

# The Cooperative Model Works Globally

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# Who am I?



Thank you  
Available in e-  
reader or tablet  
form; print-on-  
demand; in  
Spanish; and  
audio as well

CHAPTER ONE:

Cooperatives and  
Mutuals are Firms

CHAPTER TWO:

Cooperatives and  
mutuals are  
participatory  
organizations

CHAPTER THREE:

Income distribution  
and equity decisions

CHAPTER FOUR:

Special topics in  
cooperatives and  
mutualism

CHAPTER FIVE:

Summary and  
conclusions

An Introduction to  
Cooperation and Mutualism

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Thanks to my academic  
colleagues in NCERA210:  
Improving the management and  
effectiveness of cooperatively  
owned business organizations for  
review and helpful comments.

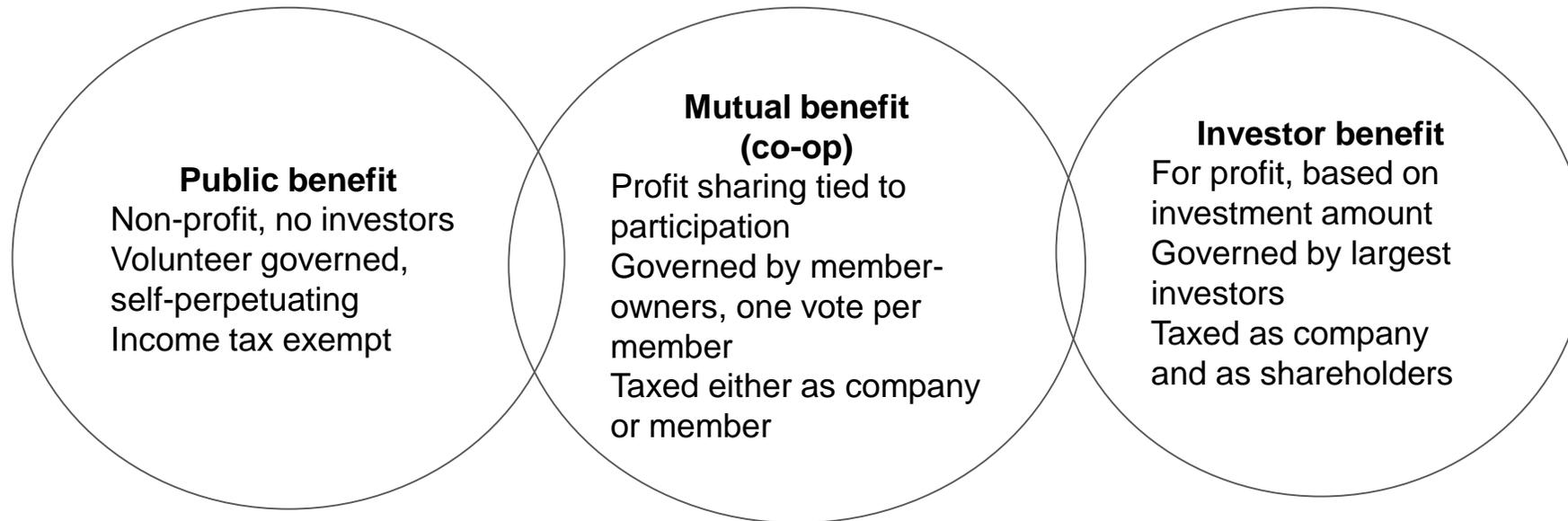
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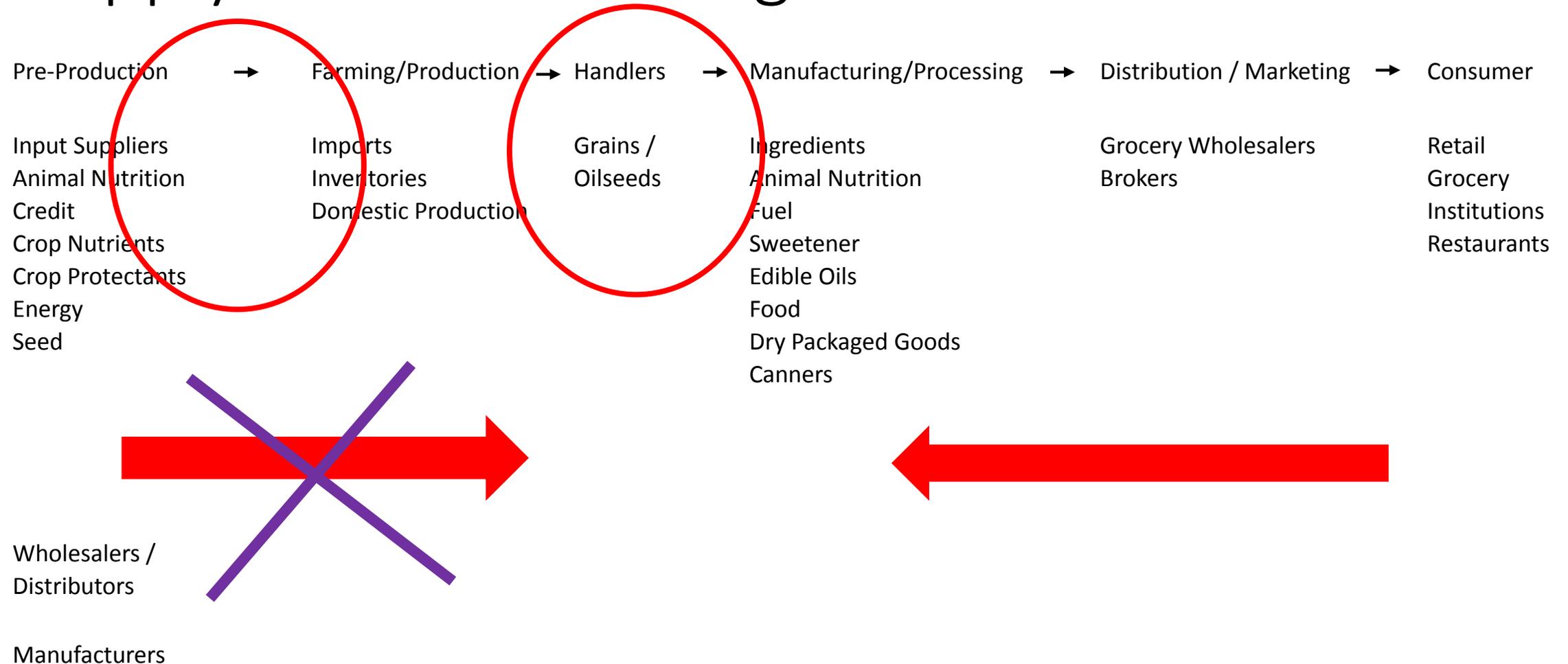
Spanish version also available

Thanks to CHS Foundation, CoBank, and University of Minnesota  
for helping provide resources for this project.

# Exhibit 2.1 Three types of businesses



# Food system was efficiently designed through supply and now moving to demand driven



# The Marketing Year (in northern hemisphere)

- Farmers harvest a crop in September / October and over the next 12 months as inventories are reduced, the full value of that crop becomes known.
- Marketing cooperatives help producers realize that value
- Pools risk and adds value to that crop accounting for perishability and other issues
- Important concept to understand with regard to cooperatives
  - Having volume and market share enables the cooperative to do a better job understanding the value of the crop
  - It does not just mean that the co-op is another choice at harvest to market their crop
- Producers benefit by their participation in the cooperative

# What are the three ways you participate in a cooperative?

- Participate in Profits
  - Participation occurs through patronage; you patronize the business; you get what is left over after reinvestment needs and costs have been paid
  - Profits earned locally are kept locally and spent locally
  - Margin-pricing as opposed to high low pricing or everyday low pricing models
- Participate in Ownership
  - Public companies issue stock and retain earnings for growth and reinvestment
  - Cooperatives cannot issue stock
  - Members must do the reinvestment
- Participate in Control or Governance
  - Members must be in the leadership positions such as board of directors, etc.
  - Vote on significant issues affecting the membership
  - Bylaws and articles reflect these principles