

**ADAPTING COOPERATIVE
POLICIES TO SUCCEED
IN CHANGING FOOD
AND FIBER INDUSTRIES**

by

David K. Smith and Henry N. Wallace

**Center for Cooperatives
University of California, Davis**

THE CENTER FOR COOPERATIVES

WORKING PAPER SERIES

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We hope the papers contribute to a better understanding of cooperatives, and lead readers to other more comprehensive publications on topics where further information is desired.

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Leon Garoyan
Director

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ADAPTING COOPERATIVE POLICIES TO SUCCEED IN CHANGING FOOD AND FIBER INDUSTRIES^{1/}

David K. Smith^{2/} and Henry N. Wallace^{3/}

Major contributions to California's diverse agricultural economy have been made by farmer-owned cooperatives throughout this century. As different sectors have evolved, so has the range of cooperative activities. Cooperative organizations and operating policies have evolved as changes were needed in order to better serve members. As food and fiber industries continue to change, cooperatives will also continue to adapt.

We recently had an opportunity to conduct a cross-sectional study of California cooperatives which was supported by the USDA Agricultural Cooperative Service.^{4/} We contacted 228 cooperatives with over 68 thousand total memberships. The range of functions and activities these cooperatives perform for their members is truly remarkable. Cooperatives' share of growers and volumes varies considerably between different sectors, but the aggregate contribution to the state's agricultural economy is significant.

While conducting the study, we talked with cooperative leaders in many of California's over 250 agricultural commodity sectors. Cooperative leaders and managers are keenly aware of the issues that confront their industry and particular cooperatives. There are some common problems and broad trends. In this paper, we intend to share our perceptions of some major issues affecting all agricultural cooperatives, and perhaps stimulate you to look toward the future and how cooperative policies may change in the future to serve your industries and fit into your personal businesses and lives in the years to come.

The words of our title suggest our objectives. We view cooperatives as adaptive economic and social institutions. People, commodity industries and the economic-political environment change over time and the operations of cooperatives will change too. It is time well spent to pause occasionally and reflect on trends that appear to be occurring, and assess responses that will be necessary.

1/ Discussion Paper Developed for "The Changing Food & Fiber Industries – Implications for Cooperatives," Cooperative Directors and Management Conferences, California Center for Cooperative, March, 1989.

2/ Professor, Agricultural Economics, Center for Agricultural Business, California State University, Fresno. Member, Technical Advisory Board, California Center for Cooperatives.

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4/ "Cooperative in California Agriculture," USDA Agricultural Cooperative Service, In process.

First, we will focus on changes in four broad areas that will significantly affect cooperatives in the future. After a brief review of some basic principles that distinguish cooperatives from other forms of business organization, we will focus on the roles of policies that are adopted to accomplish the cooperative's goals. We will offer for your discussion some basic alternative policy choices regarding cooperative membership and operations.

Throughout, the discussion will be focused toward future success. Of course, success, like beauty, will be measured in the eyes of the beholder. Our working definition of success has two aspects: a cooperative should effectively provide desired services to members in the short-run, while simultaneously it should be positioned to accommodate changes that will serve members interests in the long-run. John Smale, chairman and CEO of Proctor & Gamble, wrote recently,

"[The role of business] is to provide goods or services the society wants at the lowest possible cost. It does this in a competitive marketplace— a marketplace continuously evolving in terms of technology, consumer needs, competitive skill and economic circumstances. Over time, how well a company does depends importantly on how vigorously it prepares for the future...."

This is as true of cooperatives as of investor owned firms. Again, we stress the need to recognize trends and adapt over time to be successful.

CHANGES IN FOOD AND FIBER INDUSTRIES AFFECTING COOPERATIVES

Changes in a cooperative's operating policies should be consistent with the nature and objectives of the organization, and with its broad strategic plans. The impact of any particular industry trend or problem depends upon the status of the cooperative. Therefore, we set out to identify trends and issues and organize our remarks around a consensus statement of the current state of cooperative operations. However, somehow the formal definitions do not capture the reality and nuances of cooperatives in practice. For instance, some have made the following observations about cooperatives in practice:

Convenient home for production

- most members don't pay much attention to the cooperative so long as it smoothly accepts their production

Only for "true believers"

- cooperatives are a philosophy, a way of life

Out of touch with members

- a few capable, old-timers and hired management run the cooperative

Poor return on investment, poorly financed

Slow to change

What do you think? Do any of these describe your cooperative? What if any changes in your cooperative's policies will be required in the future to adjust to trends that are occurring. Will your cooperative be prepared to serve you and other members in the future? Undoubtedly, those statements are too severe. Whether or not those characterizations apply to a majority or to a small number of exceptions, the issues raised are vitally important.

Changes have been and are continuing to occur at each level of the vertical systems of production — processing — marketing for agricultural commodity subsectors. The key trends occurring at four levels of food and fiber industries emphasized in this paper are the following:

- Grower level — Increasingly bi-modal distribution of growers will require changing mix of services: e.g. some forms of financing, and increased individual member options for control of marketing.
- Processing level — Access to long-term financing will require stable long-term equity base.
Food safety concerns will lead to additional requirements for tracking chemical use from origin of production throughout channels to consumers.
Competitive structure is becoming increasingly concentrated.
- Marketing level — Consumers' demands will continue to change due to food safety and health/diet concerns and income/work/lifestyle changes. "Just in Time" inventory policies will be adopted by distributors and retailers. Adjusting to these trends will require more coordination between growers' decisions and marketing needs.
- Political economy — The political and economic environment in which cooperatives operate will change to reflect interests of an increasingly diverse set of stakeholders in the food and fiber industries.

STRATEGIC PLANNING AND COOPERATIVE PRINCIPLES AND POLICIES

Especially in light of the broad forces occurring in the structure of agricultural production, food and fiber markets, and the political economy — adaptive responses will be required by cooperatives if they are to succeed in the future. Cooperatives, primarily through their boards of directors, will be assessing these trends, determining strategic plans to capitalize on them, and changing some cooperative policies. Before discussing trends further, we should review basic principles of cooperative business in order to develop a framework for considering alternative policies.

In some cases the terms principle and policy are used as synonyms. However, we should distinguish between principles as "basic axioms or rules of behavior", versus policies as "actions or procedures adopted with regard to prudence and expediency". In essence, principles express what we are attempting to accomplish while policies concern how we go about it.

There is ongoing debate among cooperative leaders and scholars regarding what should constitute "the" set of fundamental cooperative principles. Many believe cooperative success depends upon adhering to tried and true, basic "laws". The issue is of more than academic interest. As cooperative operations change in response to any of the trends we are discussing today, the basic principles need continual re-evaluation. Commonly accepted definitions and statements of principles are incorporated into cooperative enabling legislation and tax regulations. Proposed changes in operating policies must be judged in light of our stated principles and must consider legal and tax ramifications.

What is the current consensus on the basic principles? David Barton, a cooperative scholar at Kansas State University, has analyzed the evolution of commonly accepted tenets over time, and categorizes them into Rochdale, traditional, proportional, and contemporary. Barton's Table 2.1 contrasts these. The fundamental features of the contemporary principles are the emphasis on proportionality and patronage benefits in relation to marginal rather than average costs.

Table 2.1 Four Classes of Principles of Cooperatives (Barton)

Business Decision Factor	Class of Cooperative Principles			
	Rochdale	Traditional	Proportional	Contemporary
Control	Voting is by members on democratic (one-member, one-vote) basis*	Voting is by members on democratic (one-member, one-vote) basis*	Voting is by members in proportion to patronage	Voting is by member-users on a democratic or proportional basis
Ownership	Membership is open	Membership is open		
	Equity is provided by patrons	Equity is provided by patrons	Equity is provided by patrons in proportion to patronage	Equity is provided by patrons
Benefits	Equity ownership share of individual patrons is limited	Ownership of voting stock is limited		
	Net income is distributed as patronage refunds on a cost basis*	Net income is distributed as patronage refunds on a cost basis*	Net income is distributed as patronage refunds on a cost basis*	Net income is distributed as patronage refunds on a cost basis*
	Dividend on equity capital is limited	Dividend on equity capital is limited*		
Other	Exchange of goods and services at market prices	Business is done primarily with member patrons		
	Duty to educate	Duty to educate		
	Cash trading only			
	No unusual risk assumption			
	Political and religious neutrality			
	Equality of the sexes in membership*			

*Traditional hard-core principles

As defined by Schaars, "A cooperative is a business voluntarily owned and controlled by its member-patrons and operated for them and by them on a non-profit or cost basis." [Schaars, p.7] We are talking about organizations whose fundamental purpose is to serve member-patrons. There are four key aspects: **service**, **control**, **ownership**, and **distribution** of benefits.

With respect to **control**, a key factor distinguishing cooperatives from other forms of business is member control. The means by which member control is exercised have been evolving from democratic control evidenced by one member - one vote policies toward voting in proportion to patronage. In the future there may be pressures to institute voting in proportion to equity investment or ownership. If equity is contributed in proportion to current patronage, this would be consistent with the current principles. However, if voting control is based on equity ownership contributed in the past by members who are currently inactive, or if new equity investment programs not tied to current volume are offered, then conflicts may arise between the interests of providers of equity and current users of the cooperative. The line between cooperatives and IOF's will be blurred and control by current member-patrons will be jeopardized.

The bulwark of member control is member ownership of the cooperative through equity investment. Member control without adequate capital supplied by those members is simply impossible. The key issue here is proportionality between the volume of patronage and provision of ownership capital. Particular problems arise with new capital requirements for new members, equity redemption for inactive members, and widely varying patronage returns between members.

Benefits of cooperative membership should be distributed according to patronage. The "service at cost" principle is broadly accepted and in practice has been interpreted to imply the cooperative itself does not retain any profits, instead returning net surpluses or profits to members in proportion to patronage. In the years to come, more attention will be given to differential pricing of services to members which is also consistent with the "service at cost" principle. [Cobia and Anderson, pp. 185-188] The issue of average cost versus incremental cost pricing relates to the broad question of equity versus equality which we will discuss in a moment.

The traditional principles included a responsibility to educate stakeholders (members, employees and customers), and the general public about the nature of cooperative enterprise and the affairs of the individual cooperative. In most cooperatives this activity has been carried out through member relations and communications programs. Cooperatives have also benefitted from publicly supported education programs such as the Directors' Conferences sponsored by the California Center for Cooperatives. It is disconcerting that Barton's listing of contemporary cooperative principles omits education and communication. These important cooperative functions could be categorized as policies adopted to accomplish basic goals embodied in

stated principles. We think communications responsibilities are different and more important for cooperatives than IOF's, and warrant special consideration as basic principles. Whether the education and communications area should be a "principle" or "policy" issue is less important than the recognition that too many cooperatives are not adequately communicating with their stakeholders, and that success in the future will depend crucially upon cooperatives placing appropriate emphasis on education and communications.

TRENDS AND POLICY ALTERNATIVES

Let's turn now to discussing trends and policy choices issues that many cooperatives are likely to confront in the future. In turn, we will make some observations about the four major trends pointed out earlier and highlight some fundamental alternatives relevant to changes in cooperative operational and membership policies that will be required.

MEMBERS, NEEDS AND PRICING ISSUES

First, consider changes occurring at the grower level:

Trend: Increasing diversity within memberships
 — bi-modal distribution of many small, and few large growers
 — range of needed services, including financing
 — some growers willing and able to take individual responsibility for some marketing decisions without participating in pools.

Policy issue: Pricing services to members on basis of average costs versus incremental costs

Fundamental
controversies: Equity versus equality

The "large member — small member" problem for cooperatives is not new but will increasingly affect more cooperatives in most industries. It is commonly believed that in the future, volume of production will be concentrated from a few growers, but there will continue to be a relatively large number of smaller growers. The trend will accelerate because not all growers will adopt new bio-technology and management techniques at the same rates. The two groups will place different demands for services on a cooperative and the actual costs of providing particular services will vary. Cross-subsidies will be contentious issues.

Should a cooperative total its costs, divide by the total units handled, and charge all members the average unit cost for providing a service? When would this policy be acceptable to most members? If costs vary considerably between members, would this policy satisfy "high cost" or "low cost" members? Are there acceptable alternatives? Would a system of pricing dif-

ferentials based on actual costs of service be consistent with basic cooperative principles?

The widely accepted principle of "service at cost" has typically been applied to pricing of member services and supplies in the form of average cost pricing. Such a system is comparatively easy to administer and any small inequities could be ignored when memberships were relative homogeneous. However, stresses will mount if the policy leads to significant subsidies from "low cost" to "high cost" members. Some persons will argue that the basic premise of cooperation is equality of treatment for members and adherence to this principle is the source of the strengths and synergies possible through cooperation.

It is important to consider why growers join cooperatives. Do growers form cooperatives to further their individual interests or to help others, or because one facilitates the other? The latter is probably the most prevalent motive, although we should not forget that self-interest is a powerful influence. Some comfort for those who place higher values on altruism is provided by Philip Wicksteed's observation about business motives:

"We enter in business relations with others, not because our purposes are selfish, but because those with whom we deal are relatively indifferent to them.... There is nothing degrading or revolting to our higher sense in this fact of mutually furthering each others purposes because we are interested in our own...." Philip Wicksteed, 1933

With respect to average cost pricing, when there are wide variations in actual costs of service it may be asking too much to expect "low cost" members to continue to be indifferent.

If the expected bi-modal distribution of growers is associated with differences in the actual costs of providing services, as we anticipate, what will happen if average cost pricing policies are maintained? There will be dissension as dissatisfied members attempt to modify the policy. If unsuccessful, they would eventually quit, leaving the cooperative with mostly small volume members, a higher cost structure, but a membership with more uniform needs and expectations.

On the other hand, if the policy is changed toward differential pricing, the cooperative will better meet the needs of "low cost" members. Those whose patronage costs the cooperative more will face higher charges. To the extent that average cost pricing of services has provided a subsidy that helped keep these growers going, some growers may be forced out of business. The cooperative will face higher accounting and administrative costs, and importantly higher costs of maintaining effective communications within a relatively more diverse membership.

A policy of pricing on the basis of actual, incremental costs is preferred in terms of economic efficiency since there would be clearer signals to produc-

ers of actual costs relative to available market returns. Such policies are fully consistent with the basic principle of "service at cost" when the interpretation and implementation are on the basis of actual cost. The controversy to be debated is the issue of equality versus equity. The prevailing consensus is that proportionality should be the guiding precept for cooperative principles. When memberships are diverse, the objective of providing equitable treatment is clearly more consistent than equality .

CAPITAL FORMATION NEEDS

Of the significant trends occurring at the processing level, **capital formation** is the most important:

Trend: Increasing requirements for sound, long term equity base

Policy issues: Level of current patronage refunds
Level of members' long-term equity
Investment reliance on non-patronage based equity and capital equity redemption plans

Fundamental

Controversies: Do investments in cooperatives provide competitive returns?
Should current or future patrons pay for long-term investments ?

Obtaining adequate capital to fund long-term investment is perhaps the most pressing problem confronting processing cooperatives. This old problem will become more acute as competition forces cooperatives to invest in new cost saving technologies to improve efficiency, or undertake long-term new product and market development programs. Financial markets providing sources of outside, borrowed capital have been changing and becoming more competitive and sophisticated. These sources are acutely sensitive to the proportion of capital provided by equity. The seasonal nature of agricultural production and year- to-year supply variability have tended to lead to excess capacity. This problem and the fact that investments in processing plants and machinery tend to be highly specific and fixed once placed in use, thus constituting relatively poor collateral, impose high equity requirements to support borrowing.

The applicable principles are clear: if the organization is to serve members, according to their desires, the members must provide equity capital in proportion to benefits obtained. There are two obstacles to a simple resolution of the problem.

First, many members view the cooperative as a cost center rather than a profit center. Persons with this perspective rationally seek to minimize their costs of maintaining a home for their production. Alternatively, a cooperative can be viewed as a vertical extension of the farm business, another enter-

prise that the farm business invests in. Good managers with this view will look critically at the rate of return earned on the investment. If the return is not competitive with alternative uses of the farmer's limited capital, reluctance to provide additional capital can be expected.

The second obstacle is that the benefits of long-term investments may not accrue to the current members who provide the capital. Members who are wary of taking risks always associated with long-term investments will be especially skeptical if they do not expect to be in business in the future when returns are available. The controversy within a cooperative will be particularly acute when the current membership is diverse and includes significant proportions of member-patrons whose farm businesses are expanding versus members who are not in the growth stage of the farm business life cycle.

The policy issues addressed in this area include trade offs between the level of current patronage refunds and retention of equity funds, and equity redemption plans. Different systems may be considered including per/unit retains which are common, and base-capital programs which provide a mechanism for regular equity adjustments. In spite of difficulties in designing base capital programs for supply cooperatives, this type of equity funding program will become more common primarily because such systems provide more stability for the cooperative (lenders often require a stable equity base), and systematic redemption helps to maintain equity funding in proportion to current use.

Earning the loyalty and confidence of members, and achieving the compromises required to change policies, ultimately depends upon building a shared sense of purpose and consensus within your cooperative's membership. This in turn depends upon effective communications.

NEED FOR MARKET COORDINATION

We've discussed trends at the grower and processing level and now move to the market, and consider the future for marketing cooperatives.

Trend:	Increasing need for marketing coordination
Policy issues:	Supply coordination Quality incentives Open vs closed membership
Fundamental Controversies:	Should the cooperative influence what and how much is supplied? What is the appropriate role of non-member business?

The conventional wisdom believes markets for agricultural products will become even more concentrated and cooperatives will face increased competition from both traditional competitors and from diversified companies in domestic markets and multi-nationals in export markets. A crucial question for many cooperatives will be how to adapt in order to survive.

Beyond concentration and market power issues, there will be opportunities for individual cooperatives to find market niches by developing new products, uses and outlets; going into joint ventures with existing food marketing firms; and in some cases investing in brand development programs. Research and technological developments for new products and processes will be necessary to adapt to consumers' demands, including food safety and diet/health concerns.

Throughout world industry, companies are searching for efficiencies through coordination of production, distribution and sales efforts. This coordination is becoming as important for food products as it is for industrial output. Food safety concerns will require much closer tracking of chemical use from the farm level throughout marketing channels, and processing and marketing cooperatives will require sophisticated quality assurance and tracking systems that will in turn require grower members participation.

Historically, cooperatives have not exploited opportunities for coordinating growers' production plans with processing and marketing. This is partially due to the inherent seasonal nature of agricultural production. But perhaps more important has been a member orientation toward treating cooperatives as passive homes for production.

Marketing cooperatives' planners will always consider the raw product inputs available from members. However, increasing attention must be paid to analyzing products or services consumers desire, and to organizing and coordinating resources to provide consumers with the product.

Policy issues that cooperatives will have to consider include methods of prorating desired production among members to influence the level and (where possible) timing of raw product production to fit with processing schedules and customer requirements. Just as important will be quality specifications, and cooperatives must consider the effect of alternative discount/premium schedules as incentives to members to produce qualities that lead to processing cost savings and meet buyer requirements.

Given the variability of agricultural production, it will never be possible to completely avoid excess capacity or guarantee that members will be able match supply to marketing opportunities. One alternative that will be considered will be to augment member supplies with purchases of supplies from non-members. The dilemma associated with a profitable policy will be for existing members of the cooperative. Those members may want to expand their own production and or new growers will seek membership — and we're back to square one. Further, "stand by" production would be more risky and therefore may not always be readily available.

Of course there are no clear-cut solutions, but there are opportunities for improvements which must be achieved if processing cooperatives are to

succeed in cutting costs and earning better returns for members. The trade offs will be between members' short-run self-interests and the longer-run collective gains from joint efforts through the cooperative.

COMMUNICATIONS AND EDUCATION

Finally, we should discuss the overall decision making environment, and the continuous changes and increasing diversity of interests that must be considered in cooperative policy deliberations.

Trend:	Increasing complexity of decision making environment necessitates more effective cooperative communication with members and other stakeholders — memberships more diverse — more public and government involvement
Policy issues:	Board of directors and member communication Stakeholder and public education programs
Fundamental Controversies:	How much effort and time should be invested in education? Do communications difficulties limit the size of cooperatives?

Members of cooperatives are and will be very diverse: some growers producing larger volumes and others small volumes, some growers expanding while others are not, some but not all expecting their cooperative to seek new opportunities, some more concerned with return on their investment than others who focus on the spirit of cooperation, some more concerned with current returns than long-term gains. Two-way communication between members and the cooperative is absolutely imperative if the cooperative is to understand the desires of members and members are to understand the desires of other members and the best interests of the cooperative as a whole.

The key to effective communication is the board of directors. As individuals, directors have the most direct contact with members and should listen to member concerns and respond by explaining cooperative policies. The board as a whole determines the emphasis and expenditures the cooperative, through management, will place on communications.

In addition to members, cooperative plans and decisions must consider the interests of other stakeholders (customers, employees, suppliers, and lenders), and the public. Education programs can provide two-way communications. In addition to explaining the principles and policies cooperatives follow to the vast number of people who are ignorant or misinformed about cooperatives, cooperatives should attempt to keep abreast of public concerns. For example, a report by a task force exploring linkages between agricultural

and consumer cooperatives in California, suggested "There is the potential for an educational campaign that portrays farm co-ops as socially responsible producers." (Neptune, Sommer, and Kupfer, p. 29) Given the number of consumers who are concerned with food safety, ecology, and sustainable agriculture issues, the report recommended that some cooperatives could:

"Call attention to themselves as socially responsible producers and discuss their efforts in the area of soil and water conservation, integrated pest management and reduced use of chemicals and additives. There is no way that the public image of farm co-ops would suffer by this type of promotion. It would certainly be a different image than that of the farm co-ops as large semi-monopolistic organizations contributing to higher food prices by taking advantage of favorable tax laws." (Neptune, Sommer and Kupfer, p. 30)

Undoubtedly, public awareness of cooperatives needs to be improved. Lack of understanding also exists among many in agriculture, including students preparing for careers in agricultural production and business. Public support from government and educational institutions has been taken for granted, but is waning under pressure from limited resources and competing demands for services. Aside from the issue of maintaining their political base of public support, cooperatives need to invest in education of current and potential employees to insure a pool of capable, talented management that understand the special characteristics and challenges of working with cooperatives.

It is unrealistic to assume necessary research, and design, preparation and offerings of education programs addressing cooperative issues will take place unless cooperatives assume initiative. One approach is to involve faculty and students in cooperative affairs by assisting and financially supporting research and education. Participation, including financial support of the California Center for Cooperatives, is another avenue.

Member communications and education tend to be considered jointly since an important part of communications is informing members and stakeholders about cooperative affairs. The importance of building member confidence and support cannot be overstated, and the key is two-way communications.

As a last point regarding communications, we would like to pose the question of whether communications problems present a barrier to the growth of cooperatives. Sexton and Iskow [p. 3] have written, "... joint vertical integration is the economic essence of a cooperative. Stated in terms of a definition, agricultural cooperation represents coordination of producers to achieve mutual vertical integration." As individual cooperatives grow internally and/or form into regionals, the diversity of member interests increases and the possibilities for conflict multiply. Does it become too difficult to build consensus and maintain participation and effective member control? The

ultimate outcome will given by your answer to the question, "Is the effort and expense for communications outweighed by the potential gains?"

CONCLUSION

In conclusion, we have reviewed some principles of cooperatives and discussed different types of policy questions that cooperative members and boards of directors will be dealing with over the years to come as changes occur with our agricultural sectors. George Bernard Shaw said, "Our conduct is influenced not by our experience but by our expectations of life." Cooperatives, and all of agriculture can expect a future of rapid change with much uncertainty.

Coping with uncertainty is perhaps the most difficult task in managing a farm business or our personal affairs. Humans desire a stasis that is not possible. Perhaps the cruelest aspect of the farm crisis has been the unremitting uncertainty for farm families. Change and uncertainty are unavoidable. Analyzing trends, setting goals, and adapting to changing conditions are the only means for cooperatives and members to manage uncertainty and prosper.

Strive as we may, there is simply no single organizational structure or operational system remaining constant yet serving members in our ever changing environment. Therefore, we suggest a crucial question to ask when evaluating your cooperative ought to be, "Is the organization anticipating and preparing for change?"

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ABOUT THE CENTER FOR COOPERATIVES

The Center for Cooperatives was established by the California Legislature in 1987 as a center in support of research, education, and extension activities to "advance the body of knowledge concerning cooperatives in general and address the needs of California's agricultural and nonagricultural cooperatives..."

The Center's objectives are to promote:

1. **EDUCATION.** The Center offers formal and informal educational programs to those involved in cooperative management and develops teaching materials for all levels of interest.
2. **RESEARCH.** To help the state's cooperatives reach their objectives, research is conducted on economic, social, and technical developments. A practical aspect of this research: the provision of competitive research grants, and studies for government agencies on how cooperatives can help achieve public policy objectives.
3. **OUTREACH.** The Center is prepared to inform the public on cooperatives and their significance to the economy of California.

While the University of California is responsible for its administration, the Center is intended to serve statewide. Its teaching and research resources are drawn from interested professionals from all UC campuses, the State University System, other colleges and universities, and sources indigenous to the cooperative business community.

The Center is prepared to receive gifts and contributions from the public, foundations, cooperatives and other like sources.

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