

# Cooperatives: The Business of Teamwork

**Maria Miller**

Director of Education

National Farmers Union

[mmiller@nfudc.org](mailto:mmiller@nfudc.org)



# What is a Cooperative?

- A cooperative is a business mutually owned and democratically controlled by the people who use its services and whose benefits are derived and distributed equitably on the basis of use.
- The user-owners are called members. Earnings are allocated to members based on the amount of business they do with the cooperative.



UNITED TO GROW FAMILY AGRICULTURE

# Cooperatives as a business

Cooperatives are **similar** to other businesses.

- Typically incorporated under state law
- Organizers draw up bylaws
- Members elect board of directors
- Board sets policy and hires a manager to handle the daily operations
- Requires start-up capital and generates revenue to cover its costs



# Cooperatives as a business

Cooperatives are **different** from other businesses.

- Unique in its purpose
- Unique in its ownership and control
- Unique in how benefits are distributed
- Embrace the Cooperative Principles

*The cooperative business model has been successfully used worldwide for hundreds of years.*



UNITED TO GROW FAMILY AGRICULTURE

# The Seven Co-op Principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation among Cooperatives
7. Concern for Community

*Adopted by the International Cooperative Alliance*



# Benefits

- Purpose: Focus on the needs of members
- Values: Reflect the priorities of members
- Structure: One member, one vote
- Earnings are returned to members based on their use of the cooperative



UNITED TO GROW FAMILY AGRICULTURE

- A group with common interests can leverage their individual abilities to attain success as compared to going it alone.
- Members own and control the business through electing directors from the membership, and by voting at the annual meeting.
- Cooperatives may be organized to provide a need otherwise not being met; to provide competition in an unresponsive market; or to maintain or restore a service within the community.

# Benefits



UNITED TO GROW FAMILY AGRICULTURE

# Types of Cooperatives

- Producer – farming, ranching, fishing
- Supply – fast food, hospitals, agriculture, schools
- Marketing – value-added food products, agriculture
- Worker - laundry, taxis, art
- Service - health care, rural electric, advocacy
- Financial - lending, investment services
- Retail - groceries, sporting equipment, hardware



UNITED TO GROW FAMILY AGRICULTURE



# Names You Know

## Cooperatives

- The Associated Press
- Ocean Spray
- Land O' Lakes
- REI
- ACE Hardware

## Cooperatives

- Organic Valley
- Welch
- Blue Diamond
- Farm Credit
- CHS, Inc.



# Resources

## National Farmers Union College Conference on Cooperatives

Feb. 13-16, 2014, Minneapolis, MN

*Contact First Nations if interested in attending*

NFU education materials: <http://www.nfu.org/education/education-materials>

How to Start a Cooperative, Rural Development:

<http://www.rurdev.usda.gov/rbs/pub/cir7/cir7rpt.htm>

<http://www.rurdev.usda.gov/rbs/pub/cooprpts.htm>

Coops 101, USDA: <http://www.rurdev.usda.gov/RBS/pub/cir55/c55text.pdf>

Small Business Administration: <http://www.sba.gov/content/cooperative>

National Cooperative Business Association: [nca.coop](http://nca.coop)



UNITED TO GROW FAMILY AGRICULTURE