



What are Cooperatives?

Steps to Organize Cooperative

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What Are Cooperatives?

Cooperatives are voluntary business organizations formed by people.



Who Sparks the Cooperative Idea?

A Compelling need and a few leaders can spark the idea of forming a cooperative.



Why people start cooperatives

Because cooperatives help people solve problems or tackle jobs too big for one man alone. They may want to add to their income, reduce expenses or get better services.



What does it take to have a successful cooperative?

Successful cooperatives bring people together who: (1) have a common need or problem (2) want to do something to help themselves; (3) are willing to support the cooperative by supplying capital; and, (4) patronize the cooperative by using it when organized. In addition, a successful co-op must have competent management.



What can cooperatives do for people?

They Market What people grow or produce.

They obtain production supplies.

What does the cooperative do for the members

Cooperatives help improve the quality and reduce the cost of supplies and services members use.

Cooperative help improve net returns to members from products they market and goods and services they provide.



What do members do for their cooperative?

Members finance their cooperatives. If the cooperative needs more money than the members can provide, the co-op may borrow at least part of it from outside sources, such as banks.

Members control their cooperative through a board of directors, that they elect. Directors set policy and hire a manager to supervise the day-to-day cooperative operation.

Cooperative Principles

- Open Membership
- A co-op is open to all persons who have a common need or interest
- One Person-One Vote
Co-ops are democratically controlled by their members
- Limited return on Investment
To insure that the benefits of the co-op go to those who use it the most, the co-ops will depend on their members to be the owners and customers

Principles continued

- Benefits return according to use

Profits in a co-op are different than in other businesses. In a co-op, any of the expenses that can be reduced by voluntary efforts of the members reduces the cost of the item to all members

- Business For Cash Whenever Practical

Co-ops must raise most of their capital and opening funds from members because granting credit is expensive and always risky

Principles (Continued)

Constant Expansion

Members will demand increased services from the co-op if it is effectively serving its members

Constant Education
Since the cooperative form of economic organization is new to most people, Especially poor people, education is constantly needed by the members.



What cooperatives Do?

Cooperatives usually perform any one or a combination of three kinds of service functions, but with varying emphasis. They Are generally classified by their majority activity.

Marketing cooperative market products members produce- milk, fruit, vegetables, grain, livestock, rice, poultry, cotton, sugar



Marketing cooperatives

And specialty products. Marketing included assembling, processing and selling raw or processed products in retail or wholesale markets for members. Several cooperatives market on a regional or national basis.

Purchasing cooperative- often called farm supply or supply cooperatives. They provide farmers with many production supplies for the farm operation. Etc. Feed, fertilizer, petroleum, seeds, chemical, building materials and farm equipment.



Services Cooperatives

Provide service related to the production and marketing of the farm commodities and needs in other area. The other services include credit, electricity, telephone, insurance, irrigation, artificial breeding, plant and animal research, pest management, grove care, forest management and many more.



Sequence of events: Steps to organize a cooperative

1. Hold a meeting of leading producers to discuss an economic need that formation of a cooperative might fulfill
2. Hold an exploratory producer meeting, vote whether to continue. If affirmative, select a steering committee.
3. Conduct a producer survey as a basis for determining cooperative feasibility.

Steps to organize (cont)

4. Hold second general meeting to discuss results of producer survey. Vote on whether to proceed
5. Conduct a market or supply and cost analysis.
6. Hold a third general meeting to discuss the results of the market or supply and cost analysis. Vote whether to proceed this time by secret ballot.
7. Conduct a financial analysis and develop a business plan.



Steps (cont)

8. Hold third general meeting to discuss the results of the financial analysis. Vote on whether to proceed. If affirmative, vote second time on whether the steering committee should remain intact or changes should be made.
9. Draw up necessary legal paper and incorporate
10. Call a meeting of charter members to ratify the bylaws. Elect a board of directors.
11. Call the first meeting of the board of directors and elect officers. Assign responsibilities to implement the business plan.



Steps to organize

12. Conduct a membership Drive

13. Acquire capital, including developing a loan application package

14. Hire the manager

15. Acquire Facilities

16. Start up operation



Membership

Members, are the reason the cooperative is organized. (owner-users). They justify the existence of the coop through their patronage. Capital investment and decision making participation. They Should show an interest in all the cooperative's affairs, present ideas to improve performance and promote it to other who can benefit by using it.



Cooperative Leadership

Board of directors:

The board is the policymaking body. Directors are elected from within the membership by members to represent them in overseeing the cooperative's business affairs. Usually 7 to 9 outstanding members are elected to provide leadership. Directors, as trustees, establish policy, report to members and give direction to the manager, Directors are held accountable for their actions including business affairs by state and federal laws applying to business generally and



By the specific bylaws of their cooperative. Among major responsibilities, the board hires the manager and retains an independent auditor to evaluate the cooperative's financial conditions.

Cooperative Structure

- Key people involved
- Three groups are essential to start and operative a cooperative
- Membership Board of Directors
- Manager
- A. Personnel



Survival

Survival is more assured if the cooperative begins marketing a few products, selling a limited amount of supplies or services within a specified geographic area.