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by

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Frank J. Smith

The focus of this paper is on the evolving changes in organization structure now underway in regional cooperatives headquartered in the Midwest, and the potential dilemmas these changes may present to those charged with directing and managing these organizations. The underlying stimulus for organizational change is the enormous and traumatic adjustment process taking place in Midwest agriculture, brought on in part by the world collapse of food and feed grain prices and in part by the effects of persistent high real interest rates on the economic viability of a substantial number of excessively levered farm enterprises. Cooperative organizations, local and regional, are being affected in dramatic ways by the forces which have been plaguing Mid-American farmers. The approach in this paper will be to discuss traditional cooperative organization in the Midwest, identify alternative organizational responses to the forces stimulating change, and finally to suggest some possible dilemmas confronting directors and managers in their choices of alternative organizational forms.

Traditional Organization of Midwest Cooperatives

The general rubric under which Midwest cooperatives have organized is found in the Rochdale Principles, promulgated in England during the Industrial Revolution.¹ I do not intend to review these principles here. Suffice it to say that not every cooperative adheres to every

¹ For a detailed discussion of cooperative principles, see E.P. Roy, "Cooperatives: Development, Principles, and Management," The Interstate Printers and Publishers, Inc., Danville, Illinois, 61832, 611 pages.

principle, but two principles have been important to the organizational form which has evolved in this region. Those who promoted cooperatives in the 1920's and 30's preached the gospel of open membership and democratic control, and these ideas became deeply ingrained in the respective organizations as they developed. The upper Midwest, with its strong rural populist tradition and its cooperatively oriented Scandinavian heritage, was a natural place in which to organize a system of farmer-member owned, free standing local cooperatives, which in turn own and control a regional organization. This is fundamentally a "bottoms up" control structure where, at least in theory, ultimate authority and control resides in the local cooperative affiliates. The federated form of cooperation contrasts with the centralized form of organization, common in the east and southeastern part of the United States in which authority and control is from the top down. The centralized cooperative owns, directs, and manages the entire system including the local units.

Democratically controlled federated organizations, as it turns out, while philosophically satisfying to members and certain observers, are organizationally cumbersome. Membership focus is on the local cooperative, and is often myopic. It is easier to see where local interests lie than it is to see where the collective interest of a cooperative system lies. This reality, coupled with the premise that authority and control reside at the local level, makes it difficult for regional organizations to respond swiftly to changing economic, technical and other environmental factors. Because the relationship between the local and the regional is typically non-contractual in this

part of the country, a change in direction by a regional which fails to capture the understanding and support of its local affiliates may face the threat of local discord and, perhaps, defections. Thus, unless a regional is willing to accept substantial adverse consequences, it must invest substantial time in planting, cultivating and harvesting support for major directional moves.

The foregoing process is not to be regarded as being all bad. Proposals that are fair game for discussion, argument, compromise, and some aging before they are accepted, can result in better decisions than those which are decreed from on high. Further, wide spread participation in the process may generate a sense of involvement and commitment that might not otherwise occur. But, good and widely supported decisions need to be made on a timely basis to be effective. This may very well be the Achilles heel of the federated form of cooperation, at least as it presently operates.

In point of fact, the federated form has worked reasonably well in the Midwest, at least until recently. The cumbersome machinery clanked along serving farmer's needs in an acceptable fashion. Weak organizations, at both the local and regional level, tended to last longer than their economic effectiveness should have dictated, but they were eventually winnowed out through liquidation, merger, or consolidation. The slow weeding out process reduced economic efficiency to be sure, but the process was generally humane, and when the end came, most of the interested parties understood the reasons for it, even though they might not have liked them.

A number of factors contributed to the historic "workability" of the federated system in the Midwest. Cooperatives generally sprung up in response to genuine market failures, both on the commodity marketing side and the input purchasing side of farming operations. Farmers rightly believed that they were receiving too little for what they produced, and were paying too much for what they purchased. Thus, they found it easy to commit themselves to cooperative ventures.

The original organizations were reasonably simple one-product or limited-product companies at both the local and regional levels. For example, oil companies sprung up to service farm heating and machinery fuel needs, grain cooperatives to provide a market for grain and perhaps mix and sell feed, and dairy cooperatives to receive and process milk into a fairly limited number of products. Further, management and staff in the early days of both local and regional organizations almost always came out of farm backgrounds and they could easily empathize with the needs and problems of farmer patrons.

In the 1940's, 50's and 60's, local and regional cooperatives slowly evolved into larger and more complex multiproduct firms. Year-to-year changes were frequently imperceptible -- a process that might best be described as muddling along, rather than a purposeful process which changed the direction and scope of operations. The exception to this was the dramatic restructuring of the cooperative dairy processing sector in the late 1960's.

As the founding members gradually phased out of their respective organizations through retirement and/or death, they were succeeded by second and third generation members whose cooperative zeal differed

from the founders. There is a core of members, which in my opinion has been shrinking over time, who are committed to the cooperative form of business. There is a second group who are committed to cooperatives but in a less intense degree, and there is a third group of nominal members, who regard the coop as simply another place to buy inputs or sell products, and perhaps as a device to create a degree of competition that might not otherwise exist in that particular marketplace.

The combination of early momentum, a lethargic agricultural sector (until the 1970's), and a high degree of member indifference permitted structural change to take place without great damage to the federated form. Various consolidations and mergers took place, not always happily, but without lasting rancor. Territorial limits were extended at both the local and regional level. Throughout this process, the persistent regional message being broadcast to the countryside was, "You are the boss!"

The pace began to change in the 1970's. The explosion in agricultural export markets, accompanied by the Arab oil embargo and the related shortage of various petroleum-based products, had substantial impacts on local and regional organizations. For some, the boom postponed the inevitable day of reckoning with what turned out to be very temporary transfusions of income. Once relatively simple marketing or farm supply cooperatives now became much more complex multi-function firms providing some combination of marketing and farm supply services. We saw the emergence of super regionals in the petroleum and chemical areas, financed through commitments by regionals

which later proved to be awkward or disastrous in some cases. The agricultural sector was no longer lethargic, and the pace and urgency of the decision process heightened to levels probably never before achieved. However, the resulting organizational stress was overwhelmed by the general euphoria that prevailed about the expected golden future status of the agricultural sector. Good times permit organizational slack to be endured.

But what went up in the 1970's came down in a resounding crash in the 1980's. Local and regional cooperative organizations which had borrowed time in the 1970's came to pay the piper. Generally, weak organizations disappeared through liquidation or, more commonly, through merger or consolidation with stronger ones. But the shakedown process is not over. In an environment which is dictating disinvestment, many cooperatives are trapped with redundant assets and high debt service requirements. In many cases, they are not attractive merger partners, and in the case of local cooperatives because of their vulnerability, not very reliable sources of supply for regionals or outlets for products sold by regionals. At the other end of the spectrum, certain cooperative organizations have weathered the economic crisis quite well. In fact, some local units have emerged not only intact, but in some cases, very strong financially. I will have more to say about these units and their potential impacts on regional organizations a bit later.

Weak and vulnerable local cooperatives are an especially difficult problem for regional organizations under the present federated structure. To be cost effective, regionals must achieve near optimum

capacity utilization and scale economy exploitation. They need to maintain efficient assembly and distribution systems, which dictates the maintenance or even growth in market or supply area presence. In an effort to keep certain troubled local units alive, regionals have taken a much more active role in providing advisory and financial support until such units can be made whole again or replaced through merger or other means, so that a market or supply area presence is maintained. Unfortunately, these efforts to be helpful are not always viewed with equanimity by the subject local, or other locals which are observing the process, for that matter. Local cooperatives in difficulty, just as farmers in difficulty, are often times difficult to deal with. The strong populist, grass roots philosophy which has been nurtured over the years makes the apparent reversal in the master-servant roles fertile ground in which to grow conflict between local and regional units. Beleaguered farmers and their organizations do not find it difficult to place a large black hat on their far away regional affiliates.

At the regional level a different perception of reality exists. Regional organizations, which have committed financial resources to the preservation of certain locals are, of course, concerned about their fiduciary responsibilities to their membership as a whole. Thus, the aid they provide is, wisely, not without strings, which, of course, tends to grate on the local organization. There is a view at the regional level, supported by substantial evidence, that problems arising out of an adverse general agricultural situation are, in many cases, compounded by inept local management and direction. Slow or

inappropriate response to changed economic conditions, unwillingness or inability to deal with the redundant asset problem, a reluctance or inability to price products or services at reasonable margin-producing levels, the inability to control costs in line with reduced volumes, and the unwise management of accounts receivable, have made some local units certain candidates for failure. Because a regional's own performance is tied to what happens at the local level, it is reluctant to tie it's fate to what it sees as potentially controllable factors which, within the present structure and rubric, are beyond its control. Unfortunately for the regional, it isn't easy to tell farmers and their local cooperatives, who own you and who you have been calling "the boss," that they don't have the right to call their own operating shots.

Alternative Regional Intervention Responses

What is the regional to do with a recalcitrant member coop when the latter's performance not only puts its own existence in jeopardy, but jeopardizes the interests of the regional and, therefore, other locals as well. This issue is being pondered and dealt with in virtually every regional organization in the Midwest. The responses are far from homogeneous for the very good reason that the issue is a complicated one. One response, not currently in vogue, is not to intervene at all but simply let the weak fail and the fittest survive. A more common response by a regional to a broken local is "lets fix it." After all, if one member of a family is sick, all members, in some degree, suffer. But, what kind of a family is the federated regional-local cooperative system? In this part of the country, there

are usually no long-term contractual relationships binding the regional and the local, and by their own words, regionals are servants and not masters of the system.

As a practical matter, many locals have accepted regional intervention of some sort in coping with and/or solving their problems. The traditional intervention has been for the regional to take on a coach-advisor role. In some cases, but not all, this approach has worked very well. However, I sense a growing impatience with it at the regional level. The local is free to accept or reject the advice as it sees fit, and often chooses to reject it. Furthermore, even if advice is accepted, it is subject to interpretation as it is being executed and the results are sometimes surprisingly different from those anticipated. Given the increasingly higher stakes for the regionals -- financial support to the locals, potential loss of market for supply area presence, increased assembly or distribution costs, and less than optimum capacity utilization -- they have been led to consider more activist forms of intervention.

One form of intervention is for the regional to provide management services to the local organization on a contract basis. This approach is widely used elsewhere in the country. Ownership remains local, but the regional selects, trains, evaluates, and rewards the local manager. The local board of directors still has ultimate responsibility for its coop, and retains the right to rid itself of this arrangement if it is not satisfied with it. In other respects, however, the local is likely to be operated more like a branch of the regional and, thus, much more completely under its control.

A next step up in regional intervention is "selective local ownership" by the regional. Some of this is happening in this area already, partly as a means of filling a vacuum when a local fails, partly to fill in the assembly or distribution voids where a local doesn't exist, and partly, I think, as an experiment designed to test the pluses and minuses of local ownership by the regional. Some of these arrangements are regarded strictly as stop gap measures until the local can be put back on its feet. With this approach, regional control of the local is complete.

The ultimate degree of regional intervention is the "let's do it all" approach. This, of course, is the classic central as opposed to federated, cooperative system. Control would be strictly top down. Locals would be branches of the centralized organization. Farmers would have direct membership in the central organization and his or her net returns would be based on regional performance and not on the local branch.

The preceding choices are not mutually exclusive, so yet another alternative is a combined system that embraces one or more of them. These alternatives represent positions on a spectrum ranging from little or no control, to total control. The problem facing regionals is where to try to position themselves on this spectrum.

Certainly, as one observes what is happening to American business enterprise generally, one sees increasing centralization of control of business assets. "Merger mania" is indeed a "mania", with large firms gobbling up the small, and small firms sometimes gobbling up the large. This is happening in part because (1) the current political environ-

ment, with an administration sympathetic to such activity, permits it; (2) business organizations see advantages in being a dominate market factor in the markets they serve; (3) computer based management information systems make management of complex organizations seem more feasible; (4) certain members of the management class have an inordinate appetite for power; and (5) the ownership and control of non-cooperative corporate business enterprise is virtually unconnected. Within broad ethical considerations, the average stockholder could care less about how the company he or she shares ownership in organizes itself, or who controls it, as long as it creates satisfactory dividends, or capital gains. The stockholder usually has no business or ideological commitment to the company and, therefore, no particular loyalty to it. When corporate behavior displeases the stockholder, or when satisfactory dividends or capital gains are not forthcoming, he or she is gone. Stockholders by-and-large vote with their feet.

If it can be reasonably argued that the farmer-member of a cooperative is just like the stockholder in a non-cooperative corporation, then how cooperatives organize themselves and who controls them really does not make much difference. On the other hand, if farmer-members are different than stockholders, and if members believe ultimate control rests with them, then the choice of organizational form does make a difference.

When one examines the lack of interest and participation by many farmers in their cooperative affairs, one might be inclined to conclude that they are as disengaged as the corporate stockholder. In some cases this is true, but this could be a dangerous generalization, just

as it would be dangerous to conclude that because many Americans don't vote, that most of them don't care about what happens to the country.

Regional Cooperative Dilemmas

As regional directors and managers try to identify appropriate intervention responses and make choices for their respective organizations they need to be sensitive to the factors which shape member attitudes and commitments toward their cooperative. In this process they need to address several questions which might be thought of as dilemmas.

The Top Down - Bottom Up Power Question

A question that a regional organization and its board of directors must understand is where the fundamental policy making power lies. The legal responsibility for the formulation and articulation of policy in a cooperative lies with the board of directors who delegate its execution to operating management. Are boards of directors a collection of wise men and women who, by virtue of their office, have special insights about what is best for their membership? Is policy really formed in the board room or is it formed elsewhere?

An interesting perspective -- hypothesis, if you prefer -- on policy formation has been developed by Harlan Cleveland, Dean of the Hubert H. Humphrey Institute of Public Affairs.² Cleveland has specifically addressed the root source of American foreign policy. While you may consider this a quantum leap away from cooperative policy

² See Harlan Cleveland, "Coherence and Consultation: The President as Manager of American Foreign Policy," *Public Administration Review*, Vol. 46, No. 2, March/April 1986.

formation, I ask you to bear with me.

Cleveland argues that foreign policy is basically the "people's policy" -- the common sense reaction by the governed to changing facts of international life. They develop preferences for how these changing facts should be dealt with. Cleveland sees these preferences developing first as an "...inchoate (incipient or imperfect) popular consensus" which "...then is codified (arranged) into a systematic collection by experts, and is announced by the 'leaders'... only when the consensus is well formed." In short, as he sees it, the wise leader strives mightily to determine the directions the "people" want policy to take and then tries to get in front of the parade. To some leaders, this perception of their role will strike a discordant note. But it does have the familiar sound of "grass roots" about it. It suggests that the "leader" who hasn't sensed the direction of the parade may be marching alone, or at cross purposes, or away from those he or she would lead. We have seen some dramatic political fallout in recent years which tends to support the Cleveland hypothesis -- Johnson on Viet Nam, Nixon on Viet Nam and Watergate, Carter on Iran and on his capacity to govern, and perhaps Reagan on Iran-Nicaragua -- all of whom we might reasonably conclude either failed to identify the "consensus" or were victimized by it.

I am going to ask you to make the dramatic leap from the application of Cleveland's hypothesis to foreign policy formation to its possible application to the governance of cooperative organizations. It seems reasonable to assume that farmers react in a common sense way to the changing facts of their economic lives. Their common

sense reaction, tempered by their beliefs and values, will lead them to prefer one set of propositions for governing institutions that effect their economic lives over others. They don't have much control over some of these institutions, such as commercial banks or other proprietary organizations. In these cases, farmers, like the corporate stockholder, can vote with their feet. If, on the other hand, they are in fact a part of their cooperative's governance structure, as they have been told many times, and they believe it, the Cleveland hypothesis, if it is valid, has some important implications. Do the leaders -- regional directors and management -- have a good reading on whether or not a consensus has been or is being formed about how patrons want their cooperative's affairs organized? Does that consensus about organization differ in a fundamental way from the one now in place?

The codification of a consensus among cooperative members is not an easy task, particularly in view of the generally unhappy economic situation that currently exists in agriculture in this part of the country. Farmers, as do other people, react to stress in varying, sometimes rational, sometimes not rational, ways. There is a large number of farmers, perhaps the majority, who are adapting to the changed reality of their circumstances in a reasonably unemotional and rational way. On the other hand, there are some, who knows how many, who feel they are victims of an enormous conspiracy and who are, therefore, paranoid about anyone tinkering with their affairs. I think it is safe to say, however, that over a wide spectrum of farmers -- rational and irrational -- the trust relationships between them and the

institutions developed to serve them have been tarnished, and in some cases, destroyed.

The problem of sorting through and weighting the messages that are coming up from the membership is enormous. Those most inflamed will generate the largest number and the loudest messages. Messages from the more subtly inclined may be harder to detect, but detected they must be. The danger of misreading "the consensus" has severe organizational implications. The problem is compounded by the fact that consensus formation is usually not an instantaneous process, nor once formed, is it static. A consensus usually takes time to grow, and once it has developed, can change.

To summarize, certain technical and economic factors are pushing cooperative organizations and their regionals toward more rather than less centralized control. How far the centralization is pushed needs to be examined in the light of member organizational preferences. I don't think the choice is 'no change' in the present structure, but I don't think it's total centralization either. There are a number of local cooperatives which are well directed, well managed, and financially strong. Some, in fact, have taken on the characteristics of a mini-regional, and command serious consideration from alternative suppliers and alternative market outlets. Such organizations are, therefore, usually not economically dependent on their regional. Although they are willing to interact with the regional on mutual problems, they are not likely to accept much centralized direction. Beneath these super-locals are local cooperatives, which while not as large or strong, are competently managed; although quite independent,

they may be susceptible to limited central intervention. Finally, there are those local units, generally small and not well managed, who in many respects are almost entirely dependent on the regional for survival. In a perverse way, they are also the most resistant to regional advice or other non-financial forms of intervention. I don't know the precise proportion of membership in each of the above three categories, nor how important each category is in terms of its impact on total regional volume. My guess, based on the 20-80 rule of thumb (20 percent of the firms representing 80 percent of the business), is that the first category, and a relatively small part of the second are a regional's important sources of supply and/or markets. So it is likely that the locals least dependent on regionals are their largest sources of volume.

I don't want to leave the impression that large local units are invulnerable to adversity. For a variety of reasons, large locals can and do get into trouble, just as some regionals have. If or when they do get into trouble, they can create enormous problems for their regional affiliate. Until they get into trouble, though, the regional is likely to have limited influence on them. Thus, the dilemma arises on how the regional should relate to these units in an organizational sense because, in some respects, the regional is more dependent on them than they are on the regional.

At the other end of the spectrum are the smaller and frequently troubled units. Although they probably constitute 80 percent of total cooperatives by number, they represent 20 percent or less of regional business volume. Individually each such unit represents a relatively

small loss potential to regional. But, they have potential power in an internal and external political sense because they contain a high proportion -- I am not certain of the exact proportion -- of total farmer membership in cooperatives. Thus, they are not to be taken lightly by the regionals. Further, because of their sheer numbers, the management and financial resources required for effective regional intervention may be disproportionately high relative to their proportion of regional business.

Of various forms of intervention, the idea of regional ownership of the local, which is in its beginning stages in this area, needs to be watched carefully. Such ownership is a mixed blessing because, while it does give the regional control, the drain on regional financial and other resources will be substantial. Supplying and supporting local asset requirements, which were once the responsibility of the local organization, now become a regional responsibility. If such ownership becomes extensive, the regional management, personnel, and financial requirements will grow accordingly. An additional consideration, if the selective ownership route is followed, is its impacts on attitudes of members of other locally owned and controlled units. Do they read this arrangement as a stop gap measure, or do they see it as a prototype for the future organization of the regional? How will their impressions, right or wrong, reflect in their attitude toward the regional?

The Product Mix and Geography Questions

I would like to address two other related issues which I consider to be uniquely cooperative, and which have major organizational

implications. The first one relates to the product mix selection process -- particularly in regional marketing organizations. In their formative years, regional marketing coops were relatively simple one product or limited product firms. The products -- for example, butter, powder, cheese, ice cream -- typically derived from a single raw material source -- milk in this example. But over time in response to a variety of causes, new products -- for example, beef, poultry, margarine -- from diverse and not necessarily related raw material sources have come into the mix. This is where the game gets kind of gummy, and points to what I think are some of the basic differences between a cooperative and other kinds of enterprise.

In selecting its product mix a non-cooperative firm (NFC) is guided by a relatively simple decision rule -- relative profitability. Consider such a firm which markets competing products -- say high fructose corn sugar and beet sugar -- which derive from different raw material sources -- corn and sugar beets. If high fructose sugar becomes more profitable than beet sugar in the market place, an NCF will allocate more resources to high fructose sugar, and at the extreme may even abandon beet sugar altogether. An NCF's raw material suppliers are not its major concern. Should the same decision be made in a sugar cooperative, where the interests of sugar beet grower members -- who may not be or can not be corn growers -- would be adversely affected? To members growing them, sugar beets may represent a profitable cropping choice. While some persuasive marketing arguments -- for example, filling out the cooperative's sweetener line -- could probably be made for such decision, I can't identify a clear

cut and universal decision rule that would apply in this situation. This problem can be extended to include other products which may not compete in the market place, for example, turkey and ice cream, but which come from different raw material sources. If the price of turkey rises relative to ice cream, should a cooperative allocate more of its resources to the turkey business and less to the ice cream enterprise? What are the respective impacts on the turkey and milk producers?

On the farm supply side, the product mix question is not as prickly an issue for cooperatives as it is the product marketing side. Farmers use many of the same inputs, although perhaps in different combinations; but even here there are potential conflicts of interest. What decision rule, for example, would guide a regional in which not all members are livestock feeders, to allocate sources to the feed business rather than, say, the fertilizer business?

At the bottom of the product mix problem is the issue of cross-subsidization. Is it fair and equitable for members who receive no benefit from a particular product or enterprise, to contribute capital to support it? I include in capital the value of a going business. This product mix problem has been compounded by the fact that what were once basically marketing cooperatives have taken on farm supply activities and what were once basically farm supply cooperatives have taken on product marketing activities. Perhaps reflecting the growing complexity of the decision process, there has been some cooperative disconglomeration involving liquidation, spinning off, or rearranging diverse activity. I regard this as a healthy thing.

A second problem which has muddied the waters for cooperative decision making has been the geographic expansion of regional organizations. Cooperatives usually had their beginnings in a fairly confined and relatively homogeneous agricultural region. Over time, operations tended to expand into areas that are less and less homogeneous. Interests of farmers in one place in the expanded territory can differ markedly from those in another on a variety of bases. Differing and often competing cropping and livestock enterprises, differing resource constraints, and differing cultural and social customs, all lend themselves to potential conflict.

Perhaps the best illustration of this problem has been the outcry from a certain part of Texas about its unwillingness to share in the losses of the cooperative Farm Credit System. But there are other less dramatic examples. What is good for Minnesota-Wisconsin dairy producers may not be good for producers in Arkansas and Texas. Similarly, the interests of livestock producers outside of the grain belt are not always in happy coincidence with those of midwest feed grain producers.

As in the case of the product-product mix issue, the question confronting the regional is how it allocates its resources geographically. For example, if operations in Minnesota become more profitable than in Montana, should the regional allocate more resources to Minnesota? The answer for an NCF would probably be quite clear, and it would be yes. It is not that clear, in my view, for a cooperative organization. As in the case of product mix selection, what is the decision rule?

Where does this all lead me? My general conclusion is that, as cooperatives extend their activities in a product mix sense and in a geographic sense, they become infinitely more difficult to manage than an NFC. The reason is that the usual and somewhat easy to understand NCF decision rules, built around relative profitability, may not and probably don't apply to cooperatives. I hasten to add that I am not implying that cooperatives can ignore profitability. If in fact they are to survive, and perhaps grow, they must be capable of producing a net margin adequate to satisfy the patrons and to replenish and perhaps increase their capital bases. But lacking a clear set of decision rules, product mix and geographic allocation decisions, which must balance the interests of heterogeneous patron groups, are uniquely difficult and risky in cooperatives. If Solomon was in the cooperative consulting business, these are the kinds of decisions to which he should devote his talents.

Clearly, members are evaluating these decisions in terms of their common sense and interest. In addition to their preferences for how their cooperative should be organized and controlled, they have preferences as to the kinds of products and services they think their cooperatives should be offering, as well as preferences in regard to its geographic coverage. They perceive and respond to apparent conflicts in developing these preferences.

Conclusions

In the process of restructuring cooperative organizations, whether that restructuring be minor or major, a primary task of the board of directors and management is to codify the member consensus on

organization, products and services to be offered, and geographic extent of activities. This doesn't need to be a passive activity. I think it is incumbent on the regional, with active participation by directors and operating management, to present an objective appraisal of the changed economic realities confronting agriculture. Members need to know about alternative organizational configurations and the implications of such configurations to them both as users and participants in the governing process. Having presented the case clearly, the regional needs to be guided by the consensus which develops. I don't think this process can be done piecemeal because partial understanding of the facts can lead to wildly erroneous speculation about what's happening. The price of not getting this process straight may be that the membership will vote with their feet, or in the worst case, become totally indifferent as to whether or not the organization is a cooperative or some other form of business enterprise.