Cooperative Finance: The CFO Perspective

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Co-op Finance: CFO Perspective

- The CFO's Role
- Financial Condition (Co-op Finance 101)
- Equity Programs (Co-op Finance 401)
- Value Creation (Co-op Finance 901)

CFO's Role

- Safeguard financial condition
- Manage budget and control processes
- Manage equity program
- Track the co-op's value creation strategies
- **Be THE source for financial knowledge**
  - Internally
  - For the board
  - For the members (annual meeting & beyond!)

What the Board Needs to Know

- Board needs to know enough to properly carry out its duties:
  - Safeguard financial condition (fiduciary)
  - Be fully informed about options, returns and risks (current and future)
    - Operations
    - Investments
    - Equity program
  - Execute policy level review
  - Exercise strategic control
- **CFO is fundamental to each of these.**

What Members Need to Know

- Co-op is in good financial condition.
  - Expected service can and will be delivered
  - Equity contribution will not be lost
  - Equity contribution will come back to them
- Co-op is creating value for them.
  - At the co-op level
  - At the farm level
- No one is getting cheated!
  - No special deals
  - Net income is earned, not stolen from the members
- **CFO is fundamental to each of these.**

What % understand your cooperative's?	Board Members	Co-op Members
Financial Condition	Less than 20% 20-40% 40%-60% 60%-80% More than 80%	Less than 20% 20-40% 40%-60% 60%-80% More than 80%
Budget & Control Processes	Less than 20% 20-40% 40%-60% 60%-80% More than 80%	Less than 20% 20-40% 40%-60% 60%-80% More than 80%
Equity program & its alternatives	Less than 20% 20-40% 40%-60% 60%-80% More than 80%	Less than 20% 20-40% 40%-60% 60%-80% More than 80%
Value creation strategies	Less than 20% 20-40% 40%-60% 60%-80% More than 80%	Less than 20% 20-40% 40%-60% 60%-80% More than 80%

Financial Condition
(Co-op Finance 101)

- Good financial condition arises from:
  - Operating profitability
    - Income statement
  - Efficient asset management
    - Left hand side of balance sheet
  - Efficient capital structure management
    - Right hand side of balance sheet
  - Appropriate returns to owners
    - Where do you find this for a cooperative?

Financial Condition Basics

- A cooperative is in danger if:
  - It can not pay its bills.
    - **Short-run → liquidity**
    - **Long-run → solvency**
  - It can not make the "right" investments.
    - **Access and timing are everything!**
  - It can not pay members appropriate returns.
    - **Fair, sustainable, and competitive**

Financial Condition: Analysis

- DuPont Formula
  - ***PM x TAT x EM = ROE***
  - *Profit Margin (PM)* =
    Net Margin / Total Revenue (Sales) [x100]
  - *Total Asset Turnover (TAT)* =
    Total Revenue / Total Assets
  - *Equity Multiplier (EM)* = Total Assets Equity
  - *Return on Equity (ROE)* =
    Net Margin / Equity [x100]

- All four keys to good financial condition!
  - operating profitability (PM)—income statement
  - asset management (TAT)—balance sheet left side
  - capital structure management (EM)—right side
  - ownership profitability (ROE)—composite result

Financial Condition: Analysis

- Three Ways to Generate 20% ROE?
  - PM x TAT x EM = ROE
    - 5% x 2 x 2 = 20% (ROI = 10%)
    - 2% x 5 x 2 = 20% (ROI = 10%)
    - 2% x 2 x 5 = 20% (ROI = 4%)
  - Which way would you prefer?
  - Which comes closest to matching your cooperative's actual situation?
- Do you have a "system" of interconnected analysis?

Presenting Financial Condition
Variance Reporting

Budget Item	Actual Result	Expected Standard (Budget)	Variance (actual - standard)
Product Sales	$220	$229	$ 9 U
Variable Cost	$110	$100	$10 U
Fixed Cost	$ 90	$ 98	$ 8 F
Profit	$ 20	$ 31	$ 11U

(U = unfavorable; F = favorable)

How do you present co-op's financial condition?	Notes on how you present
Reporting to the board? • Basic budget and financial statements? • Highlight "exceptions"? • How much time in board meeting? • Setting next year's operating & capital budgets?	
What measures used with the board? • Raw numbers, ratios and variances? • DuPont Formula: ***PM x TAT x EM = ROE?*** • *Or something that shows interconnections?* • Have standards of comparison? • Set trigger points for management action? • **Focus on a manageable number of key financial performance measures?**	
Reporting to the member? • Annual report only? • Other means of reporting?	

Cooperative Equity
(Co-op Finance 401)

- Basic definitions
  - What is equity?
  - Why is it needed?
  - Why do members want to minimize it?
- What are the elements of a comprehensive equity plan?
- How do you decide on a plan?

Remember we are looking through the eyes of the board and the members.

What is equity?

- Net Worth = Assets minus Liabilities
- Funds invested by owners in the business!
  - For a co-op, the funds invested by members
- Equity holders have rights to all residual value.
- It is the source of debt and risk capacity
  - No one will "lend" you money if you don't have some of yours in the game!
  - Members must show commitment!
- What isn't equity is debt
  - Foreclose, Lose control, Equity holders always come last
  - Size of loans needed, Riskiness of those loans, bank syndications
- It is the source of investment capacity
  - Without equity (and the debt capacity it generates) you cannot invest in assets!

Why do members want to minimize equity?

- Do your members willing give you equity?
- If equity is source of investment and strong financial condition for a co-op, why do members want to minimize it?
- Lot's of reasons
  - They don't have enough equity in their own operations.
  - It is at risk.
  - Any smart investor wants to invest as little as possible to get as much as possible.

How much equity?

- If too little equity:
  - Debt providers want more interest and/or say in the operation (covenants)
  - Limited flexibility to pursue profitable assets investments.
  - Inability to manage risk and volatility
    - Short-run → liquidity
    - Long-run → solvency
  - Big return on equity but high risk
- If too much equity:
  - Too much financial flexibility often results in bad asset decisions
  - Members will resist!
  - Members may become disinterested (lose their commitment)
  - Hard to generate fair returns on member equity
- Therefore, should be just right!
  - Maximize debt capacity and minimize interest rates
  - Maximize investment capacity and flexibility
  - Maximize investment returns to members

What Is an Equity Program?

- An EQUITY PROGRAM provides for:
  - 1. Plan for needed equity level
  - 2. Method to raise equity
  - 3. Method to redeem equity
  - 4. Method to pay returns to equity

How good is your co-op's equity program?	1= poor performance; 5= strong performance
Raises adequate equity for investment	1---2---3---4---5
Raises adequate equity for debt capacity	1---2---3---4---5
Raises adequate equity to manage risk	1---2---3---4---5
Minimizes cooperative's need to redeem equity	1---2---3---4---5
Treats members fairly	1---2---3---4---5
Assures proper returns to member equity	1---2---3---4---5
Assures members' willingness to invest equity	1---2---3---4---5

1. Plan for Needed Equity Level

- Capital Budget
  - Long-term and annual asset investments
  - Reserves for moving fast or managing risk
- Sources of funding
  - Non-equity sources
    - Internal cash flow
    - Short-term debt and trade credit
    - Long-term debt
  - Equity
    - Member contributions (common stock; retained patronage)
    - Preferred stock
- Needed Equity = Capital Budget – Non-equity Sources

2. Method to Raise Equity

- Publicly-traded Firms
  - Up-front from any willing investor
  - Across time through retained earnings
- Cooperatives
  - Up-front through direct investment
  - Across time through retained patronage with promise to repay
  - Across time through unallocated (tax paid) retained earnings (URE)

Which Method for Raising?

- Does up-front make sense?
  - Is the asset worth buying up-front?
  - Do the members have ability/will to buy?
- Is income reliable?
  - Retained patronage refund
  - Capital retains
- Where do losses go?
  - Who's responsible?
  - URE minimizes risk & return

Other Sources of Equity?

- Partnering with private firms
  - joint ventures
  - LLCs
- "True" preferred stock
  - as opposed to converted retained refunds
  - non-producer investors
  - limited control but more costly than debt
  - must withstand market scrutiny
- Non-member common: Wyoming Co-op

3. Method to Redeem Equity

- Publicly-traded firm
  - Liquid secondary market
- Cooperatives
  - Redemption/Retirement
    - Revolving fund
    - Base capital plan
    - Special situation (e.g., death, age)
  - Member exchange (illiquid sec. mkt.)
  - Conversion to preferred stock

Which Redemption Method?

- Burden of redemption?
  - Dollars for redemption can't go toward growth and new investment.
- Impact on expected returns?
  - Death & long revolvement cycles don't create much present value for members.
- Fairness?
  - Current members should finance co-op
  - Some recognition of residual value

4. Method to Pay Returns to Equity

- How does your cooperative pay returns on equity?
  - Thought co-ops paid returns on patronage?
  - Turns out this is makes co-op returns a very fuzzy issue for members and co-ops both.
- Moving into the 901 course!
  - Many cooperatives have not done this well.
  - **Cooperatives are challenged to justify how they create value.**

How Paid?

- Cooperatives
  - Co-op Level
    - Patronage Refund: Cash & Retained Pat.
    - Dividends rarely used
  - Member Level
    - In members' operations
    - To everyone--free riders!
- Publicly-traded firms
  - Firm level only
  - Dividends & stock appreciation

Which Payment Method?

- Balance of co-op & member levels?
  - Co-op level: measurable but suspect
  - Member level: subjective but real
- Tax consequences?
  - Min. 20% in cash for qualified refund
  - Members taxed on whole refund
- Can co-op be closed membership?
  - Closed: no free-riders
  - Open: can add to market clout

Equity Program: Summary

- An EQUITY PROGRAM provides for:
  - 1. Plan for needed equity level
  - 2. Method to raise equity
  - 3. Method to redeem equity
  - 4. Method to pay returns to equity
- An effective equity program
  - Raises adequate equity for investment, debt capacity, and risk management
  - Minimizes redemption burden
  - Treats members fairly
  - Assures proper returns to members
  - Assures members' willingness to invest equity

Equity Program I

- No up-front equity required
- Patronage optional
- Patronage refund
  - 50% of net income
  - 20% cash/80% retained
- 50% of NI to unallocated equity
- Redemption by death

Would this program be effective?

- Raises adequate equity for investment, debt capacity, and risk management
- Minimizes redemption burden
- Treats members fairly
- Assures proper returns
- Assures members' willingness to invest equity

Equity Program II

- No up-front equity required
- Patronage optional
- Patronage refund
  - 90% of net income (10% URE)
  - 30% cash/70% retained if under target
- Base capital plan
  - Base period: 5 years
  - Target capital level: 15% of patronage

Would this program be effective?

- Raises adequate equity for investment, debt capacity, and risk management
- Minimizes redemption burden
- Treats members fairly
- Assures proper returns
- Assures members' willingness to invest equity

Equity Program III

- Equity raised up-front
- Patronage obligation: delivery rights
- Patronage refund
  - 90% cash/10% URE
- Equity trades with exchange of delivery rights between members

Would this program be effective?

- Raises adequate equity for investment, debt capacity, and risk management
- Minimizes redemption burden
- Treats members fairly
- Assures proper returns
- Assures members' willingness to invest equity

How does your co-op do it?

- Set the amount of equity needed?
- Raise equity?
- Redeem equity?
- Pay returns on equity?
- Describe at least one improvement that you would make to your co-op's equity program?
  - How would you implement it?
  - Why would board/members agree?

Cooperative Equity

- Equity programs
  - Raise proper levels of equity.
  - Use "best" method of raising.
  - Use "best" method of cashing out.
  - Pay adequate returns to member equity
- What is your co-op's target equity?
  - Maximize debt capacity & minimize interest rates
  - Maximize investment capacity and flexibility
  - Maximize investment returns to members

Creating Value (Co-op Finance 901)

- Does your co-op have **unrealized residual value**?
- How does your co-op create value?
- The 901 course!
  - Many cooperatives have not done well in creating value.
  - **Cooperatives are challenged to justify how they create value.**

Residual Value: What can't be redeemed

- Publicly-traded Firm
  - Secondary market assures that stock price reflects residual value.
- Cooperatives
  - Redemption is at book.
  - Member trades are illiquid & reflect member value only.
  - **Little incentive for residual value creation.**
- Realizing residual value
  - Example: the value of the Diamond Walnut brand
    - Market value >>> Book value
  - **The remaining fundamental problem in co-op finance**
  - Options
    - "Appraise" the co-op's value periodically
    - Sell the co-op

Cooperative Business Value?

- What ***VALUE PROPOSITION*** does a cooperative seek to fulfill and how well does it manage to fulfill it?
- Consider three value propositions:
  - ***Traditional***: Mutual Benefit
  - ***Strictly Business***: Economic Value
  - ***Total System Value***: Maximize Joint Cooperative-Member Returns

Traditional Value Proposition

- ***Cooperative:*** A business organization run for ***mutual benefit.***
  - Member benefits
    - Motive is to patronize (sell through or buy from).
    - Returns paid to patronage (not capital).
  - Member ownership
    - Only source of common equity
  - Member control
    - Traditionally one member, one vote

Benefits of Mutual Benefit

- Member Preference: Fair Dealing!
  - Member is on both sides of the transaction → Co-op has no incentive to cheat or behave as a monopoly.
  - One member, one vote & limited return on capital → Members have no incentive to cheat each other.
    - Critical assumption: Members are alike!
- Public Policy Preference
  - Limited exemption from anti-trust (Capper Volstead)
  - Single taxation (benefit blunted by LLC)
  - Access to "agency-like" debt capital (CoBank)

Traditional Value Proposition

- Guarantee members have market access.
- Guarantee fair dealing.
- Open membership (all comers; limited upfront investment).
- "Earn" your equity contribution through retained patronage refund (or retain).
- Redeem equity as cooperative was able.

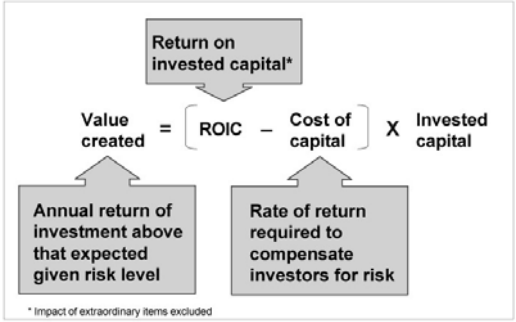
Problems with Traditional VP

- What if needed investment exceeds internal capital generation ***or*** is needed up front?
- What if member capital gets out of whack?
  - No or very little redemption ever occurs
  - "Retired" members vs. existing members
  - Big members vs. little members
  - "Temporary" equity capital
- What if mutual benefit is ***not*** enough?

Strictly Business Value Proposition

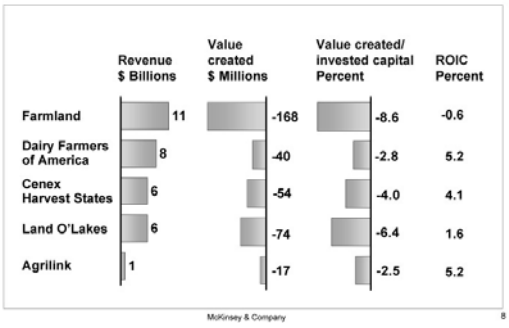
- ***Value Proposition***: Economic value created by the cooperative enterprise.
- ***McKinsey Study*** *(2002 based on 1999 data)*
  - Agricultural cooperatives collectively **destroyed over $1 billion of value in 1999**.
  - Call to action:
    - Leverage horizontal scale
    - Pursue operational excellence
    - Drive customer integration
    - Exploit vertical opportunities
    - Create performance obsession

Value creation is key financial metric



Regionals struggled to create value in 1999...

ESTIMATE



What Happened?

Cooperative	ROIC/%EVC (McKinsey1999)	Status 2013
Farmland	-0.6% / -8.6%	Bankrupt
DFA	5.2% / -2.8%	Successful
CHS	4.1% / -4.0%	Successful
Land O'Lakes	1.6% / -6.4%	Successful
Agrilink (Birdseye)	5.2% / -2.5%	Gone private

Strictly Business Value Proposition

- Economic value takes into account the cooperative level performance.
  - But is that all members want?
- Is strictly business value creation enough for a cooperative?
  - What happened to mutual benefit?
  - Why be a cooperative at all?
  - How do members reap the benefit?

Total System Value Proposition

Cooperative membership is a joint decision to patronize and to invest.

Therefore, joint decision MUST BE better than making two decisions separately.

Farm Profit from using Co-op
+
Investment Profit from Co-op

>

Farm Profit from *not* using Co-op
+
Investment Profit *not* using Co-op

Would you join this co-op? Case 1

Cash Flows	Producer deals with Co-op	Producer doesn't deal with Co-op
Annual Farm Profit	$1,000	$1,000
Annual Investment Profit	$ 100	$ 0
Total Profit	***$1,100***	***$1,000***
One-time Investment	0	0

When is Case 1 true?

Cash Flows	Producer deals with Co-op	Producer doesn't deal with Co-op
Annual Farm Profit	$1,000	$1,000
Annual Investment Profit	$ 100	$ 0
Total Profit	***$1,100***	***$1,000***
One-time Investment	0	0

- Would you join? ***YES!***
- Traditional open-membership co-op
- No money up front (or insignificant amount for CS)
- $100 investment profit = ***after-tax cash portion*** of classic patronage refund
  - YES even if retained patronage never comes back!
- What's the risk?
  - The co-op can't afford to pay the cash!
  - The member thinks the $1,100 is all farm profit!

Would you join this co-op? Case 2

Cash Flows	Producer deals with Co-op	Producer doesn't deal with Co-op
Annual Farm Profit	$1,000	$1,000
Annual Investment Profit	$ **-100**	$ 0
Total Profit	***$ 900***	***$1,000***
One-time Investment	0	0

When is Case 2 true?

Cash Flows	Producer deals with Co-op	Producer doesn't deal with Co-op
Annual Farm Profit	$1,000	$1,000
Annual Investment Profit	$ -100	$ 0
Total Profit	*$ 900*	*$1,000*
One-time Investment	0	0

- Would you join? NO*!*
- Traditional open-membership co-op
- No money up front
- **$-100** investment profit = ***after-tax cash portion*** of classic patronage refund because:
  - the co-op didn't return enough cash to pay the member's taxes!
  - The member is disadvantaged vs. other members

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Marketing Co-op Example

	Median	High	Low
Dividends	0	0	0
Cash Pat.	0	0	0
PV of Retain.	0	0	0
Price Diff.	100	200	(300)
Service Diff.	45	160	0
Existence	200	600	(400)
Risk Red.	75	300	0
TOTAL	406	915	(230)

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Would you join this co-op? Case 3

Cash Flows	Producer deals with Co-op	Producer doesn't deal with Co-op
Annual Farm Profit	$1,000	$1,000
Annual Investment Profit	$ 0	$ 0
Total Profit	***$1,000***	***$1,000***
One-time Investment	0	0

When is Case 3 true?

Cash Flows	Producer deals with Co-op	Producer doesn't deal with Co-op
Annual Farm Profit	$1,000	$1,000
Annual Investment Profit	$ 0	$ 0
Total Profit	*$1,000*	*$1,000*
One-time Investment	0	0

- Would you join? NO*!*
- Traditional open-membership co-op
- No money up front
- No investment profit
  - Cash patronage refund = taxes paid
  - Patronage refund kept as tax-paid surplus by co-op
  - Retained patronage is never returned (e.g. member has to die to get it)
- Would the answer ever be YES?
  - If the co-op would deal in a situation when an alternative firm would not.
  - Assuring market access has value! But, how much?

Would you join this co-op? Case 4

Cash Flows	Producer deals with Co-op	Producer doesn't deal with Co-op
Annual Farm Profit	$1,000	$ 600
Annual Investment Profit	$ 0	$ 70
Total Profit	***$1,000***	***$ 670***
One-time Investment	$ 700	$ 700

First time co-op has upfront investment
Must match in "no co-op" analysis

When is Case 4 true?

Cash Flows	Producer deals with Co-op	Producer doesn't deal with Co-op
Annual Farm Profit	$1,000	$ 600
Annual Investment Profit	$ 0	$ 70
Total Profit	***$1,000***	***$ 670***
One-time Investment	$ 700	$ 700

- Would you join? ***YES!***
  - Upfront $700 paid back in little more than 2 years from gain in total of $330 per year.
  - This "yes" holds even if no annual investment profits.
- New Generation Co-op
  - Taking over the failing assets of an alternative firm
  - Creating a new profitable venture
- What's the risk?
  - The co-op assets fail!
  - The member's opportunity cost changes!
  - The $700 is never paid back!
  - The member really thinks the $1,000 is farm-level profit!

Case 4 Restated!

Cash Flows	Producer deals with Co-op	Producer doesn't deal with Co-op
Annual Farm Profit	**$ 600**	$ 600
Annual Investment Profit	**$ 400**	$ 70
Total Profit	***$1,000***	***$ 670***
One-time Investment	$ 700	$ 700

Investment Decisions?

- Two-Step Decision Process
  - Evaluate co-op returns as a private firm.
  - Then estimate member level returns.
- Example: Co-op buys "failing" private
  - Private firm: $20m asset; $3m PV loss
  - Co-op returns? **$3m PV loss**
  - Member returns? **$7m PV lose from lack of market access**

Would you join this co-op? Case 5

Cash Flows	Producer deals with Co-op	Producer doesn't deal with Co-op
Annual Farm Profit	$1,000	$1,000
Annual Investment Profit	$ 0	$ 70
Total Profit	***$1,000***	***$1,070***
One-time Investment	$ 700	$ 700

When is Case 5 true?

Cash Flows	Producer deals with Co-op	Producer doesn't deal with Co-op
Annual Farm Profit	$1,000	$1,000
Annual Investment Profit	$ 0	$ 70
Total Profit	***$1,000***	***$1,070***
One-time Investment	$ 700	$ 700

- Would you join? NO***!***
  - The member would be better off investing elsewhere.
- New Generation Co-op
  - Profits beyond the farm are essential.
  - The $700 coming back is essential.
- Would the answer ever be YES?
  - Again, the issue of market access.

Elevator Co-op Example

- If the co-op suddenly disappeared?
  - Impact on input supply prices
    - 59% little change or fall
  - Impact on prices for commodities sold
    - 57% little change or rise
  - Impact on quality/availability of inputs
    - 68%/55% little change or improve
  - Impact on quality of marketing services
    - 62% decline substantially or slightly

Lesson from the Cases: Total (Co-op + Farm) Profits Matter!

- Member investment matters
- Cooperative-level profits (net income)
  - Patronage Refunds
  - Dividends on Capital
  - "Retirement" of Equity
- Member farm-level profits
  - Opportunity differences
  - Price differences
  - Service differences
  - Existence
  - Risk reduction

Member's View of ROE

$$\text{Member's Return on Equity} = \frac{\begin{array}{l}\text{Dividends} \\ +\text{Cash Patronage Refund} \\ +\text{PV of Retained Patronage} \\ +\text{Price Differences} \\ +\text{Service Differences} \\ +\text{Value of "Existence"} \\ +\text{Value of Risk Reduction}\end{array}}{\text{Member's Equity}}$$

Challenges with Total System VP

- Cooperative-level returns are suspect
  - Co-op accused of not making them in the marketplace, but rather off the members
- Member-level returns can make the co-op returns look worse than they are.
- Member-level returns are subjective, specific to individual members, and yet real!
  - The co-op must "measure" them.
  - They are part of the value proposition.
  - Do members give the co-op credit for these???

Other Value Creation Options

- Evolution and experimentation
  - Mix pure investors & patron-members
    - Joint Ventures, Alliances, Subsidiaries, LLCs
  - Wyoming Cooperative Law
  - Extreme: Sell the co-op or take it private
- Each of these trades off market access and opportunities for member control.
  - Isn't a share of something better than all of nothing?

The Value Creation Challenge

- Traditional "mutual benefit" is not enough.
  - Yet it earns us special public policy treatment.
- Strict "economic value" is not enough.
  - It ignores the member level returns
  - Yet highlights the need for co-ops to perform
- Total System "cooperative plus member level returns" is not enough.
  - Co-op level returns are suspect
  - Member-level returns difficult to measure meaningfully
- Oh by the way, you have to create value for customers (marketing co-op) and supply partners (supply co-op).
- What will work?
  - ***A value proposition meaningful to members that keeps the cooperative relevant to the marketplace of customers and partners.***

Do Cooperatives Create or Destroy Value?

- Yes!
  - ***Create*** when the value proposition fits the members *and* the co-op performs
  - ***Destroy*** when the value proposition doesn't fit *or* the co-op doesn't perform.
- Always challenged by:
  - What is the mutual benefit?
  - What are the co-op and member level returns?
  - How do co-ops remain relevant to the game?

How does your co-op create value for its members?	We do this	We measure & report it
Pay dividends on capital	Yes/No	Yes/No
Pay cash refund in excess of member tax rate	Yes/No	Yes/No
Positive present value of retained patronage	Yes/No	Yes/No
Price difference vs. member alternative	Yes/No	Yes/No
Service difference vs. member alternative	Yes/No	Yes/No
Value of co-op's marketplace existence for member?	Yes/No	Yes/No
Value of risk reduction vs. member alternative?	Yes/No	Yes/No

How are you doing as CFO? (only you will ever see this)	1= poor performance; 5= strong performance
Safeguarding financial condition	1---2---3---4---5
Managing budget and control processes	1---2---3---4---5
Managing co-op's equity program	1---2---3---4---5
Tracking co-op's value creation strategies	1---2---3---4---5
Being THE source for financial knowledge	
• Internally	1---2---3---4---5
• For the board	1---2---3---4---5
• For the members	1---2---3---4---5

Why Does It Matter?

- The future demands more capital, more financial savvy!
- Product (value-added) ag vs. commodity ag
  - Investment in technology and people
  - Investment in intangible assets
  - Continual product innovation
- Partnering in the supply chain
  - Technology providers
  - Food industry firms
  - International markets

Cooperative Finance: Conclusions

- Your co-op needs an effective set of performance signals about financial condition.
- Your co-op needs an effective equity program.
- Your co-op needs an effective set of strategies for creating value.
- Do your members and board understand all these things about finance?