HOW COOPERATIVES COMMUNICATE WITH THEIR MEMBERS

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The Importance of Cooperative Communications

The members of an agricultural cooperative are associated with their organization in a very special way. They are the owners, they are the controllers, they are the beneficiaries of the services of the organization, and they are the customers. It is imperative, therefore, that good avenues of communications be in place and be open so that operating personnel can adequately reflect all aspects of the business to members.

Co-op members as owners deserve a report from management on what is happening in the business. They need to know how the cooperative is doing financially. They need to know what is planned for the future. They need to have assurance that their ownership interests are being given diligent stewardship.

Co-op members need to appreciate the philosophy of the cooperative way of doing business. This involves an understanding of the cooperative organization, the role of directors and management, and the responsibility of each to the members of the cooperative. The advantages of the "togetherness" of cooperative activity need to be communicated. But to emphasize the importance of this "in house" type of information is not enough in our complex business society. There must also be an

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appreciation of the competitive environment in which the cooperative must do business. Members have alternative sources of farm supplies and/or market outlets. They need to view these alternatives in a framework of reasonable loyalty to their own business.

Co-op members need to be encouraged to participate in their cooperative to the fullest extent possible. Increased volume of business usually, though not always, means increased efficiency of operations. Therefore, cooperative management should keep members informed about products, services, prices, and terms of trade so that members are encouraged to use the cooperative to the fullest.

Co-op members need to appreciate the economic, social, and political system that permits and supports their operation. It is completely within character for cooperatives to express national loyalty, to support civic projects, and in general to adequately discharge its responsibility to the general public.

**Communicating Through Annual Meetings**

Cooperatives spend much money and many other resources in conducting annual meetings. Annual meetings range from the austere to the elaborate. Some annual meetings present a brief financial report, have a statement from the manager, run a routine election of directors, eat lunch and adjourn. Other annual meetings include not only business sessions for financial reports and elections, but trade shows, product demonstrations, reports of youth activities and special programs for youth, ladies programs, seminars on special products or problems, elaborate dinner meetings with prominent speakers, and sometimes outstanding entertainment.
Whatever the scope of the annual meeting, a central feature of it is the financial report. It usually contains a summarized operating statement, a balance sheet statement and some other related information on sales, patronage refunds, and net savings or net margins.

Most members of cooperatives are not thoroughly familiar with details of complex financial reports. However, they can understand the basic and essential elements of such reports. Management should make every effort to present the financial picture of the cooperative in a clear, concise and interesting way, for the understanding of the average co-op member. More complete reports can be available or distributed for study by those who so desire. Since the financial report is to a large extent a measure of the performance of management, it follows that management wants the report to appear as favorable as possible. Honest and sincere managers will present the facts along with adequate explanation for major changes in the financial position of the cooperative, whether favorable or unfavorable. A special effort on the part of the cooperative should be made to train directors in cooperative finances so that they can develop effective policies to guide the organization as well as to control its development and progress.

Cooperatives usually take advantage of the annual meeting to communicate with members regarding products and services through demonstrations, literature, discussions, samples, and special programs. Enthusiasm for co-op products and services is generated by highlighting price values, quality and serviceability. Learning about this is often done in a way that is both informative and enjoyable.
Prominent speakers and good entertainment are often used effectively to bring special programs to which members would not generally have access and which should be considered as part and parcel of the cooperative's dividends to the patron.

Communicating Co-op Philosophy and Understanding

Co-ops need to communicate with members in ways that are not precisely reporting operations and plans to owners. Members need to appreciate the cooperative as an organization doing business in a special way. Thus, great is the need for the thread of co-op philosophy to run through any co-op communications program with members. The co-op way can be developed through good friendly service and the use of personal contacts to continuously promote the basis for a cooperative and the reason for its existence. Literature made available through special mailings, newsletters, and house organs can reflect the co-op way. Programs for youth, including camps, tours, and trips to special meetings such as AIC, provide the opportunity for young people to develop an understanding and appreciation of cooperative business. The whole "corporate image" of the cooperative should reflect its co-op structure and purpose in all of the co-op's contacts with its members. A program planned for use by the Arkansas Extension Service is designed to do precisely this with a group of young farm couples in a pilot county.
Communications Which Generate Business Volume

In the final analysis, a co-op must sell (or buy) in order to fulfill its purpose with its members. The more sales (or purchases) that are made, the lower the cost of doing business and normally the higher patronage refunds or other benefits can be. Co-ops must inform members on availability of products and services, the quality and applications of them, and promote reasons why members should do business with the co-op. It has been said that "good service, good prices, and good patronage refunds" is the best co-op communications possible. Co-ops must price competitively and so inform their members in order to get business.

Co-ops build volume through product meetings. Well qualified people discuss methods of using co-op products to improve the farm business in some way or the well being of the farm family. This approach allows members to be abreast of new products and new technology to increase farm income and at the same time build co-op sales.

Co-op fieldmen do an excellent job of maintaining close contact with members in ways that increase sales. They furnish product and price information and make arrangement for delivery and application if needed. They also usually reflect current agricultural conditions and know the competitive situation regarding specific commodities. Fieldmen thus provide an important means of communicating with the co-op customer.

Co-ops use other conventional means of communicating their business messages. Advertising, newsletters, price specials and package programs all play a part in communicating information regarding the co-op's wares to members.
In summary, the co-op uses many avenues of communication to report, to build understanding, and to sell to its members. A well organized cooperative, serving real needs, developing good communications with its members, will, with good management, likely be very successful.