

Director Certification Program Phase I

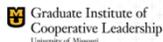
Keri Jacobs, PhD
Partridge Chair in Cooperative Leadership
Executive Director, Graduate Institute of Cooperative Leadership



Why Cooperatives Matter Now

A Model Built for Resilience

2025 Emerging Leaders in Agriculture Conference



1

Four key questions to ask of all businesses

			
Control Who makes decisions?	Ownership Who provides equity and capitalization for investments?	Benefits Who shares in the benefits generated collectively?	Purpose Why and for whom does the business exist?



2

Member-Owners




3

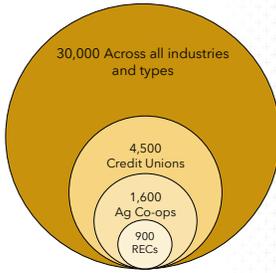


4

Today, there are more than 30,000 cooperatives in the U.S.

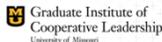


A cooperative is..
"a user-owned, user-controlled business that distributes benefits on the basis of use."




5

Farmers, ranchers, and their rural communities did not always have choices



6

Director Certification Program Phase I

U.S. Cooperatives

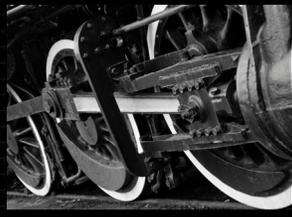
A history of doing together what we cannot do individually



Graduate Institute of Cooperative Leadership
University of Missouri

7

U.S. Industrial Revolution(s)



- 1st IR: Period of Inventions, 1760 - 1830**
 - Hand production to machines
 - Factory production
 - Iron production
 - Chemicals, steam power used in production
 - Textile production advancements
- 2nd IR: Period of Rapid Growth and Consolidation, 1870 - 1914**
 - Steel making; manufacture of machining tools
 - Railroad movement in U.S.
 - Business "trusts"

Graduate Institute of Cooperative Leadership
University of Missouri

8

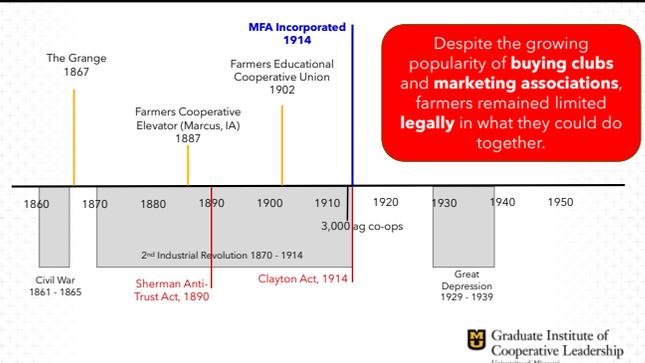
Trusts Dominate Commerce in the mid-1800s and early 1900s

- Bell Telephone, 1877
- Standard Oil (Rockefeller), 1882
- De Beers, 1888
- American Tobacco Company, 1890
- U.S. Steel, 1901
- Northern Securities Company, 1901
- International Harvester, 1902
- International Mercantile Marine Company, 1904
- Motion Picture Patents Company, 1908



Graduate Institute of Cooperative Leadership
University of Missouri

9



Graduate Institute of Cooperative Leadership
University of Missouri

10

The Industrial Revolutions Created a Chasm in Market Power

Producers in the late 1800s and early 1900s were faced with:

- No market power
- No political influence
- No investment in rural services (electricity, communications)



Graduate Institute of Cooperative Leadership
University of Missouri

11

Need was the driving force toward formalizing collective action by producers




Graduate Institute of Cooperative Leadership
University of Missouri

12

Director Certification Program Phase I

Solution: Collective action

Capper-Volstead (1922) gave producers the protection to achieve a more level playing field when they acted through **farmer-owned** and **farmer-controlled** companies.

- Authored by Sen. **Arthur Capper** (Kansas, R) and Rep. **Andrew Volstead** (Minnesota, R)
- Allows farmers to organize collectively to **market** their products and **agree on prices and terms of trade**.




Graduate Institute of Cooperative Leadership
University of Missouri

13

Solution: Collective action

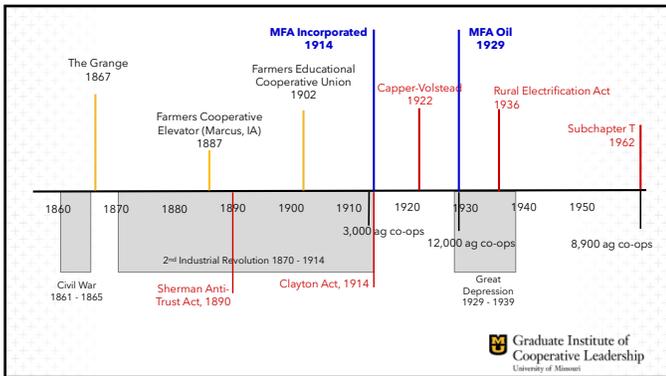
Capper-Volstead (1922) gave producers the protection to achieve a more level playing field when they acted through **farmer-owned** and **farmer-controlled** companies.

“..individual farmers should be given, through agricultural cooperatives acting as entities, the same **unified competitive advantage**—and responsibility—available to businessmen acting through corporations as entities...”




Graduate Institute of Cooperative Leadership
University of Missouri

14



15

Solution: Collective action

Capper-Volstead (1922) gave producers the protection to achieve a more level playing field when they acted through **farmer-owned** and **farmer-controlled** companies.

This protection and its advantages come with responsibilities.




Graduate Institute of Cooperative Leadership
University of Missouri

16

THE SEVEN COOPERATIVE PRINCIPLES

COBANK

- 1 Voluntary and Open Membership**
- 2 Democratic Member Control**
- 3 Members' Economic Participation**
- 4 Autonomy and Independence**
- 5 Education, Training and Information**
- 6 Cooperation Among Cooperatives**
- 7 Concern For Community**

17

Members share the responsibility of control by...

- Voting on important matters reserved for the membership
- Electing a board of directors to make decisions on their behalf.
- Serving as a director or delegate
- Educating themselves about their co-op






Graduate Institute of Cooperative Leadership
University of Missouri

18

Director Certification Program Phase I

Members share the responsibility of ownership by...

- Doing business with the co-op
- Contributing to equity capital through use
- Paying their bills



Graduate Institute of Cooperative Leadership
University of Missouri

19

Co-ops share the collective benefits with members by...

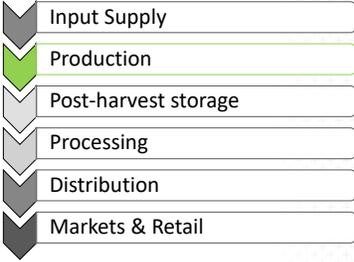
- Investing in assets that enhance members' businesses and secure markets
- Providing farmers the services they need
- Sharing in profitability
- Community giving
- So much more...



Graduate Institute of Cooperative Leadership
University of Missouri

20

Fundamentally, a cooperative is an **investment** in members' upstream and/or downstream activities and value chains.

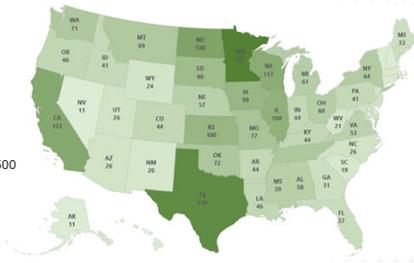


Graduate Institute of Cooperative Leadership
University of Missouri

21

U.S. Ag Co-op Landscape Today

- Most all farm commodities have a cooperative presence
- Strong federated system in many commodities (\$6.6b investments)
- Approx 1,600 co-ops operating 9,500 locations
- \$265.8b net business volume
- \$12.1b net income (after tax)
- \$124.6b total assets
- \$54.8b total equity



Source: USDA Agricultural Cooperative Historical (2013 - 2022) data

Graduate Institute of Cooperative Leadership
University of Missouri

22

Co-ops make decisions differently

- Meet members' market needs
- Ensure co-op profitability
- Support member profitability
- Seek operational efficiency
 - Support communities
- Maintain a competitive marketplace
 - Balance capital needs



Graduate Institute of Cooperative Leadership
University of Missouri

23

Co-ops make decisions differently

Long-term business sustainability for members

v.

Short-run profit generation for investors



Graduate Institute of Cooperative Leadership
University of Missouri

24

Director Certification Program
Phase I



What do co-ops
have to do with...

**Communities,
Resilience,
and
Growth?**



25

Your Turn

Think of your rural
communities...

What are key pieces or
characteristics of a
vibrant and resilient
community?



26



**But none of this
matters unless
YOU think it
matters.**



27