Co-ops Build a Better World

CUNA

EQUAL EXCHANGE
FAIRLY TRADED

ORGANIC VALLEY
FARMER-OWNED

Consumer Co-operative Management Association

15th June 2012 // Philadelphia, PA

Co-ops Build a Better World

Erbin Crowell
Neighboring Food Co-op Association

Jerry McGeorge
Organic Valley / CROPP Co-operative

Nicholas Reid
Equal Exchange

Mark Wolff
Credit Union National Association

Outline

1. Our context
2. Our opportunity: The Year of Co-ops
3. Obstacles and bridges to collaboration
4. **Cross sector perspectives**
5. Ideas & opportunities

Our Context

- Crisis of the our economic system
- Unemployment & inequality
- Dramatic shifts in wealth
- Diminished democracy
- Corporate influence
- Instability & change
- **Hunger for alternatives**

What If…?

There was a business model that...

- …was democratic.
- …was rooted in our local communities.
- …was part of a values based movement.
- …put common good before private gain.
- …delivered tangible benefits.
- **…was flexible and innovative.**
- …was successful and resilient.

Our Opportunity

Co-ops "**in their various forms**, promote the fullest possible participation in the economic and social development of all people, including women, youth, older persons, persons with disabilities and indigenous peoples, are becoming a major factor of economic and social development and contribute to the eradication of poverty."

United Nations Resolution 64/136

2012 International Year of Co-operatives

Our Opportunity

Contribution of co-ops across sectors to:

- Poverty reduction
- Employment generation
- Fairness & globalization
- Conflict resolution, reconstruction & reintegration
- Food security
- **Economic resilience**

Our Opportunity

UN Goals for the Year:

- Increase public awareness about co-ops
- Promote formation and growth of co-ops
- Encourage governments to establish policies, laws and regulations conducive to the formation, growth and stability of co-ops

What are our goals?

A Co-operative Decade?

"The real opportunity, of course, is to use 2012 to help achieve a longer-term vision. ICA is committed to turning the International Year of Co-operatives into **A Co-operative Decade**, with the goal of the co-operative being the fastest-growing model of enterprise by 2020."

Charles Gould, Secretary General
International Co-operative Alliance

Obstacles to Collaboration

- Philosophical
  - Do we believe in the potential of our model?
- Expectations
  - We expect a lot from each other.
- Mainstream business influence
  - We don't think strategically as a movement.
- **Sector & Industry Silos**
  - We don't talk enough.

Bridging Sector Divides

- Shared impact
- Shared identity
- Shared history
- Shared principles
- Why collaborate across sectors?
- Institutionalizing collaboration
- **Telling our stories**

Shared Impact

- 29,000 co-ops in the U.S.
- 1 in 3 Americans are members
- $3.1 trillion in assets
- **1 billion members worldwide***
- 100 million employees worldwide**

* More than directly own stock in publicly traded corporations

** More than employed by multinational corporations.

Shared Identity

"A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a **jointly-owned and democratically-controlled enterprise**."

International Co-operative Alliance
www.ica.coop

Shared History

"Co-operative housing, worker co-operatives, even collective agricultural co-operatives, can all look back to the original Rochdale plan for inspiration. In 1844 these pieces were not separate…

The Rochdale pioneers conceived in one association of what would now make a multisectoral co-operative movement."

Brett Fairbairn, The Meaning of Rochdale
www.usaskstudies.coop

Shared Principles

"Co-operatives serve their members most effectively and strengthen the co-operative movement **by working together** through local, national, regional and international structures."

6th Principle of the Co-operative Identity
International Co-operative Alliance
www.ica.coop

Why Collaborate?

- Raises the profile of co-op enterprise
- **Reinforces the co-operative advantage**
- Influences policies affecting co-ops
- Creates economies of scale
- Frees up capital and resources
- Creates opportunities for development
- Broadens ownership opportunities

Mondragón, Spain

- Vocational school in 1956
- 256 co-ops & subsidiaries
- $20 billion in Sales (‘11)
- 84,000 employees (‘11)
- Largest domestic grocery
- Multistakeholder models
- **Cross sector: Industry, banking, agriculture, education, tech, etc.**

Emilia Romagna, Italy

- 4 Million People
- 8,000 Co-ops
- 30-40% of GDP
- 2/3 are members of co-ops
- New Models: Social Co-ops
- Vibrant Local Traditions and Food Culture
- **Integrated, cross sector movement**

Institutionalizing Collaboration

- Seeing the co-op landscape
  - Opening the dialog
- Cross sector associations
  - Marketing, education, policy engagement
- Cross sector business
  - Cross sector trade as a measure of success
- **Collaboration as an "End"…**
  - Cross sector collaboration in policy governance

Collaboration as an "End"

"Because of the Carverville Co-operative Society…

- There will be a thriving, **multi-sectoral co-operative economy** in our region, increasing in both scope and impact, to which our co-op is meaningfully connected."

With thanks to Don Kreis, Board of Directors
Hanover Consumer Co-operative Society

Co-ops Build a Better World

- **Organic Valley**
  - A national farmer co-op with over 1,600 members…
- **Credit Union National Association**
  - 7,700 financial co-ops with 93 million members…
- **Equal Exchange**
  - A worker co-op and pioneer in Fair Trade…
- **Neighboring Food Co-op Association**
  - A regional co-op of 30 food co-ops and start-ups…

ORGANIC VALLEY

Family of Farms

"Co-operatives are a reminder to the international community that it is possible to pursue both **economic viability and social responsibility**."

UN Secretary-General Ban Ki-moon

"Organic Valley is a social experiment disguised as a business."

Organic Valley CEO George Siemon

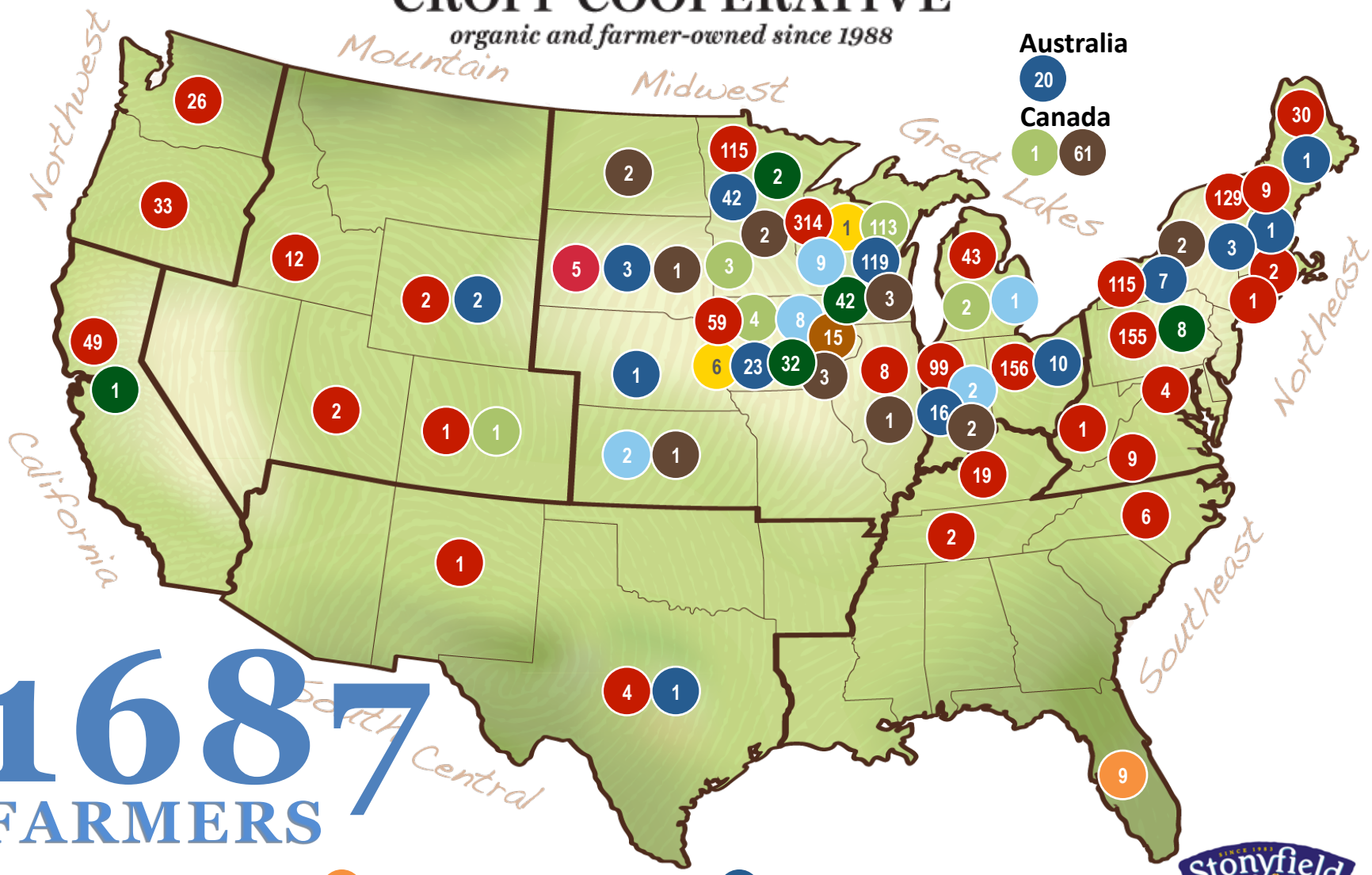
The cooperative in a nut shell

Independent • Farmer-owned • Family Farms

A cooperative that works together
for the benefit of all, rather than for the benefit of a few,
sharing risks and rewards.

CROPP COOPERATIVE

organic and farmer-owned since 1988



1687 FARMERS

DAIRY	1,411	JUICE	9	BEEF	249
EGG	85	PRODUCE	124	PORK	22
SOY	15	GROWER	78	POULTRY	7

Stonyfield Organic

ORGANIC VALLEY FARMER-OWNED | ORGANIC PRAIRIE FARMER-OWNED

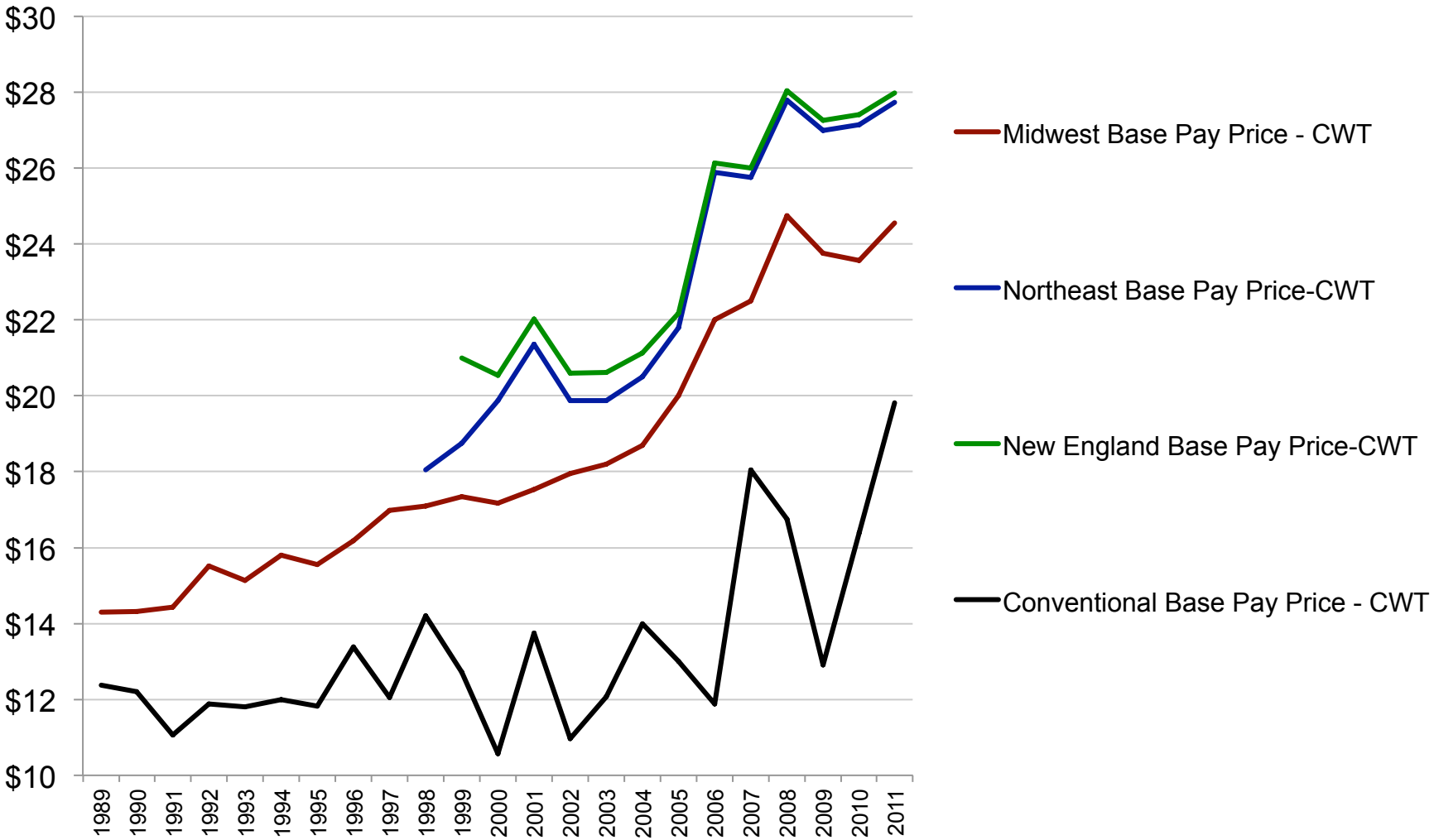
4 Missions

Organic • Cooperative

Stable Price / Collective Bargaining • Family Farms

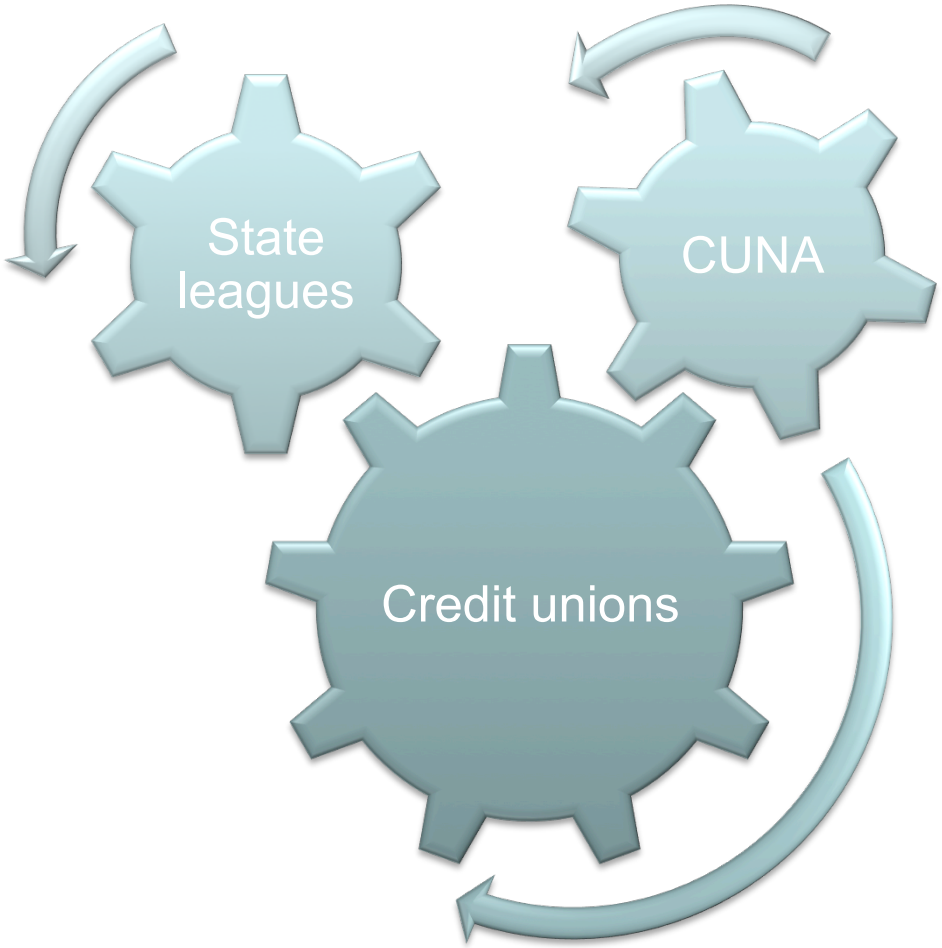
Dairy Pay Price Comparison

MW, NE, New England



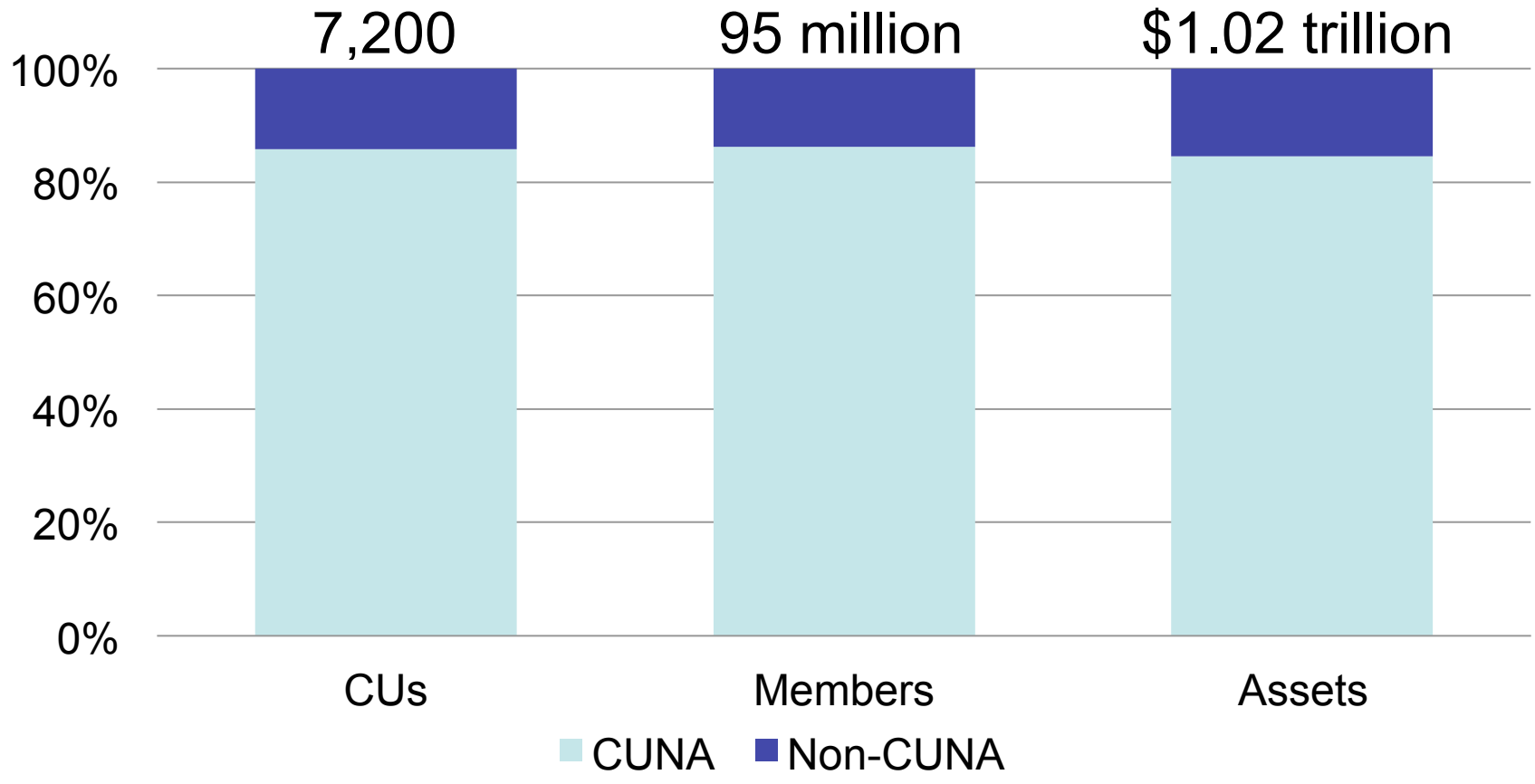
Credit Union National Association

Credit Unions' Three-Tiered System



CUNA
Credit Union National Association

Structure

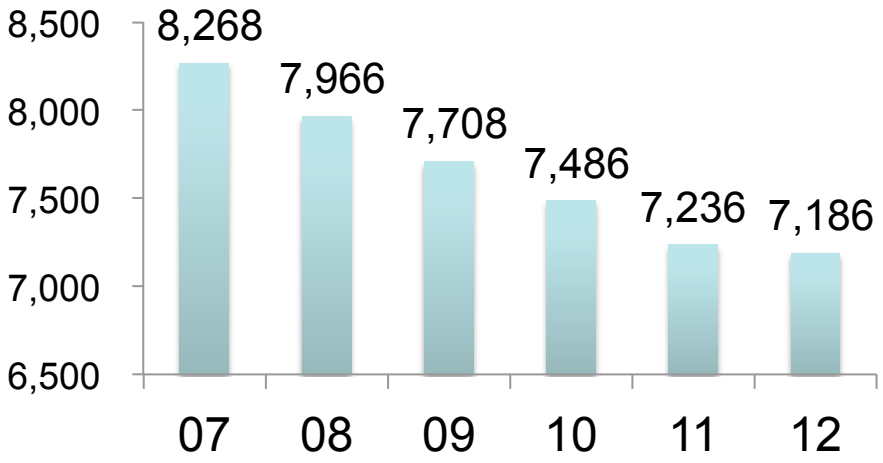


CUNA
Credit Union
National Association

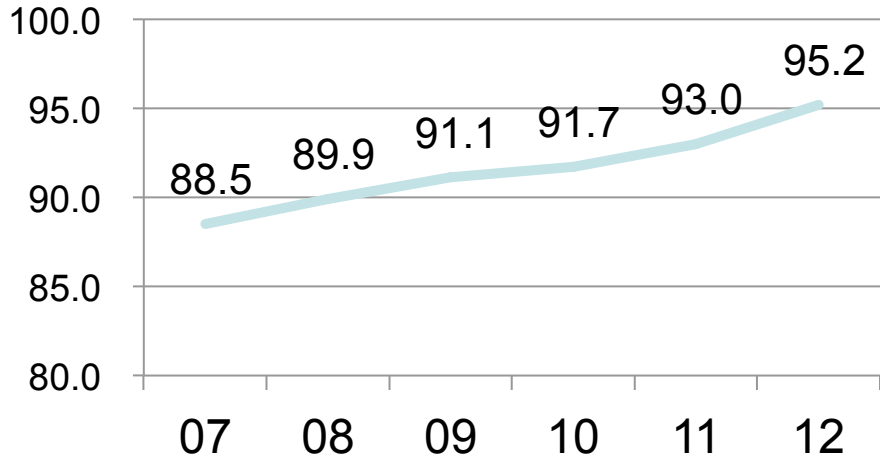
Status

- Financial
  - Credit unions strong (capital steady: 10%)
  - Loans/shares = 66% (matches 25-year low)
  - Savings growing (safe harbor)
  - Assets topped $1 trillion in first quarter
  - Delinquencies, charge-offs decline (responsible lending)

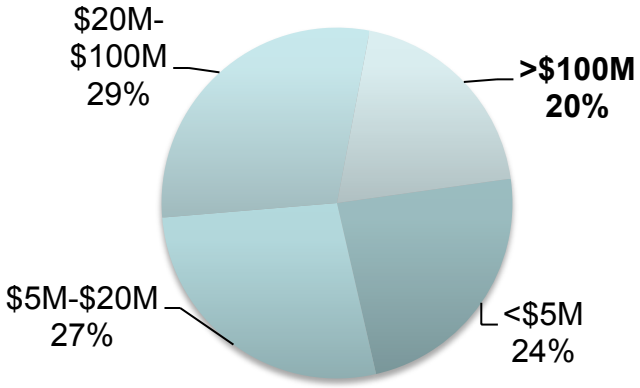
of CUs



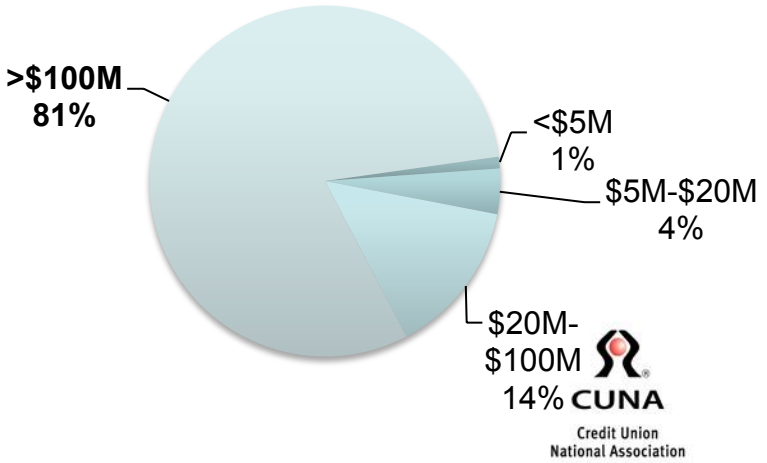
Members (millions)



Numbers by group



Members by group



CUNA
Credit Union
National Association

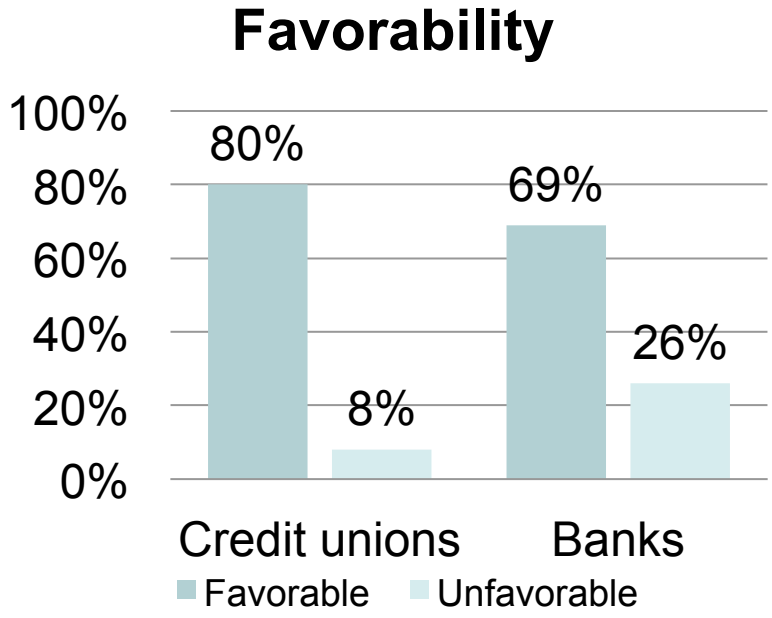
Credit unions: Great value for consumers

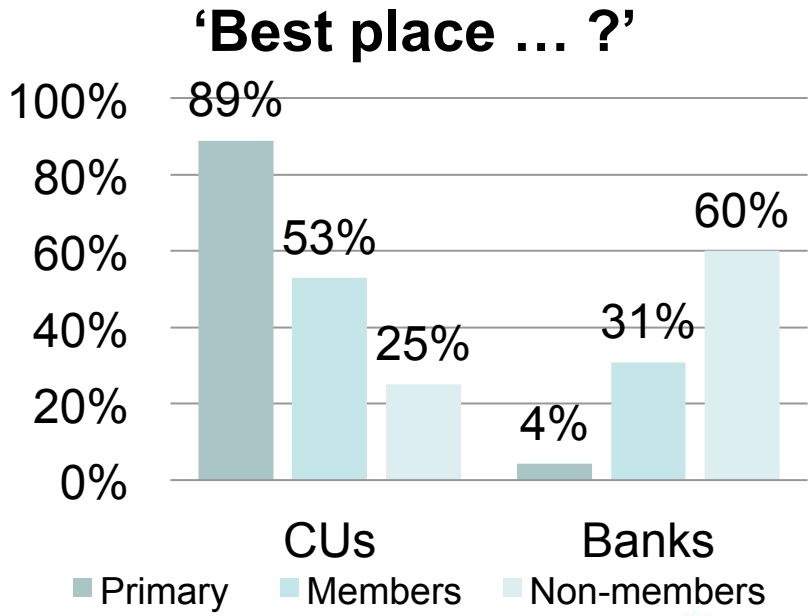
- $6.3 billion: Amount consumers saved in 2011 using credit unions instead of banks;
  - $68 per member
  - $130 per family
- That's on average. The more you do with a CU, the more you save.
- $4 billion: What bank customers save annually by having credit unions in the marketplace.

CUNA
Credit Union National Association

Status

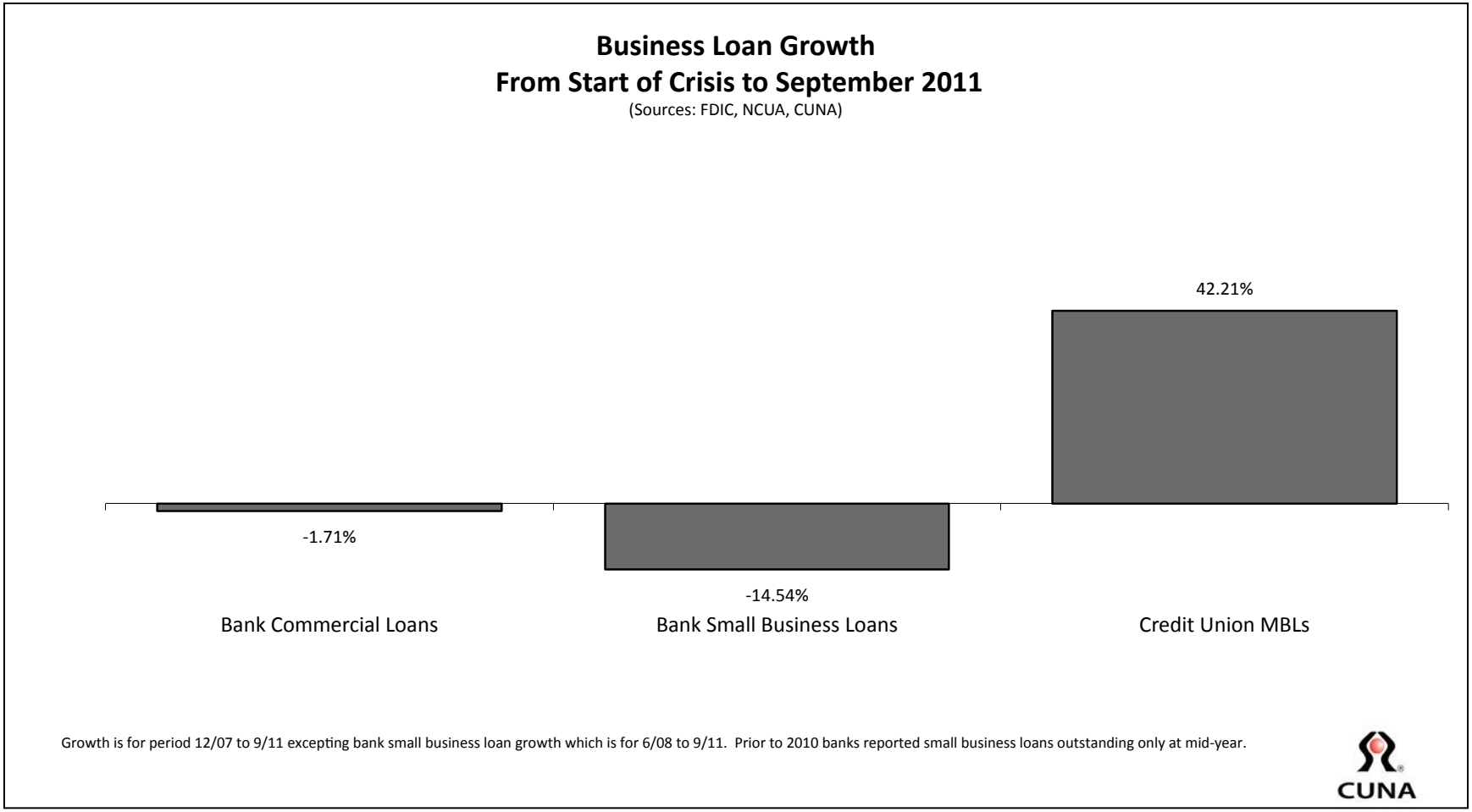
- Public image strong
  - Consumers like us, believe we are strong





CUNA
Credit Union National Association

Small Business Lending: CUs v. Banks



CUNA
Credit Union National Association

Top Legislative Issue: S. 2231 The Credit Union Small Business Jobs Act

- Flexibility
  - To make more business loans
    - Fastest-growing loan category for credit unions
    - Small business has the need …
    - … but banks are not lending
    - Economic recovery depends on small business
    - Legislation pending (in Senate, House)
      - $13 billion in new lending the first year alone
      - Will create an estimated 140,000 new jobs
      - No cost to the US taxpayer
      - Coalition includes NCBA, NCGA

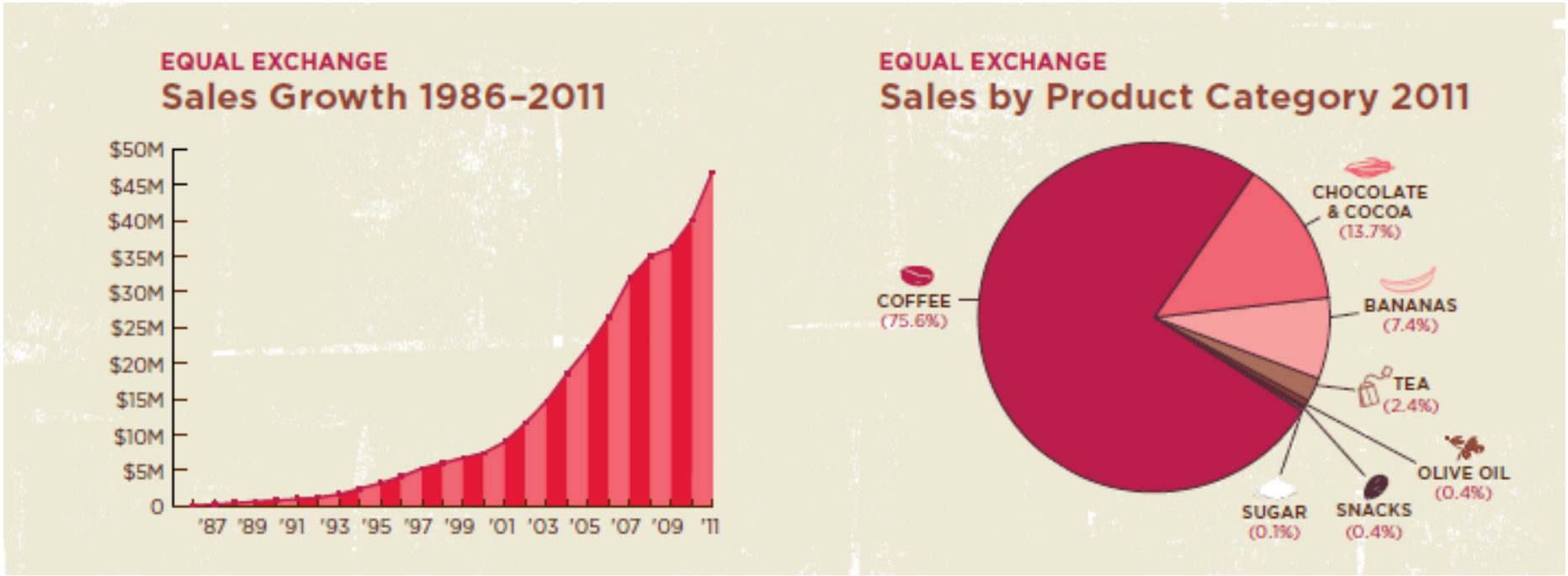
CUNA
Credit Union National Association

a Smarter
Choice
aSmarterChoice.org

Equal Exchange

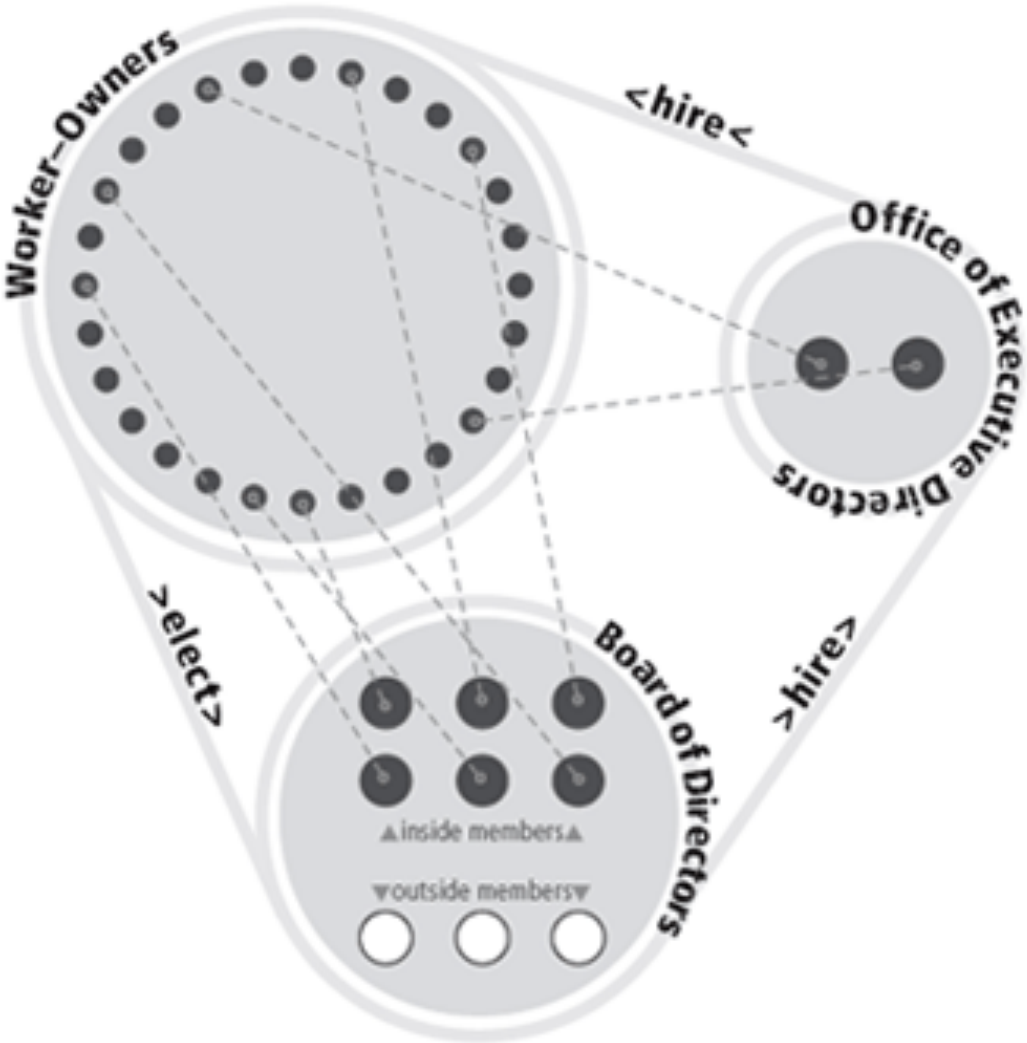
Equal Exchange

- Founded in 1986 (by three employees from Northeast Co-ops).
- $46,819,829 in sales in 2011.
- 107 Worker-Owners.

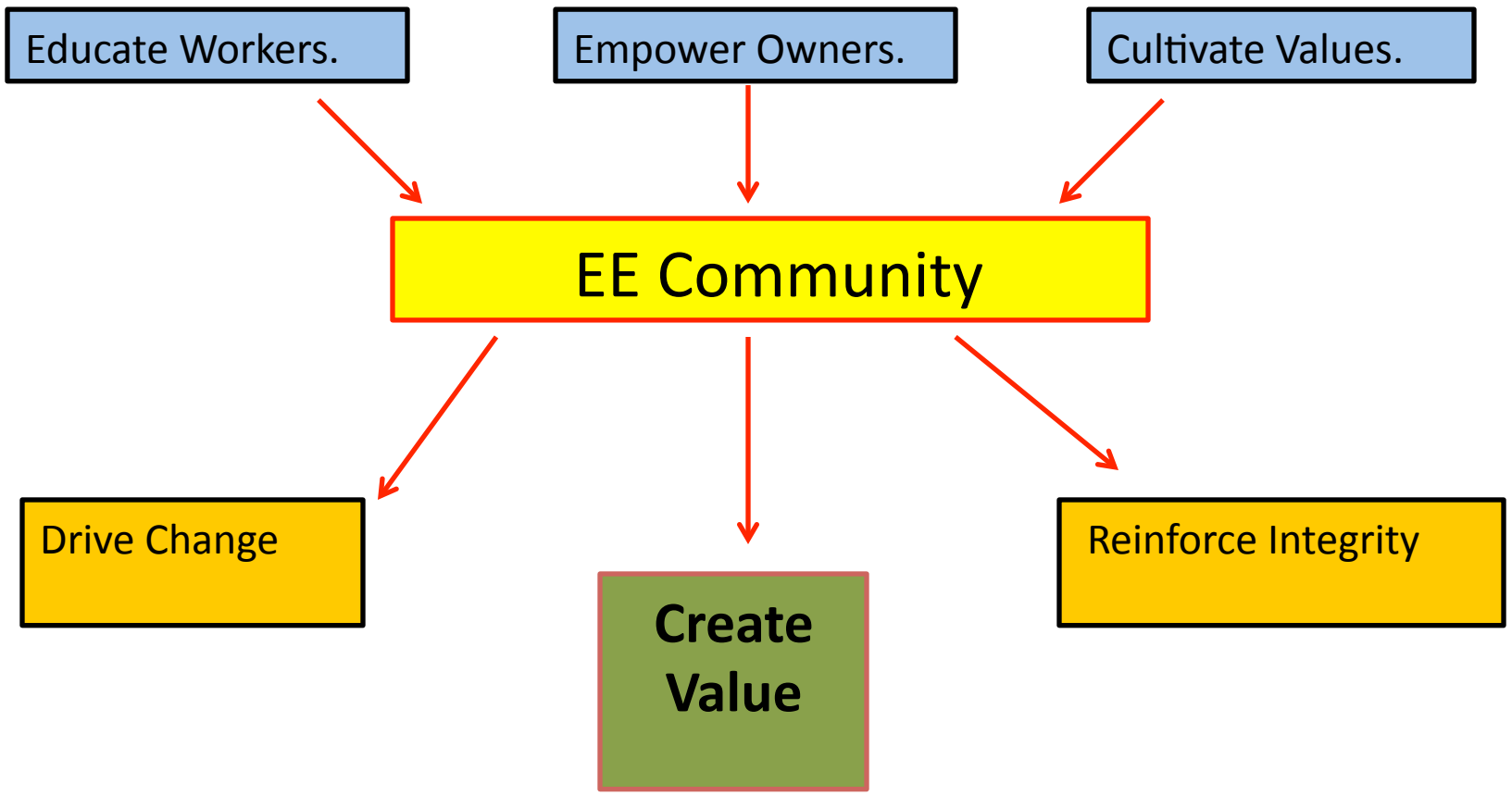


The Worker Co-operative model :

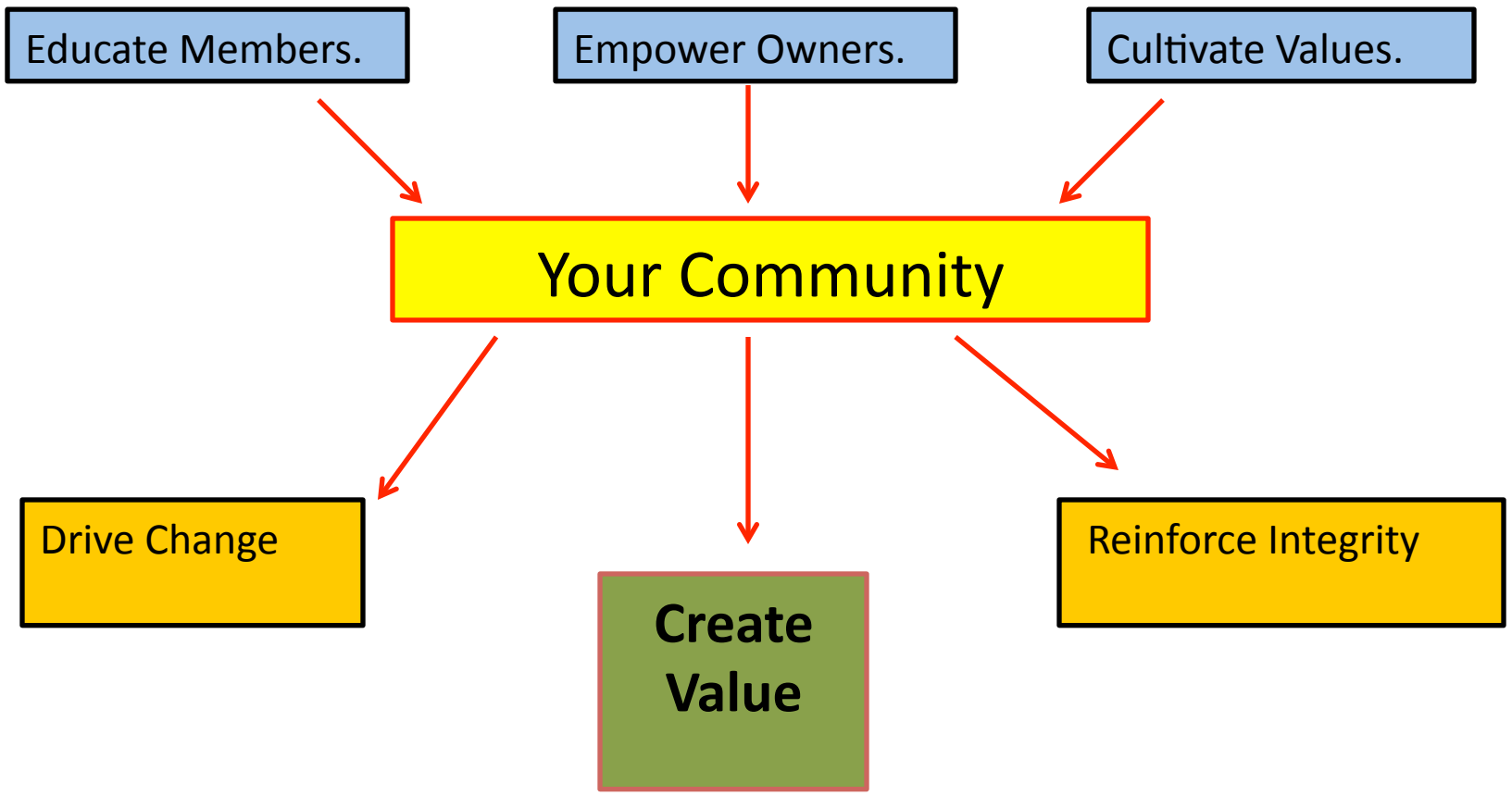
democratic
&
for-profit



EE Difference - EE Success



Food Co-ops


Educate Members.
Empower Owners.
Cultivate Values.
Your Community
Drive Change
Create Value
Reinforce Integrity

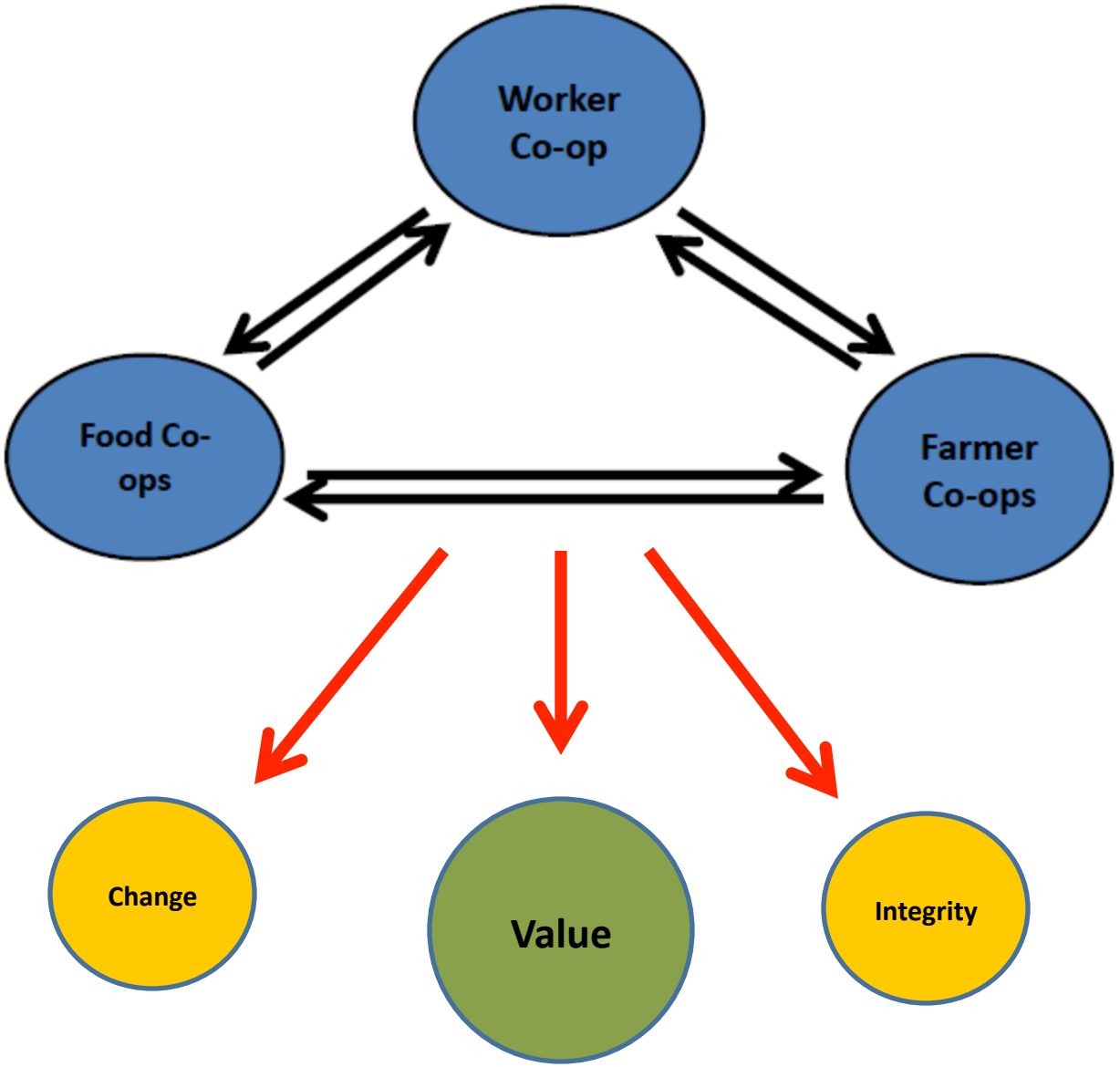
Farmer Co-ops

Community Means:

- **Infrastructure**
- **Civil Society**
- **Cultural Survival**
- **Empowerment**

Marisol Espinoza, Vice President of Peru

Fair Trade = Cooperative Supply Chain



FAIR TRADE

The System We Built, Together

- **Beneficiaries: 5 million**
- **Fair Trade Sales (2010): $1.2 Billion in the US; $5.4 Billion Globally**
- **Premiums Paid in 2010 (US): $17 million**
- **Additional Income since U.S. Fair Trade began (13 years/USA): $225 million**

Fair Trade Gone Wrong

- **Corporations**
- **Plantations**
- **Profit-Driven Businesses**

Getting Back to "Co-operative Trade"

The Authentic Fair Trade Campaign

FARMER CO-OPERATIVES

CO-OP DEVELOPMENT ORGANIZATIONS

EQUAL EXCHANGE

CO-OP FINANCIAL ORGANIZATIONS

FOOD CO-OPERATIVES

Trade and collaboration based on shared co-operative principles and values.

Talk More

2012
CABOT
COMMUNITY
TOUR
CELEBRATING THE STRENGTH OF COMMUNITIES

I STAND WITH
SMALL FARMERS
CLICK HERE TO TAKE ACTION
EQUAL EXCHANGE
FAIRLY TRADED

Celebrate Co-ops!
GO CO OP
This is a Co-op Product.
For more information on what makes co-ops
different, please visit www.nfca.coop/go.

Principle Six

Neighboring Food Co-op Association

VERMONT

- **Brattleboro Food Co-op,** Brattleboro
- **Buffalo Mountain Food Co-op,** Hardwick
- **City Market / Onion River Co-op,** Burlington
- **Co-op Food Stores,** White River Junction
- **Dottie's Discount,** Brattleboro
- **Hunger Mountain Food Co-op,** Montpelier
- **Middlebury Natural Foods Co-op,** Middlebury
- **Plainfield Food Co-op,** Plainfield
- **Putney Food Co-op,** Putney
- **Rutland Area Food Co-op,** Rutland
- **South Royalton Food Co-op,** South Royalton
- **Springfield Food Co-op,** Springfield
- **Stone Mountain Community Market,** Poultney
- **Upper Valley Food Co-op,** White River Jct.

CONNECTICUT

- **Elm City Co-op Market**, New Haven
- **Fiddleheads Food Co-op,** New London
- **The Local Beet Co-op,** Chester
- **Willimantic Food Co-op,** Willimantic

NEW HAMPSHIRE

- **Co-op Food Stores,** Hanover
- **Co-op Food Stores,** Lebanon
- **Great River Food Co-op,** Walpole (Start-up)
- **Littleton Food Co-op,** Littleton
- **Manchester Food Co-op** (Start-up)
- **Monadnock Food Co-op**, Keene (Open '12)

MASSACHUSETTS

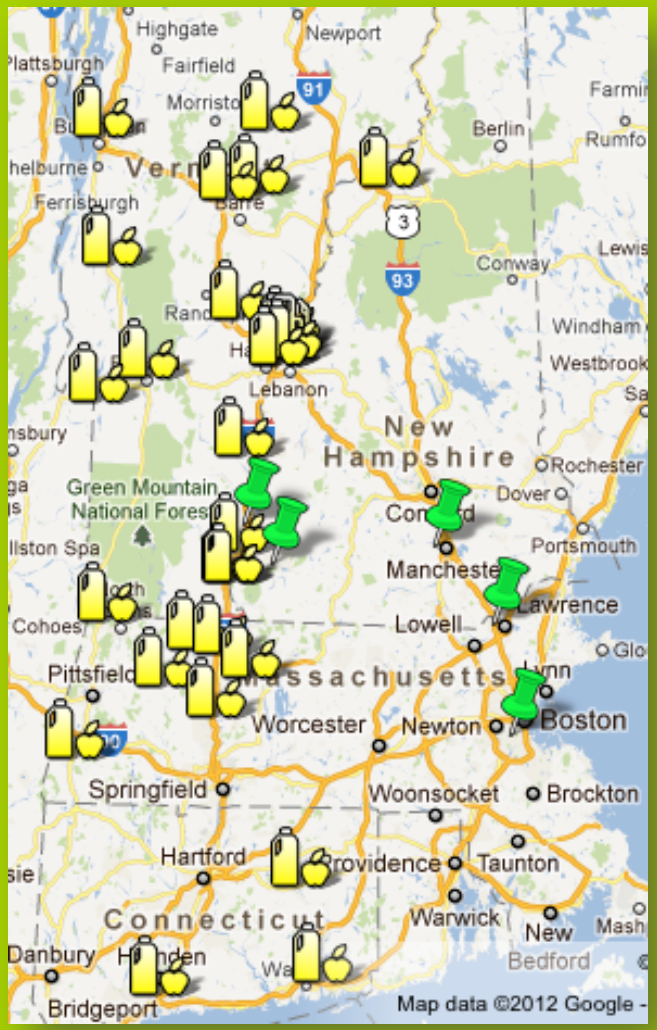
- **Berkshire Co-op Market,** Great Barrington
- **Dorchester Community Food Co-op,** Dorchester (Start-up)
- **Green Fields Co-op Market,** Greenfield
- **McCusker's Co-op Market,** Shelburne Falls
- **Leverett Village Co-op,** Leverett
- **Old Creamery Co-op**, Cummington
- **River Valley Co-op Market,** Northampton
- **Wild Oats Co-op Market,** Williamstown

RHODE ISLAND

- **Urban Greens Food Co-op**, Providence (SU)

Neighboring Food Co-ops

- A Co-op of 30 food co-ops and start-up initiatives
- **80,000 individual members**
- 1,400 employees (2010)
  - VT members among top 25 employers in the state
- $28.6 million in wages (’10)…
  - Average wage was 18% higher than the average for food and beverage industry in same states.
- $250 million revenue (‘10)
  - $161 million in 2007
- $33 million in local purchases (‘07)

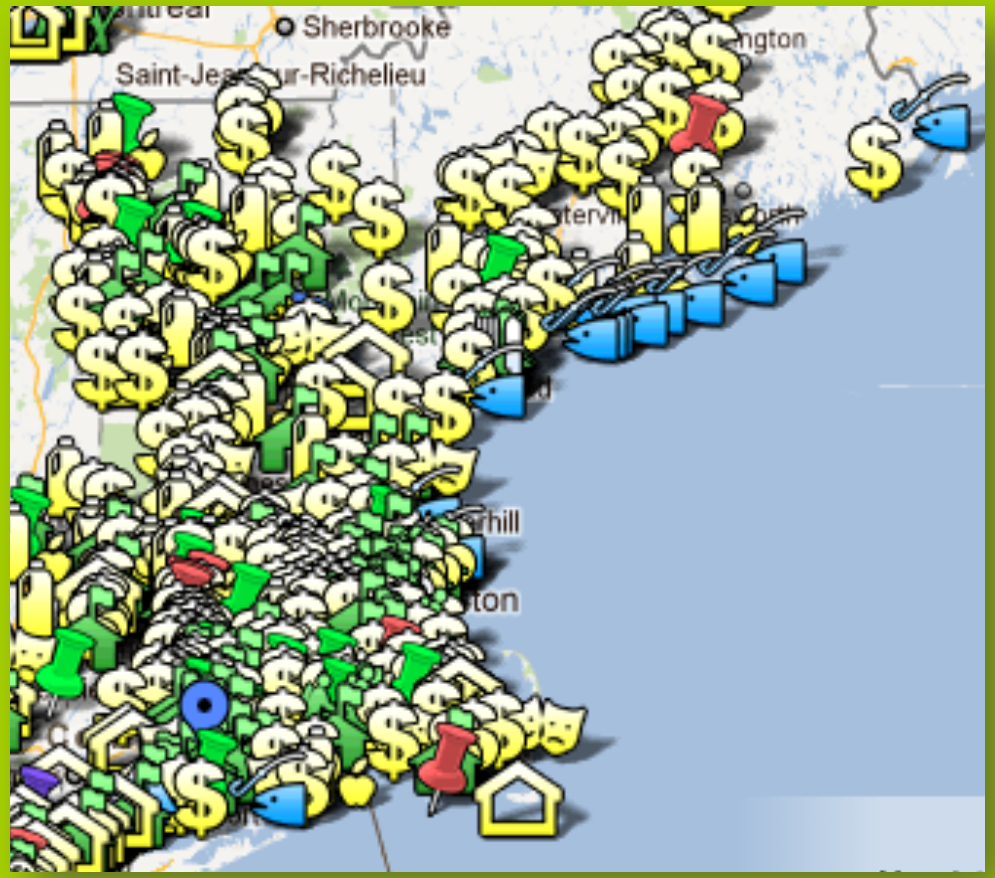


A Regional Co-op Economy

New England
& New York:

- 8,860 co-ops
- **9.5 million members**
- 55,000 employed
- $2 billion in wages
- $100 billion in assets
- ±$14 billion revenue

reic.uwcc.wisc.edu



www.nfca.coop/co-opeconomy

Cross Sector Initiatives

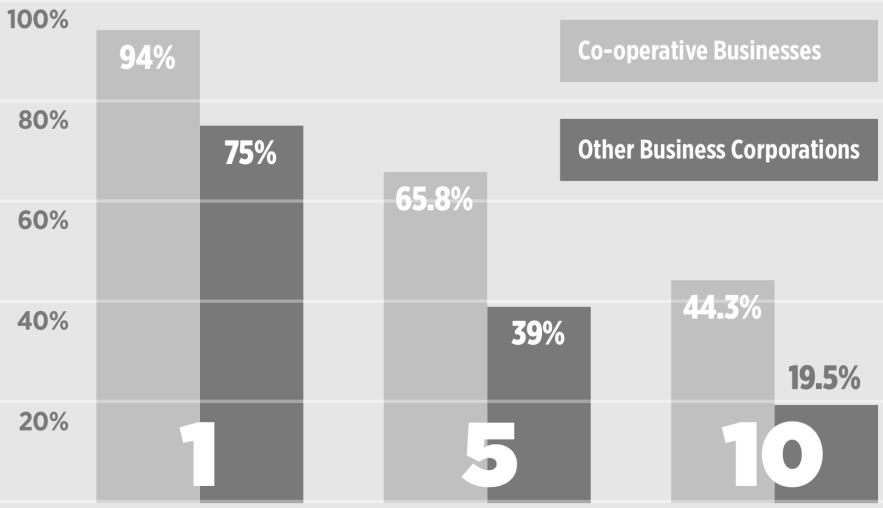
- **Cross Sector Networks**
  - Dialog & marketing
  - Business development
  - Valley Co-operative Business Association
- Policy
  - IYC Resolutions
  - Legislative engagement
  - New England Farmers Union

Cross Sector Initiatives

- **Products & Sourcing**
  - "Go Co-op" Initiative
  - Promote co-op products
  - New co-op product development
- Education
  - Ads & press
  - Resources for co-ops
  - Events & outreach

www.nfca.coop/iyc

Co-ops outlive corporations.



YEARS OF OPERATION

Three recent studies demonstrate that co-operative enterprises have significantly higher survival rates than other business corporations. This co-op advantage becomes more prominent over time.

Sources:

* *Co-op Survival Rates in Alberta*, BC-Alberta Social Economy Research Alliance, August 2011.

** *Co-op Survival Rates in British Columbia*, BC-Alberta Social Economy Research Alliance, June 2011.

*** *Taux de survie des cooperatives au Québec*, Ministère du Dévelopment économique, de l'Innovation et de l'Exportation du Québec, Ed. 2008.

In 1900, **Dorimène & Alphonse Desjardins** co-founded North America's first credit union in Quebec. It is still thriving.

On Co-op™
Lead. Cultivate. Connect.

Ontario Co-operative Association
ontario.coop

Co-ops & Local Economies

- Achieve scale AND retain local ownership
- Democratic control
- Focus on meeting needs before profit
- Develop local skills & assets
- Ability to assemble limited resources
- Address challenge of business succession
- Community wealth v. speculative markets
- **Difficult to move or buy-out**
- Low business failure rate & are long-lived
- Mobilize stakeholder loyalty…

Co-ops & Local Economies

Result…

- **….more stable and resilient local food systems, infrastructure, employment, services and economies.**

Co-ops Across Sectors

- …put people before profit,
- …are democratic,
- …are rooted in the community,
- …are innovative,
- …are successful,
- …are resilient, and
- **…build a better world.**

Discussion

Questions

Feedback

Ideas

Opportunities for Collaboration

Contact

Erbin Crowell, Neighboring Food Co-op Association

erbin@nfca.coop // www.nfca.coop

Jerry McGeorge, Organic Valley

jerry.mcgeorge@organicvalley.coop // www.organicvalley.coop

Nicholas Reid, Equal Exchange

nreid@equalexchange.coop // www.equalexchange.coop

Mark Wolff, Credit Union National Association

mwolff@cuna.coop // www.cuna.org