



The Farmers' Cooperative Yardstick

Cooperative Education and Communication

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Cooperatives are organizations whose members are both owners and users. These organizations are experiencing an accelerating rate of growth and acceptance in the American Private Enterprise System. As a result, members have a growing responsibility as owners to understand the financing, operation, and control of a successful co-op.

Non-members, young farm couples, and rural youth also need information about cooperative principles and practices, if they are to become active members and loyal patrons. Educational institutions, government agencies, and the general public must understand the basics of co-ops, if they are to support them as a way of improving the welfare of members and local communities.

Cooperative Education

Education of cooperative members is essential to effective communications both internal and external to the co-op. Members need to know about the unique features of cooperatives in general and how those features affect their co-op's day-to-day operations. When they know more about co-ops, educated members find themselves in a better position to communicate with others about their co-op. They are also more likely to become actively involved in it and can contribute positively to its success.

Education and communications resulting in meaningful member involvement are not substitutes for poor products and services, poor marketing methods, unqualified directors, or poor management. Rather, they can prevent such circumstances because educated members, meaningfully involved in their co-op, will not tolerate inferior performance in any of these areas.

Cooperative education and communication is a continual process. Just as co-op membership continually changes, so do the education and training needs of directors, man-

agers, and employees. The various publics with which co-ops need to communicate also continually change. The need for continuous education stems from several factors including changing membership as young farmers join; changes in consumer attitudes and loyalty to co-ops; co-op growth and expansion requiring members to adjust to a more complex business organization; continued criticism from groups challenging public policies on co-ops; environmental regulations; and sociological and economic changes.

Participants in the Education Process

A number of agencies and institutions participate in the education process. Each has a targeted audience that requires a unique approach.

- **Large Cooperatives** have well-rounded comprehensive programs. Programs and activities encompass information, member and public relations, public affairs, personnel training and development, and public image and institutional promotion. These co-ops communicate through a monthly or biweekly publication to their farmer-owners or member co-ops. They use the mass media to reach the general public.
- **Small Cooperatives.** Managers in small co-ops carry major responsibility for education and training. Beyond issuing an annual report, the manager may write a monthly newsletter, hold employee meetings, and personally contact members. Small co-ops normally look to state Extension specialists for educational material, counseling, guidance, and help in conducting programs. Materials include newspapers, magazines, fact sheets, and slide sets.

- **Universities.** University staff and their Extension services have helped organize and guide new cooperatives, mergers, and acquisitions. They offer internships and continuing education programs for staff, management, and directors. They develop student courses on co-op principles, practices, and operations. Specialists are involved in cooperative educational programs with members, directors, management, employees, youth, young farmer couples, and others. Research on cooperative issues is also conducted.
- **State Cooperative Councils.** Councils such as the Kentucky Council of Cooperatives provide programs encompassing the total cooperative education endeavor, including legislative programs. They work with Future Farmers of America and universities' colleges of agriculture to furnish cooperative education material, teaching aids, college scholarships, cash awards, and trips to N.I.C.E. as means to expose youth to cooperatives. They encourage their members to participate in youth programs and to serve as speakers in cooperative courses offered by universities.
- **Farm Organizations.** Organizations such as American Farm Bureau, National Grange, and National Farmers Union have emphasized forming cooperatives as part of their overall program.
- **Statewide Rural Electric Cooperative.** This organization works closely with National Rural Electric Cooperative Association in education and human relations programs.
- **State Department of Agriculture.** In some instances this state agency employs specialists on cooperative organization and operation. These specialists work with State Councils and Extension specialists in cooperative education.
- **Credit Union Leagues** operate in most states, serving both rural and urban credit unions. Their employees conduct extensive educational programs for members, employees, and management.
- **The National Institute on Cooperative Education (N.I.C.E.)** is a national educational association of about 110 major farmer marketing, supply, and credit cooperatives and state councils of cooperatives. It serves as a catalyst, provides publications and visuals, and assists or sponsors educational programs. N.I.C.E. is a program conducted for members, employees, directors, and managers of cooperatives, Extension service staff, agricultural teachers, federal and state government representatives, young farmer couples, young people, women, and others specifically interested in agriculture and cooperatives.
- **Rural Business Cooperative Service (RBCS)** provides educational material and programs for the general public, elementary education, secondary education, post-secondary education, young farmer couples, women, member users, non-members, directors, managers, key employees in specialized fields, and other employees.

Several other participants in the education process are not listed.

Co-op Communications

What Should Be Communicated?

Communication is essential to member involvement in the co-op. Member involvement is also crucial to the co-op's long-term viability. Therefore, boards of directors and management should actively engage themselves in continuously updating members about the co-op's operations. Communication programs should include the following:

- (1) What a co-op is—its unique nature and its reason for being.
- (2) Background and history of co-ops in general and of your co-op in particular.
- (3) Objectives, goals, policies, programs, and philosophy of the co-op.
- (4) How the co-op operates and the roles of members, the board of directors, the manager, and employees.
- (5) How the co-op is structured, whether it is organized with or without capital stock.
- (6) How members can get information about the co-op, its methods, and any problems they might have.
- (7) The voting, election, and representation system used by the co-op.
- (8) The Bylaws.
- (9) How members' equity is redeemed and why it is done in the way specified by the co-op.
- (10) The financial statements, balance sheets, and operating statements for relevant periods.
- (11) Taxes paid by the co-op.
- (12) How product prices are determined.
- (13) What pooling is and what it means to the co-op members.
- (14) How net savings or margins are used.
- (15) What general governmental policies affect the co-op now and what is expected.
- (16) The difference between marketing and selling.
- (17) Information about any current problems being faced by the co-op.
- (18) Trends in salary, share of market, and information in other areas.

Cooperatives with limited resources should plan their communications program only after careful attention has been given to those areas in which the greatest impact from such a program would be felt. Specific areas of communications that are generally important include:

Economic Information: Such information may relate to factors all the way from foreign trade, domestic trade, and competition with other products, to the impact of research on production, marketing, and business structure and organization. Information about consumers of the prod-

ucts or services the co-op provides is also extremely useful to cooperative management and, therefore, members.

Technical Information: New developments in industrial technology affect adjustments which members and their co-op must make for efficiency. Such developments may relate to processing techniques, changes in feed and fertilizer manufacturing, or the computer's impact on inventory control. The co-op member may be interested in the latest information concerning production practices and marketing methods. Consumers are interested in unit pricing, quality-price relationships, information on nutrition, and techniques for providing the services they require.

Cooperative Information: Information about the co-op's organization, structure, and operations should be made available to members. Financial data and other information that would not be helpful to competitors should be provided.

With Whom Should Cooperatives Communicate?

Within the Cooperative

Members—Members are the co-op's reason for being. They should be provided with information to help them understand and support the co-op.

Directors—Members give directors responsibility for determining their associations' general operating policies. To be effective, directors need operating information to formulate sound business policies. They also need information on how general economic, political, and social forces may affect the co-op's activities.

Employee and Management—Employees need information about the real nature of the cooperative enterprise to help build a favorable image. Managers need to be informed about their responsibilities and about their relationships with other employees, directors, and members.

Outside the Cooperative

Potential Members—In agricultural communities, this group may include members of 4-H clubs, Future Farmers of America, and Young Farmer Groups. When potential members have complete and accurate information about a co-op, they can determine the real advantages of patronizing it.

The General Public—Some of the most important people that directly influence co-ops are those working in schools, the news media, government agencies, and the legislature. If reached with convincing communications, these groups can substantially change prevailing attitudes toward co-ops.

How Do Cooperatives Communicate?

Cooperatives have three basic ways of communicating: personal contact, printed material, and audiovisual aids.

Personal Contact—This is perhaps the most effective means of co-op communication. The most important forms of personal contact include: **(1)** annual and special meetings; **(2)** field days and open-house tours; **(3)** membership on committees; and **(4)** manager, employee, director, and member meetings.

Printed Material—Types include: **(1)** personal and special letters, **(2)** member magazines, **(3)** direct mail, **(4)** annual reports, **(5)** co-op publications, and **(6)** newspaper accounts.

Audiovisual Aids—Audiovisual communication techniques include: **(1)** special telephone calls, **(2)** computer systems, **(3)** cartridge films, **(4)** closed-circuit television, and **(5)** radio and television.

Who Communicates for the Cooperative?

Most of the major co-ops have well-developed communication, member relations, and public relations programs. However, many emerging co-ops do not. In a real sense, anyone who is connected with a co-op is a communicator: employees, the receptionist, the field person, the tank truck driver, any associate of the co-op who "becomes" the co-op when he or she comes into contact with people. Therefore, the co-op must provide adequate and correct information to members.

What Makes an Effective Communications Program?

- An effective communications program is one that:
- Is tailored to each of the co-op's audiences (publics).
 - Is adequately financed so that qualified people will develop the communications program.
 - Communicates relevant information to keep members informed about the co-op's action.
 - Involves a wide range of people in the communications process.
 - Appeals to status, income, prestige, and, in any event, identification with areas of mutual interest.

See your County Extension Office for the entire series of publications on agricultural cooperatives.

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