

Co-operation in Wisconsin

Co-operative Packing, Livestock Shipping, Cheese and Twine Manufacture

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Co-operation everywhere produces a progressive, go-ahead, do-things, accomplish results spirit. For twenty years the farmers of Wisconsin have been practicing co-operation in their fire insurance and telephone companies, creameries, cheese factories, stores, etc., and for the past ten years in the co-operative buying and selling of grain, potatoes, hay, livestock, etc., and in purchasing all kinds of raw materials and supplies for the farm in carload quantities. Recently they have taken up the cold storage warehousing and co-operative sale of cheese and the slaughtering of livestock thru co-operative packing plants.

The true Rochdale plan of co-operation is followed as closely as our long competitive and generally prosperous individual action will permit. That is to say, we vary from the true principles of co-operation only by allowing a little more than the usual interest rates on money invested in share capital and in paying a commission or percentage out of the stock sold to defray the expenses of selling. The latter deviation has met the strongest opposition from some of the academic, theoretic co-operators, but practical experience has shown that for the larger enterprises, requiring from fifty thousand dollars to five hundred thousand dollars or more capital, it is impractical, fully as expensive, and in most cases well-nigh impossible for officers and enthusiastic co-operators unskilled in selling stock to raise the required funds. The services of the professional promoter and skilled stock salesman are required. Nor should this be considered objectionable if the work is done honestly and at a fair compensation for the services rendered.

Pork Packing Venture

For several years the farmers of Wisconsin thru their organization, the Wisconsin State Union of the American Society of Equity, had been talking and advocating the co-operatively owned packing plant to handle their "hog crop," and get away from the recognized robbery systematically practiced by the great packing interests in forcing down hog prices during seasons of flush marketing, but without any corresponding reduction in the prices charged for the finished product; in fact, meat prices frequently advanced while hog prices were declining.

Finally a proposition was submitted to the executive board of the State Union by a representative of the Langdon-Boyd Packing Company, of La Crosse, to take over their plant, which was represented as a successful going concern, and thus establish at once a co-operative packing plant in Wisconsin. This proposition was carried up to our state convention held in La Crosse on December, of 1913, where it was fully discussed, generally endorsed, but positively thrown on its own merits as an independent business proposition which must be promoted and financed by those interested, instead of by the organization which, being organized for educational and propaganda purposes, could not embark in nor be held responsible for any co-operative business in which it could invest no money nor have any voice or control in its management.

The whole field of having an expert audit to ascertain the present condition of the business and an expert appraisal of the property for the purposes for which it was intended to be used was gone over in the discussion and recommended, but unfortunately for the farmers who invested in it and for some of the officers of the National Union of the A. S. of E. who plunged into the enterprise, none of these pre-

cautions were taken. To be sure an audit was made, but it did not unearth the true condition of the business nor show that some of the banks and business men of La Crosse were holding the company's paper for more than the plant was worth from a practical packing house standpoint. And, likewise, the appraisal was made by inexperienced men, who valued the property at somewhere about five times its actual value, the contract to buy being based upon this shaky foundation. For several months the incorporators of the new co-operative company endeavored to sell the stock, but with very little success. Finally, a professional promoter was interested, and a contract was made with him to sell the stock, two hundred and fifty thousand dollars' worth, on a 25 per cent. plus basis, that is, some of the stock was to be sold above par, and the promoters were to receive one-half of excess thus received. He and his force of salesmen disposed of the stock in about six months, and late in the summer of 1914 the plant was taken over.

Ruinous Management

Too much confidence was placed in the manager, who was taken over with the plant, and no provision was made for experienced investigators to check up the business as it was being conducted. The results were disastrous. At the end of about sixteen months it was found that some sixty or seventy thousand dollars worth of meat had been spoiled, that the pay roll was excessive to the extent of nearly \$1,200 a month, and that radical changes must be made or all would be lost. The changes were made. The manager and his superintendent were fired. Expenses were cut down. Available resources were carefully made available and a good, honest, practical man put in charge. He is making good in spite of the handicap, and during the past six months has earned a substantial profit.

The first manager in charge was greatly alarmed when it was suggested that other co-operative packing plants be established in non-competing territory, and he urged that no more be established until the La Crosse plant had had a thorough trial and proven whether the co-operative packing plant could be operated successfully in this country. Some of us who knew of the handicap of this first plant, at the start, did not share this view and were anxious for a clean-cut, new, fairly established and honestly and competently managed plant to be established at once, as we felt that under the circumstances the La Crosse plant might not succeed, yet we were confident that the idea of the co-operative packing plant was correct, and that with a fair chance it would be successful. We have gone into the details of the mistakes made as a warning to others to avoid similar mistakes in the future.

Even before all the stock in the La Crosse plant had been sold, another company was incorporated to

establish a plant at Wausau, Wis., and a promoter secured whose reputation and integrity were above suspicion. George H. Horrell, of Humbird, Wis., took the contract to sell the stock for 15 or 10 per cent. less than was paid by the La Crosse enterprise, and a new, modern, up-to-the-minute plant was erected and commenced operation late in January of this year. At the end of its first four months of operation it showed a net profit of over \$4,000, and every indication points to continued success.

Stock has been sold for a \$250,000 co-operative packing plant, which is now being built at New Richmond, and all but about \$40,000 for a \$500,000 plant, on which work has commenced, to be built at Madison. The Madison plant is typical of the ones located at Wausau and New Richmond, only larger and having more than double the capacity of either of the others.

Livestock Shipping

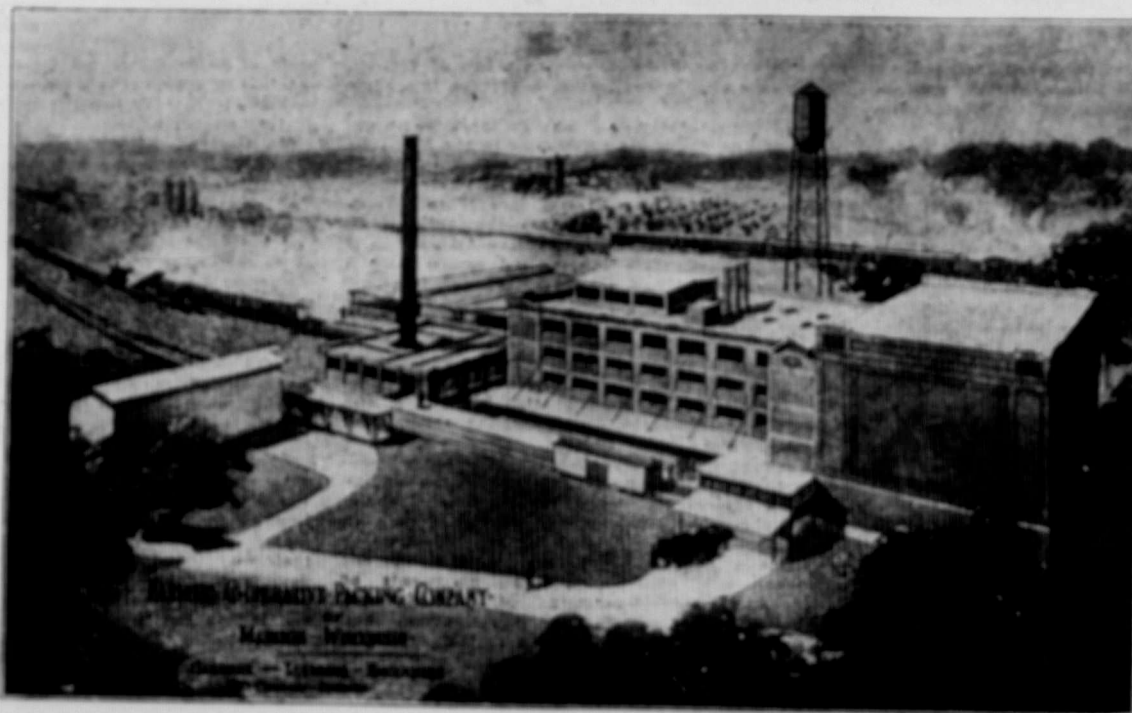
One of the most successful and profitable lines of co-operation among Wisconsin farmers has been their Co-operative Livestock Shipping Associations, and this method of handling livestock has been equally successful in Minnesota, Iowa and westward as far as Montana. Much of this success is due to the honesty, vigilance, ability and painstaking care of our official representatives on both the South St. Paul and the Chicago markets.

The J. R. Kirk Commission Company, of South St. Paul, have specialized in the matter of handling co-operative shipments. They have employed experts to work out and install proper accounting and pro-rating systems and the best men procurable to feed, handle and sell the different kinds of stock consigned to them. The best proof of their value to the farmers and their success as business men is found in the fact that in five years they have grown from one of the smallest commission firms on that market to the largest, and have been accorded by the Stock Yards Company the best location in the yards, with independent scales for their exclusive use, and they keep them busy. Last year over five million dollars' worth of stock passed thru their hands. Somewhat strangely, but nevertheless true, almost exactly the same conditions have obtained with our Chicago representatives, L. Spencer and Company, and with equal success and satisfaction to our shippers. From the local stock yards at Ellsworth, Wisconsin, last year about 400 carloads of livestock were shipped. These yards are said to be the largest in the Northwest.

The saving to the farmers on co-operative livestock shipping will average \$75 per car over the old system of selling to local buyers. The cost has been reduced from \$1.00 to \$1.25 per cwt. local buyer's margin, to from 40 cents to 60 cents per cwt., the cost of co-operative shipping. Hundreds of thousands of dollars have been saved to our farmers thru their Co-operative Livestock Shipping Associations.

Cheese Producers' Federation

The warehouse and sales agency of the Sheboygan County Cheese Producers' Federation has now been in operation about two years. During the first nine months of its operation ending December 31, 1914, it handled 156,631 boxes of cheese weighing 6,125,000 pounds, and showed a net profit of \$4,650. For the year ending December 31, 1915, it had handled 187,000 boxes of cheese, weighing 7,558,796 pounds, which sold for \$1,132,768, and on which there was a net gain to the company of \$10,104. To show the true spirit of co-operation on the part of the She-



All the stock has been sold but \$40,000 for this \$250,000 packing plant at Madison, Wisconsin. Work has already been commenced. This is typical of other plants at Wausau and New Richmond, Wisconsin, except that the capacity is double the others. The Wausau plant has so far been quite successful, the only one in operation four months. The profit was \$4,000 in that time.

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