

The Cooperative Model Works Globally

Michael A. Boland

Michael A. Boland, PhD

Professor of Agricultural Economics

E. Fred Koller endowed chair in agribusiness management

Director of Food Industry Center

College of Food, Agricultural, and Natural Resource Sciences

University of Minnesota

boland@umn.edu

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

Michael Boland, University of Minnesota

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

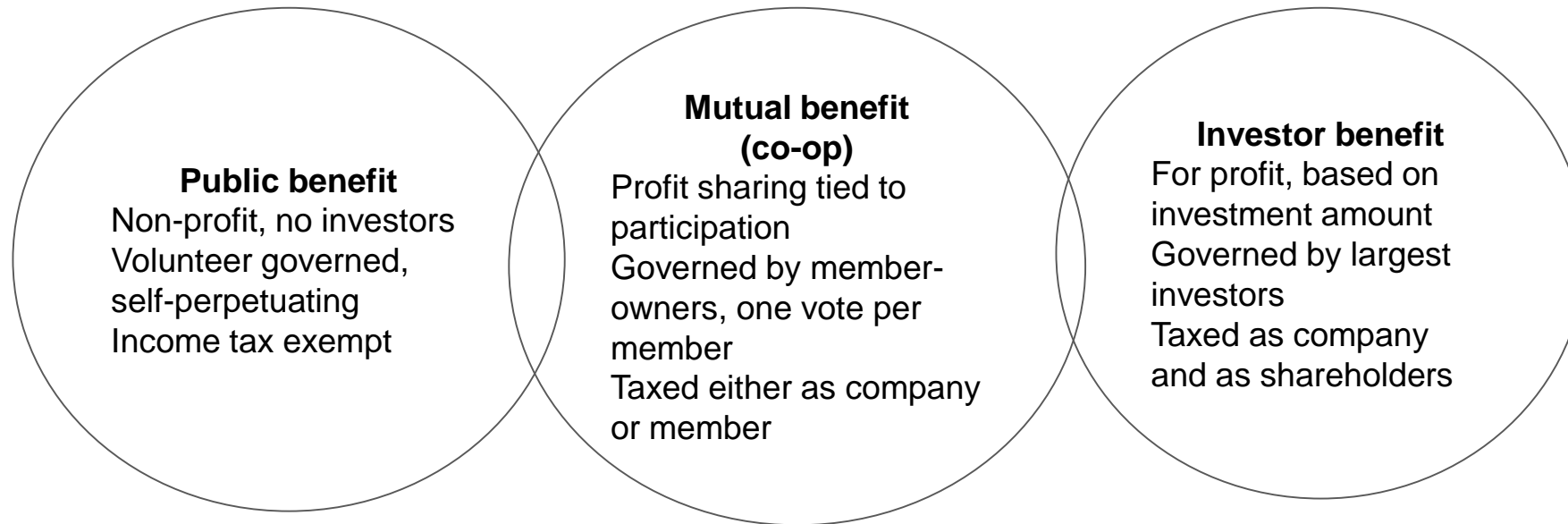
Access the full text online for
download to ereader and tablets or
buy print copy on demand at cost
at the link below:

z.umn.edu/cooperation_and_mutualism

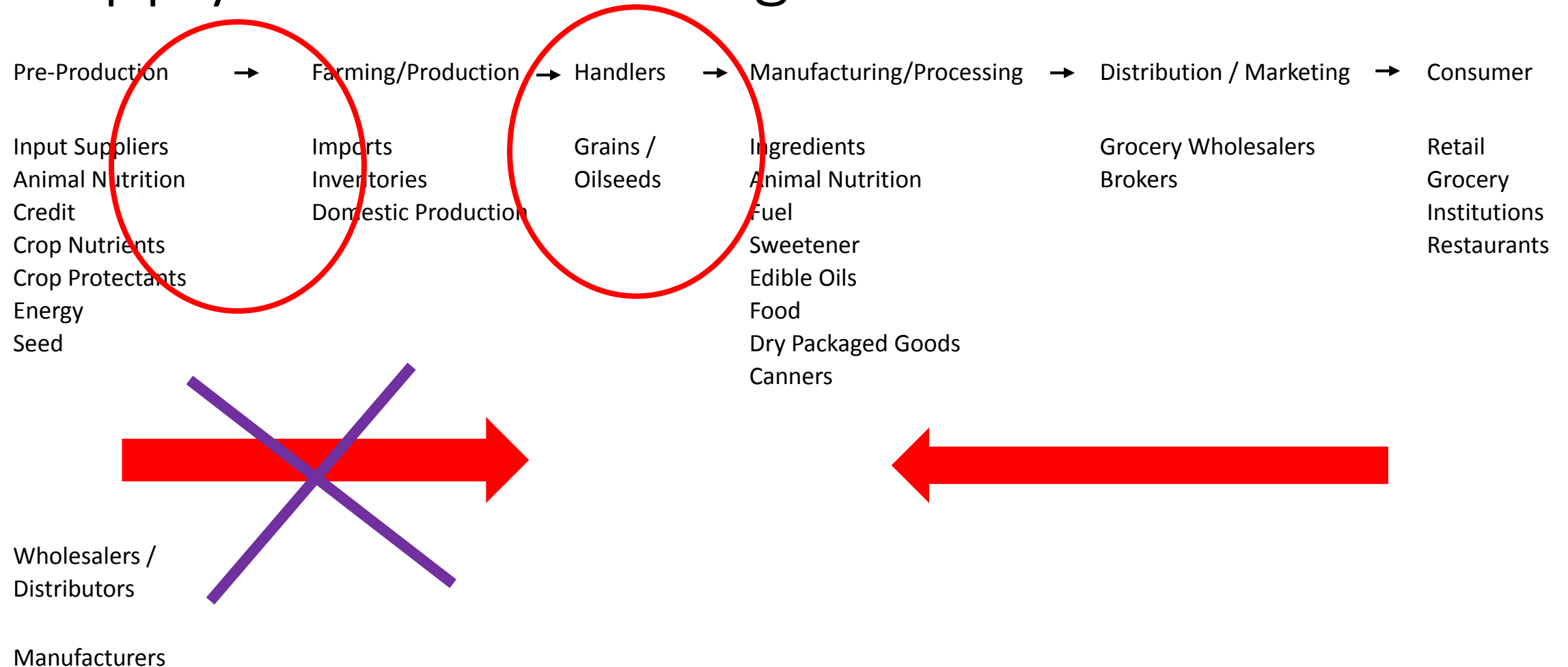
Spanish version also available

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