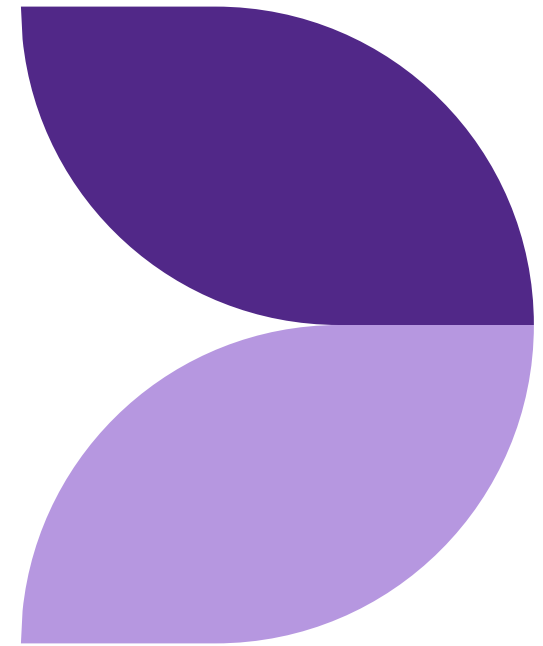


Cooperative Stakeholder Convening






Cooperative Overview

Erica Blair



K-STATE
Research and Extension

Rural Grocery
Initiative



What is a cooperative?

A business that is **owned** and **democratically controlled** by the people who use its products or services, whose **benefits** are distributed **on the basis of use**.

Key features

User-Owned

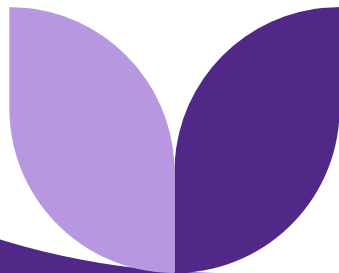
The business is owned by the people who use it. The owners (aka members or member-owners) finance the cooperative, e.g. through the purchase of stock.

User-Controlled

Members of the cooperative have voting rights and elect the board of directors, who create policies and make decisions for the benefit of members. One member, one vote.

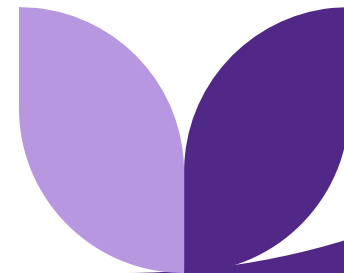
User-Benefited

Members benefit because the cooperative's existence means they can access certain products or services. Profits generated by the cooperative may be returned to members based on their use of the business (known as a patronage distribution).

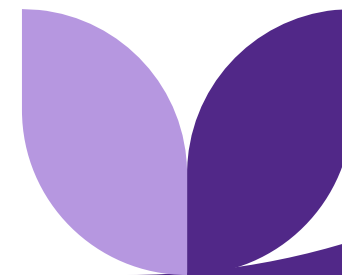


Why are co-ops formed?

- Respond to an unmet social or economic need
- Access products or services otherwise not available
- Improve the bottom line of members through stronger bargaining power, reduced costs, access to markets, greater efficiency, etc.
- Achieve something together that would not be feasible alone



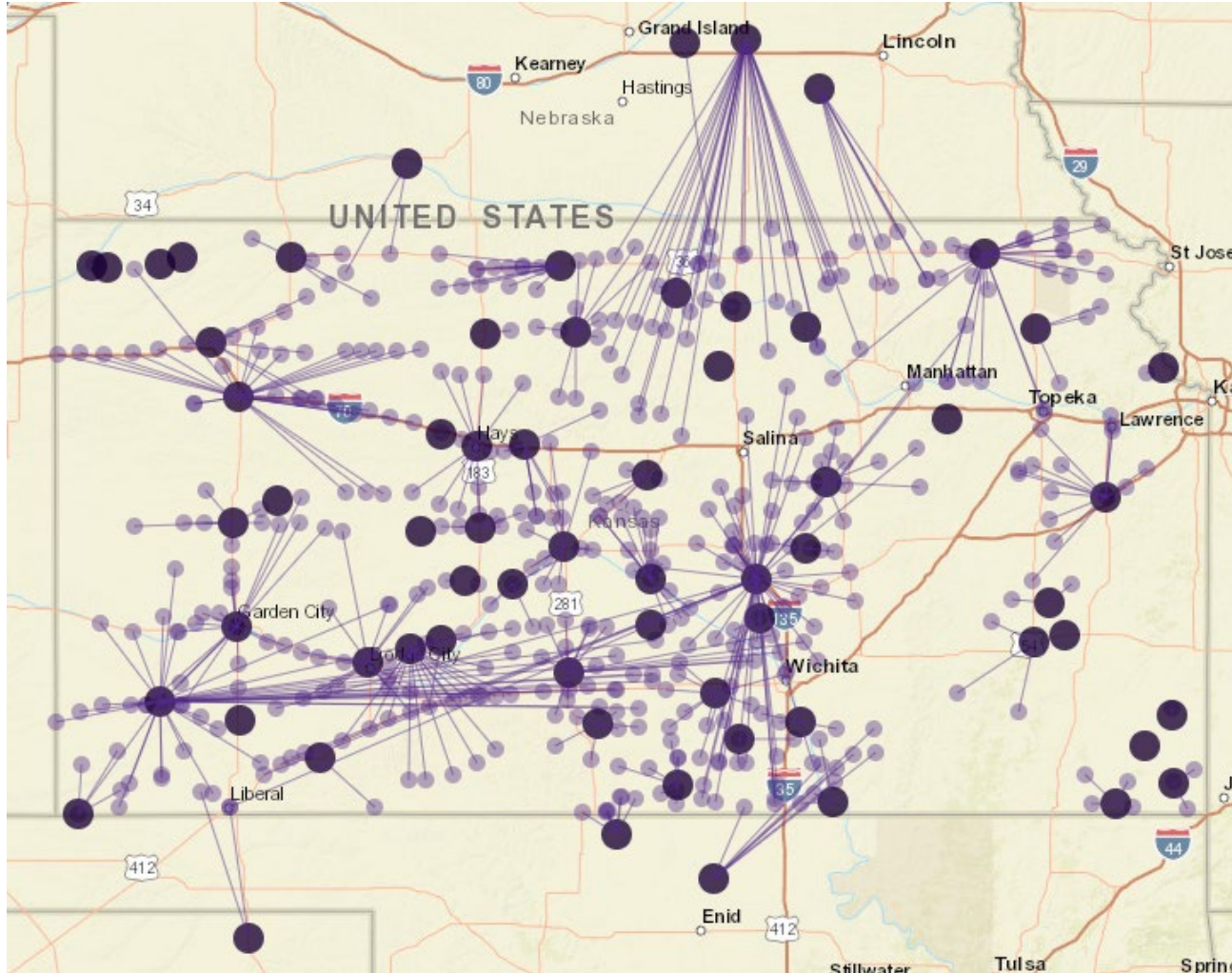
Co-ops in history



COOPERATIVE PRINCIPLES

-  1. Voluntary and Open Membership
-  2. Democratic Member Control
-  3. Members Economic Participation
-  4. Autonomy and Independence
-  5. Education, Training and Information
-  6. Cooperation Among Cooperatives
-  7. Concern for Community

Cooperatives in Kansas



Cooperatives with Grain Locations, July 2023

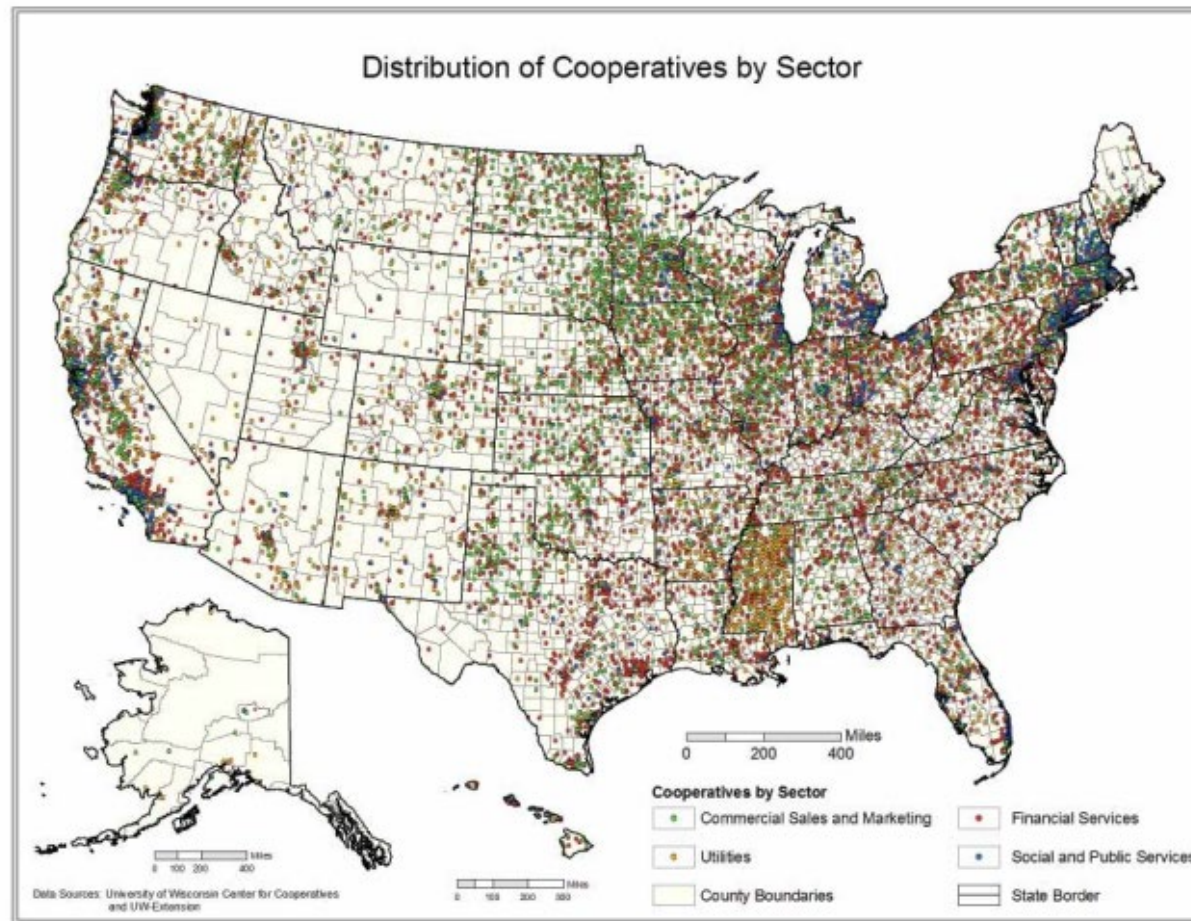
Source: Arthur Capper Cooperative Center. <https://acc.k-state.edu/map.html>

The Contribution of Farmer Cooperatives to the Kansas Economy (2017), Arthur Capper Cooperative Center

- Paid \$71 million in cash patronage
- Paid \$22 million in property taxes
- Provided over 4,600 jobs
- Paid over \$300 million in employee wages, salaries, and benefits

Cooperatives are found in virtually every sector of the U.S. economy.

- Over 29,000 cooperatives (excluding housing)
- 350 million memberships (some people are members of more than one co-op)
- \$653 billion in revenue



Source: *Research on the Economic Impact of Cooperatives* (June 2009, University of Wisconsin Center for Cooperatives).
<https://reic.uwcc.wisc.edu/sites/all/summary-report.pdf>

Table 1: Economic Impact of U.S. Cooperatives: Aggregate Impacts by Sector ¹

| Sector | Revenue (\$M) | Income (\$M) | Wages (\$M) | Employment (No. of jobs) | Firms | Estab. |
|--------------------------------|----------------|----------------|---------------|--------------------------|---------------|---------------|
| Commercial Sales and Marketing | 201,207 | 37,737 | 13,810 | 422,505 | 3,463 | 5,695 |
| Social and Public Services | 7,525 | 2,213 | 1,690 | 424,505 | 11,311 | 11,311 |
| Financial Services | 394,363 | 100,661 | 51,176 | 1,133,353 | 9,964 | 50,330 |
| Utilities | 49,808 | 13,392 | 8,292 | 162,873 | 4,546 | 5,657 |
| Total | 652,903 | 154,002 | 74,969 | 2,143,236 | 29,284 | 72,993 |

¹ Analysis does not include housing cooperatives.



GreenState
CREDIT UNION

ACE
Hardware



Circle of Life
Caregiver Cooperative



K-STATE
Research and Extension
Rural Grocery Initiative

Types of cooperatives



Producer

FEED Sonoma



Consumer

Pioneer Park Residents Community



Shared Services

National DCP



Worker

Appalachian Builders Collective

Producer cooperatives

Who owns it?

- Members who produce/provide similar products
- Members own and operate their own business

Example industries/sectors

- Agriculture
- Carpentry
- Crafts, artistry

Goals

- Aggregate products
- Access markets
- Negotiate better prices
- Distribute products together more efficiently
- Process into value-added products

Winter Escape

OPENING RECEPTION 6 - 9 PM DECEMBER 1ST



GROUP EXHIBITION

NOV 28-DEC 31

Artists Cooperative Gallery

Artists' Co-op in Omaha, NE

Consumer cooperatives

Who owns it?

- Members who purchase goods and services
- Members are individual consumers

Example industries/sectors

- Retail
- Financial services (e.g. credit unions)
- Insurance
- Utilities
- Housing

Goals

- Improve availability of products
- Provide services/products at minimal cost



Playhouse Movie Theatre in Randolph, VT

Shared services cooperatives

Who owns it?

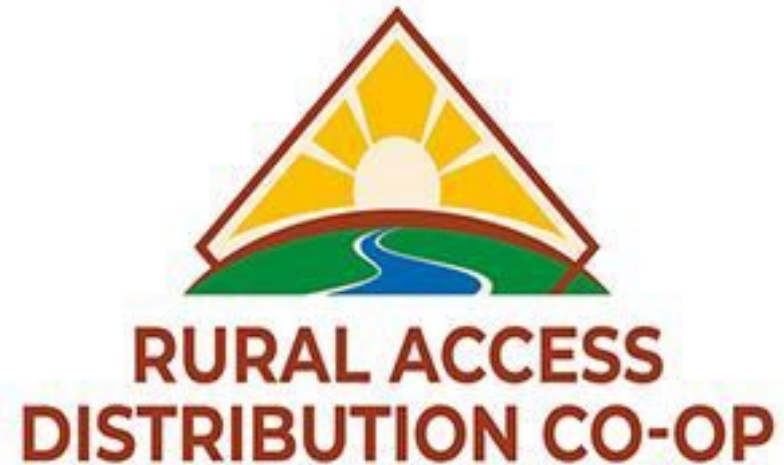
- Members who have common supply or service needs
- Members own and operate their own business

Example industries/sectors

- Hospitals
- Independent retailers
- Childcare
- Educational institutions

Goals

- Joint wholesale purchasing to get supplies at lower prices
- Gain access to services like accounting, payroll, training, marketing, IT support, etc.



RAD Co-op in Walsh County, ND

Worker cooperatives

Who owns it?

- Members who are employed by the business

Example industries/sectors

- Homecare
- Childcare
- Retail
- Transportation

Goals

- Expanded business ownership
- Distributed risk
- Greater stake/commitment in the business
- Higher employee retention



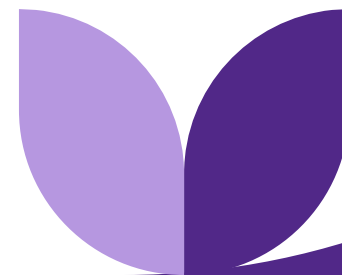
Childspace Daycare Centers in Philadelphia, PA



Random Harvest market and café in Craryville, NY

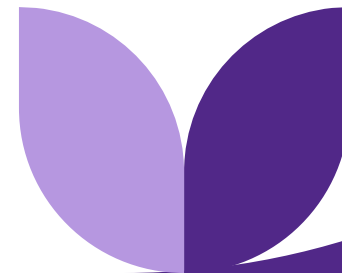
Why consider the model

- People have an unmet need
- Attracting another business to provide the product or service is unlikely
- It may be possible to accomplish something together that would not be feasible alone
- While a patronage distribution can be a benefit when the business is profitable, it's not the sole or primary focus
- Take advantage of US Tax Code
- Maintain resources and assets within the community
- Generate and maintain wealth in the community
- Maintain local control and decision making

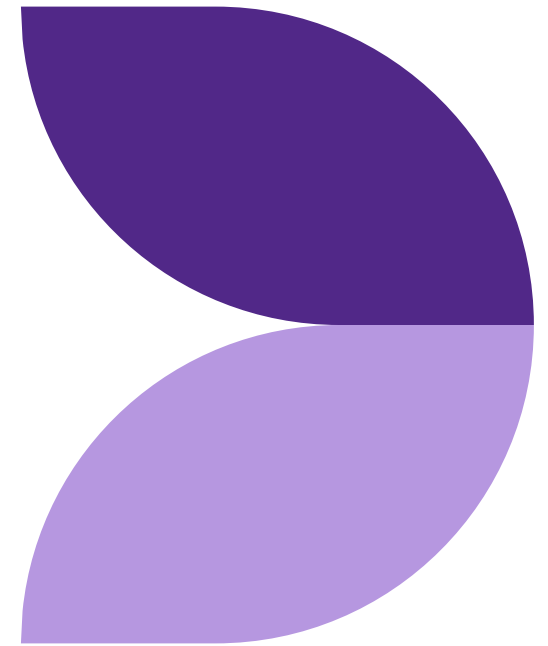


Why it might not be the right fit

- The co-op model doesn't guarantee business success: it still needs to be feasible and make sense
- Interest could be high initially and then wane over time; people need to stay engaged throughout the life of the cooperative
- Ongoing education and outreach is needed for members to understand their role and participate in the democratic process
- There may be additional difficulties accessing capital if lenders are not familiar with the cooperative businesses model
- Not everyone wants to be a co-owner (especially true for worker cooperatives)



**Do cooperatives
have a role to
play in Kansas?**



1. What questions do you still have about cooperatives?
2. Where do you see potential for the cooperative model in Kansas? What need do you think could be served by this model?
3. How can we chart a path forward? Expand the conversation? Stay plugged in?
4. Who else needs to be in the room?

