



Mid America Cooperative Council

MACC VOICE

July 2014 Newsletter

Mid America Cooperative Council
6302 Rucker Road, Suite H Indianapolis, IN 46220
Phone: (317) 726-6910 Fax: (317) 726-2630
E-mail: knowledge@macc.coop Web: <http://www.macc.coop>

Co-op Principle #5: Education, Training and Information

One reason cooperatives need to be educated, is that assumptions about how businesses operate are not always appropriate to cooperatives. If co-op members, officers, and employees are to know how to operate a cooperative well, it falls to the cooperatives to provide education for these individuals.

One example, the case of equity. Making an equity investment in a business entails a risk. In capitalist businesses, risk is balanced by the prospect of profit. In a co-op, risk is balanced by the services which the co-op provides to its members. A capitalist business can get equity from anybody willing to accept that business's particular combination of risk and potential profit. In a co-op, the people who must be counted on to make an equity investment are the members who are using the co-op. And, because the investment entails risk without a large financial return, it needs to be spread out among all the members of the co-op. It is important that all the users of the co-op be recruited as members so that, among other reasons, the required equity investment and risk may be spread over a larger base. The members, officers, and employees of many co-ops fail to understand this concept.

Capitalization is not the only area in which co-ops are different, and co-op education is important. Co-ops frequently hire as managers, or elect to their board of directors, people with good business training but no co-op experience. This is a sound practice, but often leads to conflict, because the co-op's new leaders don't understand the ways in which a co-op should be different from another business. A retail consumer food co-op needs good merchandising, for example, but must make sure that a person hired for this understands the importance of consumer education in a co-op. When a co-op is honest and informative about the products it sells, it provides a valuable service to its members, and at the same time establishes its own credibility as their buying agent.

A second general reason a why co-op education is important is that co-ops need the support of their members. In fact, the members of many co-ops don't stick together, but use the co-op only occasionally, making it difficult for the co-op to serve any of its members well. This failure of co-op members to cooperate should not really surprise us, since the idea of loyalty to a particular business is fairly foreign to our society. Co-op members need to know why their co-op is special, and why their participation is important to the co-op.

A third reason why co-op education is important is that co-ops are democratic organizations. Without enough members who know how the co-op works and where it's going, members can't run the co-op well.

All of the above points speak to the role of education in making co-ops work better and more effectively (*excerpts from <http://www.cooperativegrocer.coop/profile/fred-guy-adapted-ico-op-timesi>*).

New Ways of Communicating With Your Membership

Cooperative leaders are challenged to use their verbal and writing abilities to maintain and enhance their organizations' relevance among various audiences including members, other managers, external stakeholders, and potentially skeptical members of the public.

In a fast-paced and information-rich business environment, creating impactful communications, controlling messages, and influencing change is a time-consuming and ongoing process.



Most cooperatives embrace a mix of traditional communication methods including face-to-face meetings, printed newsletters and phone calls alongside more modern methods that may include emails, texting, websites, and electronic newsletters. In spite of the many benefits that digital communication methods can provide, leaders are cautioned to use the technology in concert with more traditional and personal methods. Members may be inundated with emails, electronic newsletters, and texts, thus the impact of an additional electronic communication may be diminished. Further, a personal communication from a co-op director, manager, or leader may foster a greater sense of connection to the cooperative through the strengthening of interpersonal relations. That in turn may increase a cooperative's value in the hearts and minds of its members and other stakeholders.

Communications with External Stakeholders

In addition to member-focused communications, cooperatives may actively engage in public relations (PR) efforts that target external stakeholders, public entities, and nonmembers. Cultivating relationships with external audiences assists cooperatives to better serve their members by bringing cooperative issues to light. Described methods of connecting with these groups vary, as does the emphasis placed on engaging nonmembers. For some cooperatives, the efforts appear to be largely passive and limited to activities such as open access to the co-op website, a Facebook/social media presence, or a blog. Other organizations are quite active in their PR campaigns which include event sponsorships, newspaper articles, appearing on TV, and hosting community workshops.

The ability to engage members and external audiences depends, in part, on communicating the value of membership and this unique business form (*excerpts from <http://www.choicesmagazine.org/choices-magazine/theme-articles/critical-issues-for-agricultural-cooperatives/industry-leaders-perspectives-on-communicating-the-cooperative-value-package>*).

Fun, Fun, Fun at the 20th Annual Cooperative Youth Conference



The College of Agricultural Sciences and the Illinois Cooperative Council hosted the annual Co-op Conference for high school students June 5-6, 2014.

This year's event marked the 20th year the conference has been educating youth about the importance of cooperatives and reasons to join. Nearly 50 students from across the state of Illinois attended and listened to presenters from several cooperatives and learned valuable lessons on the advantages of being a member. Coordinator of Student Recruitment and Success, Peter Dirks, stated "This event draws students throughout Illinois to SIU for two days of fun while learning about different cooperatives. It is a perfect way for students to connect with community leaders and learn about cooperatives and how they serve their communities."

Students also had the opportunity to stay the night in the residence halls and discover first-hand what it is like to be a student at SIU. The conference is a great way to educate high school students about cooperatives, while helping them develop public speaking and networking skills. **Many thanks to all the students that attended the Illinois Cooperative Council, all the sponsors, and the College of Agricultural Sciences student counselors for making the event such a success!**

(<http://coas.siu.edu/news/2014/06-10-2014.html>)

2014 MAC-ED PROGRAM CALENDAR

Co-ops101 Classes

July 25	Medina, OH	Dairy Farmers of America
August 11	Champaign, IL	TBA
August 13	Pigeon, MI	Scheurer Prof. Building
August 26	Normal, IL	1st Farm Credit Services
September 18	Louisville, KY	Farm Credit Mid-America
October 14	Wabash, IN	Beacon Credit Union
November 6	Louisville, KY	Farm Credit Mid-America

Co-op Credit Conference

October 16-17	Indianapolis, IN	Holiday Inn North/Carmel
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CFO Essentials Conference

November 19-20	Indianapolis, IN	Embassy Suites North
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CFO/Controller Conference

November 20-21	Indianapolis, IN	Embassy Suites North
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MACC Membership Meeting

December 10	Lansing, MI	TBA
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Rod's Thoughts

There are now over 100 cooperatives that are celebrating their 100 year anniversaries. Grain and Supply, Dairy, Fruit, Cotton and Wool Marketing cooperatives make up this list. There is likely another list of 100 year old cooperative credit unions.



This MACC Voice focuses on our **Co-op Principle #5: "Education, Training, and Information."** We

believe continuous education for our employees, directors and member/owners reminds co-ops of how uniquely different they are from other business structures. The focus is on building relationships with co-op member/owners and developing a deep understanding of their changing needs. Our "improving ourselves, governing ourselves, self-help" approach is action oriented and has delivered results, over the past century. This "mutual benefit" culture is not easily understood in our "me first" world.

I have really enjoyed reading *Rural Cooperative Magazine*, a publication from USDA with **Dan Campbell** doing an outstanding job of documenting the changes that are going on in our cooperatives, today. The stories remind me of the challenges faced by their founders and visionary leaders. Most were facing long odds, with no electrical power, limited financing, and the market power stacked against them. However, they came together and by creating more market power greatly benefited their neighbors, communities and themselves. **Bill Patrie** wrote an article in that magazine, "Remembering the 'Badlands' Report". Bill highlights many of the challenges facing cooperatives today, that we are working through by communicating with our membership. Let me share with you two of his concerns that I have witnessed with our Midwestern cooperatives:

1. Too small a cadre of principal advisors - Advice is needed and critical to running our growing cooperatives. Not all of our MACC members have an established advisory input structure. The CEOs tell me that a fewer number of member/owners are representing their cooperatives businesses, so they naturally listen to those larger players. It seems that the most successful cooperatives listen to all their members' needs. It is from this diversity of thought that drives enlightened creative changes in our co-ops.

2. Our member benefits have become obscure - The primary reason to join a cooperative used to be pretty clear, "Individuals can work together as a group and achieve more than they can as individuals." Also, there was generally something broken in the marketplace. No electricity, financing, quality inputs/services, or market for our products. Now, the member benefit is being viewed as "the best deal." Co-op members will go to the competitor for half a percent lower price. We thought those members would understand that without the co-ops' presence, the price would be a percent higher.

MACC exists to continue to explain to all how our cooperatives serve all of their members. Yes, they may serve each member/owner differently but the value of the co-op goes well beyond "the best deal" in the marketplace. Let's expand our thought process to remind our member/owners of all of the benefits their cooperatives provide. **The Co-op Principle #5 is "Education, Training, and Information". How is your cooperative engaging this principle today?**