

# Co-op ideals ensure survival

Ashburton's farmer-owned co-operative, the Ashburton Trading Society, might be the smaller shark swimming in the big pool of national-scale players but it's surfaced big in growth and performance. **Annette Scott** talked to chairman Phil McKendry.

**A**SHBURTON Trading Society (ATS) chairman and Methven farmer Phil McKendry claimed a first for the co-operative when he was recognised for his outstanding contribution to its successful business model.

McKendry took the prestigious award at the Co-operative New Zealand awards.

The inaugural outstanding co-operative contribution award recognised an individual who had gone above and beyond to ensure the success of the co-operative model for his organisation.

ATS acting chief executive Robert Sharkie said the award reflected McKendry's time, effort and commitment in overseeing the co-operative during one of its greatest periods of change.

"Phil has always been very clear about ATS's purpose, which is to lower costs for farmers and their families, making everyday life easier for them."

The challenge for ATS in recent years had been to remain relevant to a new generation of farmers while retaining the co-operative's core values.

"It has been no easy task and Phil put the challenge to his executive a few years ago to embrace the changes happening in the rural retail sector and grow the business without losing sight of what we were," Sharkie said.

A key part of that growth came by taking the co-operative's farmer ATS charge card and turning it into a nationwide farmer charge card backed by a portfolio of both large national chains and locally owned rural service businesses.

The challenge was to grow without the usual expense of

bricks and mortar overheads.

ATS now traded nationally through Ruralco NZ, putting the co-operative in the same league as other farm service companies that might have started as co-operatives but had not managed to stay entirely so.

McKendry's work in the Canterbury farming sector extended beyond ATS.

He was the founding chairman of Barrhill Chertsey Irrigation and a director of NZ's only co-operative lines company, Electricity Ashburton Networks.

The award came as a total surprise to McKendry, who didn't even know he had been nominated.

The only clue had been the unusually strong contingent of ATS staff attending the awards evening.

"They didn't know the result. I didn't know I had been nominated so when the announcement came it was so unexpected.

"I felt quite flustered. I had no prepared speech. It was such a big award you just don't expect it to come your way – little ATS," McKendry said.

"But I don't think I embarrassed myself or ATS too much."

A modest McKendry was not prepared to take the credit.

The development of Ruralco and ATS's focus on building its presence in seeds, fuel, energy and retail had all helped keep the provincial co-operative independent and sound when others had merged or fallen away.

"I feel we are now in a very sustainable position that leverages off the strengths of our people and our co-operative ideals which still resonate strongly with farmer shareholders."



**HAPPY SPACE:** ATS chairman Phil McKendry says it's a satisfying challenge to see the co-operative punching well above its weight in a sector dominated by national-scale entities. **Photo: Annette Scott**

McKendry, a fourth-generation farmer running a 200-hectare mixed cropping and lamb finishing operation near Methven, was elected to the ATS board in 1998 and had been chairman for six years.

A firm believer in the principle of co-operatives, McKendry always treated his governance role as a job.

"I have been quite deliberate about that – doing it as a job with a considered focus and not just an off-farm hobby.

"Shareholders expect a commercial return and a professional level of governance. That's the purpose of co-op structure – delivering returns for shareholders.

"There's no other structure identified that would deliver the same benefits so it's work by the mantra, keep the faith

(of the shareholders) and keep the business of the job true to purpose."

McKendry said ATS existed because of the progressive and innovative farming region it served and its success was because of its operational efficiency.

"People will not buy what you do, but the way you do it."

ATS stood alone because the farming region it served was strong enough to sustain it and the co-operative performed well enough to sustain a locally and regionally based buying group.

"The award recognises this as we have seen the mergers of other regional trading societies into the Farmlands national brand."

Established in 1963, ATS was the only remaining co-op of the original 1960s trading society movement.

Its business as an agricultural co-operative had sales revenue of about \$230 million. It employed 90 staff and boasted a membership nearing 3000.

Research showed 96% of eligible farmers in the region had signed up with ATS.

"ATS has always had strong competition so has had to perform well to warrant the investment of its members and keep business competitive," McKendry said.

The award recognised that independent point of difference of the ATS co-op that had held out against the trend, he said.

In the creation of a modern business from an "old-style environment", McKendry was particularly proud of the diversity of the ATS board.

Of the seven directors, three were female and McKendry, 54, was the second eldest, with just one director over 60.

McKendry said the age and backgrounds of the directors meant there was real diversity of thinking.

"It's the skills and experience they bring as individuals that's important and the younger members are quite deliberate and strategic about their careers as directors.

"It's fantastic what they bring in terms of fresh ideas and energy," McKendry said.

The board's diversity sent a strong signal to members about who was representing them.

"It's a genuine reflection of the co-op's membership, not just the traditional bunch of grey-haired men."

For McKendry it was a satisfying challenge.

"ATS is in a happy place, punching well above its weight in a sector dominated by national scale entities."

"Ruralco gives us cost-effective growth opportunities which will enable us to continue to deliver the co-op's purpose to its members well into the future," he said.