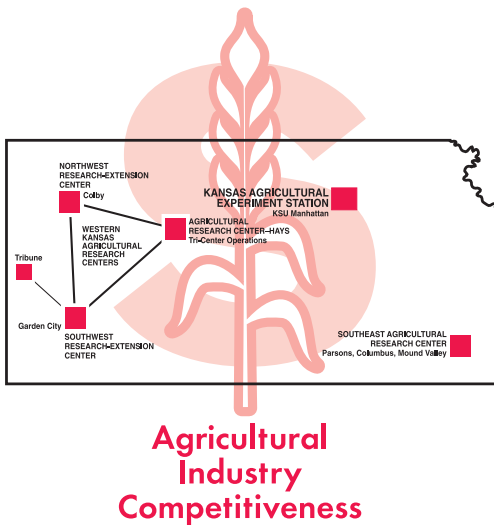




Case Studies on Food and Agribusiness Closed Membership Cooperatives

Enhance the value of Kansas Agricultural goods

Vertical coordination is being used by some producers to enhance their income. One method of vertical coordination is integration and in particular, closed-membership cooperatives (Boland, Barton, and Domine). Producers have many questions regarding cooperatives, particularly with regard to organizational structure, finance, and strategy. One common method of learning is the use of case studies.

The case study method is widely used for teaching management concepts. The case method develops the user's ability to reason by requiring that they perform analysis, engage in exploratory discussion, and find 'best possible' rather than 'right/wrong' solutions. Typically, the method is a specialized type of discussion where users make a decision themselves and then discuss it with others in a group (Harling and Akridge). Case studies simulate an actual management situation and is a first-hand observation of a real-life situation.

There are relatively few case studies on recently formed closed-membership cooperatives. The objective of this research was to write case studies on four cooperatives for educational use. The collaborating cooperatives are: 21st Century Alliance, Dakota Growers Pasta, Minnesota Corn Processors, and U.S. Premium Beef.

Strategic Management Concepts

One common task is to examine the external and internal competitive environment. The external analysis includes: 1) summarizing the dominant economic trends of the firm's industry, 2) discussing competitive rivalry among competing firms, 3) identifying future drivers of change, 4) summarizing the key success factors of firms competing in the industry, and 5) evaluating the overall attractiveness of

the industry. The internal analysis includes: 1) describing the current strategy, 2) developing a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, 3) identifying the core capabilities, 4) discussing the competitiveness of prices and costs, and 5) summarizing the strategic issues. Another common task is to identify the firm's strategy (low-cost and differentiation) and provide an evaluation of its effectiveness. Other aspects of a case include evaluating a manager's decision-making process.

21st Century Alliance

The overall objective is to analyze alternative investment decisions in a new venture and to understand the competitive environment of the pinto bean industry. Users of the case are asked to perform an external and internal competitive analysis focusing on the acquisition of an elevator in Sharon Springs, Kansas or Burlington, Colorado. The main decision in this case is to decide which elevator to purchase and whether a commodity product can be differentiated.

Dakota Growers Pasta

The objective of the case is to analyze differences between a differentiated and low average cost leadership strategy, and understand the competitive environment of the durum wheat and pasta industries. Users of the case are asked to conduct an external and internal competitive analysis focusing on the acquisition of two additional plants in Minneapolis, Minnesota. The main decision in this case is to decide whether to purchase the plant and move aggressively in pursuing additional branding opportunities.

Minnesota Corn Processors

The objective of this case is to analyze alternative investment decisions in the face of a new competitive climate, and understand the competitive environment of the corn wet milling industry. Users of the case are asked to perform an external and internal competitive analysis focusing on investing in new energy technology including building a co-generation plant, switching to natural gas, or renegotiation of existing electrical contracts. The main decision in this case is to decide which alternative technology to choose in light of possible deregulation.

U.S. Premium Beef

The objective of this case is to analyze a vertical coordination strategy through integration and understand the competitive environment of the beef industry. Users of the case are asked to perform an external and internal competitive analysis focusing on the integration of beef

feedlot, slaughter, and processing industries. The main decision in this case is to evaluate the strategies employed by competitors in mature or declining industries.

Summary

Copies of all cases, teaching notes, and a 15 minute interview (available on a CD-Rom or video cassette) can be obtained from the authors. Contact Michael Boland at mboland@agecon.ksu.edu or call 785-532-4449.

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