

Agway President Has Roots In Stroudsburg Farm

BY ED SHAMY

SYRACUSE — William Hiller must have been a busy teen-ager. He grew flowers and vegetables on a small produce farm in Stroudsburg, Pa. with his parents, brother and sister. When his father served in the Philadelphia Navy Yard during World War II, William hitched a horse to his wagon and toted his foods to a farmers' market in downtown Stroudsburg, and guided the wagon through car and truck traffic to delivery fresh foods to some of the borough's busiest hotels.

He was also responsible for stoking the coal stove that sent warm currents of water beneath the bedding plant tables in the family's greenhouse. At Stroudsburg High School, Hiller bought day-old chicks and sold pullets and dressed broilers.

Hiller, now 58, is still busy, but he's a long way from the Stroudsburg farm that has since yielded to development and to the construction of Interstate 80.

He's the president and chief executive officer of Agway Inc., one of the largest farmer cooperatives in the country and among the 100 largest companies of any sort in the United States.

Recently re-elected by cooperative members to the post he has held since 1981, Hiller took the time in a recent interview to reflect on his own past and on the situation that faces farmers throughout the northeastern United States.

Hiller said he sees that situation changing, though not necessarily for the worst.

Perhaps it is a bit of the Stroudsburg vegetable merchant still alive and well within him that prompts Hiller to focus on the marketing challenges facing farmers in the 12 northeastern states that Agway covers.

While the demand for milk may not increase dramatically in the states from Ohio and Maryland to Maine, consumers are showing increased interest in specialty products such as yogurt, hard cheeses and cottage cheese, according to Hiller.

Dairymen and processors must be willing to accommodate those market shifts if they are to



William Hiller

capitalize on their location closest to some of the nation's largest markets.

That proximity, a curse when production costs are tallied and compared to producers in the Midwest, is a blessing when transportation costs are considered, he said.

Agway, on the advice of its economists, remains bullish on agriculture in the Northeast.

"Our economists feel we can be competitive," he said. "But we've got to work at it."

Agway is working at it. A 350-head dairy herd and experimental farm in Tully, N.Y. enables the cooperative's researchers to examine the effects of the Bovine Growth Hormone. It was on the farm that Agway technicians studied the effects of stray voltage and how to prevent it on dairy farms.

Test plots of new forage and grain crops are developed, while at Agway's laboratory in Ithaca, N.Y., specialists are busy developing new types of small animal feeds and dozens of other products that could help keep Agway's 101,000 members on top of their markets.

Keeping up with the changes in farming has kept Agway's directors busy since the cooperative was formed in 1964 and 1965 with the merger of the Grange League Federation, the Pennsylvania Farm Bureau and the Eastern States' Farmers exchange.

While many people know Agway's presence only by its grain elevators that dominate many small town skylines and by the more than 700 retail farm and home centers around the Northeast, the cooperative is far more diverse.

It operates an oil refinery in Texas and an orange juice plant in Florida, contracts with North Dakota farmers to grow sunflower seeds and does custom farm work.

Agway leases equipment and masterminds new computer software, offers insurance and financial services, erects farm buildings and controls Curtice Burns, Inc., a fruit and vegetable processor, and H.P. Hood Inc., a dairy product manufacturer.

"One of the reasons Agway has diversified is to reflect the changes in Northeastern agriculture," said Hiller.

Since he joined the Grange League Federation as a manager trainee in Montgomery, N.Y., in 1951, Hiller has seen the farm landscape change.

Farms occupy fewer acres in the Northeast, and they are growing either increasingly larger or smaller, leaving a void in the middle that most family farms once occupied.

"We've had to change our distribution system to be responsive to the needs of small, part-time farmers," said Hiller.

Agway is about 2/3 complete with a drive to create 100 new or renovated and expanded farm and home centers throughout the Northeast, according to Hiller.

But the history books are littered with the examples of farmer cooperatives that have grown too much, or too quickly, with improper management.

Hiller is aware of those ghosts. "We don't expand — we don't grow — for the sake of growing," he said.

Eighteen active farmers comprise Agway's board of directors, and they hold management close to the cooperative's basic philosophy of keeping business closely tied to the needs of Northeastern farmers.

The oil investments help assure a flow of fuel and heating sources to farmers when oil exporting countries shut tight the valves leading to the United States, he cited as an example. Agway's insurance company is helping farmers obtain coverage in a market wary of liability that is tightening its rules. Financial and technical advice offered to members are filling in gaps that cooperative extension agents, hard pressed by deep federal budget cuts, are finding difficult to fill. The food processing companies Agway controls are guaranteeing markets for raw commodities.

The strategy seems to be effective.

Agway tallied \$3.5 billion in sales in its most recent fiscal year. The cooperative was ranked by Fortune Magazine at the 95th largest company in America.

To continue in such heady company, Agway has its work cut out for it in coming years.

Hiller sees computers playing a more prominent role on farms, for accounting, livestock feeding, record keeping and temperature and atmosphere control, pest monitoring and equipment maintenance.

He believes milk and manure handling will be drastically changed by new technology.

Integrated pest management systems will play a more important role for farmers who are increasingly called upon to cut costs and to make peace with the growing orbit of suburbs around the cities. Reducing a dependence on chemical pesticides will become a primary goal, Hiller predicted.

Agriculture's service industry, directed squarely at on-farm work, will expand. Custom harvesting, spreading and spraying will become more popular as new equipment costs outstrip farmers' buying power, he said. Agway has already felt the demands for increased services in many of its areas. The trend is accentuated, he said, by the entry of the part-time farmer who is reluctant to invest heavily in specialized equipment.

Farmers will concentrate more on intensive land uses and specialty crops, he predicted. Sprawling dairy farms, in some areas, have already begun to yield to sheep and swine operations and to retail small fruits and pick-your-own vegetable operations.

But along with the increased specialization will come an increased awareness of marketing, as farmers limit their potential customers to fewer people willing to pay higher prices for products that may be a bit harder to find.

"Farmers have almost always concentrated 100 percent on producing," he said. "As I see the future, they're going to focus more on marketing. They might want to grow beets, but their customers might demand carrots."

Agway must reflect the trend by developing varieties and offering advice that will flourish in the Northeast, said Hiller, who holds a master's degree in agricultural economics from Penn State University.

"We have to work to keep our

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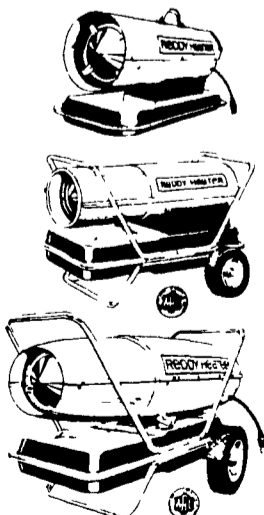
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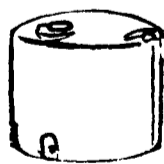
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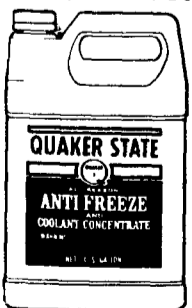
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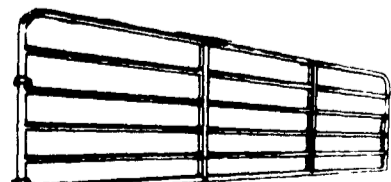


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