

Co-op Corner: The ABCs of Co-op Impact

By Erbin Crowell

In May, the National Cooperative Business Association (NCBA CLUSA) held its 103rd Annual Meeting as part of Co-op Week celebrations in Washington, DC. Against the backdrop of a new report from the United Nations on the devastating impact of climate change on animal and plant species, continuing rancor over immigration policies, and growing recognition of the challenge of increasing wealth inequality, co-operators from across the country and many parts of the world gathered to celebrate, reflect, and envision a more sustainable, participatory, and inclusive economy, together.

"We face a pivotal opportunity to share the co-operative model with people who want greater control over their economic lives," said NCBA CLUSA President and CEO Doug O'Brien in his welcome to the gathering.

A central challenge for co-ops in achieving this goal is how to effectively address the lack of awareness of the co-operative difference, particularly among policymakers. To help remedy this, NCBA

CLUSA has been engaging foundations, research organizations, and other groups to explore the relevance of co-ops to today's critical challenges. One example of this effort, presented during the Cooperative Development Foundation's Co-op Issues Forum during Co-op Week, is The ABCs of Cooperative

Impact, a report released by the influential Urban Institute last December.

"Our goal was to answer the question of how co-operatives — as user-owned, democratically controlled businesses — contribute to participation, growth, stability, and equity in communities," shared Brett Theodos, Senior Fellow at the Urban Institute and one of the authors of the report, along with Corianne Payton Scally and Leisha Edmonds. "We set out to create a framework that could be applied to all co-operative types and would include outcomes for co-op members as well as their broader communities."

The report presented a seven-component measurement framework across the spectrum of cooperative sectors. In keeping with its alphabetical theme, the report proposed that co-operative impact can best be understood according to a core set of factors including:

- Access: A co-operative can increase access to affordable quality products, services, suppliers, and markets, lowering costs and serving markets and communities historically seen as "higher risk" or underserved.
- Business sustainability: A co-operative business structure can increase firm survival and profitability through higher and less volatile revenues, lower costs, and a focus on long-term outcomes, including scaling the co-operative to compete with multinational corporations.
- Community commitment: A community-focused co-operative is committed to being a good neighbor through education, financial support, facility use, and business practices that reflect the values of the community.
- Democratic governance and empowerment: In a



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well-functioning co-operative, membership actively participates and shapes the mission and decisions of the organization, which translates into broader civic and political involvement.

- Equity, diversity, and inclusion: To be an effective contributor to its community, co-operative membership reflects the community in racial composition, gender, age, and abilities, and historically excluded communities and individuals have a voice and leadership opportunities.
- Financial security and advancement for workers: Co-operatives work best for their members, employees, and communities when they provide living-wage jobs with benefits and increased opportunity for wealth building, career advancement, training, and leadership development with lower turnover and higher job satisfaction.
- Growth: Co-operatives can be local and regional anchors, promoting economic growth through stable jobs, high industry standards, consistent services, and economic multiplier effects through increased community investment, local jobs, and local procurement.

To illustrate how these factors could be applied to a better understanding of co-operative impact, the presentation included a panel of representatives from across sectors, including utilities co-operatives, credit unions, farmer co-ops, and housing co-operatives.

Jerry McGeorge, Vice President for Co-operative Affairs at Organic Valley, shared the story of this co-op's humble beginnings in Wisconsin in the midst of the family farm crisis of the 1980s. Flash forward to the present and Organic Valley is a billion-dollar co-operative, owned by more than 2,000 family farmers, including over 600 here in the Northeast. In between, the co-op has had a dramatic influence on the growth and success of the organic industry.

"But our impact is not just for our farmers," said McGeorge. "We also employ more than 1,000 people, most of whom are based in one of the poorest parts of our state, and have recently implemented a \$15 per hour minimum wage. It is the partnership between our farmer members and our employees that makes this effort work."

Like many electric co-ops, BARC Electric Cooperative in Virginia got its start when commercial energy providers cherry-picked more profitable urban

areas, leaving rural communities without power. Farmers banded together and in 1938 established a community owned co-operative to meet their own needs, together. Today, CEO Mike Keyser, describes BARC as being in the "quality of life business," as it has expanded its services to solar energy development and the provision of broadband internet to ensure that rural communities are not left out of a rapidly changing economy.

Paul Bradley, President of New Hampshire-based Resident Owned Communities (ROC USA), shared the profound impact of the co-operative business model for residents of mobile home parks. These communities typically face an enormous amount of insecurity because the land, utilities and roads beneath them are owned by someone else. Forming a co-op gives them direct ownership and control, together. Founded in 2008, in its first nine years ROC USA helped convert 119 communities in 14 states to co-operative ownership, empowering 8,400 families to build a more stable and secure future.

Credit unions are another example of the power of the co-operative business model, with most of them getting their start among working people locked out of investor-owned financial services. Carla Decker, President & CEO of DC Credit Union (DCCU), shared the story of local government employees, primarily African-Americans, who banded together to form a financial co-operative in the 1950s. As demographics have changed in the city, so has the credit union, expanding its charter beyond city employees and obtaining designation as a "Low Income Credit Union" and "Community Development Financial Institution" to be more responsive to and inclusive of immigrant, Latino and other underserved communities.

Along with bringing forward the best thinking on the co-operative distinction, Co-op Week also features the Co-op Hall of Fame, which celebrated the induction of this year's Co-op Heroes, including two extraordinary leaders from right here the Northeast: Terry Appleby, retired General Manager of Co-op Food Stores of New Hampshire and Vermont, and Dr. Richard Stammer, former President and CEO of Agri-Mark and Cabot Creamery Co-op. In the early 1990s, during particularly hard times for dairy farmers, Stammer played a key role in ensuring the survival of two co-ops through a merger that enabled



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farmer-members to continue to own their product from the farm to the grocery store shelf.

It was a particular honor to celebrate the induction of Terry Appleby into the Co-op Hall of Fame. While his career in co-ops began on the west coast, Terry has been a guiding light for the co-operative community here in the Northeast since taking on the role of General Manager of one our oldest and most esteemed food co-ops, the Hanover Consumer Co-operative Society in Hanover, NH, better known as Co-op Food Stores. Under Terry's 25 years of leadership, this co-op became a major influence on the regional food system and economy, growing from one store to four locations in two states and more than \$75 million in sales. Terry has also been a generous mentor to other co-ops and played a key role in the development of National Co+op Grocers and the Neighboring Food Co-op Association, which today includes 35 food co-ops and start-ups, locally owned by 150,000 members across New England and New York State, employing over 2,300 people, and selling more than \$93 million in local products annually.

As all of this year's Hall of Fame inductees pointed out, co-operative leadership is focused on service, with the core purpose of creating impact and building a better future for co-op members and their communities. It's as basic as the ABCs.

Erbin Crowell serves as Executive Director of the Neighboring Food Co-op Association. He received his Master of Management: Co-operatives & Credit Unions from Saint Mary's University in Nova Scotia and serves on the Board of Directors of NCBA CLUSA. He may be contacted at erbin@nfca.coop.

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