

Workshop: What is a Cooperative? Agriculture Cooperatives 101

Time – 60 minutes

Target Audience – ages 12 to adult



Workshop Outcomes:

- Participants will be able to define what a cooperative is.
- Participants will be able to explain advantages to the cooperative model.
- Participants will be able to differentiate between the types of cooperatives.
- Participants will be able to identify agriculture specific cooperatives and related career opportunities.

Materials Needed:

- PowerPoint “Agriculture Cooperatives 101”
- Computer with projector/display technology
- Internet Access for participants’ devices (this may be smartphone or other device-depending on the situation)
- Easel Post It Sheets (one per every four participants) and markers
- Handout A – *Let’s Get Down to Business* farm codes (cut apart, enough for all groups – see directions)
- Handout B – *Let’s Get Down to Business* recording page (enough copies for all participants)
- Handout C – *The Structure of Cooperatives* reading page (three copies per every 24 participants)
- Handout D – *The Seven Principles of Cooperatives* reading page (three copies per every 24 participants)

Introduction (2 minutes)

Welcome and set context as is appropriate for your situation. It is highly recommended that you get into the first activity as quickly as possible.

Suggested context for the first activity:

Welcome friends! We are going to spend the next few minutes discovering one of the least-known – yet very important – business organizations that exist in agriculture today! While we each may have varying levels of knowledge about business and production, we will leave here today with a better understanding of this valuable opportunity that millions of Americans are already engaged in. It is only appropriate then that we start getting down to business by getting started WITH a business! In a moment, we each will meet our new business partners as we take over an agricultural operation – and it will be up to each of us to decide how we are going to manage that business. Let’s get started!

Opening Activity: Let’s Get Down to Business (20 minutes)

Use a grouping strategy to divide participants into pairs. Each pair will need an Internet- capable device. Give each team a code (cut from Handout A) that will determine which agriculture operation they are in charge of today. Provide each person with the *Let’s Get Down to Business* recording page.

Use the PowerPoint to direct participants to the website <https://bit.ly/2q4QmTu>. They will use their code to enter the website. When everyone is in and has read the introduction to their production operation, move to the next slide with SCENARIO 1. Set context:

Now that you are in business, it will be up to you to decide how your operation will handle the following challenges. The scenario will be up on the screen, and your options will be on your device. Now the success of your business is really up to you!

Have them discuss with their partner and choose their course of action. Record this choice and the result on their page.

Continue through the next three Scenarios (2-4) – each should take about two minutes to read, decide, and record the result. When done, move to the next set of directions:

Now that you've navigated the ever-challenging world of agribusiness, how did it go? And did everyone else have the same result as you? Time to find out! Find two other teams that had a different farm than you – the three farms are up here on the screen. When we meet up, discuss how you handled each challenge and what the result was. Be sure to listen to any similarities or differences in their decisions and outcomes from yours! Be ready to report back in a few minutes.

Gauge the room and allow for conversations. Keep the directions on the PowerPoint on the screen for reference. Allow 3-5 minutes for this.

When done, review and reflect with the group. Process with the following questions (take two to three responses each as appropriate).

- *Who was the most successful with their business? Why do you say that?*
- *What did you find for similarities in decisions and outcomes with the others you shared with?*
- *What differences did you find when you shared with others?*
 - o Process to – some people had different –and sometimes more - options than others depending on what kind of operation/business they had.
- *Why did some groups have different options than others?*
 - o They had a different business structure that resulted in either different consequences or different options to begin with.
 - o The operations with the most/best options in some cases were cooperatives vs sole proprietor or partnership operations.

Transition to the purpose: cooperatives are a unique business structure that gives opportunities to agriculturalists/members.

Clearly, some operations had advantages and disadvantages when compared to others. We are going to dig in to why some of you had more options than others – and in some of these challenges ended up with better outcomes. What is different about this cooperative structure? What does it mean to be a cooperative in agriculture and why should it be considered?

What Makes A Cooperative? (20 minutes)

Move to the next slide “What is an Agricultural Cooperative?” Provide the following:

Now that we have discovered that there may be some opportunities and advantages in agricultural cooperatives, it is time to uncover exactly what a cooperative is and how it is different than other traditional business models.

Break participants into groups of four (these directions are assuming there are 24 participants – adjust as needed). Each group will receive a handout, an Easel Pad sheet, and markers. Give directions – each group is to read through and together process their handout, create a visual that summarizes the information with bullet points/visuals, and prepare to present it to the group. This presentation should be 1-2 minutes.

Two Handouts (there are three copies of each handout):

- The Types/Structures of Cooperatives
- The Seven Principals of Cooperatives

Give 10 minutes to process and create the visual. Check in with groups to assess progress.

- NOTE: Assuming there are 24 participants this means there will be three groups each independently processing each of the topics above. You can either have them present together or have them pair up with a group with the opposite handout (recommended). Lead applause as each group finishes their presentation.

Transition to the Application: From here, have participants work together to create their definition for what a cooperative is. Have a few people share their definitions; encourage others to amend/add to their definition based on what they hear.

Move to the slide with the definition of an agricultural cooperative: *a farm, business, or other organization which is owned and run jointly by its members, who share the profits or benefits*. Have them add to their definition anything that is missing from this new definition and highlight any parts they had that are present in this new definition. Emphasize that this allows us to arrive at a new, complete, and personalized understanding of what an agricultural cooperative is and sums up what we know so far about cooperatives.

Transition from here to the next topic:

We now have our own definition and understanding of what cooperatives are and how they work. So, do we know of any cooperatives? Have we interacted with cooperative businesses and not even known it? Could we end up in a career with an agricultural cooperative? Let's dig into who are the agricultural cooperatives around us!

Recognizing the Cooperatives Around Us (15 minutes)

Move to the PowerPoint slide with the list of various businesses. Have participants quickly count up how many names they recognize on the screen (they could just say half or 75% or nearly all, etc).

Next, have them guess which of the businesses are cooperatives, and which are other business models. Ask for responses.

Move to the next slide that highlights which ones are actually cooperatives. Ask for responses – are they surprised by the answer? How many of these did they know of but did not realize were cooperatives?

Next, participants will compare and contrast how these cooperatives must be different than the other businesses that were listed. Emphasize the use of their new knowledge about cooperatives from the peer teaching a moment ago. Have them use the Venn Diagram that is on their recording page handout.

Assign out the paired businesses that are on the PowerPoint (next slide) to paired participants in the room. Allow a few minutes for this to be completed.

When done, have neighboring groups view the diagrams around them. Point out similar/consistent answers.

Next, direct participants to review the three types of cooperatives. Determine what type of cooperative theirs is and add that label. Ask for several responses and follow up with questions of how they arrived at that determination (what knowledge did they use in order to determine their answer?).

Finally, transition to the final application:

Remember the cooperative structures we heard about a few minutes ago? Most cooperatives will have employees – the people who work for the manager/CEO that reports to the board. These are the people who make the mission and work come together. Who are they? What are the jobs and careers that would be available in these cooperatives? Let's brainstorm a list!

Have participants do a think-pair-share of three different job types/career options that could be found in their cooperative.

When done, display the PowerPoint slide with these and perhaps other career areas. Have students answer the final questions on the handout: what are careers I did not know could be part of agricultural cooperatives? What are some of the advantages of a career working for a cooperative versus a traditional business?

Review and Challenge (3 minutes)

Have participants share with a partner how their knowledge about agricultural cooperatives has grown in the past few minutes. Ask for two or three people to share 'ah-ha' moments or knowledge that surprised them.

Ask the final question: *why are agricultural cooperatives important in the world today?* Elicit responses.

End with the challenge:

Now that you are more aware of agricultural cooperatives, how they work, what makes them different, and some of the opportunities that exist in careers within them, I hope you leave here and are able to support the unique role and function cooperatives provide within our lives every day, our communities, and in the agricultural industry!

Handout A – *Let's Get Down to Business* farm codes (cut apart, enough for all groups – see directions)

A5	M4	R2

Handout B – *Let's Get Down to Business* recording page (enough copies for all participants)
See next page



Let's Get Down to Business! **Agricultural Cooperatives 101**

Name of your farm: _____

Scenario 1

What did you choose and why?

What was the profit/loss result?

Scenario 2

What did you choose and why?

What was the profit/loss result?

Scenario 3

What did you choose and why?

What was the profit/loss result?

Scenario 4

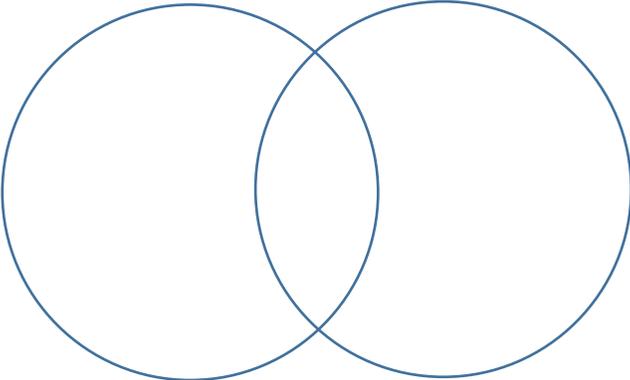
What did you choose and why?

What was the profit/loss result?

Compare and Contrast – Cooperatives vs Corporations (and Other Business Structures)

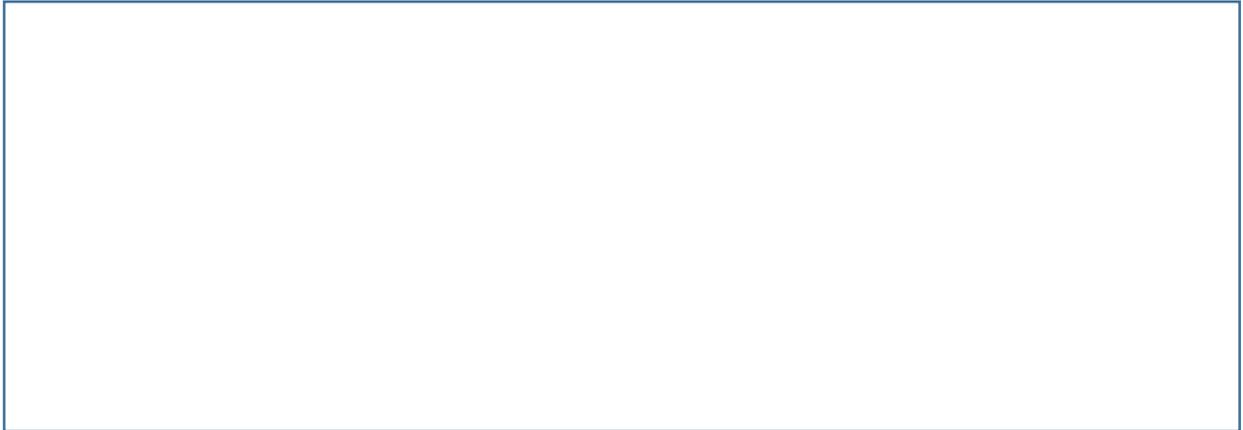
Cooperative

Comparison Business



What type of cooperative do you have? Why do you think that?

Career Brainstorm!

A large, empty rectangular box with a thin blue border, intended for a student to write down their career brainstorming ideas.

What are careers I did not know could be part of an agricultural cooperative?

What are some of the advantages of a career working for a cooperative versus a traditional business?

Handout C – *The Types/Structure of Cooperatives* reading page (three copies per every 24 participants)
Handout D – *The Seven Principles of Cooperatives* reading page (three copies per every 24 participants)

The Types of Cooperatives

Excerpt from Cooperative Information Report 45, Section 3
From United States Department of Agriculture Rural Development

Cooperatives exist in nearly every business sector and are organized in a variety of ways. Like other businesses in our economy, they range in size from organizations with only a few member-owners to large and complex organizations with thousands of member-owners. The way a cooperative is organized determines how it is operated, managed, and controlled by its members, and the types of benefits offered.

Functions Performed

Cooperatives may perform one or more of these functions for members:

- Marketing products
- Purchasing supplies
- Providing services

Marketing

The need to meet consumer demands and expand markets for products presents an increasing problem for farmers acting independently. Few farmers produce in quantities needed to deal directly with large wholesalers or retailers. Marketing cooperatives provide an increasing variety of off-farm processing and marketing services for about one-fourth of all products that farmers produce.

Marketing cooperatives help farmers produce and process quality products to market specification. Cooperative marketing includes the operation of grain elevators, milk plants, wool pools, cotton gins, livestock markets, vegetable markets, and nut- and fruit-packing plants. Some marketing cooperatives include the coordination of processing, canning, drying, blending, concentrating, extracting, freezing, or consumer packaging of animal and animal products, such as dairy, fish, meat, and poultry and the same for fruit, nut, and vegetable products, and many other products in integrated organizations.

Marketing cooperatives enable farmer-members to extend control of their products as long as the cooperative retains physical or legal title to a commodity handled through processing, distribution, and sale. Some marketing cooperatives also can be called bargaining associations, which may not handle the actual product but rather act as the selling agent on behalf of the member.

Purchasing

Farmers first turned to cooperatives as economic tools to gain advantage of quality and quantity of farm production supplies such as feed, fuel, fertilizer, and seed. These early efforts often became businesses having full-time managers and warehouses to handle other production supplies and services such as farm chemicals, animal health products, fencing, building supplies, construction contracting, automotive accessories, etc.

Most purchasing cooperatives have affiliated with other cooperatives, often through regional and interregional cooperatives. These efforts reduce farmer costs and strengthen purchasing power through owning large-scale facilities, such as petroleum refineries and feed mills.

One of a purchasing cooperative's objectives is to reduce production costs for members through quantity purchasing, manufacturing, and distributing, procuring quality products, and providing related services as needed. Distribution to producer members is a major concern at the local level because added services are needed. Another objective is to provide a dependable supply of quality products for members.

Many cooperatives now perform both marketing and purchasing functions, although they started as single-function organizations.

Service

Some agricultural service cooperatives provide services related to the production and marketing of farm commodities. Others provide general services. Related service cooperatives offer unlimited possibilities and are used in ever-widening circles to solve mutual problems and provide specialized services that affect the location, form, or quality of farm products or supplies for members. Services may be part of the operation, or they may be performed by separate cooperatives.

Examples of services offered by farm supply co-ops include: recommending and applying fertilizer, lime, or pesticides; cotton ginning; animal feed processing; and crop harvesting. General service cooperatives provide a number of specialized services assisting farmers in their business such as credit, electricity, and telephone service.

Conclusion

Cooperatives are classified as a way to easily identify the nature of the business. The classifications do not mean that one type may necessarily be better or worse than another. It simply means that there are distinguishing differences among the types, and shows the wide variety of cooperatives and the differences in their operations, management, control, etc.

What is important for cooperative members to understand about cooperative structure and their own organization is:

- What type of cooperative it is;
- How it is structured; an
- How the cooperative, whatever its classification, can be most effectively used by its members for serving their needs and achieving objectives.

Cooperative Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5. Education, Training, and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Source: International Co-operative Alliance - <https://www.ica.coop/en/cooperatives/cooperative-identity>