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THE NATIONAL COALITION FOR  
FOOD & AGRICULTURAL RESEARCH

**Program:**

AMERICAN AGRICULTURE COOPERATES

*“Economics, Research and Structure  
of Farmer Owned Cooperatives”*

April 23, 2012

# **PROGRAM**

## ***Welcome and Introduction***

CHUCK CONNER  
NATIONAL C-FAR PRESIDENT

## ***Distinguished Speaker***

DR. PHIL KENKEL  
BILL FITZWATER COOPERATIVE CHAIR  
DEPARTMENT OF AGRICULTURAL ECONOMICS  
OKLAHOMA STATE UNIVERSITY

## ***Open Forum***

## ***Closing***

CHUCK CONNER

NATIONAL C-FAR IS a nonprofit, nonpartisan, consensus-based and customer-led coalition that brings food, agriculture, nutrition, conservation and natural resource stakeholders together with the food and agriculture research and extension community, serving as a forum and a unified voice in support of sustaining and increasing public investment at the national level in food and agricultural research, extension, and education. For additional information, go to [www.ncfar.org](http://www.ncfar.org); or contact Tom Van Arsdall, Executive Director, at [tom@vanarsdall.com](mailto:tom@vanarsdall.com).

## **ABSTRACT**

Farmer owned cooperatives are an important part of the American agricultural sector and part of a broader cooperative business model that is successful in all sectors of the U.S. and world economy. Successful cooperatives provide direct benefits to their customer owners. The presence of cooperative firms helps to keep markets competitive. Research has also demonstrated that businesses organized as cooperatives have higher economic impact and job creation in the rural community relative to firms owned by outside investors. Agricultural cooperatives provide producers with economies of scale, improved market access and reduced risk. Along with their unique advantages, cooperative firms face unique challenges in finance, governance, management and communications. Cooperative leaders are challenged by the need for additional financial reserves and mechanisms to decrease their risk exposure along with internal issues. Agricultural cooperatives are also increasingly focused on human capital issues such as succession planning for CEO and key employees. Many of the financial issues faced by cooperatives relate to risk, market volatility and the need to generate adequate financial reserves. These issues are inter-related with the cooperative financial model in which equity reserves are created out of the profit stream. Some specific financial issues reflect the fact that tax credits and other provisions are often not designed to be compatible with the cooperative financial structure. There is a need for continued public-private partnerships for research on cooperatives. Research which enhances the success of cooperatives has the potential to impact the more than 2 million producers who are members of agricultural cooperatives. There is also the need to create a better understanding of the cooperative business model among policy makers, accountants, consultants and attorneys. Policies targeting other industries can have unintended consequences on cooperatives. The lack of familiarity with the cooperative business model among support professionals is an impediment to the development of new, successful cooperatives.

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## **SPEAKER BIOGRAPHY**

**Phil Kenkel, Ph.D.**, is a Professor in the Agricultural Economics Department at Oklahoma State University and holds the Bill Fitzwater Cooperative Chair. He is the editor of the Journal of Cooperatives. In 2011 he managed a national project organized by C-FARE which investigated the critical issues facing agricultural cooperatives. Dr. Kenkel's research activities also include feasibility assessments and the development of decision aids that enhance the performance of existing cooperative businesses. The Chair programs also include an undergraduate cooperative class, a cooperative internship program and a manager trainee program. Dr. Kenkel has authored more than 200 research and extension publications, presented over 100 papers at professional meetings and conducted training sessions on producer owned businesses in 5 countries.

## **SEMINAR SERIES DESCRIPTION**

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