meeting.

Local meetings are those arranged through the district director or local advisory committee. These are usually much smaller and more informal. They are designed for a special purpose, such as dealing with a local complaint or problem, undertaking a membership drive, or to provide management with members' input. Part of the intelligence-gathering activity of the management covers the activities of buyers in the field. Local meetings, district advisors, and district directors provide an excellent means of developing a network of sources about the field activities of buyers which may provide an important signal of immense value in the bargaining process. Local members enjoy being included in the intelligence-gathering process in the field. If the association is facing opposition from certain companies and buyers in the field, their intelligence-gathering process can be very significant, by revealing each company's profile of behavior, which can be most helpful in the bargaining process.

Personal Contact

A third means of communication is through field representatives. A large association has need for a local or regional identity that can be served through local representatives. A field representative also fulfills a

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vital role in the intelligence-gathering process, and in reflecting grower attitudes and concerns. A bargaining association has an important role in determining the gross returns of its members. Its economic importance is such that members want to feel in touch with what is going on. A field representative with a regular schedule of calls on the membership fills that need. Calls by the field representative should be brief, businesslike, and to the point. Growers resent long social visits from their employees at their expense. Field representatives should be constantly briefed and kept up to date on association activities so that their effectiveness is maintained. Field representatives can also be helpful in rendering services to members *in* connection with cultural and production problems. Some associations require each field representative to file a daily report showing the name of the members called on, what was discussed, and any concerns the member had. The field representative also makes frequent spot checks or surveys to ascertain member reaction to association activities or policies. This results in a constant flow of communications between management and the members and serves to prevent activities and discourage policies which would meet with member resistance. Field representatives also check on the accuracy of scales and weights and grading operations. They can also help in coordinating the harvesting.