

# Marketing Agreements/Cooperatives

Developed by Tim O'Connell



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BUSINESS DEVELOPMENT™



# Cooperative Program

Specialize in technical assistance to rural groups interested in organizing a cooperative, and to existing cooperatives.

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# Cooperative

## A COOPERATIVE IS A FOR-PROFIT CORPORATION

It has:

- a corporate board of directors,
- a profit motivation,
- a service orientation,
- single tax treatment.

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# What is a COOPERATIVE Business ?

A cooperative is a user-owned and user-controlled corporate business in which benefits are received in proportion to use.

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# A Type of Business Dependent On

*Who owns the business.*

- *Who controls the business.*
- *Who uses the business.*
- *Who gets the profits.*

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# What is a COOPERATIVE Business ?

- It is a *fair way* for producers to go into business together
- It is a *locally* owned and controlled corporation
- Its *business purpose* depends on its members

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# Types of Cooperatives

- Producer-owned cooperatives  
are owned by farmers, producers or small businesses.
- Consumer-owned cooperatives  
enable consumers to secure a wide array of goods and services.
- Worker-owned cooperatives  
are businesses owned and controlled by their employees.



# Distinctive Features

- Service at cost
- Financial obligation & benefits proportional to use
- Democratic control
- Limited return on equity capital

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# User-Owner Principle:

*The people who own and finance the cooperative are those who use it.*

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# User-Control Principle:

*The people who use the cooperative are those who control the cooperative.*

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# User-Benefit Principle:

*The cooperative's  
sole purpose  
is to provide and  
distribute  
benefits to members  
on the  
basis of their use.*

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# Participation Roles

*Cooperatives operate through the roles of principal parties*

- Members
- Directors
- Manager
- Employees

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# What Cooperatives Do

- Marketing
- Purchase supplies
- Provide services

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# Marketing Cooperatives

- Market products
  - acquire and sell commodities
    - Kona Pacific Farmers Cooperative
    - Maui Farmers Cooperative Exchange
  - bargain for price, terms of sale
    - Hawaii Banana Cooperative
    - Hawaii Cattle Producers Cooperative Association



# Purchasing Cooperatives

- Purchase supplies
  - o operate farm supply store
    - Farm Supply Cooperative
    - Hikiola
  - o joint purchasing programs
    - Kona Pacific Farmers Cooperative
    - Maui Farmers Cooperative Exchange

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# Service Cooperatives

- Provide needed member services:
  - o Hamakua/North Hilo Agricultural Cooperative
  - o Maui Produce Processing Cooperative
  - o Hawaii Livestock Cooperative
  - o East Kauai Water Users Cooperative

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# Steps to Organize Summary

- Hold exploratory meeting
- Form steering committee
- Conduct survey of potential members
- Analyze market
- Evaluate Feasibility
- Prepare business plan
- Prepare legal papers
- Implement the business plan

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