

United States must work together to solve major challenges

The United States is facing a time of change and challenge as monumental as that faced by the former Soviet Union when it broke apart 20 years ago, which is forcing Americans to address fundamental questions about the country and its place in the world.

That was the message Susan Eisenhower brought to Cooperative Network's annual meeting in Rochester, Minn., Nov. 14-16. Eisenhower, granddaughter of the 34th president, heads the Washington, D.C.-based Eisenhower Group, Inc., and is known worldwide for her work in nuclear energy, nuclear non-proliferation, and disarmament.

She lived in Great Britain during the 1970s, when political disagreements led to crippling inflation, and she later spent time in Russia studying the changes brought about by the breakup of the Soviet Union. Drawing comparisons to both situations, Eisenhower said the United States' current economic crisis is similar to '70s-era Great Britain's in that it is largely self-created, and Americans' panicky reaction to the stress of the crisis bears resemblance

to what was seen in the new Russia, where inflation soared to 3,000 percent in the early years after the Soviet breakup.

Despite the foreboding comparisons, Eisenhower said she is optimistic about the country's future because the self-examination that the current economic crisis is pushing Americans toward—both as individuals and as a nation—is a necessary and positive step in emerging from the crisis into a world in which the rules have changed. She said fundamental questions about the nation's identity and role are not being addressed in today's fiercely partisan political climate, in which both parties tend to bicker about past decisions instead of present a vision of what kind of country the United States should be.

"There's a huge tendency to blame each other when it's been an equal-opportunity disaster," Eisenhower said. She attributed some of today's volatile political climate to gerrymandering districts; an erosion of credible sources, which has led to many politicians offering opinions that are "unburdened by the facts"; and a 24-hour news cycle whose insatiable need

for so-called expert opinions means many Americans get their information from questionable sources and news programs that cater to the extreme left or right rather than the "sane center."

The nation, she said, is in a state of panic, and panic is reflected in spending. She noted that the United States has raised its national debt limit 72 times since 1962 to today's ceiling of \$14.3 trillion. In just the past 10 years, she said, the United States has brought itself to the brink of economic collapse due to Bush-era tax cuts, off-budget war spending to the tune of \$3.4 trillion, and the recession.

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Cooperative Network elects two new directors

Cooperative Network delegates elected two new directors at the 2011 annual meeting. One new director is: Elaine Eckendorf, Central Wisconsin Electric Cooperative, Custer, Wis., who represents electric cooperatives and replaces retiring director Lynn Peterson. The other is Mark Clark, Land O'Lakes, Inc., Rollingstone, Minn., who represents dairy cooperatives and replaces director Steve Schlangen.

Following the annual meeting, the board of directors met and elected board officers. Jim Hathaway, Dunn Energy Cooperative, joins the executive committee as the new treasurer. Re-elected were: Sam Skemp as Cooperative Network board chairman, Curt Eischens as board vice chair, Bob Topel as board secretary, and Dave Hischke as a member of the Executive Committee.

For a complete list of directors serving on the 2011-2012 board, please visit Cooperative Network's website at www.cooperativenetwork.coop.



Susan Eisenhower, granddaughter of the 34th president, heads the Washington, D.C.-based Eisenhower Group, Inc., and is known worldwide for her work in nuclear energy, nuclear non-proliferation, and disarmament. She addressed annual meeting attendees on November 16.

Oemichen: Political change, attack on credit unions marked challenging year

The arrival of more than 100 new lawmakers in state and federal offices following the 2010 elections presented the first of many challenges for Cooperative Network and its Wisconsin and Minnesota members during 2011, President and CEO Bill Oemichen told attendees at the organization's Rochester, Minnesota, annual meeting in mid-November.

The organization had to build working relationships with an unprecedented number of new elected officials in what Oemichen characterized as "an unusual and sometimes difficult political environment."

A second challenge was not long in

coming. Legislation being pushed by large national banking interests and adopted with little scrutiny as part of Wisconsin's state budget bill represented an attack on credit unions' "enviable record of high quality service to consumers."

The legislation permits demutualization of state-chartered credit unions without many of the protections provided for those that are chartered federally, he explained.

However, Oemichen said, Cooperative Network has since been able to obtain a memorandum from the non-partisan Legislative Council "that makes clear that much, if not all, of this new state law is pre-

empted by federal law and has little or no effect."

Health care cooperatives made strides during 2011, Oemichen said in his report to approximately 250 co-op leaders attending the annual gathering.

The Farmers' Health Insurance Cooperative of Wisconsin is now self-sustaining, and the Affordable Health Care Act provides an opportunity to "significantly expand our nation's cooperative community by developing new health care cooperatives," Oemichen said.

Auction down but solid

Fewer donated items went on the block in the PAC auction at the Cooperative Network annual meeting, but bidding on those items was strong, Treasurer Bridget McCann-Horn confirmed.

Live auction proceeds totaled \$2,115, about \$200 higher than the 2009 total but below most figures for the past decade. The silent auction generated \$1,547, the lowest number since the beginning of separate record-keeping in 2005.

Sales of wristbands for the Back Your PAC fundraiser totaled \$1,380, beating only five years out of the past 16, the most recent of those being 2009.

Combined auction proceeds came in at \$3,662, McCann-Horn said, topping the 2009 performance by \$73 but falling short of last year's total by almost 27 percent.

FYF celebrates 40 years

The Federated Youth Foundation (FYF) marked its 40th year in 2011 with record contributions, record income, and record distribution in educational efforts and charitable contributions.

Among the education efforts was a first-of-its-kind cooperative education program initiated by Taylor Electric Cooperative and developed in partnership with the Taylor County Association of Cooperatives for the Medford School District. FYF sponsored the project.

Taylor Electric Director and FYF Board Member Brian Kulas spoke about the cooperative education program at the FYF annual meeting, held in conjunction with Cooperative Network's annual meeting Nov. 14-16 in Rochester, Minn. The two-day curriculum was presented to Medford School District fifth-graders and consisted of a day's worth of education about the cooperative form of business, culminating with a hands-on exercise in cooperation in which students broke into small groups to create a 30-second radio ad posing the question, "Why should someone be a member of a cooperative?" Leaders from each of the county's six co-ops chose one student group's ad to be recorded at the local radio station. The winning commercial was aired 126 times during October for Co-op Month.

The six Taylor county cooperatives involved in the project provided the funds for all the program's costs, including the \$100-per-day stipend for a substitute teacher who was trained to teach the curriculum. Curriculum materials were distributed at the meeting for other co-op leaders to take back to their own districts.

In addition to sponsoring the coopera-

tive education program, FYF awarded 480 scholarships totaling \$294,350 and made 133 charitable contributions to support community causes in 2011.

FYF President Todd Rosvold, of Pulaski Chase Cooperative, noted the foundation continues to run efficiently, with the \$427,183 in total 2011 distributions accounting for nearly 23 percent of the foundation's portfolio.

Among the Foundation's priorities for 2012 are increasing statewide communication efforts with an enhanced and updated website and recruiting at least three new members.

For a more detailed version of this story, please visit Cooperative Network's website at www.cooperativenetwork.coop.

Eisenhower —continued from page 1—

Pointing out that government spending is a reflection of personal spending, Eisenhower said part of the country's "rethinking process" should include an examination of how Americans spend their money. She said people have to realize that budget numbers must add up; she called for Americans to examine the numbers—not to point fingers—but to seek solutions.

She also suggested Americans learn from the fiscal restraint shown by past generations. Such an exercise would help force people to rethink myths such as low taxes equal economic growth, which Eisenhower said is not true. She pointed to her grandfather's tenure as president, during which the nation had a balanced budget three times, the lowest unemployment rate in the nation's history of 2.5 percent, and an increase in income of 45 percent, all with a top tax rate of 91 percent, which the wealthiest classes avoided by giving money to charity.

Acknowledging the nation cannot return to the 1950s, Eisenhower said nevertheless Americans could benefit from an historical education as well as a return to a greater community spirit. She praised the community spirit among cooperatives and said the co-op model could be used as a lens through which to view the current economic crisis.

Declaring her confidence in Americans' ability to toughen up and respond to the crisis by asking hard questions, she cited one of her grandfather's famous quotes: "Only Americans can hurt America."

Troubling U.S. economic trends likely to continue, says Kluempke

The United States' precarious economic position is not on course to improve significantly any time soon, despite slight growth in the third quarter of 2011, warned Patrick Kluempke, executive vice president of corporate administration at CHS Inc., St. Paul, Minn., the nation's largest cooperative. Kluempke, who is also a member of the Agriculture Advisory Board for the Federal Reserve Bank of

Kluempke listed four percentages as significant factors in understanding the extent of the nation's economic struggles. The first, 3–3.5 percent, refers to the growth rate in gross domestic product needed to simply maintain the current level of employment.

The second, 16 percent, refers to the number of households in the United States that are now below the poverty level.

The third, 62 percent, is the portion of households that now have home ownership. Kluempke pointed out that in most Western developed countries, the home ownership level ranges from 39 to 51 percent. The United States' figure was as high as 69 percent in 2006, the height of the housing boom.

The final percentage, 101 percent, refers to the ratio of United States debt to the wealth creation of the economy. Kluempke noted that lenders start to get nervous when this level reaches triple digits. "We are in the yellow zone," he said.

Kluempke called the current recession the deepest and most prolonged the country has seen since 1929, due in part to the housing collapse occurring alongside

the financial crisis, as well as 10 years of international conflicts that have been funded solely by borrowed money. Economic recovery, he said, will depend in part on a stabilized housing market, increase in consumer confidence, increase in balance of trade, capital investments by private business, and implementation of a balanced approach to fiscal neutrality.

In a question-and-answer period, Kluempke addressed the agriculture sector, which also faces future challenges despite its relative strength in the nation's economy. He said the world's population growth will result in a 26 percent greater demand for food in the next 10 years. However, the United States is projected to increase food production by 38 percent in the next 10 years. At the same time, other countries are now investing in agriculture technology and developing the one-third of cultivatable land that is not currently being used for food production.

"There will be volatility in the ag market," Kluempke said. "Get ready for overshoot and undercorrection."

For a longer version of this story, please visit Cooperative Network's website at www.cooperativenetwork.coop.



Following his presentation, Patrick Kluempke discusses economic trends with Cooperative Network's Bill Oemichen.

Minneapolis, presented a grim overview of the nation's economy at Cooperative Network's annual meeting.

Kluempke opened his remarks by reviewing the country's decreasing wealth from 1999 to 2010. He explained the U.S. national public debt, which stands at more than \$15 trillion, consists of money owed to foreign investors, predominantly China, as well as intergovernmental debt held in accounts such as Social Security and Medicare. Those debts started coming due in 2007. In addition, gross domestic product has been declining in all sectors except service, unemployment and especially underemployment are high, and consumer confidence has been regressing or in a negative mode since 1970. Consumer debt outstanding, including mortgage debt, also keeps growing and now stands at approximately \$37,200 per person.

With these troubling trends, Kluempke said it is becoming an accepted fact that by 2018 China will have surpassed the United States as the world's wealthiest country. While this change in status would take some getting used to, he said it would become alarming if the currency of global trade ceases to be the U.S. dollar and becomes instead the Chinese Yuan or the Euro. "That would not be in our best interests, all bragging rights aside," Kluempke said.

Co-ops face "perfect storm of succession"

An aging Baby Boomer generation inching ever closer to retirement, a much smaller Generation X ready to step in, and a large Generation Y not yet ready for leadership positions are combining to form a "perfect storm of succession" for companies throughout the United States, warned Devon Brown, PhD., director of leadership at FCCServices in Denver, Colo., at the Cooperative Network annual meeting.

"Demand is going way up, and supply is going way down," Brown said. He cited research that shows over the next 15 years, demand for bright talent in the 35- to 45-year age range will increase 25 percent, yet the supply of said talent will decrease 15 percent.

Since it takes generally 15 years for an employee to gain the experience and training necessary to be considered an expert, Brown encouraged co-op leaders to prepare now for this perfect storm by putting a succession plan in place so their businesses are not left without sufficient leadership available when needed.

He said a company's strategic talent management plan should start with an assessment of key roles and positions within the company. Company leaders should consider whether or not there are employees within the organization to provide backup for these key roles if necessary and create a strategy for developing backup if a sufficient plan is not already in place. He recommended examining each employee's current performance level; potential for long-term growth within the organization; readiness to handle challenges of a job at the next level; and fit of capabilities, styles, values, goals, and experience with the challenges of a specific position. He said companies should then identify the specific development needs for each relevant employee, focusing on what he or she needs in order to be prepared for the next level of leadership.

Brown referred to a V+C+L equation for developing leadership: Variety of experience plus Challenging assessments equals ability and willingness to Lead. He also pointed to the 10/20/70 rule, which states 10 percent of learning comes from training programs and workshops, 20 percent of learning comes from feedback, and 70 percent comes from active doing, as key to retaining and developing young leaders.

Expert offers advice for integrating Generation Y in the workplace

Understanding the world of Generation Y is critical when it comes to managing, motivating, and retaining these young employees in the workplace, said Devon Brown, PhD., director of leadership development at FCCServices in Denver, Colo., at the Cooperative Network annual meeting in Rochester, Minn., Nov. 14–16.

Generation Y consists of people born generally between 1981 and 2000. With a Baby Boomer generation of approximately 70 million people approaching retirement and a Generation X of only half that size ready to take over, the 70 or 80 million people of Generation Y will be a major part of the workforce sooner rather than later.

“To understand a generation, you need to understand their experiences as kids and what their parents’ experiences were,” Brown said.

He outlined the workforce in generations, starting with the Baby Boomers. While he defined the entire Boomer generation as traditionalists, with strong company loyalty and a work ethic that values face time at the office, Brown described older Baby Boomers, born generally from 1946–1953, as idealists, having come of age in the politically active 1960s and 1970s. This generation, he said, often sacrificed family for professional advancement. The younger Boomers are generally those born between the years 1954 and 1964. Brown said they learned through experiences like Watergate that politicians can’t be trusted and ideals don’t easily translate into action.

Following the Boomers is Generation X, generally born between 1965 and 1980 and raised by the competitive, hard-working older Baby Boomers. Brown said Generation X’ers generally have a “work to live” approach and do not define themselves by their jobs.



Generation Y, raised primarily by the younger Baby Boomers, grew up in affluence under what Brown called child-centered parenting, with mostly two working parents pampering their children out of guilt. Generation Y’ers, he said, are used to a great deal of praise and feedback and tend to be devoted to their own careers rather than their companies, something their Baby Boomer bosses might have a hard time understanding. They expect speed in everything from work tools to advancement, and they want freedom and entertainment in all aspects of life, including work.

Also, in part because Generation Y puts off marriage and family longer than previous generations did and is more likely to live with parents after college, Brown said younger workers are more likely than their elders to quit a job. He noted that 36 percent of Generation Y employees leave their jobs in less than a year, and 78 percent of Generation Y college graduates leave their first job in less than two years. Clearly, as Brown showed, retention of strong Generation Y employees is a challenge.

“The challenge is not to change people necessarily but to change and adapt in the workplace so employers can work with them,” Brown said.

Brown listed key points for successfully retaining Generation Y talent: rethinking what it means to be a hard worker by considering quality of results rather than number of hours, embracing technology and innovative products and solutions, learning to live with social network systems instead of banning them from the office, and keeping the big picture in mind rather than obsessing over details like attire.

For a longer version of this story, please visit Cooperative Network’s website at www.cooperativenetwork.coop.

Campaign speech still hot topic

The right of labor unions, corporations and non-profit organizations to engage in political speech may be settled law but arguments over the issue were very much alive in Cooperative Network’s 10th edition of The Great Debate.

Held during the November annual meeting in Rochester, Minnesota, the debate pitted UW-La Crosse political science professor Joe Heim against Minneapolis attorney Michael Franklin, focusing on the U.S. Supreme Court’s 2010 decision in *Citizens United v. Federal Election Commission*.

The 5-4 ruling overturned part of the McCain-Feingold campaign finance law that barred a non-profit group from airing a film critical of Hillary Clinton. In 2008 a lower court upheld the McCain-Feingold provision forbidding independent advertisers from mentioning a candidate by name during the 30 days before a primary or the 60 days before a general election.

Franklin noted that in the lower-court case, government attorneys defending McCain-Feingold were forced to take the position that the transmission of an e-book and some Internet transmissions might be denied First Amendment protection.

The amendment, he said, doesn’t parcel out speech differently for different entities.

“It doesn’t say for natural persons; it doesn’t say for everybody; it just says Congress shall make no law abridging the freedom of speech,” Franklin observed.

Heim retorted that the decision “decimates” the McCain-Feingold law. “Special interests and lobbyists will have even more power in Washington,” he said, arguing that corruption will be institutionalized because representatives of corporations will go to lawmakers and say “We’ll spend a million dollars to defeat you in the next election unless you support our legislation.”

That would be “perfectly legal,” Heim maintained, adding that power will flow away from political parties and toward special interests.

Franklin asserted that technology will quickly diminish the importance of the ruling, and noted that the McCain-Feingold restrictions never applied to media corporations.

“Those of us who watch Fox News or MSNBC probably wouldn’t notice the difference if we were just watching those talking heads,” he said. “And by the way, these are owned by huge, multinational corporations which engage in political speech all the time including—and primarily—in those days immediately before an election.”

Responding to questions from the audience, both debaters agreed that if they had to pick a single requirement to protect clean elections, they’d choose full disclosure of campaign contributions.

Cooperative leader maps out road to real health care reform

The cooperative principle of putting consumers first plays a major role in real health care reform, Mary K. Brainerd, president and chief executive officer of Minnesota-based HealthPartners, told the Cooperative Network annual meeting crowd. Brainerd was featured at this year's symposium sponsored by the Ralph K. Morris Foundation.

HealthPartners, the largest consumer-governed, nonprofit health care organization in the nation, experienced record growth under Brainerd's leadership and is recognized as a national leader in the health care industry. She attributes this success largely to Health-

Partners' adherence to the principles of co-op governance.

"I consider it a great luxury in my job to know who I'm here for, and that's the end-user—not the doctors, not the insurance companies," she said.

Brainerd pointed out the need for health-care reform by citing figures that show, according to current trends, a family of four is likely to pay an average of \$40,000 in health care costs in 10 years, yet the average income for a family of four is projected to be only \$65,000. The Affordable Care Act, which was signed into law in March 2010 and is set to take effect in 2014, will extend coverage to 40

million Americans. The act seeks to make health care better and safer and provides for insurance reforms to make access easier. However, costs of health-care reform, which are to be covered by spending cuts and new revenue in the form of taxes, are concerns. Projected cuts in Medicare reimbursements, she said, are especially troubling, as a decrease in payments to doctors will negatively affect consumers by making it difficult for health-care providers to retain doctors in areas where the pay is already lower than in other areas. Brainerd added that popularity of national health-care reform continues to drop.

Key to providing real health care reform, Brainerd said, is engaging consumers in their own health by shifting the focus of health care from chronic care to supporting healthy living. Brainerd said many common chronic health concerns, such as diabetes and knee and other joint problems, are directly attributed to an unhealthy lifestyle. A healthy lifestyle—including a healthy diet, regular exercise, abstinence from smoking, and moderate alcohol consumption—could reduce health-care costs by 25 percent, she said.

Other points Brainerd listed for achieving real health care reform include coordinating health care across specialties, making value of care the incentive for payment by taking the emphasis away from fees for procedures, using health information technology to improve results, and reducing administrative burdens.

For a longer version of this story, please visit Cooperative Network's website at www.cooperativenetwork.coop.



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Hunwardsen, Tenner, Ulbjerg honored by cooperatives

Cooperative Network bestowed its Cooperative Builder Award, the organization's highest honor, on three cooperators at its annual meeting Nov. 15 in Rochester, Minn. Dennis Hunwardsen, Ron Tenner, and Lee Ulbjerg received the award in the 36th year of its presentation.

Dennis Hunwardsen of Jackson, Minn., spent 44 years in local management and statewide leadership of cooperative enterprises. In 1966 Dennis was recruited by the general manager of the Clarence Cooperative Company in his hometown of Clarence, Iowa. He went to work there consolidating and managing the co-op's financial records and attending to various financial and regulatory duties. Eleven years later he moved on to a stint as general manager of United Shippers Cooperative in Cresco, Iowa, then to the Omaha Bank for Cooperatives, where he was a loan officer and assistant vice president for seven years. The latter 1980s and most of the '90s saw Dennis managing a number of different cooperatives in Iowa and Nebraska. From 1998 until his retirement last New Year's Eve, Dennis was general manager of FCA Co-op in Jackson, Minnesota. Dennis has served as a director of the Iowa Institute of Cooperatives, the Minnesota Association of Cooperatives, the Wisconsin Federation

of Cooperatives, the Minnesota Cooperative Education Foundation, and Cooperative Network. He was a founding board member of Pillar Insurance Company and is currently a director of Cooperative Development Services.

Also honored with the Cooperative Builder Award was Ron Tenner of West Salem, Wis. At one time or another during the past 41 years, Ron has served as a director, chairman, vice chairman, treasurer, delegate, search committee manager, and reorganization committee chairman for Tri-State Breeders (now Accelerated Genetics). He's been a corporate, regional, and district director; district chairman; district secretary; secretary of finance; and an active committee member with Associated Milk Producers Incorporated. Ron has also been a board member, president, and vice president of the Sparta Cooperative Oil and Gas Company. Tenner is a 33-year charter member of the Bangor Lions Club and a 40-year member of the La Crosse County Holstein Breeders and the La Crosse/Monroe County Pork Producers. He's been an active committee member with the La Crosse Chamber of Commerce, a charter member of the Bangor FFA, a director of agriculture broadcasting for La Crosse radio station WKTY, an active member of his church council, and a director of his local bank.

Also honored was Lee Ulbjerg of Hutchinson, Minn. Ulbjerg has been immersed in the cooperative movement from the moment of his birth at Moose Lake, Minnesota, in 1948. His mother was a director of a co-op grocery and hardware store and his father was general manager

of the Finlayson Oil Co-op. Lee grew up on a farm, graduated from Finlayson High School, and attended the University of Minnesota at Crookston for a year before joining the U.S. Air Force in 1968. He served as a staff sergeant, with responsibility for flight-line supply and aircraft parts, in Illinois, Japan, and Korea. His 38 years of service to co-ops began with Midland Cooperatives' general manager training program in 1973. Beginning that same year he managed local cooperatives, including Fox River Co-op in Montello, Wisconsin, and Minnesota's Cooperative Oil Association in Blackduck and Le Seuer Cooperative Oil Company. He became Midland's petroleum and automotive sales representative for a region overlapping parts of Minnesota and Wisconsin and then a two-district director of regional services, also with responsibilities in both states. In 1982 Lee became a regional financial and business consultant for Land O'Lakes. He served 21 years as a state and area manager of CHS-Land O'Lakes member services and now directs CEO and general manager searches for Land O'Lakes Business Development Services.

Cooperative Builder Awards were given by the Wisconsin Federation of Cooperatives from 1976 to 2008, while recognitions on behalf of the Minnesota Association of Cooperatives, called Cooperative Leadership Awards, were presented beginning in 2000. In 2009, Cooperative Network started presenting annual Cooperative Builder Awards to honor individuals' distinguished services irrespective of state affiliation.

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Cooperative Network bestowed its Cooperative Builder Award on Dennis Hunwardsen, Ron Tenner, and Lee Ulbjerg. Pictured left to right: Cooperative Network CEO Bill Oemichen, Ulbjerg, Tenner, Hunwardsen, and Cooperative Network Board Chairman Sam Skemp.