

cooperative notes

65th NECC Annual Meeting & Leaders Forum

STRATEGIC DECISION MAKING THROUGH TACTICAL LEADERSHIP by Roberta Severson

THURSDAY, MARCH 27, 2014 • ALBANY MARRIOT, WOLF ROAD, ALBANY, N.Y.

GOING GLOBAL: PRACTICAL CONSIDERATIONS AND RISK MITIGATION OPTIONS FOR U. S. COOPERATIVES

Jay Waldvogel, Sr. Vice President, Strategy and International Development, Dairy Farmers of America, will provide an overview of the key issues and considerations facing cooperative boards and senior management teams that are pursuing global expansion. His talk will delve into how to identify and evaluate global events and trends and their impacts in board and management decision making. He will use actual examples to highlight the roles strategic planning, board engagement, partnering, risk assessment and expectation management have in delivering a successful outcome. The examples will focus on the dairy sector but are largely applicable to other business categories.



Jay Waldvogel is responsible for leading DFA's strategic planning process and supporting DFA's business leaders in implementing these strategies. He also is charged with guiding DFA's expanding global activities. Jay has more than 20 years of experience in the global dairy industry and spent more than a decade living and working overseas with leading dairy companies including Campina in Europe and Fonterra Co-operative Group in New Zealand. He has held senior positions in finance, operations, marketing, strategy, mergers and acquisitions, sales and general management including serving as Fonterra's chief operating officer and acting chief executive officer.

CRITICAL DECISION MAKING: LESSONS LEARNED FROM THE SASKATCHEWAN WHEAT POOL

Murray Fulton, Professor, University of Saskatchewan, and a Fellow in Agricultural Co-operation with the Centre for the Study of Co-operatives, will examine the factors behind the decisions made at the Saskatchewan Wheat Pool (SWP) in the 1990s. During this period, the Pool's dramatic loss of market share and accumulation of debt placed it on a trajectory that resulted in it eventually losing its cooperative structure. His presentation will concentrate on two key factors: (1) cognition – in this case the hubris and over-confidence of senior management; and (2) agency – a lack of effective oversight by the board of directors. Both of these factors represent governance issues that must be addressed as cooperatives adapt to rapidly changing economic environments and adopt increasingly complex forms of financing.



Murray Fulton is a Professor at the Johnson-Shoyama Graduate School (JSGS) of Public Policy and is the Graduate Chair at the University of Saskatchewan campus. His research and teaching interests include industrial organization, agricultural and rural policy, co-operative theory, intellectual property rights and regulatory compliance. One important area of research has been an examination of the changes that are occurring in agriculture and the response of organizations – including agricultural cooperatives.

STRATEGIC SUCCESSION MANAGEMENT: IN COOPERATIVE MANAGEMENT

Jay Lux, Vice President, Talent Management, FCC Services, notes, actively managing the talent of employee teams is no longer a nice-to-do, but rather a strategic business imperative. For organizational leadership and governance, a regular review of the team, how key individuals are performing and gaps in the organization can mean the difference between success and failure. It's not that people either have talent or don't have talent. Rather, it's a matter of where do they have the greatest talents and where do they have the greatest needs for development, then reviewing this information regularly, tracking progress and monitoring the data over time.



Jay Lux facilitates the practice area of leading succession management, employee engagement, strategic planning, organizational assessments and change strategies and Human Resource consulting. He consults with clients on individual and leadership development strategies and executive coaching. Prior to joining the FCC Services team, Jay led the Workforce Management Consulting practice for Farm Credit Foundations/ AgriBank in St. Paul, Minnesota.

TARGETING MESSAGES: FOR COOPERATIVE MEMBERS

Robert Wellington, Sr. Vice President of Economics, Communications, and Legislative Affairs, Agri-Mark, Inc., will speak to messages and communication strategies that resonate with the diverse population of cooperative members. The presentation will focus on effective messaging across assorted communication platforms and how to evaluate which messages to send, how they should be sent, and if the message was accurately received. Wellington will share some ideas on who the messengers are and how they need to be trained to be effective communicators in the future.



Bob Wellington is involved with all aspects of national and Northeast farm milk pricing. He regularly provides price forecasts for the cooperative's 1,200 Northeast dairy farm families in addition to milk production forecasts and analysis for the co-op's four manufacturing operations. He has represented Agri-Mark at all Federal Milk Marketing Order hearings since joining the cooperative in 1989 and has served on several National Milk Producers Federation Committees.

Don't Miss ...

RECEPTION
presented by CoBank

CoBank directors will host a reception following the Thursday afternoon program. The evening program will feature remarks by

LYNN SWANN
FOOTBALL HALL OF FAMER



LAST HARD COPY ISSUE!

Email Addresses Needed NOW

The Board of Directors thanks Genex/CRI for their commitment to the Northeast Cooperative Council in formatting, printing, and mailing *Cooperative Notes*. Your dedication is greatly appreciated. In the future *Cooperative Notes* will be available electronically. **Please share your email with Executive Secretary Bobbie Severson at rmh27@cornell.edu** to continue to receive the newsletter and other updates from the Council.

CoBank, ACB Northeast Customer Meeting

MARCH 28, 2014

ROBERT ENGEL CHIEF EXECUTIVE OFFICER, COBANK



As CoBank's chief executive officer, **Bob Engel** is responsible for implementing the bank's strategic and business direction as set by the Board of Directors. Previously, he served as CoBank's president and chief executive officer for eight years. Mr. Engel is the chairman of CoBank's Management Executive Committee. Prior to joining CoBank in 2000, Mr. Engel was chief banking officer at HSBC Bank USA in New York. He has more than 25 years of banking experience, primarily with HSBC Bank USA, and eight years of accounting experience, including an agribusiness specialization, with the firms of KPMG and Deloitte & Touche. During his 14-year tenure at HSBC, he served in a variety of management and credit positions, including chief credit officer, before being named chief banking officer.

MARCI ROSSELL ECONOMIST



Economist **Marci Rossell** has a unique ability to take complex financial issues and make them relevant to people's lives, families and careers. Ms. Rossell is best known for the times she spent in broadcast television as chief economist for CNBC. She has also served as a corporate economist

and investment spokesperson for Oppenheimer Funds, one of the nation's largest mutual fund companies. She began her career as an economist for the Federal Reserve Bank of Dallas. Ms. Rossell earned a doctorate in economics from Southern Methodist University, where she was also named Young Alumni of the Year in 2002.

TERRY JONES FOUNDER OF TRAVELOCITY

Terry Jones helped found *Travelocity.com* in 1996 and served as the online travel company's president and chief executive officer until 2002. *Travelocity.com* was the first website to cut out the middleman and allowed consumers to reserve, book and purchase airline tickets without the help of a travel agent or broker. Mr. Jones started *Travelocity.com* with a team of just 10 people and built it into a multi-billion-dollar company. He is widely regarded as an expert on e-commerce and business innovation. Prior to starting *Travelocity.com*, Mr. Jones spent 25 years in a variety of executive positions at Sabre Inc., a company operating airline reservation systems. Prior to Sabre, he was president of product development for American Airlines.



You've Got 15 Minutes ... An Hour At Best!

Crisis planning is like insurance – investment needs to be made but in a perfect world one hopes to never file a claim. Surveys show that 66% of companies have a crisis plan but less than half have practiced the plan. Experience shows that with cellphone technology, everyone becomes a reporter or expert; no matter what the facts or the quality of the video. If your cooperative has not addressed the crisis via the web within the first 15 minutes (best case scenario) to one hour after the incident, others will have framed the incident and the issues of concern. The public will expect the issue to be dealt with in real time and the messages need to be informative. Someone in the cooperative should be assigned the duty to listen to what is being said and not said through the Internet and other media channels. Messages can then be crafted appropriately.

Lessons can be learned from former NYC Mayor Rudy Giuliani following the 9/11 crisis. A communication plan was in place in anticipation of a disaster. Giuliani was visible, in control of his emotions (while being empathetic), acknowledged the tragedy and built confidence. The spokesperson for your cooperative needs to be authentic and capable of connecting with the media. Leadership of the cooperative needs to show they care and that the company is accountable. However, the President or CEO may not be the best spokesperson for the organization and communication responsibilities can legitimately fall to another employee.

A crisis communication plan should consider all the groups who need a targeted message and what they need to know. Communication with employees, directors, and members is critical as they will take cues from the media. Train employees and members for how they should respond if approached by the media or desire to engage in an Internet exchange. For example, "I am as concerned about situation as you are, but it would be best to contact [name of spokesperson] at [phone number/email] for additional information." Messages should also be sent to suppliers, lenders, and customers to maintain confidence.

When crafting or revising your plan – do a vulnerability audit. Be creative, preparation for a worst case scenario will build resources for all scenarios. A crisis team includes members of management, legal, marketing, public relations, human resources and information technology. Have responses prepared in advance so one can fill in the blanks as necessary ... Our hearts and prayers are with ... We have implemented our crisis management plan, which places highest priority on ... We have been in contact with regulatory agencies ... We will be supplying additional information when available ... A crisis management and communication plan will help the cooperative mitigate a catastrophe. Table top practices will strengthen the plan. Make sure yours is up to date and ready for implementation.



Genex Cooperative, Inc.

A Subsidiary of Cooperative Resources International

MEMBER HIGHLIGHT

Genex Cooperative, Inc. is a subsidiary of Cooperative Resources International (CRI). Genex, headquartered in Shawano, Wis., was originally formed as the cattle genetics and artificial insemination (A.I.) subsidiary. In addition to becoming an industry leader in this arena, the cooperative diversified its operations to also offer farmstead and milking equipment and livestock marketing services.

In all product and service areas, Genex is dedicated to meeting the needs of agricultural members and customers. That commitment is demonstrated through the cooperative's mission statement – "Provide products and services as effectively as possible to maximize the profitability of members and customers worldwide while maintaining a strong cooperative."

The cooperative's primary operations provide bovine semen and A.I. service to members and customers throughout the United States. The cooperative has a deep history in this industry as today's Genex was formed over time through the consolidation and merger of nearly 50 different organizations; Eastern A.I., 21st Century Genetics, Federated Genetics and Noba, Inc. helped to form Genex.

Genex has 16 facilities in the U.S., including a production facility in Ithaca, N.Y. Currently, more than 15,000 dairy and beef producers are members of Genex. These members take part in the grassroots governance of the cooperative by exercising voting privileges, participating in member appreciation meetings and delegate meetings and earning equity in the cooperative. During 2013, Genex revolved over \$2.5 million in cash and credit to the cooperative's membership.

Genex members are encouraged to provide input into the governance of the cooperative; opinions are shared at local membership meetings and through the election of cooperative representatives. Each year, members elect delegates for their district. These delegates, who each represent 100 members, attend a fall input meeting and the cooperative's annual meeting. Delegates also elect a Genex board member to represent their membership region.

Board members from 13 regions comprise the Genex board of directors. Paul Greene has served as President of the Genex board since 2011. Ron and his family own Mapledale Farm outside of Berlin, N.Y. Serving as Secretary of the Genex board is Ron Totten. Ron and his family operate Hy Hope Farms, Inc., located near Stafford, N.Y.



PRESIDENT'S COLUMN

Another new year is here and we look forward to building more value for you. During the past year we delivered both the Leader's Forum and the Future Leaders Conference. Both of these offerings provided substantial learning opportunities to those attending. In addition, new initiatives during 2013 included:

Enhancement of our website: Bobbie did a great job bringing this project home ... be sure to check out the new format.

• **Deployment of the Cooperative Leadership Fund:** A new initiative will be to recognize and award outstanding students who successfully complete an internship with a NECC member cooperative. We feel that this program will enhance the overall quality of our respective member cooperatives' intern programs while at the same time assisting students with their cooperative learning efforts.

• **Development of new marketing materials:** The materials were updated for both the Member and Associate Member designations. Please contact us if you would like a supply of the new marketing materials.

• **Integration of new members:** During the past couple years, we have expanded our geographic footprint and added new members such as AgChoice Farm Credit, Land O' Lakes and CHS, Inc. New members have given us excellent input, along with fresh ideas. Moreover, they have added diversity to our Board which results in us being stronger for the long haul.

• **Executive Secretary Page:** This has been established as a regular, ongoing informational piece from Bobbie that is separate from the newsletter. The initial Executive Secretary Page did a nice job of capturing the attitudes and viewpoints of the participants attending the Future Leaders Conference earlier this year. We hope you find these additional electronic communications of value. You can anticipate at least three offerings of the Executive Secretary Page during 2014.

The 65th NECC Annual Meeting and Leaders Forum, "Strategic Decision Making Through Tactical Leadership" and the CoBank Northeast Customer Meeting will be held March 27-28, 2014 at the Albany Marriott, Albany, N.Y. Selected topics for the Cooperative Leaders Forum include risk evaluation in a global economy, succession planning for cooperative boards and management, messaging for members, and enhancing critical decision making skills. The NECC planning committee, along with the Cornell Cooperative Enterprise Program and CoBank, have once again assembled a number of top notch speakers from a variety of disciplines. We very much appreciate CoBank's continued affiliation with the NECC; their contributions to us and our forum are highly valued. Please join us to learn from the speakers and each other while renewing acquaintances.

In closing, I want to give kudos to Bobbie Severson. Last year was Bobbie's first full year as Executive Secretary; please join me in recognizing her dedication and efforts to learn the job. More importantly, Bobbie has demonstrated great results in her new position. The NECC wishes you a successful and profitable year in 2014!

Sincerely, Craig Pollock

Annual Meeting and Leaders Forum *Continued from front page*

LYNN SWANN NFL HALL OF FAME RECEIVER



Lynn Swann, former Pittsburgh Steelers wide receiver and Football Hall of Famer is the featured speaker at the NECC banquet. He played an integral role in the team's four Super Bowl victories in the 1970s. In his pro career, he had 336 receptions for 5,462 yards and 51 touchdowns. In 2001, he was inducted into the Pro Football Hall of Fame in Canton,

Ohio. Mr. Swann is co-owner of the Pittsburgh Power, an Arena Football League team, and previously sat on the board of directors of the H.J. Heinz Company. He currently serves on the boards of Fluor Corporation, Hershey Entertainment and Resorts and Caesar's Entertainment. He also is an independent marketer and financial advisor. Swann served as President and National Spokesman for Big Brothers Big Sisters of America.

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