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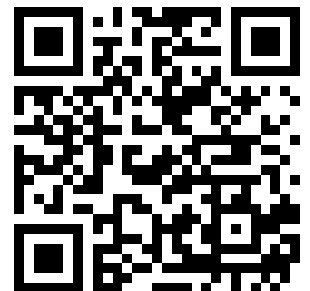
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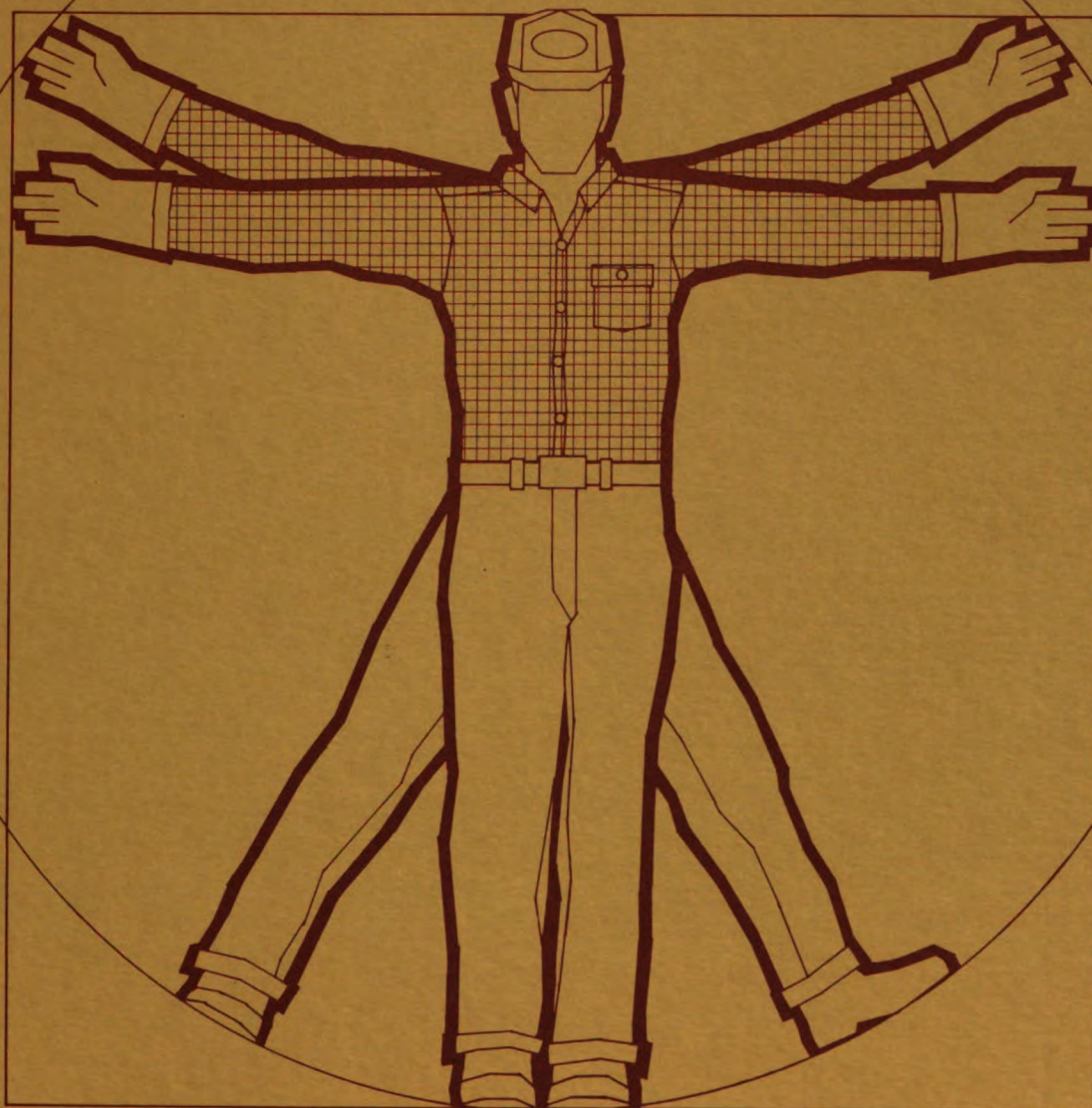
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Structuring for Member Control in Large Cooperatives

A Case Study in Dairy

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**Structuring for Member Control in Large Cooperatives:
A Case Study in Dairy**

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Abstract

This study examines the evolving problems of member control in a large centralized dairy cooperative. It reviews the elected and appointed positions, the structuring of relationships between positions, as well as duties of respective positions.

Key Words: Cooperative, member control, democracy, sovereignty, equality, structure.

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Preface



A democracy is a form of decisionmaking enabling large numbers of people to participate on the basis of sovereignty and equality.

Sovereignty refers to the ability of people to express their needs, wants, and opinions and thus create or affect decisions on how a system should operate and change. Equality simply means each individual has the same opportunity to participate. In cooperatives, these concepts are called democratic member control. However, requirements to achieve such control vary by size of cooperative.

Over time and in response to market forces, many cooperatives have grown from organizations with a few hundred members to several thousand members. Direct democracy has become impossible. All members cannot be assembled at one time and place. Even if they could, their input could not be received and implemented in an orderly fashion.

Large cooperatives, therefore, have had to develop a system of representation to replace equal and direct participation in decisionmaking. With continual change, the question arises over whether the representative system is maintaining as near as practical democratic member control.

This study provides a method and some guidelines for a large organization to use to analyze its member control structure and, if necessary, strengthen its democratic character.

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Highlights

The membership control structure examined in this report is particularly strong for handling large numbers of members spread over wide geographic areas, and in providing opportunities for member influence and equal representation.

Equal representation was served with geographic districts, divisions, and proportionate one-member, one-vote provisions. Influence was addressed with two separate hierarchical communications paths; districts and division/association boards, and division resolutions and association resolution committees, as well as provision for delegate body and redistricting committees. Member control was structured so members could have direct impact at the highest levels of decisionmaking with a system of possibilities that provide for grassroots input.

Strengths identified:

- Large numbers of members are accommodated within one membership structure.
- Geographic representation helps decentralize input/output points.
- Foundation of representation itself—the geographic district—is subject to direct member input through elected redistricting committees that can meet with a petition of as few as 50 members.
- Sufficiently small district units, with one delegate for every 25 members, provide each member the opportunity for close-at-hand communication.
- Alternative routes for representation of policy related interests, e.g. district meetings and division/association board vs. delegates/resolutions committees, increase opportunities for member input and help provide a check on unaccountable concentrations of power within the association board.
- Existence of a delegate system, in providing opportunities for grass roots input on policy actors, and resolutions, including the ability to nominate and elect members to the association board, further enhances member sovereignty.
- Large number of offices, and limits on multiple office holding, provide opportunities for several members to participate formally, thereby encouraging further participation among the membership.
- Frequent board meetings, both at the division and the association level, help keep communications channels between members and management open.
- Issues of a direct division nature, e.g., supervising milk collection, day-to-day milk marketing, and voting under Federal Orders, are made at the division level. Issues of broader importance for the entire cooperative, e.g., formulating and setting policy and establishing the financial structure, are made at the association level. This stratification of decisionmaking affords a decentralized approach within a centralized structure, thereby helping minimize distance between the member and the decisionmaker.
- Provision for executive sessions at monthly board meetings (exclusionary of management) allows for open and careful assessment of management. Existence of an association board committee for evaluation of management strengthens accountability for member control. Existence of committees specialized in areas critically important to members, and parallel to cooperative management positions, (e.g., finance, marketing, member and public relations, at the association level, and hauling and quality premium payments at the division level), helps ensure efficient communication about critical issues between members and management.

Areas for Improvement:

- Require approval of bylaw changes by the general membership.
- Consider more accountability from subsidiaries to the parent cooperative.
- Examine district and division sizes for equality.
- Evaluate limitations on terms of office for positions where the breadth of decisionmaking responsibilities is narrow (district positions).
 - Consider reporting to the standing resolutions committee, and/or to the delegates at the annual meeting, where exceptions have been made to resolution guidelines during the ensuing year.
 - Consider election of nominating committees for offices beyond district positions.
 - Consider outside (nonvoting) directors to advise on the complexity of decisionmaking.
 - Consider empowering the association board executive committee.

Structuring for Member Control in Large Cooperatives: A Case Study in Dairy

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Rural Sociologist

When cooperators speak of member control, they are not referring to some specific concrete act, but to a process of member influence on cooperative decisionmaking. Ideally this process is democratic. Democracy has at least two aspects, sovereignty and equality.¹

By sovereignty, we refer to the ability of members to create and affect decisions on how the cooperative should operate (broadly) and change. It refers to the possibilities for voicing needs, wants, and opinions into decisionmaking. Equality refers to individual access to decisionmaking (Craig).

In small cooperatives, those that can accommodate their total membership in town-meeting type decisionmaking, sovereignty and equality do not present compromising problems. Decisionmaking involves "frequent informal discussions and meetings of the [members] to identify problems, discuss solutions, decide on a course of action and instruct elected representative what to do" (Craig, p. 192).² Meetings are open and all members attending have an equal chance to participate. Furthermore, membership tends to be homogeneous across several characteristics. Elected representatives tend to be representative, i.e., they tend to embody most of the wants, needs, and opinions typical of the general membership. Therefore, decisions made by elected officers tend toward general member agreement.

In a large cooperative, a direct style of democracy becomes impossible. All members cannot be assembled at

one place at one time. If they could be, getting member input organized, articulated, and discussed would be unwieldy. The concept of "equality" itself must be changed to "representativeness." Are elected members representative of their constituencies? Are they able to represent a diversity of interests and members from different geographic locations?

A central dilemma for cooperatives is combining advantages of economies of scale with mechanisms that preserve and enhance aspects of member control. Needed is control structuring that at a minimum is capable of handling large numbers of members (and possibly diverse member subgroups), that can decentralize input/feedback points, and can mitigate losses of relative influence as membership grows. Organizational structure, says Mintzberg, is the sum total of ways an organization divides its labor into distinct tasks and then achieves coordination among the tasks. Membership control has to be structured in such a manner that input, feedback, and decisionmaking can be coordinated and made part of cooperative direction and change.

This study seeks to contribute to the formulation of structural guidelines for enhancing member control in large cooperatives. It entails a case study of a large complex dairy cooperative in the Midwest. This cooperative was selected because of its size in terms of volume of product handled, size of membership, its regional character, its financial soundness, and its innovative control structure. It is a retrospective study in that the cooperative is presented as a example of control provisions in place. It is not presented as the "perfect" example, but one where emphasis has been given to sovereignty and equality/representativeness while also taking an aggressive market position. The structure will be described, strengths and weaknesses in terms of sovereignty and equality/representativeness discussed, and recommendations made. Only structural configuration will be addressed.

¹It also includes issues of liberty and majority rule. "Sovereignty" and "equality" are discussed here because they are more clearly affected by changes in size and are similar to historical conceptions of cooperative member control.

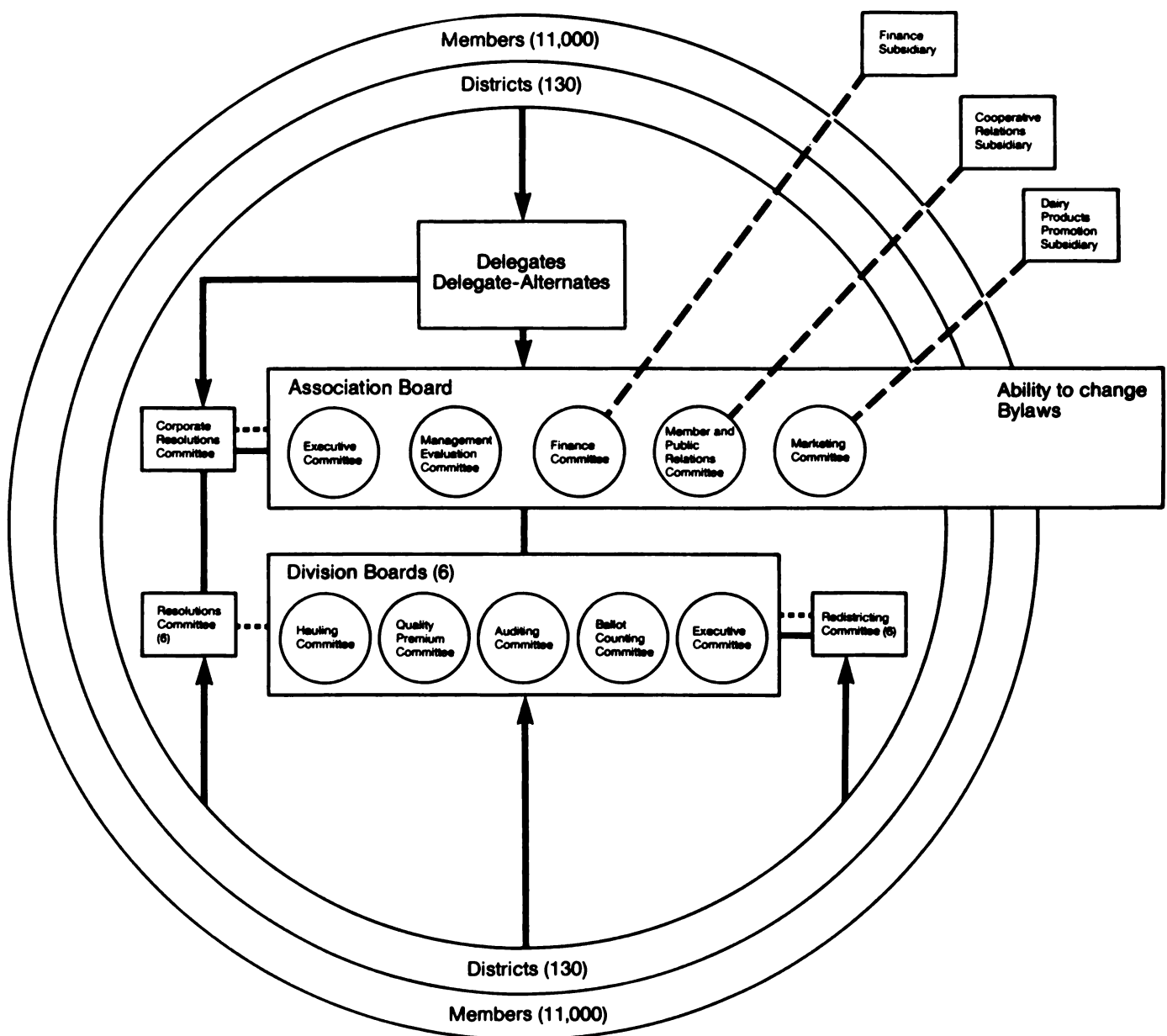
²This is definitional to direct democracy and by implication is more typical, or at least possible, in small cooperatives (see Craig).

FARMERS' DAIRY COOPERATIVE

Farmers' Dairy Cooperative is a large centralized dairy cooperative in the Midwestern United States. ("Farmers' Dairy Cooperative" is a fictitious name to protect confidentiality of the case study cooperative.) It came into existence with the merger of several cooperatives in the late 1960's. The cooperative was a \$1.4 billion Fortune 500 company in 1986, with 11,000 members and 7.2

billion pounds of annual milk production. It is a leader in production as well as processing and marketing. Its membership area covers parts of 12 States from Texas to Minnesota, and from Illinois to Nebraska. Its processing facilities stretch from Kentucky to Idaho. Its basic mission is to act in the interests of its members to guarantee a market for milk at the highest possible price.

Fig. 1—Member Control Structure



Organizational structure is the sum total of ways labor is divided up and then coordinated. Figure 1 presents the organizational membership structure of the case study cooperative. The diagram is constructed in a somewhat nontraditional fashion to reflect both origins of authority and breadth of decisionmaking. The members and the geographic districts they reside in contain most of the cooperative. All authority originates from the members, but is delegated to different levels with different breadths of responsibility.

Four distinct vertical levels of representation are presented in figure 1; the district level, the division level, the association or corporate board level, and the delegate level. Vertical levels generally are designed to provide coordination/integration, and involve delegations of authority.

Districts help coordinate information from and to members. Division boards help coordinate information from and to districts. The association board helps coordinate information from and to divisions. Delegates help coordinate information from and to districts.

Districts

The district level is composed of 130 geographic districts. Farmers are members of their respective district by virtue of their farm location. Officers include a district chairperson, a vice-chairperson, and a secretary; each is elected for a 1-year term. There is no limit on the number of terms a member may serve. The chairperson conducts one annual meeting of district farmer-members, determining time, location, and arrangements in the process. The vice-chairperson acts in the chairperson's absence. The secretary keeps records of meetings and certifies results of elections. No member may hold more than one of these offices simultaneously. A second

meeting of district officers may be held, though this is not universal over all districts. A few districts use nominating committees. In these districts, the district chair has the additional authority of appointing a nominating committee 30 days prior to the annual district meeting.

Besides the three elected offices specified above, district members also elect farmers to serve on a division board, a redistricting committee, a division resolutions committee, and a delegate body. (See fig. 2 for an outline of positions elected out of each district.) The district chairperson serves as a delegate upon his/her election as chairperson. In districts where only one delegate is elected, a second member may be elected as the delegate and the chair serves only as district chair. The district vice-chair and district secretary, as well as the elected redistricting committee person, can also be elected as delegates. However, the division director and the resolutions committee member may hold no other elective positions from the district. Delegate-alternates and resolutions committee-alternates are also elected. They serve only in the event the elected delegate and elected resolutions committee person cannot serve. They are also limited to the same multiple-office holding limitations.

Division boards, redistricting committees, delegate bodies, and resolutions committees have responsibilities beyond the district level. Each will be explained below. The resolutions committee structure will not be discussed in detail until the entire membership structure is presented.

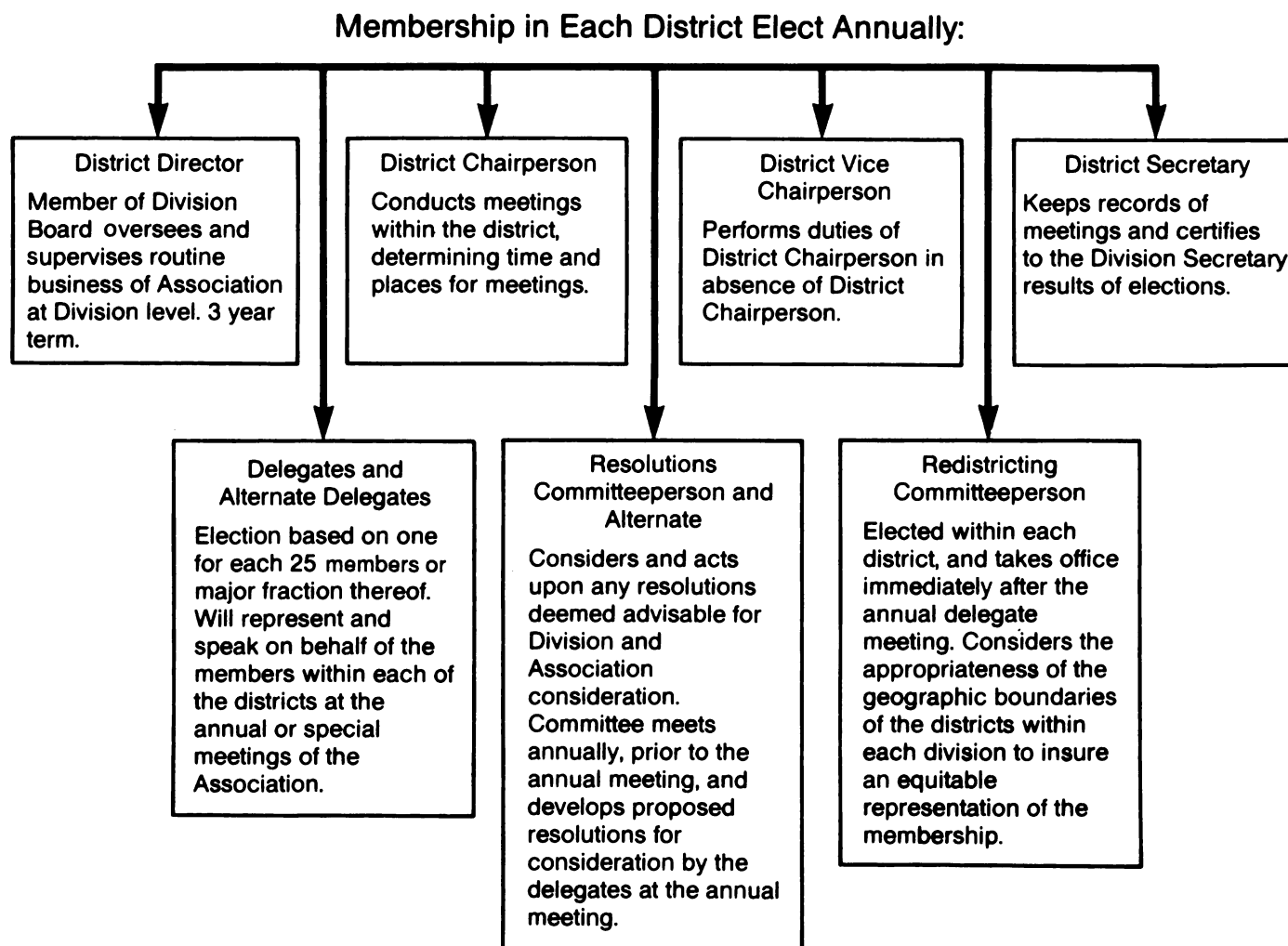
Divisions

The second vertical level is the division level. Division directors elected from the districts serve here. There is one division director for each district. There are six divisions (table 1). Table 1 was obtained directly from

Table 1—Distribution of division members, districts, directors, and milk volume, 1986

Division	Districts	Division directors	Members	Lbs. of milk	Average per district	
					Members	Lbs. milk
A	23	23	1,472	73,379,350	64	3,190,407
B	20	20	1,317	75,332,761	66	3,766,638
C	14	14	861	39,561,868	62	2,825,848
D	29	29	3,039	184,636,093	105	6,366,762
E	21	21	1,382	75,923,371	66	3,615,399
F	23	23	3,054	154,433,153	133	6,714,485
TOTAL	130	130	11,125	603,266,596	86	4,640,512

Fig. 2—Membership Organization Elections



unpublished documents of the case study cooperative. Hereafter all materials obtained directly from the cooperative will be cited and referred to as "cooperative documents."

These directors are elected for three 3-year terms and can be elected for an unlimited number of terms. One-third stand for election each year. The division board elects a chairperson, a vice-chairperson, and a secretary from their own number. An annual reorganization meeting of each division board must be held after completion of all district elections. Bylaws require the division board to hold at least one meeting each quarter. Most division

boards hold meetings 10 times a year, some 12 times a year. These meetings are of an official nature and decisions reached carry weight per duties delegated to them. These meetings are not open but any member may attend upon request.

The general manager and other management personnel from the respective regions attend these meetings and provide reports from the operations side of the cooperative.

Once or twice a year an executive session open only to board members is held at these meetings. Managerial

personnel and their actions are subject to evaluation during these sessions, with management available for comment and feedback. Additional meetings of the division board may be called by the division board chairperson.

Most divisions hold an annual information meeting for all members. Reports from management and officers are given. No official decisions for cooperative action are made.

Division Authority/Responsibilities Cooperative bylaws and legal documents assign a broad set of responsibilities to division boards. They include:

1. Approving membership applications to be effective on the date the application was initiated.

2. Directing a letter upon acceptance of membership applications to the new members, enclosing copies of the bylaws and the contract, as well as a brochure discussing the organization of the cooperative.

3. Committing the association for membership in local organizations and making contributions for such items as local charity drives, fairs, farm and dairy organizations, or other business organizations or service clubs for individual amounts within policy limits. Individual amounts in excess of policy limits are recommended to the association board for approval.

4. Retiring the equities of deceased members.

5. Recommending membership in specific organizations or associations subject to approval of the association board.

6. Holding such meetings, in addition to those required by the bylaws, as may be necessary to carry out the policies of the division and the cooperative. Notification of any special meeting is forwarded to the president and executive vice president-general manager of the cooperative.

7. Authorizing administration of employee relations program for the division, including such areas as union contracts, wage levels, insurance, retirement plans, other benefit programs, working conditions, and morale. These activities are carried out in accordance with basic personnel policies of the cooperative, as coordinated by the cooperative's corporate vice-president of human resources.

8. Authorizing administration of the milk collection system in the respective division territories.

Administration can include relations with haulers, the assignment or removal of haulers, the establishment or changing of haulers' rates, and any other activity dealing with the collection of milk from individual members and the delivery of such milk to designated handlers. All such activities are accomplished in accordance with the cooperative's policy on milk collection.

9. Authorizing administration of the association's media relations policy. All such activities are carried out in accordance with the communications policies of the cooperative as coordinated by the cooperative's director of communications.

10. Developing, preparing, and submitting to the association board appropriate plans for legislative activities in their respective areas. The association board develops an overall legislative policy utilizing the division as the basis for implementing local and regional legislative activities, with national legislative activities to be carried out by the association board.

11. Authorizing administration of a day-to-day fluid milk marketing program including but not limited to relations with the handlers, relations with the health department, the initiation and supervision of a quality program and other activities consistent with a regular marketing program for fluid milk, as coordinated by corporate management and the association board. Directorships, committee assignments in United Dairy Industry Association, American Dairy Association, or Dairy Council that are based upon geographical designation are the responsibilities of the appropriate division. Those positions apportioned on a basis other than geographical location are selected by the association board.

12. Authorizing a publication to report on division activities and in accordance with the cooperative's communications policies.

13. Administering the following procedures in voting under Federal orders:

A. A ballot will be cast by the appropriate vice president as authorized by the division or association board on those matters requiring emergency action, and the matter later will be discussed, substantiated, and confirmed by the division board.

B. Amendments of a more substantive nature will be

considered by the appropriate division board of directors and a resolution empowering the vice president of that division to ballot for or against such amendments will be made prior to the time a ballot is cast on any such amendment.

14. Accepting such other responsibilities as may from time to time be assigned to division board of directors by the association board, such as disposal of surplus property, land, buildings, and equipment.

Division Committees A number of committees function at the division level. They include 1) redistricting committees, 2) division resolutions committees, 3) quality premium committees, 4) hauling committees, 5) a ballot counting committee, 6) auditing committees, and a 7) division board executive committee. The latter five committees are nonelective.

The redistricting and resolutions committees are elected. As stated, each district elects one committeeperson for each of these committees. There is one redistricting committee, and one division resolutions committee for each division. The number of members on these committees is equal to the number of board members in each division. Resolutions committee members serve 3-year terms. Redistricting committee members serve 1-year terms. Members on both committees can serve an unlimited number of terms. The redistricting committee must meet at least once every 3 years. It can meet more often at the request of the division board or by petition of 50 division members. The division resolutions committee meets at least once a year. The division chairperson appoints a division board member to chair each of these committees. This committee chairperson has no vote and is responsible only for arranging the time, place, and conduct of the meeting.

Redistricting Committees are charged with aligning district lines within their respective divisions. The committees are to equalize district sizes as far as feasible. Decisions are based on numbers of members to be included in each district, with some consideration given to volume of milk produced. The precise policy statement is:

“All divisions, except [Division F] shall establish district boundaries so as to encompass no less than 45 nor more than 140 members and/or no less than 2.3 million nor more than 5.0 million pounds of member production for the month of April. Provided, however, that 20 percent of the districts within the division not be required to fall within these ranges.

[Division F] shall establish District Boundaries in an equitable manner.”

These limits standardize size by membership and/or volume. Standardizations of this type are an attempt to approximate equality in representation. Very small districts by membership size would give those respective members more representation than members in very large districts. The elected member would simply have fewer members to serve in their respective districts. The 45-140 standard sets a limit on the extent of the possible inequality.

Volume standards, similarly, are an attempt to equalize representation. Without standards, massive milk production areas could possibly be underrepresented, and very small milk production areas overrepresented. However, in policy there is no necessary tie between the two standards that gives a small number of large-volume producers more representation. It is important to note that while volume can have an influence on size of district, each member has one vote, and each division director has only one vote, irrespective of district size by member and/or volume.

One division has considerable latitude in determining their district sizes, “in an equitable manner.” Exception has been made for this division (upon request of the division) due to the high geographic density of farm units in the region. By policy, districts may vary in size or number of members due to volume, market, geographical, historical, or other considerations.

An operations general manager and a member relations specialist from each region involved sit on the redistricting committee in a purely advisory fashion. It is part of the division board’s responsibilities to either approve or disapprove of the redistricting committee’s recommendations.

Discussion of *resolutions committee* duties can best be handled when all other features of the membership structure are presented. Both the resolutions and redistricting committees have certain mandates separate from the division board. These committees must exist, must meet within prescribed times, must take up issues as prescribed in the cooperative bylaws, and are composed of members elected by the general membership.

The remainder of the committees at the division level are purely advisory. There is no member mandate to meet or to exist. They serve at the pleasure of the division board

that appoints them, and are composed of division board members.

Three divisions use *quality premium committees*. Positions are made by appointment by the division chairperson. Appointees generally are division board members, though in one division half are division board members and half are district farmer-members. These committees are relatively small in number, usually five or six farmers. When meeting, it is always with an operations marketing person. What these committees do varies considerably among divisions and among committees. In general, they determine standards used to judge premium milk quality. Standards include measurements of somatic cells present in the milk, water content, etc. Farmers meeting these quality standards receive a financial bonus for milk delivered. Committee members may determine minimum and maximum price bonuses that may be paid for premium milk. It is important to note that committee actions take shape as recommendations made to the full division board and not actual program implementations. Where quality premium committees are not used, the division board handles these questions directly, again in close consultation with management.

Hauling (or transportation) Committees are used in some of the divisions. In the most active committees discussion is given to establishment of rates, rate changes, and contracting with and termination of haulers. Others only handle complaints. Some meet monthly, others only when a problem has been reported. Like the quality premium committee, this body serves an advisement function. Committee actions are subject to the full division board approval. A management representative sits on the committee and provides advice. Committee members are appointed by the division chairperson. Members generally will be division directors, though not necessarily. In others, all members on individual routes are members of their respective hauling committees.

One division elects its directors through a formal mail ballot process. Directors from this division instituted a balloting process after observing poor turnouts at district meetings. To implement this process a *ballot counting (or teller) committee* had to be formed. This committee's duties include counting ballots, and reporting results to the division board and nominated directors. Members of this committee are appointed by the division chairperson. Generally, they are other division directors who are not up for reelection. They perform their role once a year.

Two division boards utilize an *audit committee*. Division

directors are reimbursed for their expenses on days they attend cooperative meetings and represent the cooperative at other official meetings. The audit committee is composed of division board members appointed by the division chair. Its role is to review division board members' expense accounts, ensure consistency, and see that appropriate paperwork is done. It meets with the division board at its monthly (or quarterly) meetings.

One division uses a *division board executive committee* to appoint chairs to respective resolutions and redistricting committees. It is composed of the division chair, vice-chair, and secretary. Other divisions have provisions for such a committee; however, it is rarely used. Decisionmaking centers with the full board.

To be eligible for election, or to hold office as a division director, an individual must be producing and delivering milk to market, and be a member of the cooperative. As soon as a member ceases to market milk through the cooperative, that member is automatically removed from the board (unless cessation has been due to catastrophe and is only temporary). In the event milk marketing ceases, it is generally the case that the division chairperson calls for a meeting of district officers in the affected district. From this meeting a replacement director is recommended to the division board. The division board then appoints a replacement based on this recommendation. The division board has the authority to make appointments without district participation although it is seldom used.

The Association Board

The association board is the third vertical level in the membership hierarchy. Per bylaws, the association board can vary between not less than 17 nor more than 45 members. Each year the association board decides the number of association directors that will serve in the ensuing year. From this number each division is allocated a set number of directors to represent it on the association board—based proportionately on the total number of members in each division. The precise wording per bylaws, states:

“The board shall determine the number of association directors to represent each division on a pro rata basis, i.e., by applying to the total number of association directors the proportion of the number of members in each division to the total number of members of the association, as of the last day of the preceding calendar year. The board is authorized to make such reasonable

adjustments in fractions that may result from such computation as may be necessary to insure that the number of directors representing the various divisions, equals the total number of directors determined by the board.”

Thirty-two association board members represent the six divisions. Table 2 shows how the directorships are allocated. No consideration is given to volume. Allocations are based strictly on proportionate number of members in each division, approximating a one-member, one-vote relationship.

Association directors serve 1-year terms. There are no limits on the number of terms a director can serve. The association board elects a president, first vice-president, secretary, and treasurer from among the 32 directors. These officers cannot simultaneously hold similar positions on the division board. Six additional vice-presidents are elected and are usually chairpersons of their respective divisions. The board meets monthly with its management team. Management reports on financial, marketing, member and public relations, government relations, and other aspects of operations. As with the division board level, there is provision for executive session where only association board members meet to discuss privately aspects of management and operations. Management is available for comment and feedback. A separate set of minutes is kept at this session.

Association Board Authority/Responsibility The association board exercises general supervision and control over the business and affairs of the association. Supervision and control as established in the organizational bylaws include:

1. Formulating and setting the policies of the association.

2. Making rules and regulations and taking action consistent with the bylaws for the management of the business and the guidance of the executive committee, division boards, officers, employees, agents, and members of the association.

3. Determining the boundaries of divisions and locations of operations offices.

4. Selecting the general manager of the cooperative and establishing the salary.

5. Establishing the financial structure of the cooperative and the authorization of any basic change in the structure.

6. Approving and disapproving all capital expenditures by the cooperative.

7. Establishing appropriate divisions and districts and election and voting procedures to maintain the proper representation of patrons so as to ensure the cooperative principle of one-member, one-vote. This includes the responsibility of filling vacancies on the board or any other body, committee, or organization that results from resignation, death, disqualification, or some other cause. This also includes mandatory redistricting procedures to maintain appropriate and equal representation in districts.

8. Making decisions with respect to the proper relationship with other farm cooperatives and farm organizations.

9. Making decisions with respect to corporate membership in other organizations, associations, and federations.

10. Establishing the responsibilities and duties assigned to individual division boards.

Table 2—Allocation of association directors by membership size

Division	No. of members	Percent of total membership	Allocation of 32 directors (in fractions)	Rounding-out of director allocation
A	1,597	14.3	4.6	5
B	1,397	12.5	4.0	4
C	891	8.0	2.5	3
D	2,950	26.4	8.4	8
E	1,374	12.3	3.9	4
F	2,980	26.6	8.5	8
TOTAL	11,189	100.1	31.9	32

11. Establishing basic policies with regard to legislative or administrative decision on local, State, national, and international levels that affect the welfare of the dairy farmer.

12. Establishing the framework and procedures for the conduct of the annual meeting or special meetings and the development of a comprehensive public and member relations program.

13. Selecting an auditing service whose responsibility shall be to the board.

14. Selecting and designating corporation counsel(s).

Several responsibilities are predominantly exercised by management but subject to oversight and review by the association board.

1. Establishing the amount and sources of working capital.

2. Establishing the rules and regulations for the issue, transfer, retirement and registration of certificates of indebtedness or other forms of capital funds.

3. Arranging for the bonding of employees to include the type of coverage and the individuals to be bonded.

4. Managing the association revenues with regard to reserves, patronage refunds, and equity retirement.

5. Determining disposition of real estate.

6. Selecting depositories and authorizing withdrawal signatures.

7. Appraising the association's performance as it affects its public image.

8. Determining special premiums to be paid members. If a premium is to be paid in particular divisions, it is determined by the management and division level board. If it is to be paid to all members, it is determined by corporate management and the association board.

9. Establishing or negotiating for contracts or arrangements for the collection and delivery of members' milk.

10. Determining the basic organizational structure of the cooperative to include periodic changes.

11. Introducing or modifying employee benefits or pension plans.

12. Authorizing overall wage scale changes.

13. Establishing the services to be performed and equipment and supplies to be made available to members along with appropriate financing programs.

14. Establishing an insurance program to include the selection of type and amounts of insurance necessary to protect the assets of the cooperative.

The association board directs and controls the activities of the general manager through established policies, directives, and bylaws.

Association Board Committees Horizontal to the association board of directors are several board committees. They are the 1) finance, 2) marketing, 3) membership and public relations, 4) management evaluation, and 5) executive committees. These committees are composed of association board members. Members of management attend in an advisory capacity. The committees serve strictly an advisement function and have no independent decisionmaking authority. Each serves at the pleasure of the association board. Members are appointed by the association board president. They have no final decisionmaking authority. Typically, committees meet prior to monthly association board meetings. The minutes are read at the meeting of the association directors. Time is provided for discussion, debate, approval, or disapproval.

The finance committee meets monthly prior to the association board monthly meeting. They meet with management's corporate vice-president for finance and accounting. The managerial representative prepares resource materials, and basically sets the agenda for the meeting. The committee's duties include reviewing and making recommendation to the full association board on financially related responsibilities (including oversight review) as delineated previously. The committee, therefore, assists the full board in 1) reviewing and making recommendations on the cooperative's financial structure, 2) approving and/or disapproving capital expenditures, 3) establishing amounts and sources of working capital, 4) establishing rules and regulations for the issue, transfer, retirement, and registration of certificates of indebtedness and other forms of capital funds, 5) arranging for the bonding of employees, 6) managing cooperative revenues with regard to reserves,

patronage refunds, and equity retirement, 7) determining disposition of real estate, 8) selecting depositories and authorizing withdrawal signatures, 9) establishing financing programs to members, 10) selecting outside auditing services, 11) recommending reimbursement levels for director expenses, and 12) approving internal legal bills.

As stated, the committee's role is strictly advisory. However, few recommendations are ever turned down by the full board. Committee members are appointed by the association board president. Ten to fifteen members may sit on the committee. All must be association board members. Assignments are made each year after annual elections. There are no limits on the number of times a member may sit on the committee. The committee elects its own chairperson, vice-chairperson, and secretary. The management employee, while a central cog of the committee, sits at the committee's pleasure, and holds no voting rights.

The marketing committee typically has 10 members. Duties again are advisory to the association board duties. They include a range of activities involving oversight review and advisement on 1) marketing products, 2) voting under Federal milk orders, 3) relations with handlers, 4) relations with processors, 5) evaluation of plants, 6) research and product development, 7) relationships with other cooperatives, 8) relations with health departments, 9) development of quality programs, and 10) development of overall legislative policy positions to be pursued at various levels of government. Other characteristics parallel the finance committee makeup. They meet monthly prior to the association board meeting. Members are appointed by the association board president. They serve 1-year terms with no limit on repetition of terms. Management's senior corporate vice-president sets the basic agenda for the meeting, and serves as a resource for information and materials.

A third committee at the association board level is the *Membership and Public Relations Committee*. This committee's duties include oversight review and advisement on 1) monthly magazines to members, and employees, 2) dues, donations, and contributions over \$250, 3) organization of annual and delegate, and other special meetings, 4) organization and performance of field services to members, 5) disaster benefits, 6) establishment of relationships with other farm cooperatives and farm organizations, 7) establishment of relationships in other organizations, associations, and federations, 8) establishment of press and radio relations, and 9)

assessment of the association's performance as it affects its public image. Again, meeting times, appointments, terms, and tenure parallel the latter two committees. Management's corporate vice-president for member relations and public administration organizes, sets the agenda, and serves as a resource person for the meeting.

A fourth committee at the association board level is the *Management Evaluation Committee*. Six directors, one from each division, sit on this committee. The committee meets four times a year to evaluate performance of the general manager. Members are appointed by the association president. This committee makes recommendations on the cooperative's management incentive program. This includes consideration of salary, bonus, and fringe benefits. Typically this committee will present its minutes for review, discussion, and approval/disapproval at the executive session of one of the monthly meetings of the association board.

Ten association board members sit on the Executive Committee. They include the president, first vice-president, secretary, treasurer, and one association director from each division. These latter six are officially titled association vice-presidents. These members are also chairpersons of their respective division boards. While existing on paper, this committee is used very little. It meets at most once a year and tends to be an ad hoc body, handling issues assigned by the association board.

Delegate Body Authority/Responsibility

Candidates for the association board of directors are nominated by division boards prior to the association annual meeting. Delegates may also nominate any member of their choosing at the association annual meeting. Nominees stand for election by delegates at the annual meeting.

The reader will recall that delegates and delegate-alternates are elected at the district level. One delegate and delegate-alternate is elected for every 25 members in each district. Therefore, its size will vary from year to year. Delegates and their alternates serve 1-year terms with no limits on the number of terms. Delegate-alternates serve only in the absence of elected delegates. The body meets once a year at the association delegate annual meeting, although other meetings can be called at the discretion of the association president. Besides nominating and electing association directors, delegates are also charged with approving/disapproving an annual financial report presented by management, approving/disapproving

merger proposals, and discussing and approving/disapproving resolutions proposed by the association resolutions committee, as well as proposing, discussing, and approving/disapproving their own resolutions. They do not have authority to approve/disapprove changes in the bylaws. They can propose that bylaw changes be considered. The authority to change bylaws lies with the association board.

Resolutions Committee Authority/Responsibility

Resolutions committees exist at two levels in the cooperative, one at the division level and the other at the association level. Each district elects one resolution committee person. Terms run for 3 years. All district resolutions members from one division form a resolutions committee. Therefore, six division resolutions committees exist in the cooperative. Each division board chairperson appoints a division board member to chair respective resolutions committees. As stated previously, this chair has the responsibility for setting the time, place, and conduct of the meeting but has no voting rights. Operations vice-presidents from respective regions, plus a member relations employee, also sit on this committee. They serve as advisers and resource people only. There is no official reporting to the division board.

Each resolutions committee meets annually in their respective divisions. During this meeting, committee members elect from their respective committees, representatives to sit on the association resolutions committee. They are allowed to elect an equal number of committee representatives as there are association directors elected from their respective divisions. Therefore, 32 association resolutions committee members sit on the association resolutions committee. Association committee terms are for 1 year. There are no limits on the number of terms. The member president of the association appoints an association board member to chair the association resolutions committee. As with the division level, this chair organizes the time, place, and conduct of the meeting only. The position carries no voting rights. This person also sits in on each division resolutions committee meeting.

The association resolutions committee meets twice a year, once shortly after all division resolutions committees have met, and again at the association annual meeting. The latter meeting is open to all members attending the annual meeting.

Resolutions are formal written expressions of membership

preferences. The role of the resolutions committees is to bring grass roots information to the association board/hired management level to help set broad guidelines on operational decisionmaking and director policymaking.

It is likely farmers who sit as delegates and resolutions committee members have attended an annual district meeting. As stated previously, several districts also hold one other meeting in the year for elected district representatives. These meetings help representatives gain access to grassroots member concerns. Resolutions committee persons then meet with their respective division committee. Information is exchanged and discussed, and previous resolutions are reviewed for possible changes. These results are then passed onto the association resolutions committee through the elected resolutions representatives.

The association resolutions committee takes this input, discusses it, eliminates material that is not important to the entire association, and formulates results into a booklet. (Some material is deemed of a "local" nature and is not included in the booklet. However, these eliminations are made with the recommendation that such issues are brought before the appropriate division boards.) It is important to note that management also sits in on these meetings. As with the other committees it serves an advisory role. Its role in setting agendas for discussion is much more muted. Once formulated, "The Resolutions Booklet" is mailed to the elected delegates and delegate alternates prior to the association annual meeting. At the annual meeting the chair of the association resolutions committee, or the member president of the association, presents the proposed resolutions to the assembled delegate body. Delegates may propose additional resolutions not included in the resolutions booklet.

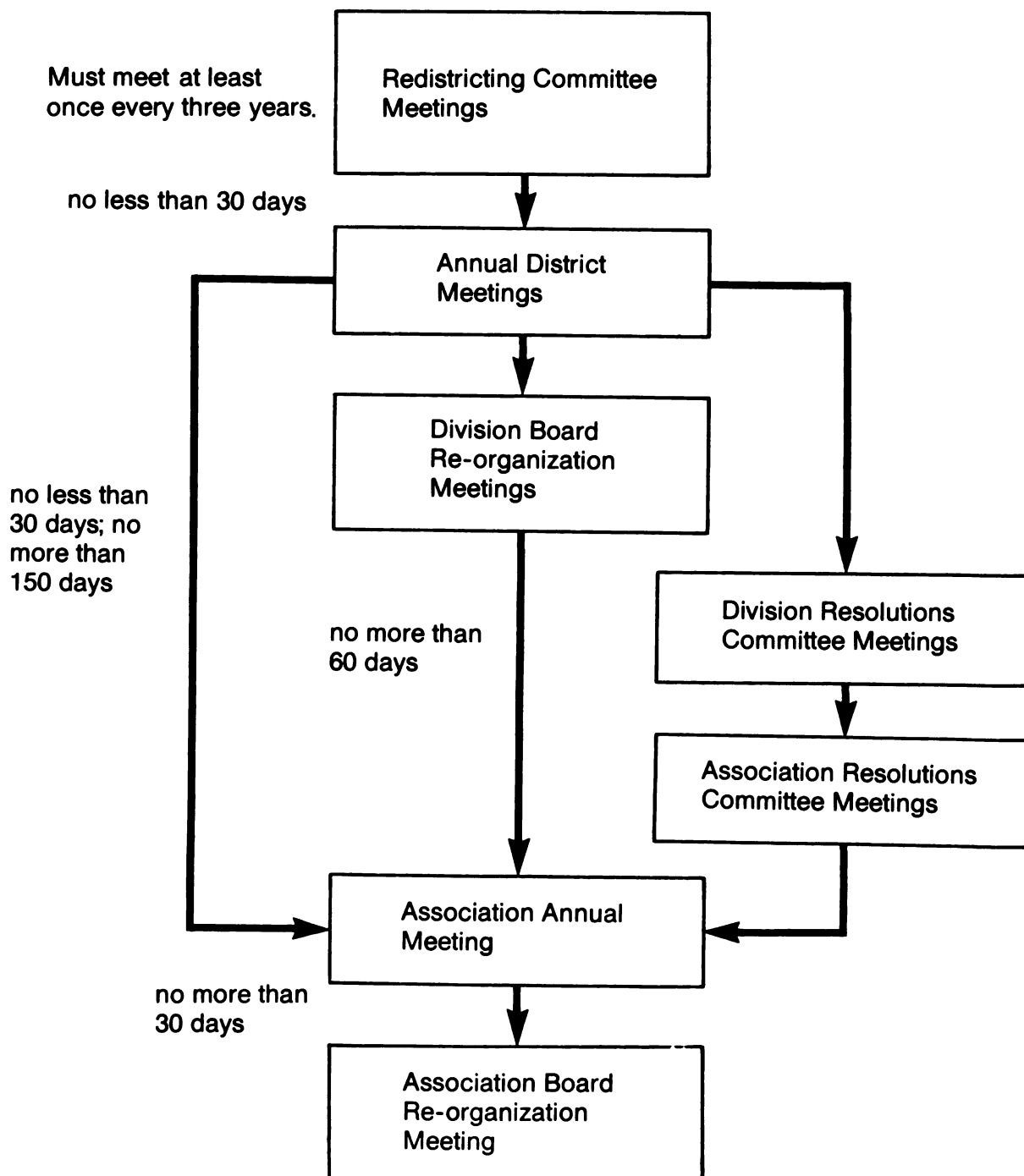
The delegates then may discuss, amend, approve/disapprove the resolutions as presented. The association resolutions committee may reconvene at the annual meeting to discuss, amend, and propose resolutions that go to the delegate body floor. This second meeting of the corporate resolutions committee is open to all members.

Timing of Cooperative Meetings

Figure 3 presents the sequence of member control meetings that must occur in the cooperative.

Member representation is ultimately based on districts. Scheduling, beyond the association delegate annual

Fig. 3—Sequence of Member Control Meetings



meeting, must begin there. Since changes in district boundaries will influence cooperative decisionmaking at very primary levels, redistricting committee meetings must be held prior to annual district meetings. The redistricting committee meeting must be held at least 30 days prior to the commencement of annual district meetings. Elections can then occur based on district areas delineated. Annual district meetings must be held not more than 150 days nor less than 30 days prior to the cooperative annual meeting.

After the annual district meetings, respective division boards must hold reorganization meetings to account for possible changes in division representation. Newly elected directors are seated, and division officers are elected, including a division chairperson, a division vice-chairperson, and a division secretary. These reorganization meetings must be held within 60 days prior to the association delegate annual meeting.

Resolution committee meetings cannot be held until all members of the respective committees have been determined by election. Therefore, division resolutions committee meetings cannot be held until after the completion of all annual district meetings. Similarly, the corporate resolutions committee cannot meet until the division resolutions committees have met. The corporate resolutions committee must meet prior to the association delegate annual meeting. There must be sufficient time to allow the resolutions booklet to be formulated, printed, and mailed for receipt by each delegate and delegate-alternate at least 1 week prior to the association delegate annual meeting.

Within 30 days following the delegate annual meeting, the association board must hold a reorganization meeting for the seating of newly elected directors and election of their own internal officers, including a president, a first vice-president, additional vice-presidents elected from the directors representing each division, a secretary, a treasurer, and such additional assistant secretaries and assistant treasurers as the board may determine. Not less than 40 days prior to the association delegate annual meeting, the association board must determine the number of association directors to be elected from each division.

The previous sections describe all elected and appointed membership positions and meetings in which members take part. Any producer-member is eligible to hold any elected position. Generally, association directors will come from the division boards. If they so choose, delegates can nominate their own candidate for the

association board at the delegate annual meeting. Association resolutions committee persons are the only elected position where the general member does not have direct access to election mechanisms.

Member-Based Subsidiaries

Three cooperative subsidiaries—Finance, Cooperative Relations, and Product Sales—are closely related to the board committees at the association level (fig. 1). These subsidiaries are independent corporations but are wholly owned by the cooperative. Each holds its own board meeting in conjunction with the monthly association board committee meetings.

The board of Finance Subsidiary is composed of the farmer-members of the association finance committee. This subsidiary borrows money and makes funds available as loans to cooperative members, haulers, and other subsidiaries and operational affiliates. Loans to the subsidiary are underwritten by the cooperative.

The board of Cooperative Relations Subsidiary is composed of farmer-members of the membership and public relations committee. This subsidiary functions to offer members a comprehensive group health and life insurance plan.

The board of Product Sales Subsidiary is composed of farmer-members of the marketing committee. All dairy farmers are assessed a 15-cent-per-hundredweight charge for promoting milk and dairy product consumption. Product Sales Subsidiary, Inc., receives these funds from member-producers (as well as from nonmembers) and determines its disbursement among various bodies charged with dairy promotions. Disbursements are made to the National Dairy Board and other regional and/or locally qualified promotional entities.

The subsidiary boards meet immediately prior to the monthly association board monthly meetings and report their minutes. However, unlike the parallel association committees, actions of these subsidiary boards are final. The association board has no authority to rule on subsidiary minutes or to direct actions.

The first association board meeting after the annual meeting is the reorganization meeting. New association directors are seated and committee assignments are made. When these assignments are made, the parallel subsidiary boards are simultaneously created. They are the same people wearing slightly different hats. The association

board votes on the positions, but the vote basically ratifies the assignments. The subsidiary boards then elect their own internal officers. While subsidiary minutes and actions are not subject to association board approval, subsidiary board members are subject to recall or not being reappointed. The management personnel that sit on the parallel association committees also sit with the subsidiaries. However, as with the committees, these managers serve an advisory and resource function.

Managerial Responsibilities

The membership has also made several delegations of authority to hired managers. These delegations simplify what the membership must deal with directly in the marketing of their milk. Specific duties and responsibilities delegated to management include:

1. Directing the ordinary and usual business operations of the association, such as the purchasing, marketing, and handling of all products and supplies.
2. Conducting the business in such a manner that all members will receive just and fair treatment so far as practical.
3. Directing all money belonging to the association to be deposited in the name of the association, in a bank or banks selected by the board.
4. Directing all disbursements by check to be made for the ordinary and necessary expenses of the business.
5. Directing all maintenance of records and accounts in such a manner that the true and correct condition of the business may be ascertained therefrom at any time.
6. Directing the preparation of and rendering of annual and periodic statements in the form and manner prescribed by the board.
7. Ensuring that all books, documents, correspondence, and records of whatever kind pertaining to the business that may come into its possession are carefully preserved.
8. Determining duties, wages or salaries, and work performance appraisals of all hired personnel.
9. Authorizing the selection or removal of all hired personnel. Counsels with the division board on the selection or removal of operations managers.

10. Engaging professional consultants and services necessary to the normal operation of the organization.

11. Establishing the basic pay prices for milk.

12. Establishing the selling price for products and service of the company.

13. Directing and controlling the proper maintenance of plant facilities and equipment, excluding large expenditures for replacing major items.

Summary

The member control structure of the case study cooperative has four major levels of representation—delegates, association directors, and geographic districts and divisions. Members also elect division resolutions committees and redistricting committees. The association board is subdivided into appointed committees that include the executive, finance, marketing, member and public relations, and management evaluation committees. Some of the divisions use committees such as quality premium, hauling, auditing, and ballot counting/teller committees. Several subsidiaries are also associated with the association board. They include independent finance, cooperative relations, and product sales subsidiaries.

MEMBER CONTROL CRITIQUE

The cooperative's system of committees (and the relationships of those committees between each other and the cooperative members) determines the nature of member sovereignty and equality/representativeness. Recall that sovereignty refers to the capability of people to create and affect decisions on how a system should operate and change, while equality refers to individual access to decisionmaking. It asks if possibilities for input into decisionmaking are evenly distributed among the members. In applying these concepts as a critique of member control, frequent reference will be made to the membership structure in figure 1.

Equal Influence

When cooperatives become very large, as this one is (11,000 members), it is not possible for each member to have equal influence on decisionmaking in the cooperative. The direct town meeting style of decisionmaking becomes impossible. Elections must occur where members delegate powers and duties to representatives to act in their interests.

Ideally, representatives are similar to their constituents in terms of background (measured by socioeconomic and demographic criteria) and opinion. However, it is almost impossible to ensure this. Data collection problems, privacy issues, and information dissemination make this ideal nearly unobtainable.

Districing Where at-large elections are used (elections where officers are elected from the total membership, irrespective of other characteristics except membership), broad-based representation is left to chance. If at-large bodies are representative, they may be so top heavy that no work (no efficient representation of member interests) can be done; or, conversely, if representation is limited to a small number of directors, only elite specification of needs may occur rather than broad membership representation.

Ethnic, subcultural, and economic interests often, though roughly, follow geographic locations. With 11,000 members spread over 12 States, this cooperative chose to use 130 geographic locations to help approximate elected officer representativeness. It is highly unlikely any single elected officer will totally represent his/her constituents in terms of background, attitude, and/or opinion. However, the geography is sufficiently limited that elected members are readily available to most members in their respective districts. They provide a source for local input.

A second aspect of equal influence is equal size of districts. If each district has an equal number of elected officers, but district sizes vary, members in the smaller districts will have greater weight in decisionmaking. Their individual interests will count more simply because it takes fewer members to elect a spokesperson. Of course, the reverse is true. Larger districts require greater numbers for an equal vote.

Conversely, if larger districts are allowed proportionately more votes, it sets up possibilities for larger districts to unduly influence decisionmaking in their district's favor. Equal-sized districts with equal numbers of elected representatives best approximate equal influence.

Equity Versus Equality Equity issues in cooperatives generally refer to making special provisions and allowances in the working of the cooperative to account for differences in amounts of patronage, volume, capital retains, etc., between large and small producers. The case is usually made in terms of business aspects of the cooperative. It is held that the price received, or paid by an individual member, should be in direct relation to the cost of servicing. Since large-volume servicing is frequently less per unit of production, or purchase, than small-volume servicing, volume discounts or higher prices may be given to the large-volume member.³

This business rationale is sometimes extended to the voting structure. Large-volume producers have greater investments in the cooperative, have more at risk, and therefore should be extended more votes. While business and operational differentials may make economic sense, governance voting differentials for the case study cooperative may be unwise and not needed.

1. *Politically risky.* Contained within the spirit of the Capper-Volstead Act is recognition of the near powerless position of large numbers of purely competitive independent farmers. Rights were extended to collude. Previous challenges to the Act have been made on the grounds that production agriculture is no longer composed of many small units (Knapp, p. 30-35). When cooperatives begin making distinctions within their own organization that recognize power differentials of producers, and in fact seek to emphasize these power relationships, it runs counter to the spirit of Capper-Volstead and creates vulnerabilities.

³This is in contradistinction to the "sharing to burden" approach.

Table 3—Member control equality among districts

	Sizes	Representation ratios	Member influence quotient
Division A			
District Sizes			
Smallest	27	1 to 27	3.70
Median	66	1 to 66	1.52
Mean	64	1 to 64	1.56
Largest	99	1 to 99	1.00
Division B			
District Sizes			
Smallest	41	1 to 41	2.44
Median	55	1 to 55	1.82
Mean	66	1 to 66	1.52
Largest	213	1 to 213	0.47
Division C			
District Sizes			
Smallest	44	1 to 44	2.27
Median	52	1 to 52	1.92
Mean	62	1 to 62	1.61
Largest	131	1 to 131	0.76
Division D			
District Sizes			
Smallest	49	1 to 49	2.04
Median	103	1 to 103	0.97
Mean	105	1 to 105	0.95
Largest	197	1 to 197	0.51
Division E			
District Sizes			
Smallest	26	1 to 26	3.85
Median	61	1 to 61	1.64
Mean	66	1 to 66	1.52
Largest	121	1 to 121	0.83
Division F			
District Sizes			
Smallest	68	1 to 68	1.47
Median	134	1 to 134	0.75
Mean	133	1 to 133	0.75
Largest	206	1 to 206	0.49
Cooperative Totals			
District Sizes			
Smallest	26	1 to 26	3.85
Median	70	1 to 70	1.43
Mean	86	1 to 86	1.16
Largest	213	1 to 213	0.47

2. *No appreciable gains.* In dairy cooperatives, the scale difference are sufficiently small, and the number of producers so large, that extending an additional two or three votes to a large producer will not appreciably affect his or her influence. One in 10,000 or three in 10,000 will not result in significant differences.

3. *Not needed.* Research suggests wealthier, higher status farmers tend to be participators and office seekers in cooperatives (Brown & Bealer, Gasson). Under these conditions larger farmers will exercise more power without having additional votes.

4. *Divisive*. Solidarity literature suggests that when economic inequalities are overlaid with political inequalities, i.e., giving economically advantaged groups political advantages, withdrawal by the disadvantaged groups often occurs (Hechter).

5. *Philosophically not democracy*. Under democratic forms of decisionmaking the right to vote resides with the individual. The individual, as an individual, has the right to vote irrespective of wealth, status, and power. All are equal by vote, each person having one vote only. Under a weighted voting system, this uniqueness of the individual is lost, and so is democratic decisionmaking. Weighted member control, or proportioned member control, takes its place.

With these points as background, the case study membership structure is examined for equality aspects of democratic decisionmaking.

Sizing of Geographic Units Once the utilization of geographic districts is chosen, district size must be determined. For representation to be approximately equal, districts and divisions need to be about equal in membership. Otherwise, members from larger districts, but with the same number of officers, would not be as well represented as members from smaller districts. If larger geographic units are given more representatives, they may be able to unduly influence decisionmaking to their region's advantage. However, blindly insisting on equal size could lose more in participation than it might gain in equality. Care must be taken, for example, to ensure districts are not so large geographically that members have difficulty getting to the meeting place.⁴

Membership inequality will be examined by calculating size ranges, arithmetic means, medians, and differences

between medians and means within each division (see table 3). The mean is the simple average. If one were to add up all the memberships of the different sized districts within a division, divide by the total number of districts in the division, the quotient produced would be the arithmetic mean. This number is also a measure of equality. If all districts in a division were of equal size, each would be equal to the arithmetic mean. The median is the midway point. It would be the district in a specific division such that half the districts would be larger, and half would be smaller. The difference between the mean and the median provide a rough indicator of the degree of inequality between divisions.⁵

One other measure, the member influence quotient, will be used in assessing inequality. For example, in a particular division, district sizes range from 45 to 140 (see district policy statement, p. 12). The smallest district, by virtue of being a district, qualifies to sit one division director. Similarly, the largest district, with 140 members, qualifies to sit one division director. No district places more than one director on its respective division board. The representation ratio in the smallest district is 1 to 45 or 0.022. Theoretically, each member has 2.2 percent potential influence on division decisionmaking. In the larger district, the representation ratio is 1 to 140 or 0.007. Theoretically each member in the larger district has 0.7 percent potential influence on division decisionmaking. Members in the smaller district in a certain sense have more than three times the representation. The elected representative has to only stay in touch and provide a voice for one-third as many members as exists in the larger district.⁶

⁴Several considerations should be taken into account when drawing district boundaries. (These include not only a rough equality of size, but also compactness (avoiding irregular winding boundaries), accessibility of members to each other and to meeting places, avoiding natural barriers, aligning to political jurisdictions, etc. (see Gray). This cooperative's lines basically evolved with historical inertia. They were the established lines of pre-merger cooperatives. This in itself has advantages. Loyalties and associations to older organizations are not entirely lost. This report only addresses equality of current lines. It is not a historical analysis of the advisability of maintaining (or not) the district lines of a score of cooperative mergers over 30-40 years. A challenge to cooperatives, however, is to handle such changes without losing sight of definitional characteristics of cooperation; hence an emphasis in this work on equality.

⁵For example, if one division accounted for 230 members allocated to 7 districts having 10, 20, 30, 40, 50, 60, and 70 members, respectively, in each district, the median district has 40 members. Three districts are larger and three districts are smaller. The average (mean) size for all districts is about 33. If all districts in the division were the same size, each would have about 33 members ($32.9 \times 7 = 230$). The difference between the mean (where total equality among all districts would exist) and the median (a measure of the actual range of district sizes) is about 3. If in a second division there are 500 members allocated among 7 districts sized 10, 20, 80, 90, 100, 100, and 100 members respectively, the median district has 90 members. Three districts are larger and 3 districts are smaller. If all districts were equally sized, each would have about 71 members ($71.4 \times 7 = 500$). The difference between the mean and the median is 21. District size inequality is much greater in the latter division.

⁶How much influence any single member has will vary as widely as individual personalities and circumstances. This measure is a rough indicator of representative coverage. Elected representatives definitionally have fewer members to make themselves available to in smaller rather than larger districts.

Of the divisions presented in table 3, Division B has the greatest degree of inequality among district sizes. Districts 2, 11, and 16 are at the *approximate* mid-point with 55 members (appendix table 2). Eight districts are larger, and 9 districts are smaller. If all districts in Division B were equally sized, each would account for 66 members. The difference between the mean (where total equality among all districts would exist), and the median (a measure of the actual range of district sizes) is -11. In general, districts range smaller than if all districts were the same size.

Smaller districts actually have better representation than larger districts. The elected representatives have fewer members to serve. However in this division, smaller sizes in general, are at the expense of the larger districts. Four districts (7, 13, 14, 18) have membership sizes larger than if all districts were equally sized. These four districts account for 469 members. The largest district accounts for 213 members for a representative-to-member ratio of 1 to 213 or 0.005. The smallest district is made up of 41 members for a representative-to-member ratio of 1 to 41 or 0.024. Representatives in the larger district have more than 5 times the number of members.

Three districts are out of compliance with cooperative policy, based on members per district provisions, districts 3, 13, 17. If districts 3 and 17 were brought up to the 45-member minimum, and district 13 down to the 140 maximum, equality of representation, at least between the smallest and the largest districts, would improve.

Division F has the smallest degree of inequality among district sizes. District 4 is at the approximate midpoint with 134 members (appendix table 6). Eleven districts are larger, and 11 districts are smaller. If all districts in Division F were equally sized, each would account for 133 members. The difference between the mean (where total equality among all district would exist) and the median (a measure of the actual range of district sizes) is 1. This does not mean there is no inequality by size of district in the cooperative. It does mean inequality is less than in the other divisions. In general, districts range slightly larger than if all districts were equally sized.

Since special exception is made for Division F in policy, no district is out of compliance. However, if the membership range were applied, 9 districts would be found larger than the 140 recommended maximum. None are less than the recommended 45 minimum. As currently structured the smallest district holds 68 members with a representation ratio of 1 to 68 or 0.015, while the largest

district accounts for 206 with a representation ratio of 1 to 206 or 0.005. The larger district representative has to account for three times as many members. This is a much smaller difference than exists in Division B.

Volume Consideration Recall that there are also volume standards for district sizes. Volume had only a small effect on district size representation (see appendix tables 1-7). The low end of the volume standard helps ensure that areas with relatively small volumes of production are represented equally with areas with larger volumes but within the stated limits. Areas with very little milk (less than 2.3 million pounds) may have to be incorporated within other areas to be represented in cooperative decisionmaking. Areas with volumes above 5.0 million pounds can be broken down to smaller areas by district, but again within stated limits. No adjustment is made for volume produced on individual farms. The standard is a geographic area adjustment for volume, and not a large-size producer adjustment.

Both standards were set in an "and/or" fashion. To be in compliance with cooperative policy, district sizes had to fall within the membership size standards *and/or* within the volume size standards. Seven districts are out of compliance with both standards by falling below both the membership size and the volume standards. These district members have fewer members and produce lower volumes of milk. They would be out of compliance by either measure. If Division F districts were included in district size policy, there would be 13 districts out of compliance due to falling above the membership and volume standards. They are larger districts by member size and volumes of milk shipped.

Only five districts that would be out of compliance according to the 45-member standard are held in compliance by falling within the allowable volume range. The average size of these districts is 39 members. The average volume per district is 2.7 million pounds of milk. The average for the entire cooperative is 4.6 million pounds per district. The five have generally low milk volume.

Nine districts fall below volume standards but are kept in compliance due to membership numbers within acceptable membership sizes. These districts average 56 members and account for 1.7 million pounds of milk. The average size cooperative district accounts for 86 members and, as stated above, 4.6 million pounds of milk. These nine districts, though within policy limits by membership size, tend to be below average and account for small volumes of milk.

If Division F districts were included in district size policy, 44 districts would be above volume standards, averaging 6.8 million pounds (1.8 million pounds above the high end of the volume standard) while meeting policy standards on membership size. These 44 districts would average 120 members per district, well above the cooperative average of 86 members although still in compliance with policy. Like large districts out of compliance on both volume and membership, these districts are large with large volumes.

No districts are out of compliance with policy such that small numbers of members account for very large volumes of milk, thereby giving small numbers of large-volume producers more representation.

Inequality exists among the districts within each division. A more equal districting might be called for. However, pure equality is often impractical, if not impossible. The complexities of drawing district lines to account for not only district size but also commuting patterns, highway access, and previous cooperatives may dictate a certain degree of inequality. Furthermore, the standards set up in the "District Size Policy Statement" do set limits to possible inequalities, but in the direction of everyday practicality.

Equal Influence on the Association Board As stated previously, 32 directors sit on the association board. While this number can vary from 17 to 45, historical precedent has dictated 32. The total number of association directors chosen in a given year is allocated to each of the divisions based on total membership in each division (table 2, p. 17). Therefore, there is proportionate equal representation per member across divisions no matter how large or small individual divisions may be. However, because division sizes vary widely, voting power among the divisions is lopsided. Since Divisions D and E are nearly four times larger than Division C, they have more than four times the voting power on the association board. Potential exists to influence decisionmaking in the larger divisions' favor.

Ideally, divisions could be drawn such that each would have an approximate equal number of members and an equal number of association directors. Several reasons come into play that may demand membership divisions (as well as districts) vary by size. Variability is often necessary to account for differences in traveling distances, traveling times, and disruptions by natural barriers such as mountains and rivers. Ultimately, for a cooperative to function, members must attend meetings. Geographic

organization that is totally equal across divisions and districts may not enhance meeting participation. In certain geographic areas of this cooperative, areas covered to hold even 45 members would require very large regions for district makeup. If members must spend a large amount of time traveling to meetings, attendance in general will be poor. (It is for this reason that 20 percent of the districts are not required to fall within the specified ranges.)

A different type of consideration is cooperative continuity. The case study cooperative has been the product of several mergers and acquisitions. An important aspect of loyalty is cooperative identity. In an attempt to preserve some of this identity, geographic boundaries for representation were often left intact. This is particularly the case with Division F. It was at their request, upon merger, that special provision was made in districting policy. It also requires noting at this point that Division F was attempting to avoid top-heavy representation paralysis. If this division were to follow the 45-140 recommendations, eight to nine new directors would have to be added.

Yet, the cooperative must be alert to rumblings of discontent in both smaller divisions with fewer association board directors and in larger districts with smaller representation-to-member ratios.

Equality Among Resolutions Committees

Representation on resolutions committees parallels representation on division boards and the association board as indicated previously. One resolutions committee person is elected from each district to sit on the respective division resolutions committee. Therefore, small districts will have better representation on division level committees than larger districts.

The association resolutions committee is made up of members of the division resolutions committees. Each division is allocated an equal number of association resolutions committee positions as they have association board positions. Since division sizes vary, smaller divisions will not have as many votes on the association resolutions committee as larger divisions.

Equality Among Redistricting Committees

As stated, one redistricting committee person is elected from each district. Again, smaller districts have more favorable representation ratios. Redistricting committee decisions do not go to the association board level.

Equality Among Delegate Representation Delegates are elected in districts, one delegate for every 25 members. Some districts are so small they may have as few as one delegate, while others are so large they may have as many as eight or nine. Special meetings of delegates would give these districts potential to influence decisionmaking in their interest, particularly when meetings are held within divisions. At the association level with more than 400 members, one or two districts with 8 or 9 delegates would not be expected to adversely affect decisionmaking.

There is some dilution of division member sovereignty in the election of association board directors. As stated previously, a set number of directors must come from each division. However, all delegates vote on the candidates. Recall that both Divisions C and F have more than 3,000 members. Thus, each division sends more than 120 delegates to the annual meeting, while the smallest division with about 900 members sends only 36. While the nominees must come from the division in question and be nominated by respective division members, actual votes are cast by all delegates. Therefore, the association directors from small divisions are actually elected, in large part, by the votes of larger divisions. In practice, since nominations are made by respective division boards, and only one candidate is nominated for each position, it makes almost no difference that all delegates vote on all association directors. However, if two candidates are nominated for each position, a situation could occur where delegates outside of a division would determine the association director of a particular division.

Equality and Other Elected Representatives and Officers Any place in the cooperative where officers are elected at large and eligible voters and nominees come from unequally sized districts or divisions, potentials exist for larger groups to have an advantage. Chairperson, vice-chairpersons, and secretaries, elected internally from committees, potentially are more likely to come from divisions with larger memberships. This could easily happen at the association board level with two divisions having 8 votes while one has only three votes. Given higher involvement, information can be better and influence on decisionmaking can be more effective.

Sovereignty

Recall that member sovereignty refers to the capability of people to create and effect decisions on how a system should operate and change. There must be a governance

structure that enables members to affect direction of the cooperative.

Members are shown in a circle surrounding the remainder of the governance structure to illustrate the character of member control structurally (fig. 1). Without the members the cooperative would not exist. Governance should be contained by member sovereignty. Members exert influence both from the bottom up through the districts, divisions, and into the association board; and down through the delegate structure over the association board and the resolutions committee structure. Via representatives, they speak on policymaking and cooperative direction through districts, divisions, and the association board; via delegates, they speak more directly on association director selection and resolution proposal/approval or disapproval.

Through a representation system of district meetings and division/association board levels, members are able to articulate their needs, interests, and concerns. These are elected positions based on geographic location that rely upon elected officers to represent their interests.

Districts are closest to the member and provide a local forum for member voice. Divisions are farther away, representing 1,000 to 3,000 members, but remain geographically based and provide at least a regional focus for member interests. The association board is farthest from the members and holds the greatest potential influence on cooperative decisionmaking. Association directors are farmers and are elected upward through the system. They project a powerful voice into the central workings of cooperative direction. However, there are only 32 association directors within a membership that numbers 11,000. At this pinnacle of member influence, some grassroots concerns can be lost. The single member may likely feel quite distanced and removed from cooperative decisionmaking. This hierarchal structure, while perhaps a necessity for accommodating large memberships, raises questions concerning fundamental abilities to create and affect decisions on cooperative direction.

To help offset loss of grassroots influence and to minimize the distance between the average member and association board directors, several other routes of influence are used. These innovations are developed to help ensure member sovereignty. They include a delegate and closely related resolutions committee system, districting as described above, and redistricting provisions.

Grassroots Provisions Districting helps prevent decisionmaking influence from becoming centralized in one geographic region. It helps ensure that representation is broadbased geographically across the 12 States. Delegates, as discussed previously, are elected from districts, and thereby preserve geographic distribution of influence. It is important that the delegate body provide an alternative, grassroots channel for influencing cooperative decisionmaking. With every 25 members being represented by one delegate, distance from association board directors to farmers is offset or shortened. While delegate powers are extremely limited, they do have the power to place in nomination and elect association board directors. In a certain sense, they help members shape policy in a manner more directly than up through the district meeting and division/association board structure. Similarly, influence over the cooperative resolutions committee structure emphasizes grassroots sovereignty. Delegates reserve the right to reject, amend, propose, and/or pass policy guidelines via resolutions.

The resolution structure itself provides an additional channel for member influence specifically pinpointed toward policy guidelines. It provides an important alternative to the district-division-association board hierarchy. It is based on district representation and helps provide geographic breadth in the voicing of member needs. By providing an alternative path to the director route, the resolutions path helps ensure grassroots issues do not get bogged down by other business or that influence is not centralized at the director level.

Yet, the resolutions committee structure, being twice removed from grassroots members, has a hierarchal structure of its own. Districts elect division resolutions committees and division resolutions committees elect an association resolutions committee. As presented previously, this corporate level committee seats 32 members, the same number as are association directors. Similar critique questions can be raised. The small corporate resolutions committee, organizationally removed from the grassroots, could jeopardize the member influence of the 11,000 grassroots members. As an offset comparable to provisions for association director selection, resolutions can be amended or rejected, as well as separately proposed by the delegate body.

Fundamental to the entire representation system is the geographic districting scheme. This sets the basis from which all other elected offices are derived. It is therefore of utmost importance for guarantees to member sovereignty that members themselves establish district

boundaries. This is the role of the elected redistricting committees. The committees set the boundaries from within which all other elected offices derive.

Association Board Positions and Member

Sovereignty At the risk of being repetitious, it is important to recall at this point, that sovereignty refers to the capability of people to create and affect decisions on how a system should operate and change. "Bylaws are rules an association adopts to regulate business affairs. They provide members, officers, and directors guidelines within which their rights and responsibilities are determined. They are rules by which the organization must operate" (Baarda, p. 50). They can cover a list of areas and issues including 1) membership admission and suspension conditions, 2) member meetings, generally, 3) annual meeting requirements, 4) quorum requirements, 5) proxy and mail voting provisions, 6) duties of directors, 7) director's term of office, 8) board committees, 9) marketing contracts, and 10) director's quorum.

In this cooperative, the association board has the right to amend, propose, and adopt bylaws. It is shown cutting through the membership sovereignty circle on figure 1. The ability to amend, propose, and adopt cooperative bylaws places considerable controlling influence outside of grassroots purview, and centralizes it within the association board.

Three cooperative subsidiaries are closely related to the board committees at the association level. These subsidiaries as presented previously are Finance, Cooperative Relations, and Product Sales. The mission of these respective subsidiaries is separate from issues of cooperative policy direction. Board members sit on these subsidiaries but wear different hats. In general, they do not sit expressly as association board members of the cooperative, but rather as an independent board making decisions relevant to missions associated with the subsidiaries. Kraenzle and Volkin have provided an excellent summary of various advantages and disadvantages of cooperative subsidiaries.

Use of subsidiaries can potentially weaken member control. This is particularly the case when subsidiaries are not wholly owned, do not include parent board representatives, and communications between the parent and subsidiary boards are poor.

The case study subsidiaries are wholly owned by the parent cooperative. Only board members sit on the subsidiary boards. Respective subsidiary reports are given

to the full board by each subsidiary chairperson at monthly board meetings.

It is important to note that when cooperatives develop subsidiaries, they generally do so to separate activities not directly associated with producer activities. Members of this cooperative are dairy farmers producing raw milk, both Grade A and manufacturing grade milk. Subsidiary activities tend to be involved in nonassembly and/or nonproduct functions such as insurance, advertising, product innovation, wholesale marketing, and financial loans to members, haulers, other subsidiaries, and operational affiliates.

In this cooperative, activities closely connected to farm operations are not shifted to subsidiaries. Further, control provisions are in place. Subsidiary board members can be recalled or not reappointed by the president. However, there is one exception. The minutes of the subsidiary are not submitted to the full board approval. Member sovereignty and accountability could be improved if minutes were subject to full board approval, therefore bringing them back within the membership circle of figure 1.

Regarding sovereignty, a distinction must be made between directing and managing a cooperative. Typically—and generally recommended—the board's responsibilities focus on developing policy guidelines for the cooperative and delegating daily management responsibility to professionally trained managers. The hired professional manager is accountable to the board for operating the cooperative within policy guidelines and for monitoring conduct of the business. Member sovereignty cannot be interpreted as direct involvement in the daily operating and managing of the business. However, members must have information about operations and structured opportunities to access that information.

The management and operations side of the cooperative is functionally broken down to finance, marketing, and member and public relations. These management departments are matched by corollary board committees, such as finance, marketing, and member and public relations committees. This matching structure between the board and management operations, along with 12 monthly meetings, provides important educational, as well as input and feedback, opportunities to member representatives.

As stated previously, managers sit with these committees in a nonvoting advisory fashion. This close connection could be undesirable at times due to the possible

inhibiting or dominating influence management may have on board proceedings. Outside (nonvoting) directors might be an acceptable alternative. They would lack familiarity with other directors and certain aspects of the cooperative. However, trained expertise in other relevant areas would be an asset.

However, the case study cooperative does have some existing and important checks on management. The existence of a management evaluation committee, as well as closed executive board sessions, provides ready avenues for management monitoring, direction, and removal.

CONCLUSIONS AND RECOMMENDATIONS

This membership control structure is particularly strong for handling large numbers of members spread over large geographic areas, and in providing opportunities for member sovereignty while addressing equality/representativeness.

Strengths include the following:

1. Large numbers of members are accommodated within one membership structure.
2. Geographic representation helps decentralize input/output points.
3. District units are small, one delegate representative for every 25 members, and thereby provide each member opportunity for direct communication.
4. The foundation of representation itself—the geographic district—is subject to direct member input through elected redistricting committees. These committees can meet with a petition of as few as 50 members.
5. Alternative routes for representation of policy-related positions, that is, district meetings and division/association board vs. delegates/resolutions committees, increase opportunities for member input and help provide a check on unaccountable concentrations of power within the association board.
6. Existence of a delegate system itself, which provides opportunities for grassroots input on policymaking, and resolutions, including the ability to nominate and elect members to the association board, further enhance member sovereignty.
7. Large numbers of offices and limits on multiple office holding provide opportunities for several members to participate formally, thereby encouraging further participation among the membership.
8. Frequent board meetings, both at the division and the association level, help keep communications channels between members and management open.
9. Stratification of decisionmaking affords a decentralized look to a centralized structure, thereby helping minimize member-to-decisionmaker distance.
10. Provision for executive sessions at monthly board meetings (exclusionary of management) permits open and

incisive assessment of management.

11. Existence of an association board committee for evaluation of management increases opportunities for member assessment of managerial performance.

12. Committees specialized in areas critically important to members parallel cooperative management positions, helping to ensure efficient communication about critical issues between members and management. This particular aspect of the structure does have some weaknesses, however.

13. In sum, member control is structured so members can have direct impact at the highest levels of decisionmaking. It is a system that provides for a grassroots input through formally organized elected positions and appointed committees.

Possible Areas for Improvement

While the membership control structure is well designed—perhaps one of the best given its size—there are some additional areas that might be considered. However, the point needs to be made that altering a membership structure is not to be taken lightly. Loyalty and commitment can sometimes be very fickle and susceptible to unpredictable swings.

Actions that might be considered to improve member control include the following:

1. Bring approval of bylaw changes back with the membership circle. Enabling association directors to propose, amend, and approve bylaw changes can make board policy highly flexible and responsive to management and operations concerns. However, since bylaws are to provide broad guidelines for decisionmaking, there is little reason for having such temporal responsiveness. Furthermore, member sovereignty is compromised. The potential exists for the board to act in the interests of the board, or at least to act without the acid-test of member acceptability. The machinery seems to be in place and could move through the delegate-resolutions committee structure.

2. Require more assertive action by redistricting committees. Equality refers to individual access to decisionmaking. It asks if possibilities for influencing decisionmaking are evenly distributed among members. Larger even-sized districts might be considered, although this consideration needs to be weighed against the

practical need of district size influenced by accessibility to meeting places.

3. Consider realignment of divisions. This has a rationale similar to No. 2 above. However, like redistricting, it must also be handled cautiously. Many of the division boundaries are the geographic lines of pre-merger cooperatives. Loyalties and commitments are associated with those older institutions. A cooperative may realign its divisions and end up losing more in involvement than is gained.

4. Suggest mixture of limited and unlimited terms of officeholders. Limiting terms of office for some positions may be advised. An effective vehicle for welding commitment is officeholding. Officeholders, in turn, educate others. Some limit on terms would permit more of the membership to participate. However, given the highly complex nature of the environment that surrounds dairy marketing and the existence of highly trained management, it is appropriate to have unlimited terms (or perhaps a rotating 15-20 year limit) at the more encompassing decisionmaking levels, i.e., the association board of directors, possibly the division board positions. Experience is required to develop knowledge and confidence. Limits on terms may be more appropriate for positions where the importance of participation itself tends to outweigh the breadth of decisionmaking responsibilities (district positions, delegates, and redistricting).

5. Consider report of exceptions taken to previous year's resolutions. While the resolutions process is an important and innovative mechanism for member influence, it lacks a certain accountability. It is a grassroots mechanism for articulating policy guidelines for the cooperative leadership generally (including both management and the board), but there is no clear grassroots reporting. It is recommended that where exceptions have been made to resolutions guidelines during an ensuing year, a report and explanation be provided either to the standing resolutions committees or to the delegates at the annual meeting, or both.

6. Form a delegate nominating committee to work with division boards. Further, consider two nominations for each association board position. There are no official, cooperatively sanctioned, nominating provisions in the cooperative. Members nominated for office delimit the choices the general membership has for elected positions. To support sovereign aspects of the cooperative, grassroots input is needed, not only for electing officers but for nominating candidates. Leaving nominations to

directors and management can potentially dilute member sovereignty and leave board decisionmaking to a small and closed group of members.

Districts are small enough to permit nominations from the floor of district meetings. Most members, particularly those who attend meetings, will have at least, a vague familiarity with most other members and should be capable of making meaningful nominations.

Division directors currently nominate one member for each division position on the association board. These nominations stand for election before the delegates at the annual meeting. To improve choices for the delegate body, two members could be nominated for each available board position. While the delegates have the option to nominate and elect other members, it has never been done. As an alternative, division nominating committees might be elected from division delegates to review potential candidates. Delegate nominating committees would be totally consistent with overall delegate body functions as specified in the bylaws and would not need to work in a totally independent fashion from division boards. Two nominees would give members more choice, would improve sovereignty, and might improve interests for office holding and participation. Simply being nominated for office is a form of participation and a form of positive recognition.

7. Restrict vote on association directors to respective division delegates. Delegates would not be allowed to vote on association director positions for divisions to which they do not belong. This would prevent delegates from large division selecting directors in the smaller divisions (where more than one nomination per position has occurred).

8. Consider admission of outside directors. While the association board/management committee links may provide important input/feedback opportunities to elected representatives, it may also affect management opportunities for undue influence. This option must be weighed carefully to ensure member control is enhanced and not lessened by nonelected directors.

9. Make subsidiary actions subject to full board approval. Use of subsidiaries by cooperatives potentially weakens member control. This can be particularly troublesome if the activities are direct member activities, subsidiary boards do not sit parent cooperative members, and communications are poor between the parent and the subsidiary. None of these conditions hold. However,

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while the subsidiaries in question are wholly owned by the parent cooperative and do meet with the parent board on a monthly basis, their minutes are not subject to approval by the parent board. This creates potential for abuse, conflict of interests, and decisions reached outside of the influence and interests of the general cooperative members.

10. Make fuller use of the executive committee. Some cooperative experts believe a 32-person board is too large. They suggest that a smaller board or possibly an empowered executive committee with 10-12 members would be more appropriate to permit flexibility and speed in decisionmaking. However, with the association board structured as it is with subcommittees and each subcommittee seating around 10 members, the characteristics of small boards is approximated.

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Appendix table 1—Number of members and milk produced, Division A, April 1986

District	Members	Milk
	<i>Number</i>	<i>Pounds</i>
1	67	4,039,226
2	71	3,391,907
3	86	5,273,444**
4	86	4,674,773
5	37*	2,054,563**
6	99	3,712,137
7	66	2,624,239
8	65	3,998,843
9	37*	1,886,224**
10	55	2,376,408
11	27*	1,605,276**
12	66	3,072,635
13	41*	2,344,447
14	67	3,758,308
15	83	2,597,040
16	57	1,654,454**
17	73	3,349,307
18	90	3,397,955
19	53	3,035,797
20	50	4,275,360
21	53	3,134,113
22	77	3,337,345
23	66	3,785,549
Total	1,472	73,379,350

*Out of compliance with the 45- to 140-member size provision - 4 districts.

**Out of compliance with volume standards - 5 districts.

Appendix table 2—Number of members and milk produced, Division B, April 1986

District	Members	Milk
	<i>Number</i>	<i>Pounds</i>
1	53	2,845,186
2	55	2,850,976
3	41*	2,665,530**
4	53	4,299,623
5	64	5,423,899**
6	60	4,223,161
7	82	4,756,703
8	50	4,467,341
9	57	4,630,284
10	51	2,781,737
11	55	4,253,700
12	45	2,462,521
13	213*	4,618,439
14	91	4,455,387
15	49	4,583,386
16	55	3,938,834
17	42*	2,921,982
18	83	6,338,015**
19	65	1,580,440**
20	53	1,235,617**
Total	1,317	75,332,761

*Out of compliance with the 45- to 140-member size provision - 3 districts.

**Out of compliance with volume standards - 5 districts.

Appendix table 3—Number of members and milk produced, Division C, April 1986

District	Members	Milk
	<i>Number</i>	<i>Pounds</i>
1	44*	2,199,545**
2	83	3,133,262
3	131	7,665,869**
4	72	3,671,764
5	52	1,772,383**
6	47	2,261,407
7	46	2,327,852
8	57	2,479,952
9	52	2,547,070
10	50	4,310,165
11	47	2,145,025**
12	67	1,849,519**
13	62	1,327,774**
14	51	1,870,281**
Total	861	39,561,868

*Out of compliance with the 45- to 140-member size provision - 1 district.

**Out of compliance with volume standards - 7 districts.

Appendix table 4—Number of members and milk produced, Division D, April 1986

District	Members	Milk
	<i>Number</i>	<i>Pounds</i>
1	49	2,993,097
2	64	2,724,412
3	57	2,945,819
4	103	4,679,535
5	102	5,457,261**
6	109	5,794,864**
7	126	7,292,731**
8	105	6,709,126**
9	77	4,838,460
10	105	6,578,382**
11	66	4,694,229
12	139	7,700,938**
13	84	5,487,501**
14	76	4,762,833
15	98	5,329,910**
16	126	6,914,138**
17	129	6,735,764**
18	141*	10,446,561**
19	134	7,274,788**
20	118	7,039,774**
21	151*	8,849,549**
22	197*	11,689,995**
23	99	4,907,029
24	64	7,588,896**
25	57	8,415,966**
26	66	6,774,679**
27	105	5,261,484**
28	100	5,986,297**
29	192*	8,762,075**
Total	3,039	184,636,093

*Out of compliance with the 45- to 140-member size provision - 4 districts.

**Out of compliance with volume standards - 21 districts.

Appendix table 5—Number of members and milk produced, Division E, April 1986

District	Members	Milk
	<i>Number</i>	<i>Pounds</i>
1	30*	1,593,611**
2	50	3,403,118
3	37*	2,976,298
4	62	5,280,044**
5	63	3,040,707
6	111	6,026,462**
7	61	3,215,481
8	61	2,682,183
9	100	3,775,661
10	49	3,309,365
11	26*	1,875,980**
12	55	3,837,367
13	65	3,613,273
14	35*	1,621,095**
15	121	5,903,236**
16	102	3,473,931
17	82	3,574,036
18	60	2,883,698
19	102	6,525,279**
20	35*	2,672,589
21	75	4,639,957
Total	1,382	75,923,371

*Out of compliance with the 45- to 140-member size provision - 5 districts.

**Out of compliance with volume standards - 7 districts.

Appendix table 6—Number of members and milk produced, Division F, April 1986

District	Members	Milk
	<i>Number</i>	<i>Pounds</i>
1	119	6,588,576**
2	151*	8,057,548**
3	140	8,161,655**
4	134	6,250,179**
5	110	6,035,073**
6	156*	8,397,750**
7	170*	8,320,430**
8	175*	9,104,981**
9	175*	8,395,573**
10	132	7,382,639**
11	113	5,133,937**
12	128	10,016,581**
13	70	3,459,708
14	70	2,578,961
15	131	5,985,500**
16	155*	6,046,063**
17	174*	7,515,838**
18	75	3,681,122
19	115	6,165,633**
20	68	4,212,669
21	206*	7,981,331**
22	139	7,272,075**
23	148*	7,689,331**
Total	3,054	154,433,153

*Out of compliance with the 45- to 140-member size provision (if applied) - 7 districts

**Out of compliance with volume standards (if applied) - 19 districts.

Appendix table 7—Whole and average number of members and milk produced in each division

Division	Districts	Members	Milk	Average per district	
				Members	Milk
		<i>Number</i>	<i>Pounds</i>	<i>Number</i>	<i>Pounds</i>
A	23	1,472	73,379,350	64	3,190,407
B	20	1,317	75,332,761	66	3,766,638
C	14	861	39,561,866	62	2,825,848
D	29	3,039	184,638,093	105	6,366,762
E	21	1,382	75,923,371	66	3,615,399
F	23	3,054	154,433,153	133	6,714,485
Total	130	11,125	603,266,596	86	4,640,512

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