

Ohio Employee Ownership Center

Cooperatives Basics Webinar
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Cooperative

- Owned by the members who use it.
- The members are responsible for the money to start and run the business.
- All members control business decisions. All get equal number of votes.
- Members share the profits. Those who participate the most, get more profits.

A definition from the National Cooperative Business Association:

A cooperative is a business. In many ways it's like any other business. But a cooperative business belongs to the people who use it—people who have organized to provide themselves with goods or services they need. They share equally in the control of their coop. Net profits are returned to members.



A definition from the International Cooperative Alliance

A cooperative 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.



Cooperatives are based on need

- Unavailable products or services
- High cost of products or services
- Economies of scale
- Increased bargaining power
- Eliminating the “middle man”

Cooperatives in the USA

- Around 32,000
- Serving 100 million people
- Almost half of the adult population
- A significant economic force in agriculture
- Credit unions are most numerous

Capper Volstead Act, 1922

“Persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers, may act together in associations, corporate or otherwise, with or without capital stock, in collectively processing, preparing for market, handling, and marketing in interstate and foreign commerce, such products of persons so engaged.”

Common types of cooperatives

- Rural electric
- Supply
- Marketing
- Insurance
- Services
- Housing
- Credit Unions
- Workers



Cooperative entities

- Individuals
- Businesses
- Cooperatives



Worker owned cooperatives

Worker cooperatives are business entities that are owned and controlled by the people who work in them. Two central characteristics: (1) workers invest in and own the business, (2) decision-making is democratic, generally adhering to the principle of one worker-one vote.



Cooperative Principles

- 1. Voluntary and open membership
- 2. Democratic member control
- 3. Member economic participation
- 4. Autonomy and independence
- 5. Education, training and information
- 6. Cooperation among cooperatives
- 7. Concern for community

Role of members

- Participate in annual meetings or other special meetings
- Make major decisions about the cooperative
- Elect the board of directors
- Patronize the cooperative



Role of directors

- Engage in strategic planning for the cooperative's future
- Set cooperative policies
- Make decisions about the operation of the cooperative
- Hire the cooperative's manager



Role of the manager

- Implement the decisions of the board of directors
- Report to the board of directors and the membership
- Make decisions about daily operations of the cooperative
- Hire employees

Role of employees

- Carry out the daily activities of the cooperative
- Represent the cooperative to members and other stakeholders
