

Rural COOPERATIVES

USDA / Rural Development

May/June 2003



**Livestock co-ops:
Meet the new
kids on the block**

Why Cooperatives?

At times, it's worth reflecting upon what we in the cooperative business are really all about. We work hard in our daily lives—in the fields, in the shops, in the offices, en route to the next producer meeting—and may not spend much time thinking about what all this good effort is about. We don't take the time to ask the basic question, "Why cooperatives?" But we should.

Cooperatives are all about people—people doing good work to benefit themselves. But even more basic, it's people working with other people to make themselves better off. It's people recognizing that together they can do more than they can do by themselves. Call it synergy; call it teamwork; call it self-help. However you describe it, it is through the miracle of cooperation that people can make less into more. It's people recognizing that, for those willing to share the pie, the pie just keeps getting bigger.

We cooperate. We work together. We share common goals and aspirations. And we take matters into our own hands to fulfill those aspirations. Part of working together cooperatively is taking responsibility to do the work. When we cooperate, we are making a statement

When we cooperate, we are making a statement that says: "we want this done and we are willing to do it." In cooperatives, we take the responsibility and are accountable to ourselves.

that says: "we want this done and we are willing to do it." In cooperatives, we take the responsibility and are accountable to ourselves. And in that sense, cooperation equates to freedom.

It's also about democracy. I clearly recall a statement made by Dr. V. Kurien, chairman of India's National Development

Board, when he accepted the Kellogg Food Prize for his leadership in building the ground-up system of dairy cooperatives in his native country. "If you want to teach democracy," he said, "build cooperatives."

Whether we're talking about a group of large farmers investing millions in a new bio-mass factory; or a group of small, rural craftsmen and women banding together to market their arts; or small town hospitals seeking ways to jointly purchase expensive supplies, the basics of cooperation remain the same. It's those basics that we celebrate, when we take the time to even give them thought.

The old cliché that the "world is changing" is certainly accurate. And the winds of change keep blowing with increasing velocity. Tomorrow will not look like today and will never look like yesterday. But one thing will never change: People can do great things, and no problem is too big, when they work together in the fundamental spirit of cooperation. That's why cooperatives.

James Haskell, *Acting Deputy Administrator, USDA Rural Business-Cooperative Service*

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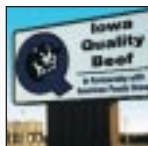
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These Iowa cattle may wind up heading for a newly retrofitted packing plant in Tama, Iowa, owned by the Iowa Quality Beef Supply Cooperative. It's one of several new livestock co-ops profiled in this issue. Story on page 4. Photo by Arthur C. Smith III, Grant Heilman Photography



New kids on the block

Iowa beef co-op sees strategic partnership as best way to break into highly competitive retail beef market

By Dan Campbell, editor
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When you're the new kid on the block—and it's a pretty rough neighborhood—you have to grow up quickly. The Iowa Quality Beef Supply Cooperative (Iowa Quality Beef) is attempting to do just that in a business that co-op President and CEO Joel Brinkmeyer describes as “cut throat.” He sees the co-op as the best vehicle for keeping a large number of Iowa family farmers active in beef production during a time of tremendous concentration in the meat industry.

There is little room for error if the co-op is to succeed. But so far the pieces seem to be falling together for the co-op of 875 beef producers, which is set to begin processing beef at a newly retrofitted plant in Tama, Iowa, this summer.

“We want to provide our members with ongoing market access that pays them a competitive price and rewards producers for high quality, consistency and for a safe product that meets our customers’ needs, including the opportunity to brand or private-label our products,” says Brinkmeyer.

Speaking at USDA’s Agricultural Outlook Conference in February, Brinkmeyer thanked USDA Rural Development for assisting the cooperative with a Value-Added Market Development Grant, saying that were it not for that help, “we would not have gotten to the level we are at today.” The Iowa Cattlemen’s Association, of which Brinkmeyer has served as executive vice president for the past 17 years, got the ball rolling for the co-op in 1999, leading to incorporation last August.

Adding more value at home

Iowa was the nation’s sixth leading state for beef production in 2002, with 2.3 million head marketed. But 70 percent of the cattle are shipped to out-of-state packers and processors.

“We want to capture a larger share of the packing industry for Iowa to help maintain the state’s independent, family farm operations, to the largest extent possible,” Brinkmeyer says. Nearly 45 percent, or 34,000 Iowa family farms, are in the beef business, be it with seed-stock, cow-calf or cattle-feeding operations. Family farms are raising beef in all 99 Iowa counties, and the co-op has members in 96 of

them, as well as in Illinois, Minnesota and 9 other states.

While co-op leaders have a strong vision of what they want to accomplish, they could find no exact model to follow. However, Brinkmeyer said Iowa Quality Beef has tried to emulate some of the strategies of the U.S. Premium Beef cooperative. Like it, Iowa Quality Beef based its plan on finding a compatible partner with experience in processing and marketing beef. The major differences between the two co-ops, he said, is that Iowa Quality Beef owns 100 percent of its land, plant and equipment and will own the brands it is developing.

The process of launching the co-op has been “a bit like building an airplane in flight,” Brinkmeyer says. The flight of this co-op, he adds, is “being watched very carefully by beef producers and processors all over the United States.”

Packer partner sought

Because the expertise of the co-op’s members is in raising beef, it was decided early on to forge a strategic partnership with an experienced meat packer/marketer.

“Our cattlemen can compete with the best cattle-production systems in the nation and world,” says Brinkmeyer, who sits on the Iowa State University Animal Science Advisory Committee. “But they are not experienced in managing the



Iowa Quality Beef's new packing plant in Tama is slated to begin processing 1,200 cattle per day this summer. At left, construction work progresses on the shipping dock, part of a two-story addition to the existing plant. Photos courtesy Iowa Quality Beef



The McKay family (Kelly, Jay, Tricia and Elizabeth), members of the All Natural Beef Producers Cooperative, is marketing its Kansas-raised beef in Hen House and Price Choppers supermarkets in the metro Kansas City area. The co-op's "Good Natured Family Farms" label is proudly displayed on a fresh-meat counter at a Hen House market. Photos by Bob Cunningham



Natural beef anchors product line for co-op of Kansas family farms

By Dan Campbell, editor, and Renee Hawkins, Kansas State University Extension

A group of small family farms in eastern Kansas and western Missouri—including the All-Natural Beef Producers Cooperative—have joined forces, embraced technology and formed partnerships to create a market niche for their Good Natured Family Farms brand line of food products. Their marketing effort also relies heavily on educating consumers about the health and other quality attributes of their products, which include natural and certified-organic beef—the “anchor product” of the line—plus natural poultry, free-range eggs, natural-beef hot dogs and glass-bottled milk, among others.

Good Natured Family Farms (GNFF) marketing director Diana Endicott refers to the marketing strategy as “horizontal product diversification,” which she said creates economies of scope rather than economies of size. Her family’s Rainbow Organic Farm in Bronson, Kan., is also a member of the beef co-op and processes the co-op’s cattle.

GNFF has formed a marketing alliance with Balls Food Stores, which is selling the co-op’s beef and other products through its 15 up-scale Hen House supermarkets and two Price Choppers supermarkets (the number of Price Choppers outlets is set to increase) in the metro Kansas City area. GNFF also recently began selling through the Community Mercantile health food co-op in Lawrence, Kan. The co-op has

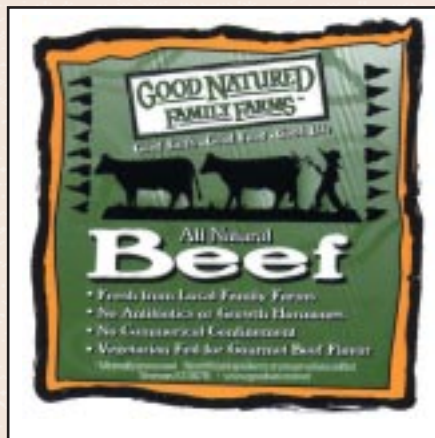
successfully employed in-store product sampling in these stores to broaden its reach to more consumers.

To further differentiate its products in the market, GNFF has applied for process-verified label certification through USDA’s Agricultural Marketing Service. This quality system, based on ISO 9000 principles, allows groups to write their own manuals for production, complete with paper trails to provide source and process verification. A program of this sort benefits producers and processors alike in that it helps them monitor production and identify places where improvements in efficiency can be made. Retailers appreciate the program because the source of beef can be linked back to the original production operation.

In order to help develop the manual and the process-verified program, Endicott decided to take advantage of assistance available through the Agricultural Marketing Research Center (AgMRC) (see related article, page 15). Michael Boland, an agricultural economist at Kansas State University and a member of the AgMRC management team, was able to hire an Extension assistant, Renee Hawkins, to help with the effort.

Hawkins’ primary responsibilities include helping to develop the process-verified manual and training the producers on their roles in the process-verification system. She also studied the feasibility of small groups, such as the Good Natured Family Farms All Natural Beef program, becoming process verified.

Currently, the All Natural Beef Co-op supplies 20 head of beef per week, a number that is expected to rise



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in the near future. The cooperative was recently audited for verification and is fine-tuning its program in some areas to meet the USDA criteria. The process-verified points the co-op is seeking confirmation on include the following:

- Raised on local, family-sized farm operations
- No growth hormones used
- No sub-therapeutic antibiotics used
- 100 percent vegetarian ration (no animal by-products) used
- No antibiotics used during finishing phase
- Source-of-origin verified, from producer through retail
- Beef dry aged 10–14 days

“Through certification and consumer education, we anticipate gaining a stronger presence in the grocery stores where we now market our products,” says Endicott, “and we expect additional marketing opportunities to present themselves in the future.”

Some of the farms are also seeking certification under USDA’s organic label program.

The 24 producer-members of the All-Natural Beef Producers Cooperative are committed to the concept that “there is a way to raise food that is good for both consumers and the environment, and that they can make a living doing it,” Endicott said at a panel discussion of new meat-producer cooperative representatives held during USDA’s Agricultural Outlook Forum. Partnerships that have supported the co-op in its efforts to date include USDA Small Business Innovative Research program, Kansas State University and the Arthur Capper Co-op Center, Kansas Agriculture Products Development Division and USDA Rural Development.



Co-op members Carol and Ed Lehman participate in an in-store promotion of their natural beef at a Hen House supermarket in Leawood, Kan. Consumer education plays a major part in the co-op’s marketing strategy. Photo courtesy Good Natured Family Farms

Since the majority of the co-op members have no off-farm income, the success of this business is critical to each producer, says co-op President Eugene Edelman, who farms in Sabetha, Kan.

Members of the beef co-op have seen a dramatic increase in their ability to earn a premium for their product in just the past couple of years. In 2000, the average price paid for a dressed beef carcass in Dodge City, Kan., was \$1.11 per pound, Endicott says, while co-op members earned \$1.12. That equaled a premium of just \$7.50 for a 750-pound carcass.

But in 2002, co-op members averaged \$1.27 per pound vs. the Dodge City average of \$1.07 a pound, equaling a premium of \$150 per head. (Conventional prices used for comparison are based on live steer and heifer prices from Dodge City, Kan. A 63 percent yield was used to convert to dressed price. Reported live steer and heifer prices were based on 1,100–1,300 pound choice yield grade 2.)

Endicott credits much of that increase to a pricing system based on the actual wholesale primal cutout value of each carcass. That information, in turn, helps them fine-tune their production systems. Using a Kansas State University Office of Local Government-calculated multiplier factor of 1.8 on the extra profits generated by the co-op, Endicott estimates these premiums have helped to pump an additional \$350,000 annually back into the rural communities where the producers live.

“Limited product shelf space, slotting fees and advertising costs will continue to present obstacles for small producers,” she says. “However, horizontal product diversification and development of micro-brands can help generate higher returns.” ■

day-to-day operations of a packing plant, nor in marketing beef to the retail trade. “We needed a professional to help us in that business.”

The initial vision called for the co-op to build a new, state-of-the-art processing plant from the ground up. That meant finding a community that would welcome a new packing plant and have an adequate labor force and the needed infrastructure in place.

That is a very difficult combination to find these days, Brinkmeyer says. During the search process, a packing facility in Tama, Iowa, became available (it had been closed in 1999 by IBP). Iowa Quality Beef leaders felt that the plant could be retrofitted into a state-of-the-art facility, and proposed a possible partnership with meat-packing heavyweight

Excel Corp. to run the plant. While Excel eventually opted not to pursue the project, the co-op still felt it was “too good of an opportunity to pass up.”

So it sought new partners, eventually selecting American Foods Group, the nation’s ninth largest meat processor, with a packing plant in Green Bay, Wis., and two case-ready plants in Ohio and Wisconsin.

The co-op has found “tremendous community support” for reopening the plant, Brinkmeyer says. By using an existing facility, the co-op was able to get its plant for between \$12 million and \$15 million, a fraction of the \$100 million it estimated a brand new plant would have cost.

“That’s a very small investment compared to other beef businesses that have tried to start in the past couple of

years,” Brinkmeyer said. “We think it will help keep us very competitive.”

The plant includes 280 acres, including about 60 acres of updated, environmentally sound lagoons and 120 acres of prime real estate for future expansion.

Shared vision

For its part, American Foods wanted to find a second plant to help increase its efficiency and to expand from the Holstein cow business into high-quality fed cattle (which most of the co-op’s animals will be), says Brinkmeyer, who worked for the Farm Credit System in Nebraska and Iowa for 10 years earlier in his career.

American Foods did not want to build a plant from the ground up or to enter a location where it would have to come in from scratch to compete with existing packers to procure cattle. So the vision of both partners meshed nicely at Tama.

The plant purchase was finalized in April 2002, and the letter of intent with American Foods was signed last July.

The co-op structure and business model were formalized on Aug. 5, after several years of discussion. “All we needed was the money, equity and financing to get the job done.”

The equity drive included the sale of Class A shares, costing \$50 to \$60 per head (depending on delivery date) committed to the co-op. This stock represents both a right and an obligation to deliver cattle. Class B stock was sold for \$7 per share, and provides a right (but not an obligation) to deliver cattle to Excel in Nebraska, where they are to be paid on a special Iowa Quality Beef Supply Co-op-dedicated, value-based marketing grid. Class C stock has also been sold, accounting for about 10 percent of total equity.

Quality to be rewarded

The new plant is scheduled to initially process 1,200 cattle per day, but it can easily expand to 1,600 head per day. The co-op is closely tied to the Iowa Cattlemen’s Association (ICA). All co-op members are also members of ICA, and “for the past three years, they have learned about selling cattle on

Low-overhead approach taken by Dakota Lamb Growers Co-op

Dakota Lamb Growers Cooperative is seeking to earn greater returns for its members by marketing high-quality, natural lamb to up-scale retail grocery stores, natural food stores and white-tablecloth restaurants. Its primary marketing strategy is based on convenience, consistent high-quality meat and safety through source-verified lambs.

The only assets the co-op holds are its reputation and brand name. It has no physical assets, and has only two staff members, both of whom work out of home offices.

All lambs sold through the co-op must be less than one year old and must have been raised without growth hormones and not fed any animal byproducts. Each producer signs an affidavit vowing to have met the co-op’s standards, as does the processor, who warrants that the co-op’s lambs have not been co-mingled with others. This constitutes a double-verification safety system to ensure customers of the highest product quality standards, according to co-op CEO David Merwin.

Dakota Lamb Growers is a closed co-op through which only grower-investors can market their lambs. The co-op was incorporated in 1999 and held its first equity drive in the fall of 2000. This drive attracted 104 producers who invested a total of \$160,000 and committed 8,000 lambs to the co-op. A second equity drive ended in March 2002, which generated an additional 12,000 head of lambs and \$240,000 in additional equity. There

are currently 184 members (located in North and South Dakota, Montana and Minnesota) who have committed 20,273 head to Dakota Lamb.

The co-op expects to attain “break-even” status this spring while paying producers an over-market premium.

Growers are responsible to deliver their lambs to a combination feedlot/receiving station in Emery, S. D.

Lambs stay there from three days to three weeks, until they meet the co-op’s specifications. In addition to being raised without antibiotics and being less than one year old, the lambs must weigh between 120 and 130 pounds, have been fed grain for the final 60 days and have no more than seven months of wool growth when shipped for processing. Those animals which cannot be brought up to the co-op specifications in a timely way are sold into the commodity market.

Because lambs are hauled only five miles from the feedlot to the processing plant, they suffer low stress levels, which helps to improve meat quality. Highest sanitary conditions are maintained in the plant and duplicate bar-codes allow each individual animal to be identified at any time during processing or marketing.

As a secondary market, the co-op can process for the kosher market. This market uses only the front half of the lamb, which tends to be the most difficult part to sell in the traditional lamb market. ■



More than 20,000 lambs have been committed to the new Dakota Lamb Growers Co-op. Photo courtesy American Sheep Producers Association

Great Lakes Pork Co-op adjusts plan to seek alternative packing plant

One fish just slipped off the hook, but the Ohio-based Great Lakes Pork Cooperatives is still fishing. The co-op, which was formed last year by pork producers in three states, recently bid to purchase a veal processing plant in South Bend, Ind., out of bankruptcy. But the co-op was unable to raise the approximate \$7 million it needed (about half the plant's cost) from its members in the relatively short time frame required by the court.

The funding effort was hampered by a generally bad year for farmers in the eastern Cornbelt, where Ohio had "an especially lousy crop year," says co-op Vice President Brian Watkins.

"So we're basically going back to the drawing board now, but are still actively searching for other opportunities," says Watkins. This could involve finding a processing partner.

The co-op's membership drive last year netted 108 members in Ohio, Michigan and Indiana. Each paid \$1,000 to join the co-op. "We got at least half of the commercial pork producers in the region, including almost all of the ones we felt we really had to have," Watkins says.

Great Lakes Pork then secured some grants to do a feasibility study. This resulted in a plan for an operation that would produce 600,000 hogs per year and sell primarily into the Chicago market.

This effort involves bringing about a change in the mind set of the region's pork producers. Watkins says too

many producers still see their future tied to a cost-control strategy via greater production efficiency or control of input costs. "This is not irrational—it is what has made them money in the past," Watkins says. "But now we are really challenging them to do something different." This means re-focusing away from a production-driven, supply-push system (in which farmers produce first, then figure out a way to sell it) to a demand-pull system (in which they find markets first, then produce for it).

Many of the co-op's large swine producers have production contracts with large packers. While these contracts limit some of their risk, they have posed an obstacle for the co-op because they reduce the availability of hogs for Great Lakes Pork.

Watkins says these contracts may help producers feel secure in the short term, but they need to be thinking about a much longer timeframe than most contracts provide for. "You need to be thinking about the next contract, and the next contract beyond that." With the co-op, the outlook is for the long-term future of producers.

"We are not against contracts—everyone of our members will still maintain relationships with other purchasers. But we as producers will be better suppliers to our customers if we are also involved in a process where we are in closer touch with the consumer. The more we understand the supply chain—what we can do at farm level to differentiate our product—will make us better pork suppliers." ■



Sides of beef roll through the Rainbow Organic Farm plant in Bronson, Kan. Photo courtesy Good Natured Family Farms

ICA's quality grid, which has helped them improve their management expertise to produce the right kind of product to earn quality bonuses," Brinkmeyer says.

"Our member cattle will be priced off an individualized marketing system, based on week-of, or week-prior-to, deliv-

ery retail beef prices. That is quite different than what you find in most of the cattle business today, where cattlemen price their product based on live cattle prices and where packers pay them as little as possible."

Members have currently made an annual commitment of 100,000 head of fed-beef cattle, 22,000 fed Holstein steers (dairy beef), and a small number of dairy or beef cows.

"Just 18 months ago, I didn't believe it was possible, but we intend to process all three types of cattle at this plant," Brinkmeyer says. "This mix of three species creates wonderful synergies" for the co-op's customer base.

A future for \$10,000 per beef producer

The co-op's equity drive has raised a little more than \$8 million, or about \$10,000 per member. "\$10,000 is about half the price of a good used pickup truck—not much for the opportunity to participate in a project this exciting that could potentially change the future of the cattle business," Brinkmeyer says.

While the co-op will own 100 percent of the land, plant and equipment, it will lease these assets to a joint venture

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House calls

In-home care givers form cooperative to provide vital service for elderly, disabled in rural Wisconsin

By Margaret Bau and Dianne Harrington

Editor's Note: Bau is a cooperative development specialist with USDA Rural Development in Wisconsin; Harrington is a Wautoma, Wis.-based elder care specialist who is coordinating efforts in Wisconsin to address issues relating to long-term retention of care givers.

Karen Taylor likes helping people. Ever since she was a little girl, it seems Taylor has always been there to help an elderly neighbor with household chores, or to help a relative recuperate from a hospital stay. Nearly 30 years ago, Taylor decided to make this calling to help others her life's work by becoming a certified nursing assistant (CNA), spe-

cializing in providing in-home care.

Taylor swears that the elderly and people with disabilities feel healthier and more alert when they live in their own homes. "When a person can come home and sit in his favorite chair, eat his favorite home-cooked foods and get up or go to bed when he wants to, those little things help make a person happy," Taylor says.

Her observations are supported by research. As one study suggests that home care maintains the recipient's dignity and independence, qualities that are all too often lost even in the best care institutions. Through assistance with dressing, bathing, feeding, shopping, meal preparation and housework, the elderly and people with disabilities can, and do, live independently in their own homes.

In Waushara County, Wis., a new, worker-owned cooperative formed by in-home care providers is helping more elderly and disabled people remain in their homes, providing them with a preferred alternative to a nursing home while also improving pay and benefits for care providers.

Demand growing for in-home care

Besides maintaining a person's dignity and inde-



Cooperative Care member Pam Swendryzynski provides a manicure for client Leona Renner. Swendryzynski earned a Certified Nursing Assistant certificate through the co-op. As a co-op worker-owner, she now earns \$2 per hour more than her prior wage. Photos courtesy Cooperative Care

"Cooperative" comes first

Wisconsin law requires all cooperatives incorporated under Chapter 185 state statutes to use the term "cooperative" or "co-op" in its legal name. In fact, any business that misidentifies itself as a co-op may face a \$100-a-day fine. Usually, cooperatives place the term "co-op" at the end of their name (much like the use of other business terms such as "Inc." or "LLC"). The organizers of this home care business chose to place the word "cooperative" first in its name to emphasize the primary importance of mutual assistance and reliance upon one another.

pendence, in-home care is much more cost effective than institutional care. Typical annual cost for home-care services is just under \$5,000, which compares favorably to the \$55,000 average annual cost for a nursing home stay.

Most people want to live in their own homes as they age. In a 1998 survey conducted by the American Association of Retired Persons (AARP), eight out of 10 people over age 65 said they want to stay in their own home and never move. Most people live according to their wishes. Only 4 percent of those over age 65 live in nursing homes (though that number increases to 20 percent for persons 85 and older).

Demand for home care will only increase as the population ages, especially as the baby boom generation nears retirement. By 2030, one in five Americans will be over the age of 65. In many rural areas, the elderly already have reached this critical mass.

Co-op development stages & timeline

1) Concept: September 1999—Waushara County received a grant from the Wisconsin Department of Health and Family Services to creatively address recruitment and retention of long-term care workers. Agency Director Lucy Rowley contracted with Social Worker Dianne Harrington to explore the idea of a worker-owned cooperative. Cooperative Development Specialist Margaret Bau of USDA Rural Development agreed to provide education and technical assistance in co-op development.

2) Exploratory meeting: November 15, 1999—Project coordinators (Harrington and Bau) met with workers of the Waushara County In-Home Providers program. Coordinators introduced the cooperative concept, reported on other home care worker co-ops across the country, answered questions and gained approval to proceed with exploring this project.

Potential-member survey—Care providers were surveyed to determine

desired wages, benefits, distance willing to travel, experience and skill levels. This information was key to the direction of the co-op and the business plan.

Steering committee—Interested care providers volunteered to serve on the steering committee. This group met monthly for 15 months to provide guidance and feedback to the coordinators as the initiative evolved.

3) Market analysis, feasibility study, business plan: November 1999 to January 2000—With funding from the state grant, a



For more than 20 years, Dorothy Spaulding, who receives services from Cooperative Care, has been an effective advocate for people with disabilities. She was instrumental in starting the Community Options Program, a Medicare waiver program that helps rural Wisconsin residents needing care services to remain in their own homes.

Critical shortage of in-home care workers

Despite the growing demand and cost effectiveness of in-home care, there is a serious shortage of home care workers and CNAs. Low wages and lack of benefits provide a disincentive for people to enter into this profession. Nationally, the

average in-home care employee works 29 hours per week at a median hourly wage of \$7.58. Workers often receive few, if any, benefits. Turnover within the industry is very high, between 40 and 60 percent annually.

The nature of the work can lead to a sense of isolation. Most caregivers

work one-on-one with elderly and disabled clients and rarely have contact with fellow caregivers. They have only occasional contact with supervisors, other health professionals and the client's family.

Providing care is a physically demanding occupation. Care providers must move clients for bathing, toileting and positioning in and out of bed. Job-related injuries, especially to the back and neck, are a constant threat. Elders suffering from Alzheimer's disease or other cognitive impairments can sometimes physically strike out at a worker.

The work can also be emotionally draining. Some clients with Alzheimer's or those adjusting to a disability feel anger, which they may direct at the caregiver. Various cognitive impairments may cause paranoia, leading a client to accuse a caregiver of stealing or mistreatment.

At times, workers are exposed to sexual comments or advances on the part of a client or family member. Sometimes clients or their families treat caregivers as maids or domestic servants.

Cooperative care logo loaded with symbolism

The encircled twin pines emblem used in the co-op's logo is the international symbol of cooperatives. The pine tree is an ancient symbol of life. Two pines are shown to emphasize the mutual nature of cooperation. The trees are dark green—the color of chlorophyll and a basic building block of life on earth. Fittingly, Waushara County grows an abundance of evergreen trees in its sandy soils for harvest at Christmas. In fact, Wautoma, the county seat of Waushara County, calls itself the Christmas tree capital of America.

Usually, the twin pines symbol is enclosed in a circle to symbolize eternity. Cooperative Care chose to encircle the twin pines with a heart, to symbolize its commitment to caring. At the center of the heart and twin pines is a home, a visual reminder that caring for people in their own homes is the focus of Cooperative Care's existence.



private consultant was hired to write these studies. After months of delays, the final product was flawed. Project coordinators re-wrote the business plan with the assistance of Amy Pietsch at CAP Services (a non-profit community action agency in Waushara County).

4) Vote to incorporate: January 17, 2001—Project coordinators presented an overview of the business plan to care providers. At the meetings, care providers voted to incorporate.

Elected board of directors - Five-woman board picked from a slate of eight candidates.

Adopted bylaws—Bylaws were drafted by Bau and the steering committee.

Collected membership fee—Members paid a \$40 membership fee. Due to tight finances, some paid in two installments. Co-op starts with 63 original members.

5) Articles of incorporation filed: February 5, 2001—Cooperative Care becomes a legal entity under Chapter 185 of the Wisconsin statutes.

6) Financing: March 2001—Cooperative Care signed a contract worth \$800,000 with Waushara County to provide home and personal care services. Locally owned Farmers State Bank of Waupaca loaned the new business \$125,000, based on confidence in the

county contract, local leadership, the business plan and a modest \$4,000 in member equity.

7) New business start-up activities: Spring 2001—Board of directors rented office space, opened bank accounts, acquired a tax identification number, explored insurance options and hired the executive director Don Grothe and other administrative staff. Fred Harasha, a retired executive of the local Adams Columbia Rural Electric Cooperative, served as a key advisor in developing the financial systems, hiring staff and supporting the newly elected board.

8) Begin operations: June 1, 2001—Commenced payroll for worker-owners.

9) Board training and guidance: February 2001 to present—Bau uses the LEADing Board video series (produced by the University of Wisconsin Center for Co-ops, with funding from USDA Rural Development) for board training workshops.

10) Annual meetings: February 2002 and 2003—Report on operations, bylaw revisions, board elections, patronage refunds distributed, awards ceremonies and social event. ■

Many caregivers also report feeling a lack of respect—that society in general does not appreciate their work. The nature of care giving requires a special disposition and a sense of calling to serve the elderly and people with disabilities. In a tight labor market, individuals can easily work in less stressful retail or service industries for similar wages. Given the low wages and lack of benefits, the demands of the job and the low status society places upon care giving, is it any wonder that home care workers are in short supply?

Meeting care needs in Waushara County

Waushara County, population 23,000, is a scenic area in east-central Wisconsin. The landscape is dotted with glacial lakes, sandy soils and ever-green forests. Few industries exist, so people make a living growing Christmas trees, working in tourism or traveling 40-50 minutes to urban areas for employment. The largest city, Waupaca, boasts a population of 2,000 and

four of the county's five stoplights. In one important aspect, Waushara County reflects the future of America: one out of five residents are over the age of 65.

To serve the rural elderly, the Waushara County Department of Human Services (DHS) developed the In-Home Providers Program. For more than 20 years, DHS paired homemaker and personal care (CNA) providers with low-income, disabled adults and frail elderly residents who qualified for state-funded programs or Medicare. In this arrangement, care providers were not county employees, but rather considered domestic workers hired by the service recipient and paid by a third party fiscal intermediary.

This arrangement stretched limited public resources, but it left care providers without workers compensation and benefits. Compounding the situation, state and federal funding has not kept pace with cost-of-living expenses, resulting in lower than average wages.

This arrangement posed a potential liability to Waushara County. Another

rural Wisconsin county with a similar arrangement was recently sued to cover medical costs incurred by a caregiver's injury on the job. Despite the existence of a third-party fiscal intermediary, the IRS has ruled that counties in this arrangement are the true employers and therefore liable for workers compensation and payroll reporting.

Could a co-op work?

Faced with these issues, a light bulb clicked on in the mind of Lucy Rowley, director of the Waushara County DHS. For years, care providers had asked the county for higher wages and benefits, but tight budgets had tied Rowley's hands. She was aware of a worker-owned, in-home care co-op in the south Bronx, N.Y., called Cooperative Home Care Associates.

Rowley wondered if it would be possible for rural Waushara County caregivers to form a similar worker-owned co-op. The county, she figured, could sign a contract with the co-op to continue providing services to low-income

elderly and disabled residents.

As a private company, the co-op could also serve counties beyond Waushara and care for private clients. By combining public and private revenue sources, would it be possible for a worker-owned co-op to offer much needed benefits and perhaps higher wages?

Over three years, Rowley wrote applications for \$50,000 in grants from the Community Links fund, administered by the State Department of Health and Family Services, to explore the worker-owned co-op option and other workforce enhancement projects (see sidebar).

Co-op exceeds expectations

After a year-and-a-half of steering committee meetings, co-op education efforts, market analysis, advice from collaborators and a myriad of related business start-up tasks, Cooperative Care commenced operations on June 1, 2001.

The co-op has proven successful beyond anyone's dreams. Initially, 61 workers in the In-Home Providers program joined Cooperative Care. Membership now stands at 81.

Current benefits for member-owners include increased pay, workers compensation, time-and-a-half pay for working holidays, 10 days of paid vacation or sick leave, travel reimbursement and health insurance. The co-op pays 75 percent of the health insurance premium for individuals and 50 percent for family coverage.

Care providers currently earn between \$7.50 and \$9.75 per hour. Benefits add the equivalent of \$2 per hour more and patronage refunds add an extra 50 cents to a worker's hourly wage. Though no one will ever grow rich earning the equivalent of \$9.75 per hour with benefits, a full-time CNA has the potential to earn near Waushara County's per capita income of \$18,144.

Financially, Cooperative Care has exceeded fiscal projections. Year-end profits for 2001 exceeded \$41,000. After

prepaying part of the business loan and setting aside funds for capital reserves, cash patronage refunds were distributed at the first annual meeting. Checks averaged \$440, but were as high as \$2,000, based on the number of hours worked.

At the end of the co-op's second year of operation, net earnings totaled more than \$65,000. Of this, \$25,000 was set aside in reserve and about \$40,000 distributed in patronage refunds, again according to hours worked.



Care giver Pat Weis prepares lunch for client Dorothy Spaulding. The cooperative has proven successful beyond even the highest hopes of the members and supporters who launched it in 2001. Photo courtesy Cooperative Care

Patronage checks thrill worker-members

Co-op Executive Director James Gawne recalls the first time the member-owners learned about the power of patronage refunds. "It was Feb. 12, 2002, at the first annual meeting. As the business meeting drew to a close and people were preparing for a meal, more door prizes and music, Board President Donna Tompkins called every member forward to receive a sealed envelope with her or his cash patronage refund check. Soon, audible gasps were heard around the room as people opened the envelopes and realized they had received the equivalent of a two-week paycheck. That day, it felt like Christmas in Waushara County."

Turnover among co-op member-workers is virtually nil; two members were terminated for cause and one resigned when her client died. This stable workforce provides continuity of care for the clients. In fact, the 125

county clients retained their original workers, providing a seamless transition for care provider and recipient.

Client and caregiver surveys conducted in 2002 by The Management Group, an independent consulting firm, demonstrated overall satisfaction with co-op ownership.

A less tangible achievement is the leadership and personal development of workers who served on the steering committee and the board of directors.

The board consists of five CNAs, four of whom had never held a position of power in any organization. These women have negotiated contracts, rented office space, hired administrative staff, developed policies and procedures and represented the co-op at conferences and community events.

As for the general membership, members report feeling less isolated in their work thanks to training, meetings, the co-op newsletter, ice cream socials and pay-day events. In fact, caregivers have been known to bring their clients to member social events.

As Board President Donna Tompkins observes, "We still have a ways to go in educating the membership on what it means to be a co-owner of our own business. But given that one out of five workers is caring for a disabled family member, we are pleased to see the level of participation at annual meetings and social events."

Cooperative Care has garnered public attention. The local Waushara Argus newspaper has been particularly attentive in running stories and photos about co-op events. Policy makers across the state and country are observing the progress of Cooperative Care and wondering if the model could be replicated in other rural areas. Inquiries from Washington, Hawaii, Montana, Kentucky, North Dakota and Vermont have arrived, and co-op organizers, staff and members have shared the Cooperative Care story at a variety of conferences and with office visitors.

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Trailblazers

Leadership development programs key to more women winning seats on co-op boards

By Kristine Rose

Editor's note: This article is based on thesis research conducted by Rose at the College of St. Catherine in St. Paul, Minn. For more information on the research findings, she can be reached at tcspa_Kristine@yahoo.com. She hopes to continue her work with cooperatives in the areas of leadership and diversity.

Many co-ops are looking for ways to increase the number of young people and women on their boards. While working for Land O'Lakes and as a graduate student in organizational leadership, I led a roundtable discussion on leadership at a conference for women in agriculture. When the women participants learned of my employment and interest in women in leadership roles, they asked me for advice regarding how they could become directors.

This piqued my curiosity. It seemed to me that if women co-op directors would share their knowledge and experiences, it might eliminate some of the mystery of how to become a director.

Six out of 236

To find some examples of women co-op directors, I looked to National Cooperative Bank's list of Top 100 Cooperatives, focusing on the 11 that are located in Iowa, Minnesota, North Dakota, South Dakota and Wisconsin. Of 236 directors serving those 11 cooperatives in 2001, just six were women.

I spoke to each of the six about their experiences—of being nominated and elected, as well as serving their cooperative. Hopefully, their experiences will serve as a resource for other cooperatives seeking the best possible leaders, and as an inspiration for other women.

These six directors interviewed were:

- Pam Bolin, Swiss Valley Farms, Davenport, Iowa; Years of board service: 1989—present.
- Connie Cihak, Land O'Lakes Inc., Arden Hills, Minn.; elected to district board in 1989; served on corporate board 1994—2003.
- Ardath DeWall, Foremost Farms USA, Baraboo, Wis. 1988—present.
- Nancy Meulemans, Alto Dairy, Waupun, Wis.; 1998—present.



Dairy farmer Ardath DeWall, a member of the Foremost Farms USA board of directors, says she felt well accepted by the male members of the board when she joined. Five other female board members of large co-ops in the Upper Midwest reported a similar, welcoming experience. Photo courtesy Ardath DeWall

- Laura Stacy, Land O'Lakes Inc., Arden Hills, Minn.; 1986—2003.
- Carolyn Verhulst, Foremost Farms USA, Baraboo, Wis., 1995—2001.

Embarking upon the leadership pathway

Each of these six female directors had previous involvement in organizations or programs such as Young Cooperators, Young Farmers and Ranchers and Farm Bureau, among others. This experience was key to their leadership development and election to the board, all agreed. Their involvement and attaining leadership roles in those organizations did not go unnoticed, as five of the six were encouraged by men to pursue a board nomination. These men included co-op directors, employees or members of the nominating committee.

Bolin's experience confirms the value of involvement in a leadership development program, such as a Young Cooperators program. Her involvement in the program improved her visibility in the cooperative.

"The YC program is a good starting place because it gets you involved and it exposes you to things on a national level," says Bolin, who got involved in the program in 1981. "It gets you beyond your community. As a result of our YC involvement, we knew about Swiss Valley cooperative, the co-op system and co-op issues." Bolin and her husband, Dave, were both active in the YC program and its contests, winning Outstanding YC Couple honors one year.

As was the case with the other directors, Bolin found that this leadership experience opened the door to a chance to run for the board.

"Following that, a director who was going to be retiring approached us, wondering if one of us would be willing to run. Since we were 30 and 32 years old at the time, he thought we were maybe too young to actually get elected. But he said, 'Let's get your names out now and maybe this is something you could do in the future.'"

Bolin's husband felt strongly that she had ability to lead. Indeed, all six directors interviewed said their husbands supported their running for the board. Her husband also thought her first

run for the board would just be to build some name recognition for a future try. “We won’t get it this time, but then they’re aware that we’re interested in the co-op and maybe it’s something we can do down the road when we’re a little older,” he said. So I put my name up for the nomination.”

Farm Bureau experience whets appetite for run

Stacy’s nomination story differs in that she was the only one of the six who was approached by the nominating committee and asked to consider becoming a director candidate.

“I was not seeking the director position,” Stacy says. “I had been more active in the Farm Bureau and was seeking an office there, but was unsuccessful.”

When the co-op nominating committee asked her to run, Stacy said she was honored, but was worried about her lack of governance knowledge.

The committee assured her she could pick up those skills quickly, and she was elected on her first try. After serving as board secretary for several years, Stacy was elected president of her district board in 1992 and went on to join the Land O’ Lakes corporate board in 1994.

Verhulst pursued the nomination independently, entering the election process because she felt the membership in her district was underrepresented.

Overcoming initial self-doubt

When initially encouraged to run for the board, each woman had concerns about her ability to serve as a director.

Although they were already recognized by others for their leadership in Young Cooperators or other organizations, they wondered if they had enough formal education, knew enough about governance or were smart enough to lead and serve their cooperative.

Cihak describes her personal challenges: “I think there are a lot of good women in agriculture, but we’re ingrained with [feelings that] ‘You don’t know enough.’ I always felt like I had to try harder, read more, be more prepared, always go that extra mile just to be even. I always felt I had to try hard just to be on baseline.”

Male director reaction

Some of the women encountered individual board members who seemed uncomfortable with a woman in the boardroom. But each director said that, overall, she felt accepted by her fellow directors.

“One thing I learned, as far as the co-op board, is they didn’t have a problem with me being a female. They accepted me,” says Bolin.

“Each director accepted me very well,” Stacy concurs. “I



Me and the Boys—Land O’ Lakes board member Connie Cihak, second from right, is flanked by male compatriots during a dairy farm tour. “I think there are a lot of good women in agriculture,” she says, “but we’re ingrained with feelings that ‘you don’t know enough.’” Photo by David Lundquist, courtesy Land O’ Lakes

think I was accepted readily because I was known. You’re with your next-door neighbor, so to speak, your county people. You’re familiar with them from co-op annual meetings and the ag community—you just know those people. So I was well received there.”

Meulemans said entering the boardroom was also comfortable for her. “I can honestly say I was always respected as a woman and a director.” She considers board work interesting and rewarding, saying she wishes that “everybody could be on the board at sometime in their life.”

Adds DeWall, “I felt very well accepted. Of course, I had been on the board before, so I was kind of acquainted with most directors.”

Most of her initial worries proved groundless, Stacy says. “I have had a wonderful experience, was well received and a lot better qualified than I gave myself credit for.”

Combined, their board service now totals 68 years (not counting director experiences outside co-op board rooms). As S.J. Freeman, author of *Managing Lives: Corporate women and social change* wrote: “By the time she has proved herself, a woman’s acceptance has slowly evolved.”

Further proving how well their male peers accepted them, five of the six women directors were elected to co-op executive committee positions.

Cihak’s feelings following her election to the executive committee are an indicator that one barrier to women’s participation might be an internal barrier: “The vice chair moved up to the chairman’s position on the dairy committee, and they needed to elect a new vice chair. My peers elected me to that position. I [then] realized they had confidence in me and trusted me.”

Conclusions

Director interviews with these six board members demonstrate that participation in Young Cooperator and Young Farmer programs played a key role in each woman director developing confidence in her leadership ability and increasing her visibility among other co-op members. This is one more reason why co-ops should continue their support of leadership development programs.

Another key to election was the encouragement the women received to pursue the directorship from men in their cooperatives. Since only one of the six directors was elected as a consequence of being nominated by a nominating committee, cooperatives should review nominating committee procedures and see if a means can be made to seek more diverse candidates.

Once in the boardroom, these six directors each spoke of being well received by their male peers. Not only did they speak of being accepted, their peers elected them to executive committee roles. ■



Ag Marketing Resource Center helping producers develop value-added strategies

By Christa Hartsook

Editor's note: Hartsook is communications specialist for AgMRC.

The Agricultural Marketing Resource Center (AgMRC) is a newly formed national electronic—or virtual—resource center for value-added agricultural groups. The purpose and mission of the AgMRC is to provide producers and processors with critical information to build successful value-added agricultural enterprises.

The Center combines expertise at Iowa State University, Kansas State University and the University of California to help clients locate the resources that can aid them in their efforts to develop a value-added agricultural business. The center works with other leading land-grant universities, such as Oklahoma State University

and Montana State University, as well as organizations, such as Sparks Companies and CoBank, on value-added projects. Partial support is derived from the Rural Business-Cooperative Service of USDA Rural Development.

The Center's Web site, www.AgMRC.org, contains information on various commodities and products, including many market niches farmers can pursue. There is also information on how to start a business and selecting a business structure. Other topics include how to write feasibility, marketing and business plans.

This extensive collection of resources and tools can help anyone involved in agriculture develop and improve any aspect of their business.

The site contains links and AgMRC-developed pieces on everything from networks of ethanol cooperatives to organic beef producers to a value-added worm business. Directories list value-added consultants, value-added agriculture businesses and applicable laws specific to each state.

The goals of the center include the creation of a powerful, electronic Web-based library with search capabilities to make value-added market, economic and business information available to producers; to provide value-added busi-



Ag Marketing Resource Center board members get an inside look at a California citrus packinghouse. The board features a number of co-op representatives. Photo by Patty Hannapel, courtesy AgMRC

ness and economic analysis tools, including information on business principles, legal, financial and logistical issues; conduct research and analysis on economic issues facing producers involved in value-added business ventures and to link producers with electronically available information on major commodities.

Governing AgMRC

An advisory board, comprised of individuals from across the nation involved in value-added agriculture, governs the center.

Current members include Duane Acker, Talycoed II, Atlantic, Iowa; Mark Hanson, Lindquist & Vennum, P.L.L.P., Minneapolis, Minn.; Elizabeth Hund, Rabobank, San Francisco, Calif.; Steve Hunt, U.S. Premium Beef, Kansas City, Mo.; Stanley R. Johnson, Iowa State University, Ames, Iowa; Jeff Kistner, CoBank, Omaha, Neb.; Barry Kriebel, Sun-Maid Growers, Kings-



Agri-tourists get a behind-the-scenes look at the Tammen Treeberry blueberry and Christmas tree farm near Braidwood, Ill. For more on this operation and many other informative articles, visit the AgMRC Web site, www.agmrc.org. Photo by Malinda Miller, courtesy AgMRC

The Greene Bean Project: Growers' field of dreams is edible beans

By Sandra Clarke

Editor's note: Clarke is communications manager at the Center for Agricultural & Rural Development (CARD), Iowa State University.

Named for the central Iowa county where producers have grown soybeans for generations, the Greene Bean Project is introducing a new kind of bean for its rural community: the edible bean. The project was formulated out of the desire of several Greene County farmers to diversify their crops and promote value-added agriculture in their area.

Having witnessed failed attempts by other producers to try alternative crops, the group of 24 producers took a more perceptive approach to the challenge—one that led them to an attitude of cooperation and risk sharing.

"We learned early on that a cooperative effort, sharing the learning curve and risks and rewards, far outpaced any one individual's effort in all aspects of starting a new business," says Chris Henning Cooklin,

project manager for the Greene Bean Project—Alternative Crop Enterprises. "No one person could have expertise in all areas, but by sharing freely of our individual expertise, we could overcome obstacles more quickly."

In their 2001 inaugural year, the group adopted a mindset of experimentation and research to evaluate the potential of the alternative crop and to establish a baseline of production practices. First, they had to determine if they could grow a quality, edible bean with market potential before they could seek additional resources or capital investment.

The Greene Bean Project sought help from Iowa State University Extension and the Agricultural Marketing Resource Center for information and access to

research. Production and management practices of growers in other regions were collected, and regional variations of weather, soils, pests, and other agronomic variables were considered.

The Project steering committee used Internet research, collaborated via e-mail and brought in experi-



A 2002 field day at the Henning Cooklin farm in Greene County, Iowa, gave growers a chance to compare 15 varieties of edible beans. Photos by Carola Wicenti, courtesy Greene Bean Project

burg, Calif.; Eugene Quast, Swiss Valley Farms, Dubuque, Iowa; Richard E. Rominger, Rominger Farms, Winters, Calif.; Kenneth Rutledge, West Liberty Foods, West Liberty, Iowa and Chris Williams, 21st Century Alliance, Manhattan, Kan.

A representative from the Rural Business-Cooperative Service of USDA Rural Development also sits on the board.

Web site content

Initially, staff conferred with individuals from the USDA Ag Library to develop the most efficient method for categorizing information and to share common resources, whenever possible. Since the Web site became available to the public in April 2002 it has received more than 1.4 million hits. The con-

tent portion of the AgMRC Web site is divided into four main sections:

1. Commodities and Products;
2. Markets and Industries;
3. Business Development;
4. Directories and State Resources.

The Commodities and Products section and the Markets and Industries section are for producers to use to explore the market potential of a value-added idea. The Business Development section is for producers to use to put "wheels" under an idea after determining its feasibility.

The Commodities and Products section provides information from the perspective of adding value to the commodities and products traditionally produced on the farm. Examples are corn, beef, fruits, etc. Information is provided along the supply chain, from

production, processing and marketing for each commodity/product, focusing on marketing.

Specific information on the product differentiation is presented. For example, organic, natural and direct marketing aspects of each specific commodity are detailed in the individual commodity sections. General food industry information is presented under Food Industry in the Markets and Industries section.

Only information specific to value-added agriculture is provided in the commodity section.

The Markets and Industries section provides information on the major markets and industries (food, energy, etc.) that producers may enter during the process of adding value to their commodities.

enced producers for numerous meetings before the first growing season. "From organizational and communication skills to agronomics and marketing, the AgMRC and ISU Extension staff brought their own special skills and shared experiences with our growers," says Henning Cooklin.

As the Greene Bean Project developed, so too did the Agricultural Marketing Resource Center. The AgMRC added more and more resources to its Web site, and offered outreach opportunities to clients. Henning Cooklin took advantage of the Center's Grant Writing 101 and Marketing Your Business workshops.

"Both were helpful in networking and with basic skills training in writing press releases, talking with the press, and in preparing budgets for grants," she says.

Once the group had obtained the critical market research and had formulated its production and risk-management plan, they were ready to embark on beginning their crop-diversification experiment. The other crucial factor in launching the alternative crop was to find a buyer for their untested crop. This is an area where the cooperative nature of the enterprise really helps. Several producers can grow quantities on a scale that can attract the attention of the marketplace.

Two edible beans were selected for compatibility with



Co-op members—including (clockwise from top) Sheila Dotts Hebenstreit, Ivan Kenney, Glen Carstensen and E.R. Henning—relax and compare notes following the field tour.

the producers' existing cropping practices: the adzuki and the chickpea. Producers were encouraged to grow only the number of acres they were willing to put at risk, to perform their own production tasks and to absorb all personal production costs. A common machine and operator harvested the crop, and sales revenues were divided equally among the growers, based on acres in production.

In the group's first growing season, it was able to raise enough

product to truly test the market and members were left with a favorable impression. They continued the endeavor into the 2002 growing season, and were excited by the results. "We have this year's crop of adzuki beans almost sold already," says Henning Cooklin, "and at a good price, too."

The group plans to adopt a quality management system in the future to further differentiate their product.

Greene Bean Project growers also are contemplating the potential of other additional crops. Expansion of the group base and acres is predicated on further research and careful evaluation of new markets, a prime example of what the Agricultural Marketing Resource Center aims to provide. "There are so many good resources out there," says Henning Cooklin. "Do the research, share the knowledge and you'll be able to share the benefits, too!" ■

The Business Development section focuses on information needed to create and operate a viable value-added business. The information is provided sequentially for use during the business analysis, creation, development and operation process.

The Directories & State Resources section includes directories created for the Web site by AgMRC staff. Staff initially compiled a list of 300 service providers and notified them of a new directory for "Value-added Consultants and Service Providers." In the past year, 200 service providers registered on the directory, providing assistance to groups with legal, commodity-specific, financial, marketing expertise and more. A value-added business directory was also created to give new value-added businesses a resource to contact.

Currently, 90 successful and non-successful businesses are listed on the site.

A state resource directory was established to give producers at least one contact name in value-added agriculture for each state. Additionally within the directory, individual state laws have been added pertaining to specific regulations within each state such as establishing a cooperative, sale of foods, etc. A calendar of value-added events is included. This allows producers interested in attending value-added events to determine what is coming up within their region.

Research focus

Several of the AgMRC partners are focusing their efforts on research projects geared to assist producers involved in value-added agriculture.

The Center for Agricultural and Rural Development (CARD) at Iowa State University finalized research on four projects and submitted working papers for the AgMRC Web site. These four papers are now listed in the Business Development and New Information sections of the site. The four papers are: "Farmer-Owned Brands"; "Information Sharing and Oligopoly in Agricultural Markets: The Role of Bargaining Associations"; "An Initial Analysis of Adoption of Animal Welfare Guidelines on the U.S. Egg Industry"; and "Can Spot and Contract Markets Co-Exist in Agriculture?"

Kansas State University started a case research study on Ocean Spray Cranberries to understand brand creation and valuation. Other studies have recently been compiled on South

Dakota Soybean Processors, Dakota Growers Pasta and 21st Century Alliance. KSU completed an ethanol pre-feasibility model—which can be accessed on the Internet at: www.agecon.ksu.edu/renewableenergy/—working with CoBank and Sparks Companies. They are now beginning a similar project for bio-based diesel.

Kansas State visited with General Mills on the feasibility of developing a certification program for hard white wheat varieties and tracking those individually from producer to elevator, to flour mill and baking lab. This helped develop research for the hard white wheat incentive program in the Farm Bill.

The University of California has begun studies designed to improve practical understanding of how different industries have evolved in their approaches to value-added marketing. Studies include:

- Investigating the effect of public policy, especially milk marketing orders, on marketing and processing cooperatives;
- The role of pistachio industry marketing orders in maintaining quality and the industry's reputation for food safety.

The University of California also has launched a project to better understand the value-added relationships between growers and processors in the tomato industry, especially the effects of vertical integration by growers on the processing side of the industry. A case study will focus on four large growers who have joined together to build a tomato processing plant.

UC has also begun to apply an economic model to evaluate the payoff to producers from innovations in the use of whey proteins. This work represents close collaboration among food scientists and economists. The costs and potential market for the new uses of whey have been analyzed. Now those results are being applied in a model of dairy supply and demand that includes the complications of federal and state policy such as price supports and milk marketing orders. UC is also studying

several key aspects of the wine grape industry and is compiling data on China's production and demand for horticultural crops. This is the first time such information has been available for industry analysts to consider the role of China in many of these commodities.

AgMRC teamed up with the Iowa Farm Bureau Federation to pilot a project that gives farmers the opportunity to sell their product via a Web site.

Other projects

Recognizing that many farmers are selling directly to consumers via farmers markets, Community Supported Ag (CSA) programs and other avenues, AgMRC teamed up with the Iowa Farm Bureau Federation to pilot a project that gives farmers the opportunity to sell their product via a Web site and assists in the development to provide a site for producers to list their goods at an affordable price. This service is being offered as a pilot project in Iowa and will be expanded to other states in the coming months.

Another unique opportunity for the AgMRC Web site is the development of a Web site for a Pork Niche Market Working Group. This group, comprised of individuals from commodity groups, ISU Extension and other agri-

businesses, works to develop new niche market opportunities for small pork producers. Because their activities directly influence value-added pork operations, AgMRC is hosting a Web site within the AgMRC Web site for the group.

In addition to external links, staff members write pieces for posting on the Web site. Staff interviewed value-added agriculture businesses and wrote business profiles from those interviews. Business profiles were added for four enterprises, including Cory's Country Lamb, County Line Orchard, Tammen Treeberry Farm and Northern Vineyard Winery. Additional profiles have been started for U.S. Premium Beef, Loess Hills Aquaculture and West Liberty Foods.

Staff developed an ethanol pre-feasibility model that included an Iowa emphasis with Co-Bank. The model is adaptable to most corn-belt states. Staff members also wrote several other pieces within Business Development, including "Introduction to Grant Writing," "Farmer Alliances—A New Breed is Emerging" and "Funding Sources."

AgMRC staff organized and planned a workshop for producers titled "Telling Your Story, Selling Your Idea." The two-day workshop focused on the communication needs of value-added agricultural groups.

Contact AgMRC

Producers, extension personnel and rural development specialists contact the resource center either via toll-free phone at 866-277-5567, e-mail at agmrc@iastate.edu or the Web site, www.agmrc.org.

AgMRC staff will speak at large, value-added agricultural gatherings or at annual meetings to share with your group what the Center can offer. Additionally, we would be happy to provide promotional or other background information for meetings and events.

Please contact us through the above channels with any questions or opportunities to share the message of the Center. We look forward to hearing from you. ■

Co-ops increase share of farm marketings; share of farm supply sales dips slightly

**Charles A. Kraenzle, Director
Statistics**

**E. Eldon Eversull, Agricultural
Economist**

USDA Rural Development-RBS

Editor's Note: Mr. Kraenzle died last year during the compilation of cooperative data for this report. Assistance in developing estimates of cooperatives' share of farm marketings and farm production expenditures was provided by the staff of the Rural Business-Cooperative Service of USDA Rural Development, including: Tony Crooks, grains/oilseeds and rice; David Chesnick, 100 largest cooperatives; Andy Jermolowicz, fruits/vegetables and tobacco; Bruce Reynolds, cotton/cottonseed and Charles Ling, dairy.

Farmer cooperatives' share of total farm marketing—including crops, livestock and poultry—climbed to 28 percent in 2001, up from 27 percent in 2000. The market share is based on cooperatives' net marketing business volume of \$75 billion in 2001. That's \$3 billion more than in 2000, but down from the record \$79.4 billion collected in 1996, when the market share of co-ops peaked at 31 percent (figure 1).

Cooperatives' gained market share on a wide front, including milk/milk products, fruits/vegetables, livestock, dry beans/peas, rice, tobacco and sugar. Most of these gains were modest, with milk/milk products and fruits/vegetables each climbing 1 percent and rice gaining 2 percent. Sales decreased for grains/oilseeds, cotton, poultry/eggs and nuts.

Cooperatives also rang up \$24.8 billion in net sales of farm supplies in 2001, about \$700 million more than in 2000 and only \$400 million less than the record of \$25.2 billion set in 1997. However, their market share for major farm production supplies—including feed, seed, fertilizer, crop protectants and petroleum—dropped 1 percent from 2000.

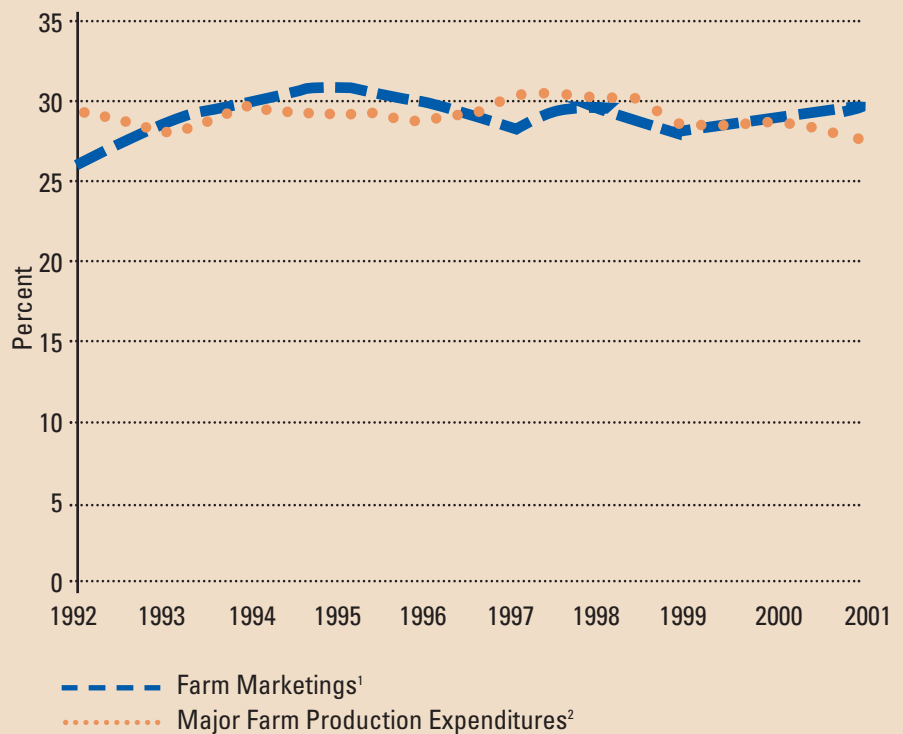
Milk sales top \$20.5 billion

Farmer cooperatives paid producers

\$20.5 billion for milk/milk products in 2001, up \$3.5 billion from 2000. U.S. farm cash receipts for milk/milk products also climbed nearly \$4 billion from 2000. Cooperatives' market share of total U.S. farm cash receipts for milk/milk products increased from 82 to 83 percent (table 1).

However, milk/milk products market share estimates for both years have been revised downward by 5 to 7 points, based on recent studies by USDA Rural

Figure 1—Cooperatives' shares of U.S. farm marketings and major farm supply expenditures, 1992-2001



¹ Based on U.S. farm cash receipts.

² Based on U.S. cash expenditures for fertilizer, petroleum, crop protectants, feed, and seed used for farm production.

Table 1—Cooperatives' shares of U.S. farm marketings, by selected commodity group, 1997-2001

Commodity group	2001	2000	1999	1998	1997
	Percent of U.S. farm marketings ¹				
Milk/milk products	83	82	83	83	83
Grains/oilseeds	38	44	34	39	43
Cotton/cottonseed	42	49	27	43	38
Fruits/vegetables	19	18	18	19	19
Livestock/wool/mohair	13	12	13	14	12
All other ²	12	13	12	12	12
Total ³	28	27	26	29	28

¹ Values rounded to the nearest whole percent. Some prior year values were revised.

² Includes poultry/eggs, dry edible beans/peas, nuts, rice, tobacco, sugarcane, sugar beets, honey, and all other marketings.

³ All farm commodities weighted by value.

Development economist Charles Ling. His newest study covers 2002 marketings and will be released later this year. The revision in milk/milk products share lowered overall co-op market share by 0.5 percent.

Cooperatives' market share of grain/oilseed marketings at the farm-gate decreased 6 percent, from 44 percent in 2000 to 38 percent in 2001. During 2001, farmer cooperatives paid producers about \$15 billion for their grains and oilseeds, about \$300 million, or 2 percent, less than in 2000. Total marketings of all grains and oilseeds produced in the United States increased almost 12 percent from 2000 to 2001.

Cotton and cottonseed cooperatives' share of cash receipts was 42 percent in 2001, 7 percent less than in 2000. Farm cash receipts for cotton and cottonseed continue to decline, down \$300 million from last year.

Total U.S. average cash receipts for fruits/vegetables were up almost \$2 billion, or 10 percent. Cooperatives accounted for 19 percent of the nation's fruit/vegetable sales in 2001, 1 percent more than in 2000. Cooperatives' paid fruit/vegetable producers about \$5.6 billion in 2001, up from \$4.9 billion a year earlier.

Cooperatives' share of livestock/wool/mohair marketings was 13 percent in 2001, 1 percent more than in 2000. Cooperatives paid these producers \$7.7 billion in 2001, almost 12 percent more than the \$6.9 billion paid in 2000.

Cooperatives' share of "all other"

marketings—including poultry/eggs, dry edible beans and peas, tobacco, nuts, rice, and sugar—was 12 percent, down 1 percent from 2000. Cooperatives paid farmers \$5.6 billion for "all other" products marketed in 2001, down 13 percent from \$6.4 billion in 2000. Sharp drops in prices for sugar and tobacco contributed to the decline.

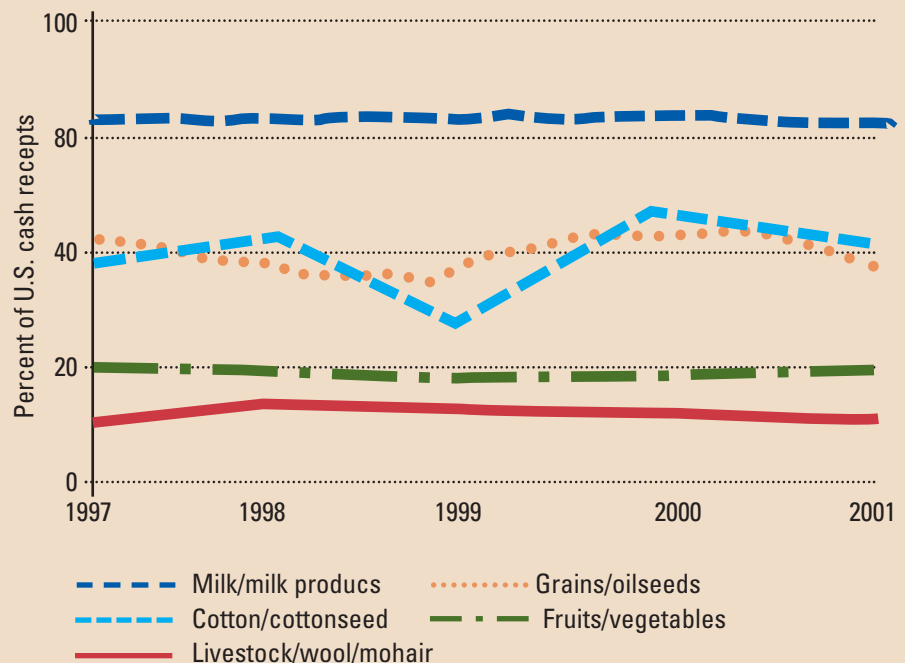
Figure 2 shows the most recent five-year market-share trends for selected farm commodities marketed by farmer cooperatives. Milk/milk products, fruits/vegetables, and livestock/wool/mohair shares have been fairly level. Grains/oilseeds and cotton/cottonseed shares have varied, with both trending downward in 2001.

Farm supply share dips 1 percent

Cooperatives' share of major farm production supply sales—feed, seed, fertilizer, crop protectants and petroleum—was 26 percent in 2001, down 1 percent from 2000. Cooperatives' share of fertilizer, petroleum and seed all increased while sales of crop protectants and feed decreased (table 2, figure 3).

Total U.S. farm cash expenditures

Figure 2—Cooperatives' shares of U.S. farm products marketed by commodity group, 1997-2001



for the five major supply items increased about 4 percent, to \$60 billion, from 2000 to 2001, while cooperatives' sales growth remained flat at \$15.8 billion in both years. Cooperatives' fertilizer sales of \$4.7 billion were up from \$4.3 billion in 2000, or about 9 percent. Total fertilizer expenditures for all of U.S. agriculture were up about a third of that amount in 2001.

Cooperatives' 46-percent share of petroleum expenditures in 2001 was up from 43 percent in 2000. Cooperative sales increased by 5 percent while U.S. petroleum sales for farm production, at \$ 7.2 billion, were unchanged.

Crop protectant sales for cooperatives declined 2 percent from 2000 to 2001, to about \$2.9 billion, and their share of this market dropped one percent, to 34 percent. Total expenditures by all U.S. farmers for crop protectants increased 1 percent, to \$8.6 billion, during that time.

Feed sales by cooperatives declined about 14 percent, to \$3.9 billion, while total U.S. feed expenditures increased 1 percent, to \$25 billion. Cooperatives' share of feed expenditures

Table 2—Cooperatives' shares of major U.S. farm supply expenditures, by production item, 1997-2001

Farm production item	2001	2000	1999	1998	1997
	Percent of U.S. farm supply expenditures ¹				
Fertilizer	45	43	45	45	45
Petroleum	46	43	45	50	45
Crop protectants	34	35	34	34	34
Feed	15	18	19	21	22
Seed	13	13	10	10	10
Total ²	26	27	27	29	29

¹ Values rounded to the nearest whole percent. Some prior year values were revised.

² The five major farm supply items weighted by value.

declined 3 points, to 15 percent.

The lowest market share for co-ops among the major farm supply items is seed. Co-ops held 13 percent of the seed market in 2001, unchanged from 2000. Cooperatives' seed sales increased by \$100 million, or 15 percent, in 2001, while total U.S. cash expenditures for seed increased 14 percent, to \$8.3 billion.

How co-op share is calculated

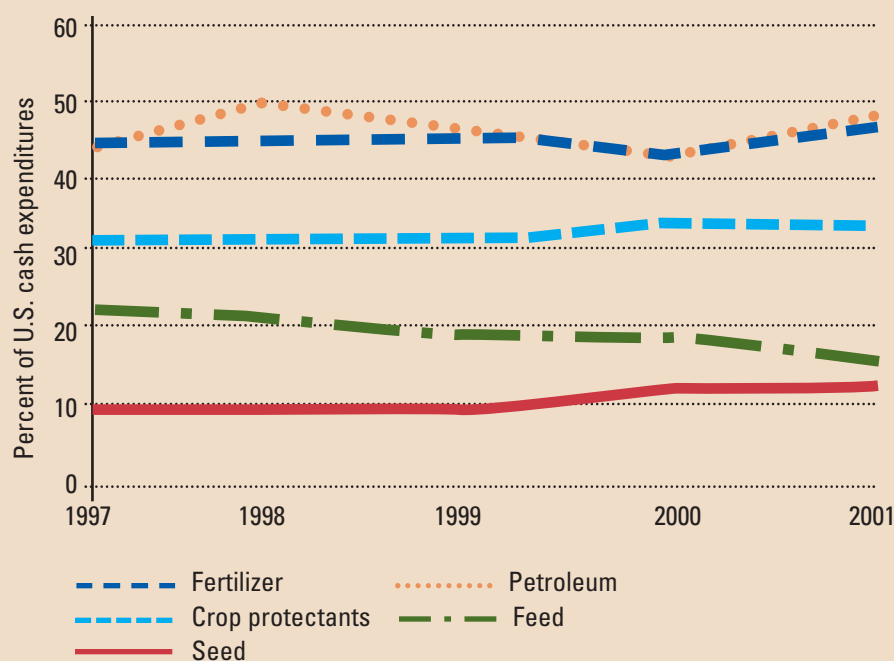
Cooperative-share estimates for selected commodities and farm supplies are based on data from several sources. These include the annual survey of farmer cooperatives conducted by the Cooperative Services program of the Rural Business-Cooperative Service, other Cooperative Services studies, cash receipts from farm marketings and farm production expenditures published by USDA's Economic Research Service (ERS), and from Cooperative Services' commodity specialists.

Cooperatives' shares of farm marketings represent estimates of cooperative activity at the farm-gate, or first-handler, level.

Cooperatives' shares of farm marketings were estimated by first subtracting gross margins from net cooperative business volume. These estimated "payments to farmers" were then related to their respective total U.S. cash receipts to calculate the percentage shares.

Shares of the major farm supply items were estimated by subtracting from cooperatives' net business volume: export business volume, sales to other firms and supplies sold for non-farm purposes. These adjusted business volumes were then related to their respective total U.S. cash expenditures to calculate percentage share estimates. ■

Figure 3—Cooperatives' share of selected U.S. farm production expenditures, 1997-2001



No mountain too high

Rural broadband service helping to save lives of isolated patients

By Steve Thompson,
Writer-Editor
USDA Rural Development

Dheva is a healthy, happy three-year-old boy, a joy to his parents and grandparents. But soon after birth he was a very sick baby, with a potentially fatal heart defect.

To make matters worse, he was born in a rural hospital hours from the nearest neonatal cardiologist, a specialist who could treat his illness. He is alive today because new technology made it possible for the specialist to diagnose and treat the child from over 90 miles away.

Telemedicine, made possible by broadband telecommunications, saved Dheva's life.



Winchester Medical Center, a small rural hospital, is more than 90 miles from the medical specialists at the University of Virginia Hospital (inset, opposite page). Photo courtesy of Winchester Medical Center; Background photo of Blue Ridge Mountains courtesy of University of Virginia Hospital

“Broadband technology is going to be incredibly important for us to stay on the cutting edge of innovation here in America.”

—President George W. Bush

During a live teleconference, a video image of Dheva Muthuramalingam, his mother and Winchester Medical Center physician Teresa Clawson is beamed into USDA headquarters in Washington. They discussed their “telemedicine experience” and how it saved Dheva’s life.

USDA photo



Heart murmur endangers infant

Dheva Muthuramalingam was born Dec. 29, 1999, at Winchester Medical Center, in the town of the same name in the northern tip of Virginia. His family lived across the state line in West Virginia. It was soon apparent to his attending physician, Dr. Edward Lee, a neonatologist, that all was not right with the child. Examination revealed a heart murmur, prompting Dr. Lee to call for an ultrasound scan.

The scan was scrutinized by a specialist in adult cardiology, who discovered a small hole in the infant’s heart. But it was not clear that this defect was the cause of the baby’s distress. And the expertise required to make a proper diagnosis was not available. The Winchester area doesn’t have the population necessary to support a cardiologist specializing in newborns—a problem it shares with thousands of rural hospitals.

Says Dr. Teresa Clawson, Dr. Lee’s fellow neonatologist at Winchester, “We’re considered a rural hospital. We do provide neonatal intensive care to critically ill and pre-term newborns. But Dr. Lee and I are the only pediatric sub-specialists at this hospital, and we are geographically isolated by the mountainous region around us.”

Dr. Lee decided to use the hospital’s telemedicine hookup to consult with Dr. Karen Rheuban, a neonatal cardiologist at the University of Virginia Hospital in Charlottesville, and coincidentally a strong advocate of the use of telemedicine.

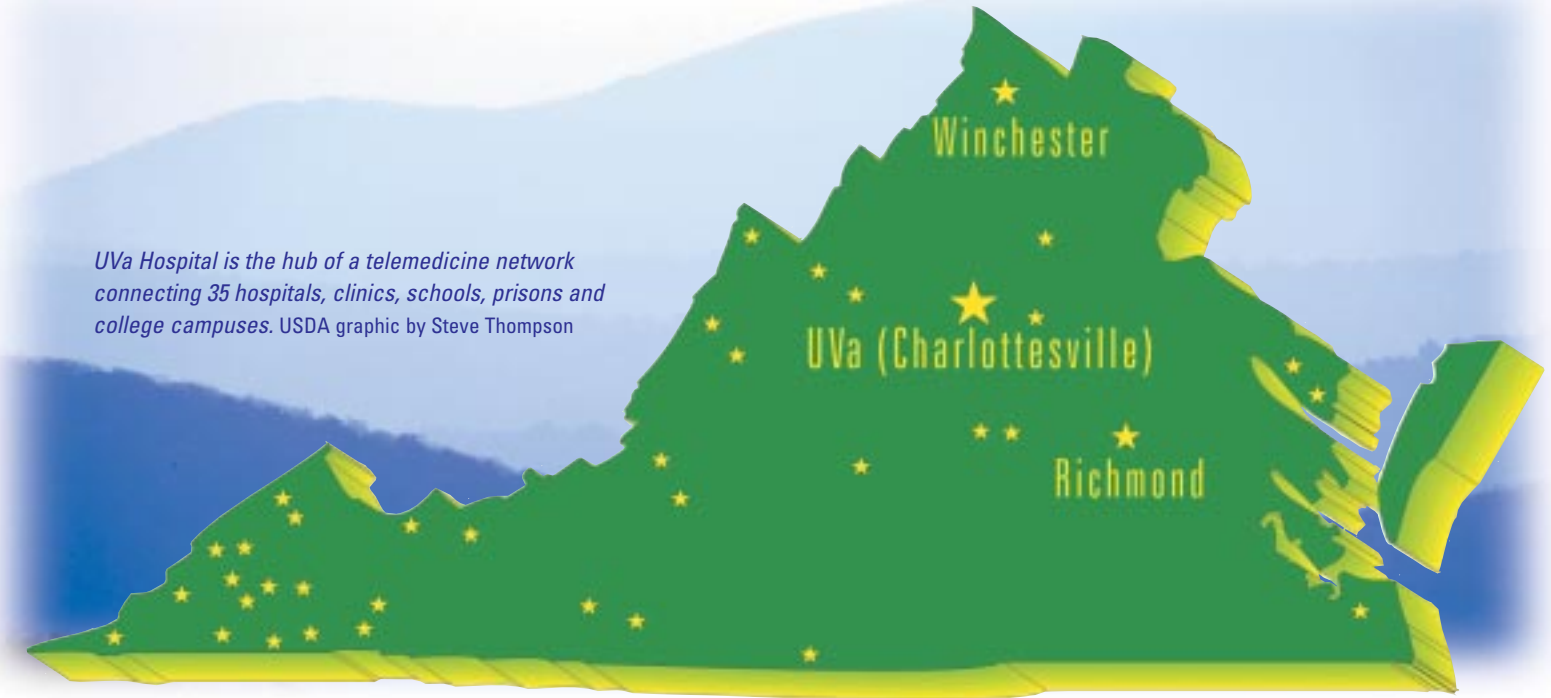
Dr. Rheuban suggested that the scan be sent to her electronically, and within minutes was looking at a high-quality rendering of the ultrasound picture, made possible by the high-speed connection between the two hospitals. Dr. Rheuban was quickly able to spot what the adult cardiologist was not trained to see. Dheva’s descending aorta—the main artery that carries blood from the heart to the lower part of the body—was completely blocked.

The only reason he was still alive was that newborns have a blood vessel connecting the aorta and the pulmonary artery, which takes blood to the lungs. Enough blood was getting through to keep the baby alive, but the passage would soon close. When that happened, his kidneys and other lower organs would cease to function, and the child would die.

Dr. Rheuban quickly prescribed a drug that would keep the passage open and recommended that the baby be immediately transported to UVa for open-heart surgery. Getting the baby to UVa Medical Center, including sending a van to Winchester, took about seven hours. “If we hadn’t been able to do the long-range diagnosis, the baby probably would have been dead or on the verge of death by the time he arrived,” Dr. Rheuban says.



Telemedicine makes UVa Hospital’s highly rated medical staff available to people in rural areas across Virginia. Photo courtesy of University of Virginia Hospital



UVa Hospital is the hub of a telemedicine network connecting 35 hospitals, clinics, schools, prisons and college campuses. USDA graphic by Steve Thompson

Dr. Rheuban has been a strong advocate of telemedicine for more than 12 years. She is medical director of the UVa telemedicine program and was instrumental in getting a telemedicine system up and running in rural Virginia.

Conference sparks interest in wider use of telemedicine

Rheuban says the idea for the system was born when she and a number of other UVa doctors attended a conference on continuing medical education. One of the speakers was Dr. Jay H.

Sanders, a professor of medicine at Johns Hopkins University Medical School and, at the time, president of the American Telemedicine Association. Rheuban and a number of other UVa physicians were galvanized by Sanders' lecture detailing the advan-

USDA providing \$1.4 billion to expand rural broadband

USDA Rural Development's Broadband Pilot Program has been expanded into a full-fledged program offering more than \$1.4 billion in loans and loan guarantees to rural telecommunications utilities. The funding is available for the construction, acquisition and improvement of broadband communications facilities and equipment in eligible rural communities. Program rules define a broadband system as one that can transmit at least 200 kilobits per second both upstream and downstream from a customer.

Regulations for the new Broadband Loan program were published in the Federal Register Jan. 30, 2003.

Funding for fiscal year 2003 includes nearly \$1.3 billion for direct "cost-of-money" loans, in which the interest rate is derived from a formula reflecting current interest rates, \$80 million in direct loans at 4 percent interest and the authority to guarantee another \$80 million in loans from conventional lenders. Applications made under the pilot program will be given priority for approval.

Broadband communications open up a wide array of possibilities to rural communities, from improved health-care services and education opportunities, to accelerated economic development (see "Closing the Gap," Rural Cooperatives July/August 2002, and "Legg Sees Vital

Role for Utility Co-ops," September/October 2002). The Bush administration is emphasizing the promotion of rural broadband in its domestic policy. President George W. Bush recently said, "In order to make sure the economy grows, we must bring the promise of broadband technology to millions of Americans . . . broadband technology is going to be incredibly important for us to stay on the cutting edge of innovation here in America."

USDA Rural Development has been making loans for broadband through its regular telecommunications assistance as well as the Broadband Pilot Program. With the new fully-funded Broadband Program, it is hoped that many telecom cooperatives and others that up to now have held back from adopting high-speed transmission will move to bring the advantages of the new technologies to their members.

Hilda Gay Legg, Administrator of the Rural Utilities Service, which administers the new program, believes that broadband will play a key role in rural economic growth. "We've only scratched the surface of what this technology can do," she says "And we intend to be in the forefront of developing it to bring its benefits and advantages to rural America." ■

\$44-million push for new geographic technology

USDA and the Bush Administration are proposing to increase spending by \$44 million to develop geographic information systems (GIS). The technology is based on the Global Positioning System (GPS), which uses signals from special satellites to determine where a small receiver is located (within yards) on the face of the earth. GIS would provide both government and its customers with new tools to accomplish tasks as diverse as determining eligibility for single-family housing loans, to evaluating prospective project sites in regard to nearby environmental hazards.

The new technology will make it possible to do some tasks in seconds which might otherwise take hours. It brings together GPS, which can tell you where you are at the push of a button, with the latest in computer software technology. Experts say that as the new technolo-

gy matures, it will prove highly useful to cooperatives and other rural businesses.

GIS combines GPS with computer databases and other software to build specialized maps and develop tables and graphs pertaining to a wide variety of issues. One piece of software, called PIX, is a Web-based application developed specifically for USDA multi-family housing programs. It enables USDA to immediately identify the location of a multi-family housing project when the owner has decided to pay off a Rural Housing Service loan. This allows quick notification of nonprofits and government agencies, as required by federal law. Another GIS function spatially locates all data in a new Rural Development data "warehouse," making it possible to retrieve information based on selected geographic criteria, or through a map. ■



The control room of Winchester Medical Center's telemedicine facility. Telemedicine hook-ups are used not only for remote diagnosis and treatment, but also for continuing education of health-care professionals. Photo courtesy of Winchester Medical Center

gies telemedicine could bring to rural physicians, clinics and hospitals in serving the needs of their far-flung patients. Back home in Charlottesville, they formed an ad-hoc group to promote a system that would tie the many rural hospitals and clinics in Virginia.

Their activities quickly led to a small study group, which paved the way for launching the program in 1995. The system began formally seeing patients in 1997. "We started slowly," she says. "We weren't looking to compete in

areas that have comprehensive health services. We wanted to reach patients that didn't have those services."

That meant looking for independent rural hospitals and clinics that needed the advantages they had to offer. It also meant finding financing: UVa raised the funds to build their central telemedicine facilities, but coming up

with the money to hook up and equip far-flung clinics and hospitals was the responsibility of the participating institutions. The funds have come from a wide variety of sources, including USDA Rural Development's Community Facilities and Rural Utilities programs. Through its Distance Learning and Telemedicine Program, a Rural Utilities Service program, Rural Development has made two grants totaling over \$300,000 to expand the UVa system, as well as a Community Facilities

loan of \$324,500 to enlarge an existing telemedicine facility.

Currently, the UVa telemedicine system has 35 participating facilities across the Commonwealth of Virginia. These sites include community clinics and hospitals, schools, prisons and other campuses in the state's university system. This spring, UVa plans to add another eight sites in remote and mountainous western Virginia, where the population density is less than 10 persons per square mile.

Quality health care

Patients who take advantage of the system have access to some of the best care available. UVa Hospital is ranked among the top 100 hospitals in the country by one study, and 42 doctors at the facility were ranked among America's best in a survey of their peers. They include the current president of the American College of Cardiology and a former president of the American College of Surgeons.

According to Dr. Rheuban, the system has so far made possible more than 5,200 remote medical consultations. And telemedicine is not used just for diagnosis and treatment, but also for providing continuing education for

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Tune-up your meetings

Periodic analysis is necessary to ensure that cooperative board meetings are efficient, effective and productive

Jim Wadsworth,
Program Leader
Education and Member Relations
USDA Rural Development

Editor's note: For more on this and related topics, see Cooperative Information Report 58, "Assessing Performance and Needs of Cooperative Boards of Directors," on-line at: www.rurdev.usda.gov/rd/pubs/#rbs, or e-mail james.wadsworth@usda.gov to request a hard copy or with questions.

C hallenging business times always place boards of directors under increased pressure to perform well, but the current operating environment is especially tough. More than ever, cooperative directors must have a solid grasp on their fiduciary and other major responsibilities. These were outlined well by USDA's James Baarda in a recent series of articles in this magazine (see July/August 2002 and subsequent issues), in which he describes the circle of responsibilities of directors, the high standards they are held to and the unique challenges they face given today's circumstances.

It is vitally important for members and directors to read these kinds of articles or attend workshops that cover such material. Equally important is how directors work together as a group in board meetings. It is critical that board meetings be conducted correctly. To do so, directors need to take a collective look at how well the board operates during its meetings—its efficiency, effectiveness and productivity.

Well-planned and conducted meetings make the most efficient use of time

in accomplishing necessary tasks. Most directors of cooperatives can ill afford to waste time in board meetings when they also have other important responsibilities on their own operations.

Assessing board meeting productivity from time to time is an imperative. One way to assess the productivity of board meetings is through an assessment exercise. To do this correctly, each director should complete a board meeting assessment by answering a number of questions about the board's meetings.

The idea is to gain a consensus about weak areas that need improvement. The manager may also participate in such an exercise. The manager plays an active part during board meetings and may identify problem areas overlooked by directors.

Areas to assess

A number of important areas should be assessed, including: use of an agenda, procedural conduct, use of review materials, committee reporting, use of board meeting minutes and discussion participation. To gain a clear picture on how well the board performs in these areas, directors (and possibly the manager) should examine a number of functions. This article provides a list of 21 statements that could be included in a review. A board may decide to include other statements as well.

Each item should be carefully considered by directors, who should make one of three responses: 1) no improvement is needed; 2) uncertain, could be better; or 3) improvement is a must. Evaluating the statements on an individual basis is the first part of assessment.

Following evaluation, directors

should discuss the statements that got a response of "uncertain" or "improvement is a must" by one or more directors. The discussion should center on ways to improve that area if it is declared to be a significant problem. Another option is for the board to use a special committee to consolidate the assessments and provide a report to the full board prior to the discussion. Some functions to assess:

1. The meeting agenda and required review materials (management reports, committee reports, financial reports, other materials, etc.) are sent to directors prior to the meeting to provide ample time for review (at least seven days ahead of the meeting).

2. Major topics, items for discussion and timing of such issues are organized and identified on the agenda.

3. Meeting conditions are adequate (comfortable seating and room temperature and adequate lighting so all directors can make eye contact with each other).

4. All directors are prepared for the meeting (they review the required prepared materials ahead of time).

5. The chairperson opens and adjourns the meeting promptly at the scheduled times.

6. The chairperson keeps the meeting moving according to the agenda and in accordance with correct parliamentary procedure, given cooperative policies.

7. Agenda changes are discussed and approved by the board.

8. Enough time is allowed for discussion and action of each agenda item.

9. The chairman guides the discussion, encourages comment from all directors and keeps the

discussion focused on the topic.

10. Just before adjournment, a summary of the business conducted is reviewed.

11. Clear and concise board meeting minutes of each meeting are prepared, presented and accepted or modified according to board policy.

12. Cooperative employees and staff are occasionally invited to the meeting by the general manager to provide technical support.

13. Committees report to the board at appropriate times.

14. Chairperson allows for questions from committee members.

15. The board has an "open door" policy for regular meetings. Any member may attend (except when the board is in executive session).

16. Attendance is taken at meetings (every director should attend at least 90 percent of scheduled board meetings).

17. Chairperson is informed in advance when directors plan to be absent from a regularly scheduled meeting.

18. Each director participates and contributes to discussions during board meetings; a minority of directors does not control most discussion.

19. Directors are courteous toward each other, management and guests.

20. During long meetings, breaks are used to avoid disruptions in procedure.

21. Time is scheduled for a board executive session, if required.

For the most part, these statements will provide a fairly good assessment of how well the board operates as a group and help to identify problem areas needing improvement. Such an assessment needs to be conducted on a specific schedule because board membership and officer makeup periodically changes. What worked well with one board might not fit another. Evaluation should be conducted at least annually and results compared to previous assessments to measure progress.

This same process could be followed for board committees.

Other important areas to examine

Other aspects of board meetings can be measured. At a time when membership in many cooperatives is decreasing along with the drop in the number of producers, cooperative boards must take extreme care to ensure that their member constituents are being adequately and properly represented at board meetings.

Directors, at times, tend to become



For an effective board meeting, the chairperson should guide the discussion, encourage comment from all directors and strive to keep discussion focused on the topic.
USDA Photo by Ken Hammond

absorbed with the interrelationships of the board itself and with day-to-day management issues. If not checked, this can result in a loss of member representation at board meetings.

Directors need to take a step back once in a while and ask themselves: how well are they representing their constituent members? Are they wrestling with difficult issues and making tough decisions?

Some functions to assess include making sure that:

- directors adequately voice the concerns of their constituents on distinct issues or problems;
- full and open discussions take place about how constituents' views may differ from the board's, or about how the needs and views of one group of members may vary from another group;
- constituents have trust in the way the board is representing them and properly conducts board meetings.

Some cooperative boards follow parliamentary procedures, such as Robert's

Rules of Order. If so, the board should assess how well the individual steps of the procedures are carried out by the board chair and followed by members. This means going beyond the assessment of function 6 and getting more into the details of the procedural methodology.

A board that attempts to follow a standard procedure, but deviates from it on a regular basis may be less productive than it would be if it didn't try to follow the procedure. Boards following specific procedures should periodically assess the steps of the method it's using to conduct its affairs.

Excessive debate over some issues can bog down board meetings. Sometimes a director cannot let an issue go even after it seems to have been settled or, at least, tabled. Such action can severely interfere with conducting the rest of the board meeting. If this happens on a regular basis, the cooperative will ultimately suffer from the board's slower decision-making on other issues. If this occurs regularly, assess why and take steps to alleviate the adverse behavior.

Tailor topics to your co-op

The suggestions in this article will not provide assessment tools needed by each and every cooperative board. The intent is to remind cooperative directors of the importance of having productive and effective meetings.

Directors should devise a listing of functions that address the specific needs of their cooperative and their board meeting practices. Then, periodically assess how well the board is operating as a unit.

Not only must today's cooperative directors be well trained and extremely knowledgeable about their cooperative's industry and a multitude of business practices, but they must also be able to meet and work together to jointly conduct the cooperative's business as efficiently as possible. In an increasingly competitive operating environment, correct and quick cooperative board decisions must be the order of the day. ■



Organic co-op plans new HQ as sales soar

Despite growing success, the nation's largest organic farmers cooperative will stick to its home base at LaFarge, a community of 780 residents in western Wisconsin. Organic Valley Family of Farms, which now has more than 500 members in 17 states, from Maine to California, plans to build a \$4 million headquarters at LaFarge this year. "It's proof of our dedication to the rural community," said CEO George Simeon. "Part of our mission is to be true to rural development



and rural towns." The cooperative was created 15 years ago by a half dozen family farms.

Sales for 2002 jumped more than \$25 million, to \$125 million. By 2005, sales are projected to hit \$215 million. Co-op leaders credit its success to its ability to provide a stable, equitable and sustainable level of pay for farmer-members. Organic Valley farmers produce more than 130 organic foods, such as milk, butter, cheese, creams, eggs, produce, juice and meats sold in food cooperatives, natural food stores and supermarkets.

"They've done a great job," said Bob Cropp, retired dairy economist with the University of Wisconsin. "It's a great success story achieved through unorthodox methods under the leadership of an unorthodox executive."

NORPAC buying Simplot's vegetable processing plant

Consolidation in the vegetable packing industry has resulted in fewer and larger customers, prompting NORPAC Foods, Oregon's largest fruit and vegetable processor to look to expanding its production capacity and marketing muscle. This spring, the Stayton, Ore.-based cooperative expects to close on a purchase of a vegetable processing plant and several brand names owned by J.R. Simplot Co. at Quincy, Wash. The Simplot plant packs frozen vegetables that are sold primarily to

food service and ingredient markets.

The plant, built in 1990, employs 450 full-time and 350 seasonal workers. In an alliance with Simplot, NORPAC plans to buy the license to market several vegetable brands that would also be sold and distributed to other customers through Simplot's marketing network. NORPAC's last expansion was in the 1980s, when it built a plant at Hemiston, Ore. At its four plants, NORPAC has a workforce of 1,000 year-round employees and adds another 3,500 seasonal workers at peak processing season.

DFA boosts net margins; Camerlo succeeds Brubaker

Just as its dairy-farmer members have cut production costs, so too has their marketing arm, Dairy Farmers of America (DFA), trimmed its operating



Tom Camerlo

costs, resulting in greater returns to the membership in 2002. Long-term, interest-bearing debt was cut \$78 million, and member equity jumped \$8 million, to \$631 million. DFA paid \$49 million in patronage and equity retirement, in 2002.

The nation's largest dairy cooperative marketed a record 47.8 billion pounds of milk, up nearly 5 percent. Although declining milk prices cut DFA's revenues to \$6.4 billion, it still generated \$85.9 million in earnings from its joint ventures, \$27.5 million more than in 2001. The American Dairy Brands division, which manufactures Borden brand cheese products, exceeded budgeted earnings (before interest and taxes) by 41 percent.

The recent annual meeting marked a historic change of the 51-member board, with the election of Tom Camerlo, a veteran dairy cooperator from Florence, Colo., as chairman. He succeeds Herman Brubaker of West Alexandria, Ohio, who had spent five years at the helm. Brubaker commended DFA's members and staff for their "courage and dedication in unifying the dairy industry through cooperative principles. We have built a new co-op

model that is member driven and a leading food company. The greatest challenge ahead will be for us to keep pace and take the risks required by a demanding and competitive marketplace." While many things have changed, he said, "the right of farmers to cooperatively market their milk is the same as it was in 1922 when Capper-Volstead was enacted." He urged members to never lose sight of their "cooperative vision." Brubaker had earlier been chairman of Milk Marketing Inc. in Ohio, one of DFA's predecessor cooperatives.

Meanwhile, a pair of efforts to expand its markets in the Northeast are coming under state and federal scrutiny. The proposed merger between H.P. Hood, New England's largest independent dairy, and National Dairy Holdings (half owned by DFA) would create the nation's second largest dairy processor. DFA would become the exclusive supplier to Hood under a long-term contract. The merger would create a new entity that would have annual sales of about \$3 billion, control about 90 percent of New England's milk and market Hood's popular brand-name products.

In another regional development, Vermont's St. Albans Cooperative Creamery has become DFA's second member cooperative following a similar agreement with Dairy Lea Cooperative of Syracuse. St. Albans will invest in DFA's equity program and gain one seat on the board of DFA, two on its Northeast council and three with Dairy Marketing Services (DMS). DMS was formed two years ago by DFA and Dairy Lea to handle daily activities associated with milk assembly and transportation for the cooperatives. St. Albans will retain its corporate identity and key customers. Last year, it marketed more than 1.5 billion pounds of milk for its 518 dairy farmer



Herman Brubaker

members in Vermont, New York and New Hampshire.

Chairman Brubaker said the agreement "strikes at the very heart of the age-old concept of cooperation. Capper-Volstead allows dairy farmers to work together for mutual benefit and that's exactly what this co-op to co-op membership with St. Albans will do."

GROWMARK, TruServ form local retail pact in Ontario

In a cross-border alliance, TruServ Canada Cooperative of Winnipeg, which operates a chain of 600 member hardware stores, will now provide consumer supplies to GROWMARK's 29 FS member companies and their 150 stores, including the Country Depot franchises in Ontario. Agricultural production supplies, such as fuel and fertilizer, for the local co-ops will still come from GROWMARK. Jim Hoyt, GROWMARK's executive director for Canadian operations, will join the TruServ board.

In the deal, TruServ also acquires the Country Depot trademark associated with GROWMARK's retail business in Ontario. Retail products range from work wear and lawn and garden supplies to hardware and pet foods. Hoyt said the pact would "form a strong retail presence in the Canadian marketplace." The pact is similar to GROWMARK's alliance with Land O'Lakes (LOL), which gives the FS member companies access to LOL livestock feeds.

Agway eyes sale of remaining assets

Efforts to emerge from Chapter 11 bankruptcy continue to challenge Agway, New England's regional farm supply and food marketing cooperative based at Syracuse, N.Y. A nationally known investment bank has been hired to evaluate whether to reorganize or sell Agway's three remaining divisions: Country Products, Feed and Nutrition and Agway Energy. The energy division was not part of the Chapter 11 filing.

While Agway officials say they neither have plans to shut down the

businesses nor liquidate them under a Chapter 7 bankruptcy, a controlled or orderly liquidation may be in the offing. Jeff Love, an attorney for the cooperative, said its goal was to derive the most value from the businesses for creditors. To strengthen that idea, Agway has asked the court to approve a complex plan of bonuses, capped at \$6.4 million, for 50 to 80 key employees so they won't bolt the company during this transition period.

Donald Cardarelli, Agway's retiring chief executive officer, earlier received \$1.6 million in severance pay plus extra compensation for his executive career transition service under a plan approved by the board, unsecured creditors' committee and the bankruptcy court. Seven Agway employees who earlier shared bonuses totaling \$546,000 for helping the cooperative prepare chapter 11 bankruptcy papers last fall, will have to repay them from future bonuses.

Alto Dairy trims 90 Jobs

Citing continued weak market conditions and shifting production from the traditional American cheeses to more Italian mozzarella to meet market demands, the 800-member Alto Dairy Cooperative at Waupun, Wis., is trimming about 16 percent, or 90 jobs, from its workforce of 550. Dean Sommer, vice president of operations, said prices paid to members have been down since the fall of 2001 and the cooperative is experiencing losses for the first half of fiscal 2003. Sales for fiscal 2002 reached \$432 million. The cooperative produces 550,000 pounds of cheese a day and hopes the switch to mozzarella will better prepare it for the future.

Mtn. Lamb Co-op, Rosen forge pact

Lamb marketing in the United States is being boosted through a pact between Mountain State Lamb Cooperative and B. Rosen & Sons Inc., a major fabricator and lamb and veal processor and distributor. The new venture will operate as Mountain

States/Rosen LLC (MSR). The cooperative is owned by and serves producers in 11 western States. The venture will oversee all phases of the supply chain, from farm to fabrication and on to the retailer and other distribution channels, including restaurants and cruise lines. The management team will come from both businesses.

NMPF seeks voluntary plan to balance supply, demand

The board of directors of National Milk Producers Federation (NMPF) has endorsed development of a three-part, voluntary program aimed at bringing U.S. milk production more in line with demand to stabilize and strengthen producer prices. Details are being developed by NMPF's economic policy staff, subcommittees and representatives of member cooperatives. The plan features an assistance program to stimulate exports and clear inventory from the U.S. marketplace, a market reduction program with incentives to producers to reduce their milk marketings, and a herd/cow purchasing program aimed at reducing the number of dairy cows nationally. The plan is dubbed "Cooperatives Working Together." Jerry Kozak, NMPF president and CEO, says "Our task is to construct a producer-led effort that pays dividends for many years to come."

ND co-op plans DC restaurant

The Ultimate Value-Added Cooperative, under the aegis of the North Dakota Farmers Union, is planning to open the "Agraria" restaurant in Washington, D.C., this summer. It will feature foods from family farms throughout the country, but mostly pasta, beef and breads from North Dakota. Bison will be featured as a specialty item. The restaurant's menu will be used to educate urbanites about family farm products and a different farm family will be featured each month. Investors must be members of both the Farmers Union and the cooperative.

NC growers market biodiesel

A grant from the Golden LEAF Foundation has enabled the North Carolina Grain Growers Cooperative at Rocky Mount, N.C., to launch a biodiesel fuel business. Valeria Lee, foundation president, said the opening shipment of 20,000 gallons of soy oil from West Central Soy Cooperative in Iowa was enough to produce almost 1 million gallons of biodiesel fuel when blended with petroleum. Sam Lee, the cooperative's CEO, said the supply would allow the cooperative to test the market and build a \$40 million processing plant, which will include a soybean extraction facility. The eastern North Carolina plant will be similar to West Central's facility, which has a 15-million-gallon capacity. The foundation has agreed to invest \$10 million in the cooperative's \$40 million facility. Although slightly more costly than diesel, proponents say biodiesel is a better lubricant, extends machinery life and reduces maintenance costs.

Olsen to lead Tree-Top co-op

Dick Olsen has been elected chairman of Tree Top Inc., an apple-processing cooperative at Selah, Wash., owned by 1,200 member-growers. He and his brother operate Olsen Brothers Ranches Inc. near Processor. Fred Valentine has been elected vice chairman and Bruce Allen secretary-treasurer.

Mid-Missouri Energy raises \$17 million

Producers have agreed to invest nearly \$17 million during the initial equity drive by the Mid-Missouri Energy (MME) ethanol cooperative. "We are ecstatic over these results," said Ryland Utlaut, MME president. "We are told that \$15.3 million is the most any ethanol project in the nation has raised in its initial equity drive. For us to have surpassed that record is nothing short of amazing."

The co-op needed \$12 million in producer equity to be 51 percent farmer-owned, a state requirement to



qualify for ethanol-production incentives. MME Treasurer Ron Linneman said producer response "speaks to the potential out there." Utlaut said this success has led the board to believe the ethanol project can be a 100 percent farmer-owned cooperative.

The initial equity drive, which ended March 31, was extended for another 60 days to allow new investors to enlist, or existing ones to increase their investment. "We must comply with the Blue Sky Law in other states regarding the sale of equity," said Patty Kinder, secretary and project coordinator. "Extending the offer also allowed time to meet requirements in various states from which we received producer interest."

David Kolsrud, equity drive manager, said the effort "disproves the notion that farmers don't have the money to invest. This says otherwise!"

Although several sites were under consideration, Carrollton was the preferred site for the 40-million-gallon-per-year plant, said Vice President Don Arth. The facility would tap the abundant supply of corn grown in the region. It would use nearly 15 million bushels of the approximately 70-plus-million bushels grown in the area.

For more information on the ethanol project planned for west-central Missouri, contact the MME Web site at www.midmissouirenergy.com.

Wilson heads co-op foundation

The board of trustees for the Cooperative Foundation at St. Paul, Minn., has chosen Patricia Keough-Wilson, director of communications for Minn-Dak Farmers Cooperative at Wahpeton, N.D., as its chair. Jean Jantzen, retired from CHS Cooperatives and former chair, continues as vice chair of the board. The foundation supports unique and innovative cooperative development and education projects throughout the Upper Midwest.

Farmland turns \$29 million profit for second quarter

Farmland Industries, seeking to emerge from Chapter 11 bankruptcy, reported \$29 million in second quarter earnings, which compares to a loss of more than \$49 million for the same period a year ago. It also reported sales of \$1.6 billion for the first quarter, up 5 percent from a year earlier. Farmland CEO Bob Terry says the reorganization is on course, and that cash flow now “significantly exceeds” what is required in its borrowing agreement. Since filing for reorganization under the bankruptcy court, Farmland has reduced debt by \$130 million, to \$270 million. According to recent press reports, the co-op will soon offer a plan to reorganize Farmland around its pork processing operation—Farmland Foods—which earned \$8.7 million in the second quarter. Farmland National Beef—which is not part of the bankruptcy filing—earned \$5.8 million in the quarter.

In other Farmland news, it has sold the bulk of its fertilizer assets in a court-approved auction to Wichita-based Koch Nitrogen Co., a subsidiary of Koch Industries Inc., for \$293 million. Farmland anticipates the sale will be formalized later this spring. Farmland’s \$1 billion fertilizer business once made it one of the largest manufacturers in the United States.

The deal included assets in Kansas, Iowa, Oklahoma and Nebraska. It also covers a dozen Midwest terminals plus Farmland’s half share in Farmland Miss Chem Ltd., which owns an ammonia

plant in the Republic of Trinidad and Tobago. Koch also has a one-year option to buy Farmland’s fertilizer operation at Lawrence, Kan.

AMPI sales top \$1 billion for '02

Despite dairy markets hovering at 25-year lows, Associated Milk Producers Inc.’s (AMPI) fiscal 2002 sales hit the \$1 billion mark, milk volume was up 3 percent, to 5.2 billion pounds, and the co-op returned \$13.3 million in equity payments to members in 2002. The 4,600-member cooperative recorded \$1 million in earnings from its 14 manufacturing plants in the Upper Midwest. “Our members must succeed in order for our business to succeed,” said President Paul Toft from Rice Lake, Wis. “Our strong commitment indicates we are a solidly built farm-to-market business that is here to stay.”

New board, CEO make changes at Ocean Spray

Saddled with four years of below-cost industry returns and a glutted cranberry market, major changes have been made at Ocean Spray, the nation’s major cranberry marketing cooperative. First, a majority of growers voted to cut the board from 15 to 12 directors and to seat nine new directors and 3 incumbents.

Then, the new board chose Randy Papadellis, Ocean Spray’s President and Chief Operating Officer, as interim chief executive officer. He has begun a restructuring of the management team

by laying off four of 14 vice presidents, eight other executive level managers and another 46 employees. Papadellis replaces Barbara Thomas, who was doubling as an outside director and interim CEO until she lost her seat on the board at the annual meeting. She had replaced Robert Hawthorne, CEO for three years before he resigned in November.

Due to the crop surplus, membership, which stands at 800 cranberry and 125 grapefruit growers, has been closed for the past two years. The cooperative’s sales have slipped, from \$1.5 billion in 1997 to just over \$1 billion in 2002, in part because Pepsi ended its agreement to distribute the cooperative’s single-serve bottles of juice. The cooperative has since implemented its own new distribution system. Earlier, the former board rejected an \$800 million takeover bid from a Wisconsin competitor. The new board has announced it will explore several options for the future of the company.

Dividend allocation rule focus of legislation

Legislation to clarify the dividend allocation rule is being supported by several cooperative trade associations, including the National Council of Farmer Cooperatives (NCFC). Senators Charles Grassley (Iowa), chairman of the Senate Finance Committee, and Max Baucus (Mont.), ranking minority member, are part of a bipartisan group of senators and con-

New Kid *continued from page 8*

which is 75 percent owned by the co-op and 25 percent by American Foods Group.

The co-op will make sure cattle get to the plant and is responsible for overall marketing and brand development. The annual, ongoing capital need for the operation is \$30 million. The business should produce \$350 million in annual sales.

The business has been structured so that “if it does not make money, the producers don’t make money, but neither does American Foods Group,” says Brinkmeyer. “They have made a commitment of equity and management expertise to manage the plant and sell the product. If it does not work, they aren’t rewarded.

“On the flip side, the more money they make, the more money the co-op makes. We think it is a sound business arrangement that provides risk and reward to both parties. Reward will go to 875 cattlemen who have put their money on the line and to members of Iowa Cattlemen’s Association,” whose 10,000 members will benefit from a more balanced beef supply created by the co-op’s operation.

Further, the overall beef industry in and around Iowa will have a more competitive edge thanks to the co-op. Most important, he said, “consumers will benefit from a new source of a high-quality, consistent product, backed by the commitment and integrity of our co-op.” ■

gressmen who favor eliminating the "triple tax" now imposed on stock dividends paid by cooperatives. This tax treatment penalizes cooperatives compared to other businesses and limits the ability of cooperatives to raise equity capital needed to modernize their operations, take advantage of value-added market opportunities and compete globally, says NCFC President David Graves.

"Eliminating the tax would strengthen the ability of farmers to join in cooperative self-help efforts to improve their income from the marketplace, better manage risk, take advantage of potential new market opportunities, maintain their inde-

pendence and compete more effectively in a changing global economy," says Graves.

Foremost sales reflect dairy ills

Low dairy commodity and milk prices for its 4,300 dairy-farmer members was reflected in Foremost Farms' sales for fiscal 2002, which declined from \$1.33 billion in 2001 to \$1.16 billion for 2002. The Wisconsin cooperative, based at Baraboo, showed an operating loss of \$3.7 million, but that was offset by tax credits, resulting in a net income of \$2.2 million vs. \$10 million in 2001. The cooperative operates 24 manufacturing facilities

and serves dairy farmers in seven Upper Midwest states.

Iowa hog co-op set to open processing plants

A two-year-old value-added cooperative formed by 1,400 Iowa hog producers hopes to begin operating three processing plants and a trucking business this summer. It is hoped these businesses will help shore up sliding prices members have been receiving. Majestic Food Group LLC, a wholly owned subsidiary of Iowa Premium Pork, will purchase Pinnacle Food Group's two Iowa Packing Co. pork processing plants in Des Moines, the Rosewood Farms pro-

House Calls *continued from page 12*

of Government named Waushara County and Cooperative Care as one of 99 semi-finalists (out of a pool of 800 applicants) in the prestigious 2002 Innovations in American Government Awards. Recently, Wisconsin Rural Partners named Cooperative Care as Wisconsin's Top Rural Development Initiative for 2003.

Challenges on the road ahead

All this attention may seem rather heady, but there is more work to be done. As a new business, Cooperative Care has experienced its fair share of growing pains, including the resignation of its initial executive director to run a family business and the removal of a board member for work-related performance issues.

Cooperative Care's contract with the county enables its member-owners to earn a living wage and receive benefits. Initially, this cost the county 40 percent more than the previous system. "This system is not for public bodies looking to save on costs," says Lucy Rowley of DHS. However, if an agency is interested in developing a sustainable pool of committed care providers, then this might be an option. Not only should public agencies assure quality care for clients, we

Cooperative Care mission statement

The mission of Cooperative Care: "To provide high-quality home-based care to the elderly and people with disabilities, while providing fair wages and benefits to the people caring for them."

must create a better standard of living for low-income people."

Currently, the county contract comprises 90 percent of the co-op's revenue stream. Due to a state budget crisis and a resulting budget crunch for Waushara County, DHS has twice renegotiated downward the reimbursement rates to Cooperative Care. The board and executive director are keenly aware of the need to increase the number of private pay clients to sustain revenue and maintain member benefits and wages.

The rapidly rising cost of health insurance is another major concern. Prior to forming the co-op, 31 per cent of care providers said they had no health insurance. On the advice of a local insurance agent, the business plan allotted \$2,000 per year, per person for

basic coverage. This quickly proved inadequate, with a 25-percent rate increase in 2001 and 16-percent rate increase in 2002. Presently, only 14 members out of an anticipated 35 carry insurance through the co-op due to a high out-of-pocket expense.

Board Treasurer Karen Taylor is proud of the accomplishments of Cooperative Care. "For so long, I have worked hard to help people to stay at home," she says. "It is nice to finally have health insurance and benefits like a paid vacation and mileage reimbursement. But what I really like is that we care providers are also taking care of each other."

Board President Donna Tompkins echoes Taylor's sense of accomplishment. "When my brothers, who are in business, heard that I was elected board president, they couldn't believe it. They wanted to see the business plan and the financial statement to make sure this was for real. After all, I raised seven children. What did I know about business?"

"I have enjoyed getting to know my fellow care providers over the past few years as we worked together to develop Cooperative Care," Tompkin continues. "It has been an exciting experience forming our home care business." ■

cessing facility at St. Joseph, Mo., and the ForSure Transport trucking operation in Des Moines. Roger Coon, cooperative president from Lohrville, said the plants will suit the needs of the members in their attempts to bring their pork products closer to consumers. The facilities can butcher about 3,600 market hogs and 1,400 breeding hogs a day.

Calcot makes progress payment

Calcot sent an encouraging early spring message to its 1,700 California and Arizona cotton growers in the form of progress payments for the 2002 crop. The checks totaling \$20.5 million were in sharp contrast to two years ago, when the Bakersfield cooperative's board had to ask members to return season-opening advance payments. President David Farley said the board unanimously approved the payment because of the cooperative's improved market.

MMPA members get \$1.9 million patronage

"The essence of our strong cooperative is reflected in the ability to make cash payments and maintain a com-

petitive pay price," President Elwood Kirkpatrick of Michigan Milk Producers Association told members in announcing \$1.9 million in cash patronage refunds. This is the eighth consecutive year for making patronage payments of at least \$1.8 million. The cash represents 28 percent of the \$6.8 million allocated taxable net earnings generated by the cooperative in fiscal 2002. The return represents 100 percent from farm supply earnings and 25 percent of milk marketing earnings.

SW Farm Credit loans climb in '02

For the eighth consecutive year, fiscal gross loan volume for the Tenth Farm Credit District, based at Austin, Texas, set a new record in 2002. The bank serves 22 financing cooperatives in five Southwestern states and loaned nearly \$6.8 billion, up 13 percent from 2001 and nearly 30 percent more than in fiscal 2000. All of the volume growth was in the district's mortgage portfolio and triggered in part by low interest rates.

David Holm to lead Iowa Institute for Co-ops

The Iowa Institute for Coopera-



David Holm

tives, the statewide co-op council at Ames, has selected David Holm as its new executive director. He replaces Larry Kallem, who recently retired. Holm has been with the Institute for the past eight years, having served most recently as its cooperative development director.

Correction

In production of the last issue of "Rural Cooperatives," a photo was misplaced in a Newline item about John Dilland succeeding Walt Wosje as the new general manager of Michigan Milk producers Association. The correct photo appears here. Dilland joined the co-op in 1975 and had been the co-op's director of finance.



John Dilland

Rural Broadband *continued from page 25*

both physicians and patients. The UVa system has broadcast thousands of hours of education programming, ensuring that rural physicians can be as up-to-date about recent medical developments as their urban counterparts.

Funding the infrastructure is not the entire problem, however. There is the issue of how clinical costs are billed and paid when consulting physicians are miles away, plus the problem of meeting ongoing routine operating expenses in remote rural locations. Some medical insurance providers do not provide reimbursement for telemedicine expenses.

Rheuban says that there are solutions, but that a "change in the culture" is necessary before billing procedures become routine. Meanwhile, Blue Cross/Blue Shield has made a grant of

\$250,000 to UVa over five years to pay for telemedicine services to patients who don't have coverage.

Dheva's experience is anything but unique. In the past six years, hundreds of patients in rural Virginia have benefited from the UVa system. Some, like Marie Sanders, who lives in the southwestern part of the state, are saved the bother and expense of being driven several hours to a major city for a consultation, and staying overnight at a hotel. There is also a man who came to a rural clinic with fever and anemia. He was seen by a blood specialist miles away in Charlottesville, who found that he had a dangerous infection in the heart caused by an undiagnosed heart defect.

Another patient in the southwest

part of the state was initially diagnosed with shingles, a painful but not usually life-threatening viral disease. A specialist, consulted through telemedicine, found that the man was actually infected with flesh-eating streptococcus bacteria. Immediate treatment may have saved his life.

The Bush administration and Congress have recognized the usefulness of rural broadband telecommunications networks, such as those that made these stories possible. A new USDA Rural Development Rural Broadband program makes \$1.4 billion available this fiscal year alone for their building and expansion (see sidebar). By the time Dheva becomes an adult, the technology that saved his life may be as common as cable television. ■

Stuff

You Need to Know

If you're a director or manager of a cooperative, or just a co-op member interested in keeping abreast of important issues that affect your interests, these publications offer you important information.



NEW RBS Research Report 197

Analysis of Financial Statements: Local Farm Supply, Marketing Co-ops, 2001

This report compares balance sheets and income statements of local farm supply and marketing cooperatives from 2001, 2000 and 10 years ago. Data from 496 local co-ops were used to show trends for net income, net sales and key financial ratios. 30 pages. (\$5.00)

NEW Cooperative Information Report 61

The Circle of Responsibilities for Co-op Boards

This is a reprint of three popular Management Tip articles by James Baarda. The articles lay out fundamental guidelines for cooperative directors to adhere to in an era of increasing scrutiny of director behavior and greater pressure to perform well and justify their decisions. Many co-ops have been asking for a compilation of the series for easier handouts at board meetings. 14 pages. (Free for educational purposes)

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Local and regional cooperatives don't always work hand-in-glove; sometimes relationships are strained when local co-ops seek better deals elsewhere. But there are potential solutions, as discussed in this report. (\$5.00)

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Agricultural Cooperatives in the 21st Century

This report identifies challenges and opportunities facing farmer cooperatives in the years ahead and offers strategies to increase their chances for success. The external forces besetting cooperatives are examined, as are their internal strengths and weaknesses. The report summarizes the thoughts of more than 60 co-op leaders who participated in six focus sessions. 41 pages (Free for educational purposes)

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Please help us by taking a few minutes to fill out this questionnaire then fax it back to us at: (202) 690-4083. If you prefer, you can photo copy or tear out this page and mail to: USDA Rural Development/ Reader Feedback, Stop 0705, 1400 Independence Ave. S.W., Washington D.C., 20250 .

1. Which of the following subject areas are of most interest to you (select as many as you wish)?

- Marketing strategies
- Small co-op features
- Large co-op features
- Value-added strategies
- Member relations
- Utility co-op features
- USDA loan and grant programs
- Consumer co-ops (housing, food, credit, etc.)
- Member education/ communication
- Merger issues and strategies
- Legal issues for co-ops
- Financial comparison data
- Director education & responsibilities
- Ethanol and bio-fuels
- Trade/export issues
- Organic & other niche marketing
- Co-op success stories
- General rural development issues
- Analysis of co-op failures
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Other: _____

2. Do you have a suggestion for a specific article you would like to see in Rural Cooperatives (feel free to mention your own co-op or something it is doing) or an idea on how we can improve the magazine?

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very useful somewhat useful not useful

4. How often do you read Rural Cooperatives magazine? (Six issues are published annually).

Almost always Often
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