

Cooperative Council

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currently serving as acting assistant to the regional director for northeastern counties. He is responsible for dairy programming for the six hundred dairy farms in Bradford County. Known for his strong programs in dairy feeding, milking management, mastitis control, and dairy housing, he also managed the 4-H dairy program for nearly twenty years.

Guffey has worked closely with dairy cooperatives in the county and has been very involved with the Sulbra Council of Cooperatives and the Sulbra Youth Council. In 1994, Guffey and his wife Marilyn joined extension colleagues from Pennsylvania and across the U.S. in helping the agricultural sector of Poland to adjust to a free market economy and prepare to compete in world trade. They spent six months as an on-site advisor to the Polish Agricultural Advisory service. The Guffeys have three children and four grandchildren.

Also new this year was the Horizon Award. Laura England, public relations manager for Atlantic Dairy Cooperative, received this award. She is responsible for communicating the cooperative's message to members and the general public. Prior to joining Atlantic's staff, she was an editor at *Lancaster Farming* covering dairy and livestock news.

England is president of the Pennsylvania State Council of Farm Organizations and is vice president of the Bucks-Montgomery Council of PCC. She serves on the communications committee of the National Milk Producers Federation and has served on committees for the

National Council of Farmer Cooperatives. She is the immediate past president of the Cooperative Communicators Association.

England and her husband Joe have one son, Matthew.

A service recognition was given to Dr. Kate Smith, assistant professor at Penn State and director of the cooperative business education and research program.

In his luncheon address Lyon observed that today most of the existing cooperatives were formed in the 1930's to the 1950's and are mature and facing massive restructuring. These cooperative enterprises are faced with changing demographics and outdated capital investment. But he proposed that a new wave of cooperative development could do much to rebuild our rural communities.

"As current cooperative leaders, you have the obligation to enhance and protect the owner user's investment," Lyon said. "Whether it be through consolidation, federating, expanding, or downsizing, you need to do whatever is necessary for this protection. I do believe cooperatives need to more clearly define the measure of stockholder value and leaders must give first consideration to their fiduciary responsibility.

"In cooperative mergers, leaders often concentrate on first year savings, how many board seats each side will have, what the management structure will be, and how to preserve the cooperative's identity. Rarely is great consideration given to long term shareholder value and making that the primary determinant in consummating the transaction."

Lyon said that it is obvious in cooperatives today that members often support excessive capital investment and governing structures that make efficient use of new technology difficult. But he proposed the cooperative holding cooperative as an alternative in a way that allows technology to function internally without drastically changing the end user product or service quality and presence.

The impetus of the holding cooperative concept is to provide a structure for centralized internal operations of compatible cooperative business entities in a format that takes advantage of technological efficiencies but also provides the system to retain the identity and to a great extent the governance of the joining cooperatives. With distinct statements of operations and product and member service development, each cooperative under the holding cooperative head maintains separate equity pools, and adequate financial protection among the subsidiary cooperatives. This can be accomplished internally while at the same time strengthening the product and service quality to the member owners of each of these organizations. Value has been added to the equity base of these owners.

"The merger of financially stable cooperatives on increased shareholder value is the absolute most efficient means of positioning mature cooperatives for the 21st century," Lyon said. "However, when the issue of shareholder value becomes cloudy, I believe the holding cooperative becomes a viable alternative.

"Cooperatives hold promise in revitalizing rural America. They loom as a major contributor to the solution to the road back to fiscal

solvency and greater social justice.

"If we are to make the future of our people as promising as the past, we must replace greed with compassion. Productivity must be the basis for new wealth. Short term quick fixes must be replaced with long term social and economic strategies. The growing division between the haves and the have nots must be reversed. Effective self-help provides for genuine accommodation rather than confrontation. Cooperatives answered the call in addressing these needs in an earlier generation and can again if leadership is willing to become engaged.

"We are in transition from the external enemies of the Cold War to the internal enemies of health care, child care, welfare, senior care, and access to technology. In our current business environment, cooperatives are an attractive alternative for people fed up with the profit grabbers and the me-first mentality.

"Cooperatives can provide such a profound conscience to our current business mentality. They can give every user a voice in the governance and policy development. They can allow the users to elect people who really believe in the principles of cooperative enterprise. They can retain the capital

within the service or community for which it was intended. There need not be a skimming off the top to the detriment of the users and employees. There is no better way to empower people in their own best interest than through cooperation."

In the president's report at the annual meeting, Randall Meabon said that as the bottom line issues become so critical, let's not lose sight of the sometimes less tangible benefits we reap, one hundred fold, from cooperative education. We will work diligently to never give up bridging the generation gap between our predecessor cooperatives and founders.

Executive director, Crystal Smithmyer, said that as a stakeholder in PCC, you have the right and responsibility to help envision the best possible way to meet member education, networking, leadership development and co-op development needs. The Council's underlying and unchanging reason for being has always been to support and serve the people that make up the cooperative community.

Editor's Note: Smithmyer also gave a moving tribute to farmers and their families that appears as our editorial for this week, beginning on page A10.

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