

Introduction to the World of Cooperatives

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How do we talk about cooperatives?

Economic Sector / Ownership Type

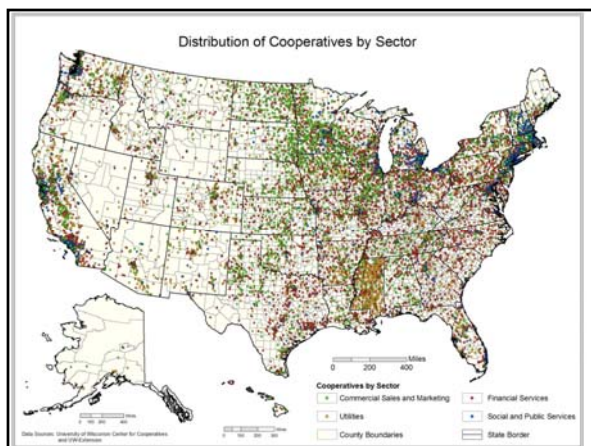
- Ocean Spray Cranberries
- Union Cab
- Organic Valley
- Badgerland Farm Credit
- UW Credit Union
- Willy Street Co-op Grocery
- ACE Hardware

Who owns the cooperative?

- Workers
- Producers
- Purchasing (businesses)
- Consumers

Economic Sectors

- Commercial sales and marketing
 - Farm supply & marketing, biofuels, grocery & consumer retail, arts & crafts
- Social and public services
 - Housing, healthcare, daycare, transportation, education
- Financial Services
 - Credit unions, farm credit, mutual insurance, co-op finance
- Utilities
 - Electric, telephone, water & waste



Impacts by Economic Sector

Table 1: Economic Impact of U.S. Cooperatives

Aggregate Impacts by Sector¹

Sector	Revenue	Income	Wages	Employment	Firms	Estab.
	(million dollars)			(jobs)		
Commercial Sales and Marketing	202,107	17,254	13,572	440,198	3,463	5,695
Social and Public Services	7,525	2,213	1,690	373,584	11,311	11,311
Financial Services	394,363	100,661	51,176	1,113,353	9,964	50,330
Utilities	49,810	13,392	8,292	162,872	4,546	5,657
Total	653,805	133,520	74,730	2,090,007	29,284	72,993

¹ Analysis does not include housing cooperatives.

Impacts by Ownership Type

Summary of Key Economic Indicators

Cooperative Type	Assets	Revenue	Wages	Firms	Employees	Members
	(million dollars)			(thousands)		
Worker	128	219	55	223	2	55
Producer	23,632	65,426	2,970	1,494	73	715
Purchasing	1,126,848	157,892	2,902	724	130	6,133
Consumer	1,975,805	291,086	19,085	26,844	651	343,969
Total	3,126,413	514,623	25,012	29,285	856	350,872

Upper Midwest: A cooperative commonwealth

- Cooperatives in the Upper Midwest innovated:
 - Achieved economies of scale
 - Eliminated inefficiencies in retailing
 - Reduced profit margins in grain storage, fuel sales, etc.

	Co-operators' Best	Nationally Advertised
Rolled Oats _____	2.20 per case	2.65
Corn Flakes _____	2.60 " "	2.85
Wheat Cereal _____	2.90 " "	3.90
Pork & Beans—large _____	1.95 " doz.	2.30
Apricots Choise No. 2½ _____	3.28 " "	3.80
Sliced Pineapple stand. No. 2 _____	2.55 " "	2.80
Strawberries No. 2—40% _____	3.75 " "	4.10
Soup _____	.95 " "	1.15
Raisins 1 lb. pkg. _____	.09 " lb.	.10
Malt Syrup _____	5.50 " doz.	6.00
Macaroni _____	1.80 " case	1.90
Gelatine Dessert _____	.75 " doz.	.95
Medium Motor Oil _____	.47 " gal.	.68
Mustard _____	1.15 " doz.	1.33
Catsup pints _____	2.25 " "	2.40



Entertainment at the annual meeting

Co-ops in Communities

- Owned by 2.8 million members: REI – Recreational Equipment Inc.
- Owned by 1500 newspapers: Associated Press
- Owned by businesses: ACE Hardware, KFC
- Owned by 1,100 cable companies: National Cable Television Co-op

Co-ops in Communities

- Owned by 150 workers: Union Cab Cooperative
- Owned by 33,000 consumers: Adams Columbia Electric Co-op
- Owned by 700 members: Menominee Food Cooperative





Using cooperation to achieve goals

Consider:

- What is the need or opportunity?
- What is the market failure that may help this cooperative be successful?
- What advantages will the cooperative business model have?
- What are the barriers to success?

Using cooperation to achieve goals

- Keys to success:
 - Dedicated organizers
 - Good quality market and financial analysis
 - Community support – leadership and financial
 - Strong operational management – board and staff

Potential cooperatives?

- Wind turbine bargaining cooperative
- Hops buying and producing
- Locally grown food on campus

Keys to Start-up Success

- Clear vision, with flexibility
- Dedicated organizers
- Quality of the market and financial analysis
- Understanding of the cooperative model
- Ability to create and sustain relationships
- Excellent advisors

Examples

- Viroqua Food Cooperative
 - Opened a small store in 1995 with 95 members, focused on unique products
 - Raised start-up capital from members, sweat equity
 - 2005 – expanded to a larger store
- Cooperative Care in Wautoma
 - Opened in 2001
 - 85 owner members providing home care
- Producer-buyer cooperative in Eau Claire