

Co-op Development Action

University course promotes co-op development to meet community needs

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Rising unemployment, frozen credit markets and an epidemic of foreclosed properties have combined to create a perfect economic storm for many Americans. These conditions have resulted in an economic climate that merits greater exploration of the cooperative business model.

The cooperative movement has long helped average Americans in many ways, with periods of intense co-op development often corresponding to periods of difficult economic conditions. From marketing their crops and livestock via farmer co-ops to securing crucial financial services through credit unions and finding safe, affordable homes through housing co-ops, the solutions to life's challenges have often been found in the form of producer- and user-owned cooperatives.

Master's program focuses on co-ops

Universities can play a key role in exposing more people to the potential of cooperatives. A prime example is the School of Community Economic Development (SCED) at Southern New Hampshire University, in Manchester, N.H., which offers a Master's Degree program in community economic development.

This program integrates co-ops into a "tool bag" of options for future community developers. Students can earn an advanced certificate in cooperatives and credit unions, during which they learn how to create and sustain new co-ops both in the United States and abroad.

Founded in 1982 and with more than 2,500 graduates from over 100 countries, SCED is recognized both nationally and internationally as a leader in advancing the creation of sustainable communities. A variety of advanced degrees are offered at the main campus in New Hampshire and satellite campuses in Los Angeles, Tanzania and the Philippines.

Alumni build affordable housing, run community-development financial institutions, promote cooperatives and micro-enterprise programs and develop commercial projects and small businesses in low-income communities.

All students in the program are required to complete a project in Community Economic Development. Students

with a focus on cooperative solutions are developing cooperatives and co-op policies.

Students address real-world needs with co-ops

A sampling of projects that students are engaged in reveals how adaptable co-ops are to meeting a variety of community needs. Tanya Gracie, from Canada, is currently working with the Canadian Cooperative Association and the Ontario Cooperative Association to assess how to recruit a new generation of cooperators, both for existing co-ops and for co-ops that specifically serve youth.

During an introductory course on co-ops, Dick Patterson asked how one could create meaningful ownership for members in limited-equity housing co-ops. He then went to work to supply an answer, developing a financial model that would pay patronage refunds to members in limited-equity housing co-ops.

Michael Bowie was employed at a Community Economic Development Center that was looking for ways to deal with a surge of empty homes in Worcester, Mass., a city that suffered more than 2,000 foreclosures during the past year. He felt that his hometown would benefit from a cooperative solution, but a prior effort to develop co-op housing there had failed. So his employer and others were quick to shrug off yet another proposed co-op.

Bowie felt this attitude made no sense. After all, when there is a rash of private business failures, few people will say that America's system of business is out-dated. So why, Bowie asked, do people reject co-op solutions just because one co-op has failed?

He rolled up his sleeves and went to work, conducting a survey of young community activists, which revealed strong interest in developing co-op community housing. He is now working with a group of young people to acquire property for a new housing cooperative. He is also working to develop a small housing cooperative for the Stone Soup Artist Activist Collective and Community Resource Center.

Lisa Stolarski and Andi Shively, both from Pennsylvania, are trying to identify new ways to meet community needs with cooperatives. Shively is interning with SCED's Center for Cooperatives and Community Economic Development, where she is creating a Web-based resource site for cooperative developers. Stolarski, a consultant with the

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Members of Stone Soup Worcester hold a block party at the Community Center in Worcester, Mass. Renovations were led by Mike Bowie to add a resident cooperative in the attic, as well as a commercial kitchen for all to share. Photo by Mike Bowie

The foundation of this cooperative's management structure includes pooling, "70-30" financing, education and a revolving fund.

Different types of pooling operations are needed to handle the wide fluctuations in turkey prices, as well as different sizes and types of turkeys grown to meet trade specifications. Pooling is a distinctly cooperative practice. It means commingling products of several producers, usually on the basis of established grades, and after deducting average expenses, paying the average price received for some defined period. Profits from sales returns, expenses such as service fees, and even risks are shared.

To help new growers get started, Moroni Feed Co. developed the "70-30" finance program for sharing profits with producers. The plan allows the new grower to get into the turkey business without much initial capital. At no interest, the cooperative supplies feed, poults, fuel, medication, and insurance. The new grower supplies the labor, land, equipment and operating expense.

After the turkeys are processed and sold, the co-op deducts all charges for everything furnished, and the net profit is shared: 70 percent to the grower and 30 percent to the co-op.

Operating as a true cooperative, Moroni Feed Co. performs services for its patrons at cost and pays back as patronage refunds any savings above the cost of operations. Savings are distributed according to business done by each patron or member. This is the revolving fund principle.

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YEARS AGO

From the Jan./Feb. 2000 issue of *Rural Cooperatives*

Consolidations, technology, politics to impact co-op financial institutions

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President & CEO

National Cooperative Bank

As we turn the corner and enter a new century, the U.S. economy is at an all-time high. As cooperative financial institutions, we too have been riding the wave of prosperity. Where do we go from here? Are we prepared to meet the challenges of the new century?

If the past decade is any indication of what we have to look forward to, it is going to be a bumpy ride. The recent trends — industry consolidation, technological advancements and a shifting legislative agenda — offered a dizzying pace of change.

Cooperative financial institutions will need to be able to turn these trends into opportunities in order to compete in the new millennium. We will need to continually adapt with

customers to meet their needs.

Industry consolidation will continue, especially within the financial services arena. Recent legislation providing for banking modernization will allow banking, insurance and stock brokerage to be sold under one roof. Competition with large and well-capitalized companies will increase as firms merge to provide one-stop shopping.

With banks increasingly becoming more like fast-food outlets, there will be tremendous opportunity. Super banks will offer a cookie-cutter approach to business. They will tell customers to fit in their box. Cooperative financial institutions must react swiftly, listen to customer needs and offer creative solutions.

Technological advancement

The use of computers and the delivery of products and services via the World Wide Web will be paramount to our success. E-commerce allows like-minded people to cooperate with efficiency never before seen. Cooperatives, by their very nature, should be able to capture this value if they are able to manage change at "Internet speed." Evaluating how members can use the Web, how we can partner to deliver "added value" through a virtual world is critical. While still relatively unknown, cooperative financial institutions are well aware that the Web will change the face of how we do business.

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going through a transition period, Kennedy said. "Growers now have larger and faster combines and large trucks which are capable of harvesting and delivering crops faster than some of our aging facilities can accommodate. As a result, many members have built on-farm bins, and others are driving longer distances to reach facilities with shorter dump lines, which allow them to keep their combines rolling. We are working to adjust to this storage shift." ■

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Keystone Development Center, is interning with the National Cooperative Business Association, where she is working to identify resources for supporting urban co-op development.

The overall goal of the university program is to add to the community development "tool bag" students should be familiar with as they pursue careers in business and community development. Their communities are supplying the "case material" for their studies and are the beneficiaries of what they learn.

For more information about the school, visit:
<http://www.snhu.edu/388.asp>. ■