

WORKING TOGETHER

UWCC

A PUBLICATION OF
UNIVERSITY OF WISCONSIN
CENTER FOR COOPERATIVES

COOPERATIVE EXTENSION UW-EXTENSION
COLLEGE OF AGRICULTURAL & LIFE SCIENCES
UW-MADISON

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Perspectives from the Center

Energy Creates Energy

by Anne Reynolds

The upcoming Farmer Cooperative Conference, sponsored by the UWCC (see page 2 for more information), will feature a session

highlighting three farmer-owned energy initiatives: Big River Resources Ethanol Plant in Illinois, Inland Empire Utilities Agency in California, and Northeast Missouri Grain Processors. Participants will discuss their successes, and lessons learned along the way. Their experiences—shared at the conference and as part of conference proceedings—will provide guidance to the growing number of people interested in this important field.

Farm Foundation recently sponsored a conference titled “Agriculture as a Producer and Consumer of Energy.” The conference goal was to examine agriculture’s role in energy and to develop guidelines for policies aimed at expanding domestic energy sources.

At the conference, Secretary Ann Veneman described various USDA initiatives to support renewable energy systems and energy-efficient improvements made by farmers and rural small business owners. Alternative energy projects, for example, have been a major beneficiary of the Value Added Producer Grant (VAPG) Program. This USDA program awarded \$19.4 million to support 87 renewable energy projects in 2003, and added \$22.8 million this year to support 167 projects addressing wind power, anaerobic digesters, solar energy, industrial efficiency, and other systems. Wisconsin received over \$6 million, or 27% of the total award, of which almost \$5 million is for 17 anaerobic digesters.

Wisconsin’s electric cooperatives have an important role to play in the next step of the process: turning the gas produced by the digester into electricity. Farmers who want to sell their gas will contact their local REC, which will connect them with Dairyland Power. Dairyland will then contract with the farmers to share the costs of generation, and will purchase the electricity for general distribution. According to David Jenkins, manager of Wisconsin Electric Cooperative Association (WECA), three of these digester/generator systems are being built this fall, and ten more are in the works. All state utilities are mandated to replace an increasing annual percentage of their fossil-fuel generated energy with renewable energy, and these digesters will contribute to the ability of Wisconsin’s rural electric co-op community to meet this requirement.

Clearly, significant opportunities exist for cooperatives and the cooperative model within the field of renewable energy. Cooperative Development Services (CDS) recently received a federal grant to work with communities interested in applying the cooperative model to wind energy, digesters, and other renewable energy endeavors. The UWCC will continue to share information on these models through forums like the Farmer Cooperatives Conference and our website (www.wisc.edu/uwcc).

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The People's Food Co-op LaCrosse, Wisconsin

by Ashwini Rao

Members of the People's Food Co-op (PFC), based in La Crosse, Wisconsin, have many reasons to be excited about their co-op's expansion. Soon they will be able to eat gourmet food at a new sit-down restaurant and get together with others for classes and events in a new 900 sq. ft. community classroom.

"Planning has been going on in earnest for the past three years," explains General Manager Michelle Schry. The process began with a market study to determine, among other things, the La Crosse marketplace and the co-op's penetration rates. A membership survey, countless strategic planning sessions between board and management, and the purchase of the store that the grocery co-op was housed in, helped accelerate the process. Says Schry "...a really remarkable aspect of this project is that our membership provided \$500,000 directly through member loans to make this project a reality." Quite amazing for a co-op of only 2500 members!

Having initially started out as a buying club, the grocery co-op today occupies 5700 sq. ft. of retail space. With annual sales of \$6.4 million, the co-op's expansion is seen as being in line with their mission: to build community, grow a loyal and thriving membership and be the best fresh food market in the country. As a pre-expansion article in the Co-op Shopper (PFC's newsletter) explains, "in order to realize these [the co-op's mission] goals we need to create additional space to more effectively carry out the service that our store already provides, while further developing service areas where current space restraints have allowed us only to scratch the surface of what is possible."

Shoppers to the store soon will be greeted by an open and spacious layout accentuated with vibrant colors and lots of natural light; an expanded produce, meat, and seafood section; extensive deli and catering operations; and the new gourmet restaurant and meeting hall that will bring co-op and community together.

UW-Madison Welcomes NRECA



The National Rural Electric Cooperative Assn. has chosen UW-Madison to host its national university-based training programs. The multi-year deal,

beginning early this fall, will involve about 28 weeks of programming annually held at UW-Madison's Fluno Center. Commenting on the shift of venue (in the May 14 issue of *Electric Co-op Today*), Martin Lowery, NRECA Executive Vice-President for External Affairs, said one reason for selecting Madison was "its historic commitment to the cooperative business model, as evidenced by institutions such as the UWCC."

"It's a great opportunity," says UWCC's Interim Director, Anne Reynolds. "Madison is unique in that there is a strong co-op community. The UW and the various schools offer a strong partnership and a number of resources." Noting NRECA's strong commitment to education and the co-op model, Reynolds says, "We are delighted to have them here."
[Continued on page 4]

Cooperative Innovation



Seventh Annual Farmer Cooperatives Conference

November 1-2, 2004
Fairmont Kansas City
at The Plaza
Kansas City, Missouri

Today at the forefront of agribusiness innovation, co-ops are being created in many sectors to help farmers fully capture new market opportunities. Established co-ops are modifying their financial and ownership structures so as to seek strategic advantage in today's global marketplace while meeting the needs of their diverse memberships. Meanwhile, recent changes in state laws allow unprecedented prospects for the evolution of the cooperative model.

Program highlights include:

- ◆ *New Energy For Cooperatives*
The experiences of farmers who have created new energy initiatives in three states and the opportunities for future development in the industry.
- ◆ *Co-op Innovation: Challenges & Opportunities*
Using the co-op model to create truly entrepreneurial enterprises; how local co-ops can achieve high levels of innovation.
- ◆ *A Legal Perspective on Co-op Innovation*
The architects of the new co-op state laws and advisors to agricultural co-ops across the U.S provide their perspective.
- ◆ *Loosening Capitalization Constraints: Co-op & Member Perspectives*
Two perspectives on the issues surrounding co-op conversions to capital stock corporations.
- ◆ *Partnership Perils*
The challenges co-ops may experience when partnering with investor-owned firms.

<http://www.wisc.edu/uwcc/farmercoops04/>

Picking the Perfect Co-op Director

by Connie Smith, VistaComm

It's been said that a cooperative is only as good as its board of directors. So, who makes a good cooperative director? What are the qualities your nominating committee should consider when searching for possible candidates?

Kim Zeuli, Senior Faculty Associate with UWCC, says that in order to create an effective board, nominating committees need to access a person's individual characteristics. In addition, they must consider what skills and type of member will best compliment the board.



Co-ops 101 Training for Co-op Enthusiasts Continues

UWCC and Madison's Williamson Street Grocery Co-op, with support from Mifflin Street Co-op and Regent Market Co-op, held a series of two, 2-session workshops earlier this year.

Well-received, the workshops will be offered again, on January 26 & 27, 2005, and will be held at Willy Street Co-op. Contact Lynn Olson at the co-op (608-251-6776) for more information.

The first session includes a general overview of cooperatives, including a description of the co-op model, when it should be used, and how co-ops have helped communities. Session two covers the actual components needed to start a co-op, conducting a feasibility study, outlining a business plan, the legal structure of cooperatives, keys to success, and potential pitfalls.

The UWCC offers workshops on a variety of cooperative topics, including board leadership, financial management and decision-making, strategic planning, board evaluation, and how to start a cooperative.

For more information, please contact UWCC at 608-262-3981 or reynolds@aae.wisc.edu.

Note: This article was written by Connie for the Cooperative Mutual Insurance Company. A journalist for VistaComm, a Sioux Falls, S.D.-based professional marketing firm, Connie has an agricultural background and writes weekly articles that appear on the websites of cooperative clients.

Take a look at individual qualities:

- ◆ **Commitment:** "You need someone who is very interested in the cooperative, who will be at the meetings and is willing to do their homework," says Zeuli.
- ◆ **Ethical:** Directors should have a desire to do what's right for the sake of the cooperative and its members.
- ◆ **Ability to identify their shortcomings and address them:** "Directors don't have to know it all," says Zeuli, "They need to be able to recognize that they might not know enough about finance, for example, and be willing to learn."
- ◆ **Don't always have to be right:** "These people need to understand the political realities of working with a group. Sometimes decisions will be made that they won't agree with and they have to be okay with that," Zeuli says.
- ◆ **Respect for others:** Board members should be willing to listen to other directors, management and co-op members and respect their points of view.
- ◆ **Adhere to confidentiality requirements:** "There must be a willingness to abide by the rules of the cooperative in all aspects," she says, especially in terms of what needs to be held in confidence.
- ◆ **Willingness to ask questions:** Board members should be comfortable asking questions if they need further clarification on an issue or item.

Getting a good board mix:

- ◆ **Membership representation:** "Could every individual member look at the board and say that there's someone who represents their interests—whether it's geographical, size or type of farm?" asks Zeuli.
- ◆ **Diverse skill set:** Do members of your board have different educational backgrounds? Different business skills? Farming experience? Recruiting someone who has a legal background, for example, can be a real positive.
- ◆ **Gender:** Zeuli admits that the number of farm cooperative boards with women directors is in the minority, but the number is growing. "Having a woman on your board has the potential to change the board in some really positive ways," she says.
- ◆ **Age:** Does your board reflect a diversity of ages? Young members will definitely have a different outlook from older farmers.
- ◆ **Membership history:** Do you have directors who are both relatively new to the cooperative membership as well as those who are long-time members?

Choose your directors wisely:

Obviously, Zeuli says, a nominations committee will not always be able to find the "perfect" candidate—one who has all of the individual qualities and provides the wished for diversity.

Don't despair, she says. They don't have to be perfect. "They don't have to be financial experts," she says. "They just have to do their job well. They have to go to the meetings and direct the cooperative to the best of their ability."

In addition, she adds that cooperatives need to have guidelines in place that will allow a board to function even if a weak, confrontational or domineering director is elected to the board.

"It's important to have the processes in place so that your cooperative is able to function even with those individuals," says Zeuli.



International Visitors

Agricultural Economist from Japan Studies Dairy Co-ops

Ms. Kazuko Sato arrived in Madison on a wintry day in February 2004. During her two-month stay she studied the structure of dairy co-ops in Wisconsin.

An Assistant Professor at the Department Agriculture & Resource Economics with Kyushu University in Fukuoka, Japan, Kazuko visited dairy farms around the state and spent time with Foremost Farms' board of directors. Her research was a part of an intensive comparative study of agricultural co-ops and their structures across different countries.

Co-op College of Ghana Curriculum Project

This autumn, the UWCC hosted two international scholars from the Ghana Cooperative College. The College is developing, modifying, and revitalizing curricula, and Mr. Kweku Mensah Arthur, Principal, was here briefly, while Mr. Isaac Opong-Manu, Vice-Principal, spent a month with UWCC. Both toured area co-ops and met with faculty to discuss the project.

USDA and Ms. Rosemary Mahoney of Main Street Cooperative Group made this educational trip possible.

Third Annual Study Trip for Group from Ireland

From September 26-30, UWCC hosted 21 dairy co-op board members from the Irish Co-operative Organization Society, headquartered in Dublin, Ireland. As part of an eight module Certified Director Training Program, the directors visited the U.S. to learn about the U.S. dairy industry and the structure, capitalization, governance and management of U.S. dairy co-ops. Their visit coincided with Madison's annual World Dairy Expo.

This is the Center's third consecutive year hosting the group, and once again Bob Cropp coordinated the visit. Besides working in a classroom setting, the directors – all dairy farmers – visited the Dairy Expo, and area farms and co-ops.

Fulbright Scholar from Ukraine Studies Dairy Co-ops

UWCC is hosting Dr. Sergiy Shcherbyna from September '04 through May '05. An Agricultural Economist in the Department of Economics & Management at the Economics & Law Institute, Chernivtsi, Ukraine, Sergiy is studying dairy co-op structure, financing, and management. He is working with Kim Zeuli and Bob Cropp, among others at the Center and Department of Agricultural & Applied Economics, and will present a brownbag in late November.



Current Co-op News on UWCC Website

www.wisc.edu/uwcc

The UWCC website offers hundreds of articles, reports, directory listings, and cooperative links from around the world. We also offer a free **e-mail News Service** that's updated at least once a week. To subscribe to **Co-op News from UWCC**, go to the UWCC home page and look for instructions (www.wisc.edu/uwcc).



www.wisc.edu/coops

How do co-ops differ from other businesses? What are the cooperative principles? How much do you know about co-ops?

Answer these questions and more on our website created for students and young members. Also, the website can serve as a refresher course for those of us who would like to revisit our patronage refunds from time to time.

Employment Opportunity

www.ohr.wisc.edu/pvl/pv_047811.html

UWCC is searching for an Outreach Specialist specializing in cooperatives. This full-time Academic Staff position will be devoted to research and outreach on co-op business organizations with an emphasis on co-ops serving agriculture and rural communities. The website listed above provides more details and application requirements.



UWCC Publications

Co-op Book Nears Finish Line

Kim Zeuli and Bob Cropp's extensive reworking of "Cooperatives, Principles and Practices" is in press! With no new general book on co-ops since Marvin Schaar's text of 1980, the co-op world is eager for "Cooperatives: Principles and Practices in the Twenty-first Century," expected off the press this autumn. Funding from The Cooperative Foundation has made this publication possible.

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Recent bulletins:

No. 7/Sept. 2003: Historic Foundations of Cooperative Philosophy, by G. Lawless.
No. 8/March 2004: A Brief Reflection on Forestry Cooperatives in the U.S., by E. Sturgess, K. Zeuli, and M. Rickenbach.

Recent staff papers:

No. 3/July 2004: Worker Cooperatives: Case Studies, Key Criteria & Best Practices, by G. Lawless and A. Reynolds
No. 4/August 2004: Institutions and Agricultural Cooperatives in Wyoming, by A. Nagler, Dale Menkhous, and A. Schroeder.

If you would like copies of any of our publications, contact Ashwini Rao (see page 6).



AgSource "Friends of the Cooperative Award" goes to Bob Cropp

Emeritus Professor Robert Cropp was awarded the "Friend of the Cooperative" Award at the AgSource Cooperative Services/Cooperative Resources International annual meeting in Wisconsin Rapids on March 16th. This award honors a non-member who supported and helped strengthen the cooperative, its services, and the dairy industry as a whole.

A leading dairy economist, Dr. Cropp has provided the dairy industry and producers with critical insights to and forecasts of dairy markets. Dr. Cropp continues to utilize AgSource management information in initiatives that ultimately place additional value on AgSource services that lead to profitability for AgSource members.

National Co-op Business Association Elects Ann Hoyt as Board Chair

On April 29 Professor Ann Hoyt, one of the nation's most respected and widely published experts on co-ops, was elected as NCBA's Board Chair.

A Professor of Consumer Science at the University of Wisconsin-Madison and Senior Faculty Associate at UWCC, Hoyt teaches, conducts research, and develops training materials for all types of cooperatives.

For over two decades, Hoyt has trained hundreds of cooperative and non-profit directors and managers. She has also written widely on the history and development prospects of consumer cooperatives. Hoyt holds a Ph.D. from Kansas State University and is currently doing research on urban cooperative development in the United States.

NCBA is the national membership association representing cooperatives across all economic sectors, including agriculture, food distribution and retailing, childcare, credit unions, housing, healthcare, energy, and telecommunications.

NCBA President & CEO Paul Hazen called Hoyt's election as board chair a big plus for the 88-year-old association. "Ann is extremely knowledgeable and has led numerous other co-op boards over the years," he said. "The depth of experience she brings to NCBA will be a tremendous benefit for us. I look forward to working closely with Ann over the next two years."

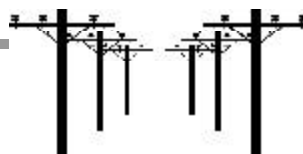
Hoyt was elected Chair by NCBA's 36-member board after being elected to a fifth board term by the organization's membership the previous day. She had been serving as 1st Vice Chair of the board. Hoyt replaces Charles E. Snyder, President and CEO of the National Cooperative Bank, who has served as NCBA Board Chair for the last two years.

Home Care Co-op Study Begins Thanks to The Cooperative Foundation

UWCC received a \$5,000 contribution from The Cooperative Foundation to support a home care cooperative study conducted by research associate Julie Whitaker, Ph.D.

The study will examine home care co-ops as a model for delivering home-based services to elderly and disabled people to a large, broad-based audience as well as improving care workers' jobs. Once the six-month project is complete, a report will provide existing and developing home care co-ops with detailed information to serve as a development and support resource. The research will also help identify speakers and participants for a future symposium on home care cooperatives.

For more than 50 years, the Foundation has served as a common ground, for various sectors of the co-op business community, to support unique and innovative co-op development and education projects. The Cooperative Foundation is a private foundation, started in St. Paul in 1945 by area cooperative leaders. For more information, visit www.coopfoundation.org.



NRECA

Continued from p. 2

Besides the change in venue, participants of the Management Internship Program and other leadership programs will also see other changes—a new 5-day program for co-op CEO's and a summit for co-op board chairs and CEOs.

The search for a new location took two years, starting with a field of 14 universities and colleges. Glenn English, CEO of NRECA, said the UW's competitive advantage is its capacity to nurture the uniqueness of the co-op business form.

A recent press release issued by UW-Madison's School of Business notes that bringing NRECA to Madison has been a joint effort by the UW-Madison's School of Business, College of Engineering, College of Ag. & Life Sciences, and the Chancellor's Office, with support from UW-Extension, the State of Wisconsin, and the Governor's Office. The release states that this relationship helps to further economic growth in Wisconsin, a key area set forth in Governor Jim Doyle's *Grow Wisconsin initiative*, and to further NRECA's commitment to high-quality leadership development programs for its members.

NRECA is the national service organization that represents the nation's 900+ private, consumer-owned electric cooperatives which provide electric service to more than 37 million people in 47 states. There are 25 electric cooperatives in Wisconsin.

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uwcc mission & vision statements

MISSION:

The University of Wisconsin Center for Cooperatives' mission is to study, promote and research cooperative action as a means of meeting the economic and social needs of people.

VISION:

The University of Wisconsin Center for Cooperatives will be the leading source of information on cooperatives, cooperative research and educational programming geared to enhance cooperative action and enterprise.

information services

Cooperative Library:

608-262-9488, Room 106 Taylor Hall.

UWCC Home Page:

www.wisc.edu/uwcc

UWCC website for young cooperators:

www.wisc.edu/coops

UWCC Cooperative Listserver:

e-mail subscription requests to: reynolds@aae.wisc.edu

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