CORPORATE

profile...

Starting out on a shoestring nearly 40 years ago, GLF has been built to its present strength on a policy of service to farmers

PICTURE some 4500 full-time employees manning and steering a huge feed, seed, and fertilizer business. Add a marketing service for nearly a million cases of eggs and more than 3 million bushels of grain and beans a year. Talk about annual dollar volume of goods and services totaling over $325 million. Put them all together and you have a rough idea of the size and scope of the Cooperative Grange League Federation Exchange, Inc. (GLF, for short), today.

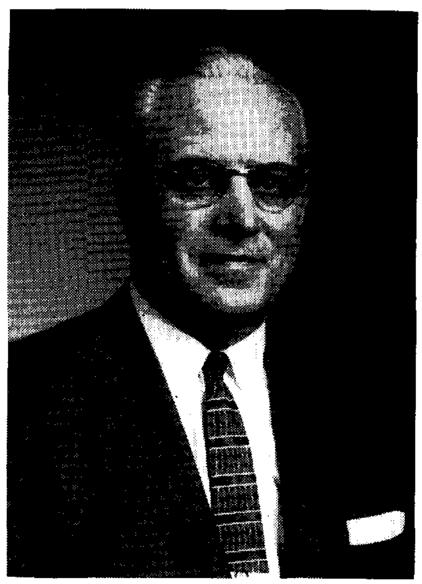
Biggest farmers' purchasing co-op in the world, GLF serves farm needs in New York, New Jersey, and the northern tier counties of Pennsylvania. The reason for its being, and the key to its success? Service. GLF headquarters in Ithaca takes this attitude: if the farmer needs it, if it will help him, then we'll either make it or get it for him.

GLF got its start back in 1920. However, many oldtimers in its farming area say the idea actually was born some 50 years before. It began, they say, with farmer education programs, centered largely in the Grange. It was spurred on by research at land-grant colleges and agricultural experimental stations into practically every facet of agriculture.

Buying Problems

But, while agricultural researchers were turning up such things as new and improved feed and fertilizer mixes, industry was paying little or no heed to their suggestions. The farmer might learn of the new findings, but still he couldn't go out and buy the materials suggested. He faced buying problems at both the wholesale and retail levels. Feeds in particular, for example, were inefficiently handled at the retail level. Items: too many dealers, dealer practices bordering on fraud, and inadequate laws and state supervision. The situation in seed and fertilizer was similar, if not a shade or two worse, veteran farmers point out.

Farmers turned to their farm organizations—the New York State Grange, the New York State Farm Bureau Federation, and the Dairymen's League—for help. But the need for a new purchasing organization, designed specifically to secure for farmers the high degree of quality in production supplies necessary for efficient operation of their farms, was apparent. Representatives of the three groups met and mapped the basic framework of GLF in 1920. A board of directors was drafted—three from each of the three parent organizations. And the new co-op's basic purpose was defined: to take the latest proved recommendation findings and pass them on to the farmer in the form of new and improved products and services.



The General Manager . . .
E. H. Fallon
Ready to Serve the Farmer

Money, naturally, stood first on the agenda to get the new venture off the ground. And the task of raising it fell to the late H. E. Babcock, a former county agent and then professor of marketing at Cornell. By selling common stock (sales restricted to farmers) at $5.00 a share, Babcock scraped together slightly more than $750,000. GLF stepped into the operating stage on a shoestring.

With its finances tied up in real estate (a warehouse in Syracuse and a small seed plant in Buffalo), GLF managed to weather its first storm—the depression of 1921. In July, 1922, Babcock came back as GLF's general manager, and the new co-op began to grow.

Observers give credit for much of the organization's success to Babcock's genius for matching men to jobs. He passed up top industrial specialists to draw on men with farm backgrounds and county extension experience. His reason—to keep the individual farmer's needs squarely in mind at all times.

Big Business

Last year, GLF's volume exceeded $327 million. This was split between wholesale operations ($177 million) and retail and marketing ($150 million). GLF's wholesale operations are divided among three divisions: feed, seed, and soil building.

Feed, from the start, has been the biggest factor in the business; today it accounts for about 50% of GLF's total wholesale volume. The co-op's open-formula feed has been a pace setter since its inception. Currently GLF markets some 90 feed mixes for cattle, horses, poultry, and hogs. And feed represents a huge outlet for chemicals in the bargain. Each year, GLF uses in its feeds about 3000 tons of urea alone, besides large quantities of minerals, vitamins, hormones, antibiotics, and antioxidants. The feed division operates four large mills.

The seed division performs two distinct functions: procurement and distribution. A network of GLF seed-processing plants extends from its home territory to the West Coast—another example of GLF on the move to get the materials the farmer needs. In this case, the need is for quality seed that can endure severe Northeast winters.

Ag Chemicals on the Move

A fast growing wholesale segment at GLF is its soil building division, which last year transacted some $21 million of the wholesale volume. Mixed fertilizer sales of this division have soared from 14,000 tons in 1928 to nearly a quarter-million tons in 1959. Its pesticide volume has doubled in 10 years, and stands today at some $3.3 million a year. Each of the division's 13 fertilizer and chemical plants throughout the service area is strategically located in the heart of a use area. And GLF owns a third of another fertilizer unit at Baltimore, Md.

The soil building division has pioneered many significant agricultural developments. For instance, Cornell University had been advocating the use of phosphate materials on grasslands. But the fertilizer industry did not make the recommended products, and didn't want to. GLF, with Babcock as colorbearer, began the successful push to get superphosphate on the market. At its peak, this business reached 110,000 tons a year.

GLF was first on the market with fertilizer in paper bags. It was a front-runner in the movement toward higher analysis mixed goods, and first in the territory to install granulating equipment in fertilizer plants. It was first, too, to put a liquid complete fertilizer on the market in its area.

Credit for a major boon to the farmer—bulk lime spreading equipment—goes in large part to GLF, too. This development, which took some 25 years, reduced the cost of lime spread to what it had been in bags. The equipment is now so refined that the farmer needs only to specify where he wants the lime and at what concentration, and the equipment meters it out to specification.

Retail and Marketing

Six retail and marketing divisions handle sales and services in the basic GLF commodity groups (feed, seed, fertilizer and chemicals, petroleum, and farm hardware) as well as market for the farmer huge volumes of eggs, grain, and dry beans. Distribution is handled by locally owned cooperatives operating under management contracts with GLF, and by independent feed merchants who have GLF franchises.

GLF's petroleum division is a fast climbing member of this group. This division has increased its business over 75% in the past 10 years to more than 130 million gallons a year. To supply the farmer's needs for petroleum products, GLF bought a third interest in a refinery in Texas City, Tex., and two 5.5-million-gallon ocean-going tankers. Petroleum products are received at 13 GLF terminals on deep water, canal, and pipeline. Over 200 delivery trucks operate regularly from GLF's 66 bulk storage plants.

In 1948, GLF voluntarily decided to drop the tax exemptions to which, as a co-op, it was entitled. Reasons: more freedom to operate, and a chance to build up reserves in order to protect the capital that farmers had invested. Today, GLF is a highly-prosperous, well-oiled operation. It is ready to move in whatever direction necessary to serve better its 118,000 members.