



COOPERATIVE DEVELOPMENT INSTITUTE

The Northeast Center
for Cooperative Business

- Creating and retaining thousands of jobs¹
- Sustaining family farms and fishing operations
- Boosting local to regional economies and communities
- Aiding small manufacturers, retailers, service providers

COOPERATIVE BUSINESS SOLUTIONS for the Northeast U.S.

All around the Northeast, cooperative business enterprises are keeping and adding jobs in rural and urban communities. Co-ops help keep working farms and waterfronts from disappearing. They help people with lower incomes develop opportunities for self-reliance.

Co-ops have organized to purchase stores, factories, farms, dairies, and mills. They form to take over abandoned apartment buildings and to buy mobile home parks from owners eager to sell or retire.

Cooperative businesses are rooted in the communities of their member-owners. They use a triple bottom line accounting system that includes social and environmental responsibility as well as fiscal responsibility.

Some types of co-ops can be started with very little equity; others require significant investment. Some offer entry-level jobs; others require highly specialized skills. Nearly any business can be a co-op.

In the Northeast, there are many resources to turn to for help in starting and maintaining a cooperative enterprise.²

- 1 A 2009 study by University of Wisconsin Center for Cooperatives estimated 8,860 co-ops in the 7-state region of New England and New York employ 55,350 people (not including producer-members) and bring in nearly \$1.5 billion in revenue. (<http://reic.uwcc.wisc.edu>).
- 2 CDI is the Northeast's center for technical assistance and other help to all types of cooperatives, from start-ups to succession plans (www.cdi.coop). CDI welcomes inquiries from people interested in finding out more about the co-op business model, whether prospective co-op organizers, economic developers, community officials, educators, philanthropists, the news media, business owners seeking buyers, or other interested parties. We work with partners such as the Cooperative Fund of New England, which has lent nearly \$20 million to Northeast co-ops and community nonprofits (www.coopfund.coop).



City Market won the bid to become an anchor business for a diverse neighborhood in Burlington, VT. It is a member of the regional Neighboring Food Co-op Association (nfca.coop).



Red Sun Press has been a union worker-owned shop for more than 25 years. It is also a part of Boston's Worker-Owned and Run Co-op Network (worcn.org).

Just what is a cooperative?

A co-op is an enterprise that exists to serve the members' common purposes rather than to make a profit for investors. This greater social value of co-ops gives it unique status with the IRS.³ Members own equal shares in the co-op and control it democratically, often through paid managers who work directly for a board of directors elected by the members. (See www.ncba.coop for more.)

Types of Cooperatives

Producer co-ops form to sell food, fiber, fuel, forestry products, artwork, handcrafts and more.

As a cooperative, producer members can buy raw materials and equipment, insurance, advertising, property, or anything else. Co-ops also market members' products and may help members share processing facilities, gallery space, or other assets.

Workers may own and operate all sizes and types of businesses: auto repair shops, bakeries, builders, computer technicians, truckers, precision machinists, and more.

Many worker co-ops have fewer than 50 members, but Bronx-based, worker-owned Cooperative Home Care Associates employs nearly 1,700 people, mostly women.



Narragansett Bay Seafood Cooperative is part of the North Atlantic Marine Alliance's Community Supported Fisheries initiative that includes producers in Rhode Island, Massachusetts, New Hampshire and Maine (www.namanet.org). They are working cooperatively to save the region's rich marine resources. The local food movement is well served by a number of producer co-ops, including the New England Family Dairy Farm Cooperative (www.keeplocalfarms.org) and Cabot-Agrimark (see p.4).

Worker co-ops tend to have less turnover, higher worker productivity, and greater job satisfaction than their competition. They may share resources to help new co-ops form, or build in career ladders to help workers advance. Many are active in local, regional and national associations.⁴



Local Sprouts is a popular Community Supported Cafe and catering business in Portland, Maine owned by its employees. The co-op focuses on local and organic food, engages in many community education activities, and is a member of the statewide group Cooperative Maine (www.cooperativemaine.org). The Bomb Diggity Bakery that sells goodies at the Cafe is part of a local program for adults with intellectual disabilities. This is an example of how co-ops put the 7th International Co-op Principle—"Concern for Community"—into action (www.ica.coop).

3 *Income Tax Treatment of Cooperatives*, 2005 ed. (USDA CIR 44). This social benefit of cooperatives is also why the United Nations declared 2012 the International Year of Co-operatives, whose motto is "Co-operative enterprises build a better world." (www.ica.coop)

4 US Fed. of Worker Co-ops (www.usworker.coop), Eastern Conf. on Workplace Democracy (www.east.usworker.coop), ICA Group (www.ica-group.org), Valley Alliance of Worker Co-ops (wiki.valleyworker.org) and GEO (www.geo.coop) are excellent resources.

Consumer cooperatives are owned by members who buy the co-op's goods or services. 'Food co-ops' are a familiar example. In the Northeast, these retail markets are growing in size and numbers as interest in fresh, local food and fair trade products keeps accelerating.⁵

Other consumer co-ops include housing co-ops, credit unions (below) and electric companies.⁶ In each case, the member-owners directly benefit from the cooperative's primary activity. Sometimes municipalities form co-ops to buy services, such as utilities or broadband service.

When a co-op's members are independent businesses rather than



TOP: Food co-ops changed the way America ate. Now they are playing a key role in the local food movement. Hanover Consumer Co-op in NH has been steadily growing since it began as a buying club meeting in a member's garage in 1936. Today the co-op owns four stores with annual sales of \$70 million.

BOTTOM: Hanover's operations manager Tony White at right with, from left: Suzette Snow-Cobb, co-general manager of Franklin Community Co-op in MA; Erbin Crowell, director of the Neighboring Food Co-op Association, and Cooperative Fund of New England's Kalista Aird, pictured here at a workshop for new food co-ops in the Northeast hosted by CDI and co-sponsored by 22 co-ops and several co-op development partners. The event, which attracted 125 participants, is chronicled at www.cdi.coop.



The nation's first Credit Union, Saint Mary's in Manchester NH, now houses America's Credit Union Museum, well worth a visit (www.acumuseum.org).

Giving Co-ops Credit

Since the crisis of 2008, Credit Unions have out-performed banks consistently. Credit Unions are financial service cooperatives owned by their depositors who elect the directors. Strong state and national associations allow them to offer competitive services and products (www.cuna.org).

individual consumers, they are called **Purchasing** co-ops. These include some well-known names: TrueValue and Ace Hardware as well as Best Western hotels. Carpet One, begun in New Hampshire in 1985, is today North America's leading floor covering retailer. The co-op has more than 1,000 member stores in four countries.

Interest in **Multi-stakeholder** co-ops has grown during the past few years. Also called Solidarity co-ops, they are owned by producers and consumers, consumers and workers, or another combination. They are based on mutual benefit, the cornerstone of co-op economics.

⁵ Consumer food co-ops play key roles in promoting healthy, local food in their communities (*ncga.coop*). Plus, at least one study in Vermont says that if consumers double the 5% of their food budgets spent on local products, it can create 1,500 new private sector jobs in 10 years (*www.vsjf.org* 'Farm to Plate' Strategic Plan, July 2011).

⁶ Rural Electric Co-ops brought power to US farmers and ranchers under FDR's Rural Electrification Administration. Today they serve 42 million members in 47 states (*nrca.coop*). Some, like Vermont's Washington Electric Co-op, are leaders in renewable energy (*washingtonelectric.coop*).

Home at Last

Housing Co-ops can be set up in many ways. In the 1930s in New York, thousands of units were created by labor unions for their members. Since 1973, the city's Urban Homestead Assistance Board has helped 30,000 low-income families become owners of 1,700 buildings (www.uhab.org).⁷

The North American Students of Cooperation (www.nasco.coop) grew from an organization begun after WW2 to create affordable housing for men and women going to college on the GI Bill. Senior housing co-ops of clustered homes, artists' co-ops that include gallery and studio space as well as housing, and single dwellings converted to apartments or collective households are yet more ways to live cooperatively.



Residents of Ryder Woods Co-op (Milford CT) put 'the cooperative difference' into 3 words. Begun by New Hampshire Community Loan Fund to help tenants convert their mobile home parks into Resident Owned Communities, ROC-USA is now active nationwide (www.rocusa.org).

CONVERSION: A Cooperative Tradition

A business doesn't have to start out as a co-op to become one. Many consumer-, producer- and worker-owned enterprises have been forged from private companies.

In 1919, a group of Vermont farmers (see photo) put up \$5 a cow and a cord of wood to start a cooperative creamery in a dairy that was closing. Today, **Cabot Creamery Co-op** has 1200 farmer members in the Northeast, and its parent co-op AgriMark employs 900 people, with nearly \$1 billion in sales. Cabot, whose cheese has consistently won



international awards, is a strong ally of the region's co-ops (www.cabotcheese.coop).

Welch's was an independently owned business until its founder decided it ought to be owned by the region's farmers, who cultivated the grapes (www.welchs.com).

Residents formed the **Old Creamery Co-op** to purchase from the owners a store that has served their town, Cummington, MA, for more than a century (www.oldcreamery.coop).

GETTING STARTED IN COOPERATIVE DEVELOPMENT

Is a co-op your best option?

The Cooperative Development Institute (CDI) can explain the benefits and challenges of the co-op model. If you choose to 'go co-op', we can help you organize, plan, incorporate and launch the business. We have also helped nearly a dozen businesses convert to co-ops.

CDI also helps established co-ops that want to expand or diversify, develop a branding strategy, or otherwise

improve their business. And, we are part of a growing network of local, regional and national partners who can help you seize your "co-opportunity"!

Your entrepreneurial creativity, energy, and spirit of cooperation make co-ops work. We can help.

Find us at www.cdi.coop.

⁷ Two studies by New York's Metropolitan Council on Housing in 1992 and 1996 found that co-ops had better management quality, building services and tenant satisfaction and lower rates of crime than other affordable housing models.