

# Growing the Cooperative Economy

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**I**f a cooperative is the best business model for your business, why not share that benefit with others? Imagine an entire economy of principled enterprises that serve member needs and advance democratic participation.

Cooperatives can grow the cooperative economy in several ways. One way is by increasing their membership, sales, locations, services, products and jobs. And, as Adam Schwartz writes in this issue, co-ops grow the co-op economy when they do business with each other. Investment in cooperative loan, grant and equity funds also boosts cooperative economies.

Another method is for co-op businesses to seed the development of new cooperatives. For an existing co-op, a new co-op business in the local economy means new peers and more people understanding and committed to co-op principles and values; it can also mean an improved bottom line and more member benefits.

Several co-op development strategies emerge from a review of what co-ops around the country are doing to expand the co-op economy. These correspond well to research by David Ellerman on “enterprise creation” that starts from existing businesses.

## Strategies: Collect the Seeds

First, find what business or member needs could be met by a new co-op venture.

*Go up or down the supply chain* to improve sourcing of inputs, add value to services or products, enhance member benefits or solidify

customer relationships. Wisconsin's Organic Valley is a 1,630-member farmer-owned marketing and distribution cooperative for dairy, soy, juice, eggs, meat and produce. The co-op stepped in when dairy-farmer members in Maine lost the only organic feed mill in their state; it contributed management time and expertise to help those farmers pull together to buy and operate the mill for themselves and other farmers as the Maine Organic Milling cooperative.

*Spin off a business function* to improve operations and increase opportunities for entrepreneurship. In Berkeley, Calif., the worker-cooperative Inkworks Press found that with changing business demands it was having increasing trouble managing printing and design work under one roof, so two members left to start Design Action Collective. The new co-op benefited from industry connections and reputation, as well as tried-and-trusted institutional models. Design Action still sends most print jobs to Inkworks, but it can also focus on design for the web and other new media. The change has also allowed Inkworks to become more streamlined and efficient.

*Meet member, community, worker, or customer needs related (or unrelated) to your co-op's business.* This strategy requires active listening to stakeholders, which is a strength of co-ops as member-owned democratic businesses. Carrboro, N.C.'s Weaver Street Market, a hybrid consumer- and worker-owned grocery store, helped form a co-op housing association in response to gentrification and rising housing costs. The co-op also gave space and support to start the city's only community radio station.

## Planning: Assess the Opportunity

Next, see if an opportunity could lead to a new cooperative enterprise.

*Find new uses (and markets) for the same service or product.* CCA Global Partners is based in Manchester, N.H. and St. Louis, but has 3,800 members nationwide. This marketing and purchasing co-op's remarkable growth to a complex of 15 cooperatives stems in part from the realization that back-office services for independent carpet stores could similarly be provided to different markets, from lighting stores to bike shops to child-care centers.

*Create a new product using the same technology.* Also in Berkeley, the Cheese Board Collective bakery once included pizzas in its product line; then it created the Cheese Board Pizza Collective, which could focus on pizzas full-time. The two cooperatives are now two divisions of the same cooperative corporation, operating autonomously under the same financial umbrella.

*Reproduce.* Create peers and partners for your business through “light franchising.” Co-ops regularly contribute informally to the birth of similar co-ops by sharing their incorporation documents, by-laws, and histories, as well as mentoring new managers, sharing training, or even disclosing unused feasibility studies. The Cheese Board Collective's successful model served as the basis for the Arizmendi Association of Cooperatives, which has engaged in deliberate replication, or what they call “upside-down franchising,” by supporting the founding of five new collective bakeries since 1997.

## Planting: Make Your Move

Implementing any of these strategies can take many forms: funding feasibility and marketing studies; partnering with cooperative development organizations; providing management, legal, or technical expertise; sharing industry sector and co-op knowledge and networks; supporting member or staff participation in steering committees and advisory boards; making supportive trade arrangements—the list goes on.

But a wise first step is to engage your board, members, management and staff in a decision-making process to commit the organization to new co-op development. Encourage discussion of benefits and drawbacks, and address any concerns raised. Invite speakers with inspiring stories from other co-ops; study the success of cooperatives in co-op clusters or systems; write policy statements; and incorporate development into strategic planning by articulating benefits to the co-op and its members.

With ground prepared and guidance from your needs and opportunities, you can zero in on which seeds to nurture—and then go garden! 

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