

Cover Story / By Darrell Smith

What Labor Shortage?



"Best Boss"
Gene Veliquette
proves nice guys
finish first

PHOTO: MARY ANN CARTER



Treating employees like owners earns this cherry producer high honors for labor management in our annual Top Producer of the Year Awards.

Spend a minute listening to Gene Veliquette talk cherries, and you'll discover why people beg to call him boss. As a twin who heads a farm business with a dozen siblings and extended family members, Veliquette laces his sentences with "we," not "I". After detailing his brothers' talents at processing, production and mechanics, for example, the leader of Cherry Ke, a cherry production and processing firm, adds: "You may wonder what I do around here."

Veliquette's humility may be one reason there is relatively little turnover among his 66 full-time employees and 440 seasonal workers. One college student, the daughter of two doctors, jokingly told her parents she enjoyed her job so much she had decided to become a migrant worker. A full-timer has turned down better paying jobs to stay on the farm.

"It's not the cherry business, it's working for Gene," says Al Gredlein, a Pittsburgh native who has worked unpredictable, weather de-

PROFILE: Gene Veliquette, 54
Williamsburg, Mich.

FAMILY: Wife, Linda; three grown children and four grandchildren.

FARM BUSINESS: Partners with twin Dean and brother Norman, plus other family members, in Cherry Ke, a 1,200-acre cherry orchard and processing operation. With the purchase of a cherry drying facility in New York this year, their four plants are now spread over two states. Markets cherries dried or as confections and juice.

PERSONAL HISTORY: Raised on a dairy farm with 11 siblings. Entered the cherry business in 1969 with \$4,000 equity he had saved during college. With Michigan's seasonal labor shortages, goal was to find a less labor-intensive business. Today at peak season, employs 66 full-time and 440 seasonal workers.

BIGGEST CHALLENGE: Chronic oversupply of the tart cherry industry since 1984. To survive in a no-growth market, the Veliquettes concentrated on processing, marketing and cost reduction. They expanded only when they could buy land and orchards at extremely depressed prices. The ability to process their own product—at four different plant locations scattered over 500 miles—has provided a profit edge: "We can pack different products for different markets, process a greater quantity of cherries at harvest to provide better quality pack, spread act of God risks with geography and tap different labor markets," says Gene. "In short, processing is a competitive advantage."

INNOVATION: Technology is Gene's avocation, always aimed at minimizing labor. He has designed wind machines for frost prevention, hedgers for tree trimming, and forklifts from old pickup trucks. One of his customized applicators applies fertilizer and herbicide at an acre per minute, four times faster than with conventional equipment. "We can spray 300 acres before lunch," he says.

LABOR LESSONS: Share the wealth. Cherry Ke pays managers incentive bonuses based on the farm's overall profitability. Full-time workers qualify for an employee stock ownership plan; college scholarships lure seasonal crew leaders back each year.

FUTURE CHALLENGES: "Northern Michigan can't compete in labor-intensive commodities," Gene says. "Processed cherries are capital intensive, but we still worry about other parts of the world getting the business."

pendent hours at Cherry Ke since 1992. "Take frost protection, for example. At midnight or 1 a.m., Gene checks temperatures. He calls me at 2 a.m. We operate all night, then prepare all the next day, working 18 hours. And Gene is out there with us. He is enthused about everything, and he makes you want to work. I owned my own business for 22 years, and I was never this enthusiastic about it."

Veliquette makes a point to work side-by-side with his team. But his best advice for labor-intensive businesses: "Give employees a sense of ownership that motivates them to think, work and act like owners."

Junior partners. Among the more tangible attractions for full-time employees at Cherry Ke is an employee stock ownership plan (ESOP). "It doesn't discriminate against family or non-family employees," says Veliquette. "To be eligible, they must work over 1,000 hours, be on the payroll at the end of the year and be over 21 years old. Participants receive a contribution proportional to their wage. The plan doesn't cost them anything; it's all employer-funded. The employees become more like owners, like partners, the longer they work for us."

"From the company's standpoint, the ESOP lets us provide a monetary benefit with little cash, by reinvesting the contribution. In the capital-intensive cherry business, this is one way to conserve capital. All the stock is in one trust, so control is not a problem. On most issues, the trustees do the voting, so there's no risk of someone becoming a disgruntled stockholder. If someone leaves, we buy out or cash out his retirement plan. If it's under \$50,000, we cash them out. If it's over \$50,000, we pay 20% per year for five years. That has really smoothed over some things. If we have to terminate an employee—which is rare—they get something to take to the bank."

Cherry Ke's ESOP taps two sources for cash: the annual contribution and the ESOP's share of dividends. So far, they have provided sufficient funds for any distributions.

"As the oldest employee at Cherry Ke, the ESOP is very important to me," says Gredlein. "Gene pushes the board to make high contributions every year. He takes care of employees."



PHOTOS: MARY ANN CARTER

Patience and trust add to Cherry Ke's appeal. "Gene is a patient teacher," says Gredlein. "He sets aside time for teaching. When I started, I knew zero about farming. Now I can do almost any job on the farm."

Veliquette's people skills make some of those jobs easier, Gredlein adds. "In this business, you have to deal with the public on a regular basis, and Gene is an expert," he says. "When it's time for me to spray, I know the groundwork has been laid with adjacent landowners. Other farmers sometimes run into problems with neighbors, but we don't."

Employees keep their own time records. "I don't know how we would farm if we didn't trust our employees," says Veliquette. "We have to move

bees and start frost protection in the middle of the night. We have to get the work done, and we can't be punching a clock. So we trust people. If they don't do their job, they don't last."

Cherry Ke pays better salaries than most farms, says Veliquette. "But we can't compete with higher paying nonfarm jobs. Traverse City [15 miles away] is the professional capital of northern Michigan."

Recruiting. A scholarship program is designed to lure, and retain, talented young people with leadership potential. "To run our harvest crews, we need workers who can take responsibility," says Veliquette. "Scholarships allow us to hire some really talented young leaders."



Cherry Ke's diverse workforce includes immigrants, college students, technicians and city slickers who learned agronomy with on-the-job training. Fun and financial incentives keep them loyal.



Anyone who works at least one full season is eligible. "It serves as our bonus," says Gene. In 2001, the farm awarded 17 scholarships, ranging from \$200 to \$1,750. The amount is based on the number of hours

worked. Recipients must show a letter of acceptance from a college or university, and the check is sent directly to the school.

Besides the basic scholarship, recipients compete for a bonus based on the best-written employment application. Judging is done by a high-school English teacher. First-, second-, and third-place winners receive \$300, \$200 and \$100, respectively. Scholarship winners are announced at Cherry Ke's end-of-year cocktail.

"The scholarship is a great incentive to come back and work another year," says Nels Veliquette, Gene's nephew. "We don't have to train someone every year to operate a \$250,000 piece of equipment."

Gene agrees. "It encourages some pretty smart kids, who are looking for higher education and have a goal, to work for us," he says. "And when they come back the second year, they bring along a buddy or two."

Half to 75% of employees return to help in succeeding years, says Neva Veliquette, Gene's sister, who is in charge of hiring. "It's the way you treat people [that brings them back]," she says. Food also helps. Cherry Ke treats day crews to Egg McMuffins and night crews to pizza. They deliver workers pop on hot afternoons.

Neva shoots photographs and com-

poses albums for employees to enjoy before work begins. She includes a page of pictures in the company's annual report. Each employee gets a T-shirt designed by Neva's son, an art student. Typical slogans: For 1998, "Cherry Overload." For 2000, "Been there, shook that. Survived." For 2001, "After 30 years [on the front] . . . Cherry Ke can still shake it [on the back]."

At Christmas, employees receive a card, a photograph, a letter thanking them for their efforts and inviting them to return, and sometimes a treat such as a package of trail mix containing dried cherries. "I think they enjoy their work and feel they've accomplished something," says Neva.

Youth links. Some young people are introduced to the Veliquettes long before they reach college age.

"Donating to churches and athletic complexes gives us a lot of satisfaction," says Gene, who, along with his twin brother Dean, was a high-school football player.

"For several years, we just gave away money, but we wanted to have more control, so we founded Cherryland Youth Association," says Gene. The association raised more than \$1 million—half from Cherry Ke, half from other donors—to fund an athletic complex for Elk Rapids High School. It contains six sports fields, two of them with lights. In 2001, the association will spend \$50,000 for tile, fencing and other improvements.

The complex is the home of two state champion soccer teams—a source of no small pride to the Veliquettes. The team's coach is Al Gredlein, who continues to draw his Cherry Ke salary during soccer season (a slack time on the farm).

"The school has little money for soccer," Gene notes. Supplementing those limited public funds allows more than 40 students to enroll in the soccer program.

For Gredlein, being able to coach soccer is one more factor that makes him willing to get up in the middle of the night to move bees or fight frost. "Soccer is my passion," he says. "Gene gives me time to do the coaching job right, and never makes me feel guilty." He has turned down college coaching offers to stay with Cherry Ke. After all, where could he find a better boss? ■