

Agway Takes Fresh Start Approach At 30th Annual Meeting

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Lancaster Farming Staff
HERSHEY (Dauphin Co.) —
For 30 years Agway has prided itself as being a farmer-owned cooperative based on sound business principles.

But executive vice president and chief operating officer Donald Cardarelli doesn't want the organization to rest on those laurels.

When Cardarelli addressed members attending the annual meeting held at Hershey on Thursday, he urged them to take a "fresh-start" approach and look at Agway's direction as being the first of the next 30 years.

In an honest, down-to-earth style, Cardarelli said that he is proud of Agway's accomplishments and performances in many areas, but recognizes that some areas have not been satisfactory.

Although sales remained at last year's level of \$1.7 billion, net losses

were \$3.3 million because of discontinued food processing investments. The sale of Curtice Burns Foods, Inc. has now been completed and the sale of H.P. Hood Inc. is in the wings.

"This transition enables Agway to go forward," Cardarelli said.

While the company had hoped for larger sales overall last year, and fell short of their goals, they did achieve considerable success in the Energy Group (power fuels and heating oil), and The Financial Services Group, which includes Agway Insurance and Telemark Inc. (finances leases for buildings, equipment, and vehicles). Telemark was up 19 percent in profits.

Retail stores include 29 stores, 23 nurseries, and 364 dealers.

During the past two years, Agway has restructured many areas to improve customer relationships and to make the company more profitable.



This panel answers questions during the open forum. From left are Stephen Burnett, Peter O'Neill, Ralph Heffner, Charles Brosius, Robert Fischer Jr., Donal Schalk, and John Norris.



Ralph Heffner, right, chairman of the board, speaks with Don Cardarelli, executive vice president and chief operating officer, during Agway's 30th annual meeting held at Hershey Convention Center.

Some of these changes generated increased costs, which contributed to the shortfall in earnings in the agriculture and consumer retail businesses.

Cardarelli stressed that the customer-driven philosophy continues to be central to Agway, which is to satisfy customers and improve financial performance. He emphasized the importance of honesty and integrity while being open to change.

"Profitability is the key to survival," he said of the need to make changes in areas that are not viable.

Ralph Heffner, board chairman, reminded members that Agway, which was formed in 1964, is first and foremost a farmer-owned and

directed organization. Heffner spoke of the board's commitment in working closely with management to improve financial strength and operating results, especially in the billing process.

Young farmer guest speaker at Hershey was Michael Walker, who with his wife Shelly, operates a 70-cow dairy farm in Meyersdale. A panel presentation on "Precision Crop and Feed Management on the Farm" included Don Schalk, Chris Canale, and Dave Pieczarka.

About 600 members and guests attended the Hershey meeting, which was one of three regional meetings with the same agenda held for members. Another regional meeting was held at Syracuse on

Nov. 30 and another in Massachusetts on Dec. 5.

Agway policies are determined by an 18-member board of directors nominated and elected by Agway members. Newly-nominated directors Gary Van Slyke, Pike, N.Y., and Edwin Whitehead, Washington Depot, Conn., join re-elected directors Vyron Chapman, Cassville, N.Y.; Ralph Heffner, Pine Grove; Christian Wolff Jr., Bloomsburg; and Frederick Hough, Augusta, N.J.



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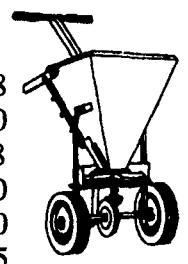
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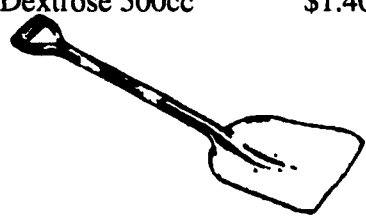
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