

**Seeing the Big Picture: Reflections from a Long Seasoned Career
in Ag-Focused Cooperatives
By Kenneth A. Spearman
Published in “The Cooperative Accountant”
Spring 2014**

When you look down on the world from an airplane, your view of the world changes. The arbitrary borders we've imposed on maps to separate counties, states, and countries are nonexistent from the air. It's a privilege and a blessing to have the opportunity to see the world like this.

In a way, my career has provided a similar vantage point. I was introduced to the world of cooperatives in the early 1980s when I joined Citrus Central, Inc., a \$100+ million agricultural supply and marketing cooperative in Orlando, FL. Unlike many of my colleagues, I did not grow up in the farming industry. I was a city guy from the Mid-west. However, I brought with me my education, military service, experience as a public accountant for Arthur Andersen & Co and a desire to make a new home for my family in Central Florida. Years later, Citrus Central was acquired by a large container corporation, and I made the move to Winter Haven, FL, to join the federated cooperative, Florida's Natural Growers finance team.

Perhaps because many of the cooperative employees had come from family farms, the culture was friendly and down-to-earth. Not only did I find the culture inviting, but the work was deeply satisfying. As accountants, it's easy to sometimes get lost in the numbers and fail to “get behind the numbers” to see the important role we play in the industry and, ultimately, in the economy of the nation. But when I came to work for an agricultural cooperative, my understanding of my role in the bigger picture crystalized. I was proud to be part of an industry that meets one of humanity's most basic needs.

At the time of my retirement from Florida's Natural in 2006, I had an opportunity to broaden my understanding of the world of cooperatives. I was elected to the board of AgFirst Farm Credit Bank in Columbia South Carolina, one of (now) four banks that make up the Farm Credit System, a nationwide network of cooperative agricultural lenders.

During my four-year tenure on this board, I learned about the lifeblood of the agricultural coop—financing. I came to understand the critical role that financing plays in the agriculture industry as a whole. Without access to affordable credit, America's farmers, ranchers and farm cooperatives would be unable to meet the food needs of our growing population. Also, having come to value the cooperative principles that guide organizations like Florida's Natural, I was pleased to support the work of a lender whose structure and operations were built on the same principles.

In 2010, my view of the agriculture industry—and the world of cooperative lending—was further broadened when President Barack Obama appointed me to the board of the Farm Credit Administration (FCA), headquartered in the Washington, D.C, metro area. FCA is the regulator

of the Farm Credit System. It is an independent federal agency, created in 1933 by the executive order of Franklin D. Roosevelt. Its purpose is to ensure that the Farm Credit System remains safe and sound and meets the credit needs of farmers and ranchers.

I joined the FCA Board during the nation's biggest economic crisis since the Great Depression. Fortunately, although the crisis weakened a few individual lenders in the network, the System as a whole remained safe and sound through the crisis. And the Board began taking additional strengthening steps by establishing rules to protect the System from future difficulties—for example, increasing capital requirements and emphasizing stress testing.

Also, during my tenure at FCA, the agency has renewed its focus on the statutory mission of the Farm Credit System. The FCA Board is working hard to ensure that the System remains true to its public mission by stressing the importance of diversity, both in the System's workforce and its customer base. The Farm Credit Act, which governs the Farm Credit System, calls on the System to be "responsive to the credit needs of all types of agricultural producers having a basis for credit."

If the System is to fulfill this mission, System lenders must reach out to underserved markets in their lending territories. They must reach out to potential borrowers of every race and ethnic background, as well as to women; persons with disabilities; and young, beginning, and small farmers. They must reach out to all who are creditworthy and meet the eligibility requirements to borrow from the Farm Credit System, whether they have 5,000 acres of corn or 10 acres of organic vegetables.

I have been privileged to work with my fellow board members in passing a regulation that requires System institutions to incorporate strategies in their business plans to reach out to underserved markets in their lending territories. We believe this regulation will help keep the institutions focused on the mission they are bound to serve as a government sponsored enterprise.

As I look back on my career, I see a bigger, more unified picture than I did when I began. When introduced to agricultural cooperatives, I came to appreciate the great value these institutions bring to the agriculture industry. Moving on to the world of the cooperative lender, I discovered the critical role these institutions play in meeting the credit needs of farmers, ranchers and farm cooperatives. Here I also learned that the farmer and the farm lender share common enemies—extreme weather, volatile commodity prices, and ever-shifting government policies. Then, finally, I transitioned to the regulator of the cooperative agricultural lenders. Here I came to understand the difficulty of meeting the dual goal of keeping the lenders financially safe and sound while also ensuring that they fulfill the public mission for which they were created.

Although each of the three worlds in which I've worked—the agricultural cooperative, lender, and regulator—has its unique focus and set of challenges, I also see that they all share the ultimate goal of providing the world with affordable food, and I have been privileged to play a role in this endeavor.