

TOOLKIT

OBJECTIVES

- 1 Discover a new perspective about economy and enterprises and apply it to a local context
- 2 Reflect on how cooperative values and principles can be translated into agricultural enterprises activities and have an impact on the transformation of local communities.
- 3 Discover a better way to do business and apply it to a local context
- 4 Reflect on how cooperatives work and have an impact on the transformation of local communities.

**LEARNING
OUTCOMES**

Within chapter n. 1, learners will particularly exercise the following relational skills:

- 1 Interpersonal relationships skills: this is the ability to know how to listen and understand, including the unspoken, and what is just partly or even not explicitly expressed. It makes people more empathic , improving their relational skills
- 2 Verbal communication skills: this is the ability to express oneself clearly and efficaciously; and consequently to be able to persuade, influence, convince, negotiate, orient, stimulate which is the basis of any relationships, regardless the sector/field
- 3 Team work skills: this is the ability to know how to work in and be part of a group, how to collaborate with other people in order to reach a common goal
- 4 In addition to these transversal skills, students will get an insight into the following contents:
 - » Cooperative movement's history
 - » Cooperative values and principles
 - » Purposes and benefits of a cooperative
 - » Cooperatives' organization
 - » Agricultural cooperatives main features

HISTORY

The journey begins with a brief presentation on the history of the European cooperative movement and on the basic definitions related to the cooperative system: use as a basis the available slides (**S1_HISTORY**), please customize slide n.6 (first agricultural cooperative) referring to your own country.

Thereafter, show the short video on the Rochdale Pioneers to complete the historical excursus.

Duration
15 minutes

The lesson will continue coming back to current time: ask students if they know cooperatives from different sectors in their local context; show them images, photos and logos of local cooperatives from different sectors, with the aim of letting them understand how widespread and close the cooperative model is.

To enrich the presentation, you could ask the history teacher to deepen the history of the European cooperative movement at the end of the 1800s, during his/her curricular hours.

VALUES & PRINCIPLES

After focusing on the history of cooperation and explaining where the cooperative model comes from and which needs it meets, you can start describing the 6 values that inspired the Rochdale pioneers and the 7 principles that arose to regulate the cooperative's functioning.

Duration
15 minutes

First, for each value you need to find an image that recalls it: show it to the class group and ask students to guess the corresponding cooperative value and explain why. Only after this short exercise, you will describe the 6 cooperative values, explaining their meaning and providing students with the in-depth information sheet (**I1_VALUES**)

The pioneers who created the first cooperative enterprise in Rochdale (UK) in 1844, inspired in these humanistic values to set the seven cooperative principles that were intended as the basic rules to regulate the cooperative functioning. Since 1844, these principles have been transmitted and preserved with just minor changes: they represent the cooperative movement DNA, the essence that shapes values into the daily practice of cooperative organisations all over the world. Today, they still stand more relevant than ever and mark the cooperative difference compared to other types of organisations and enterprises.

Duration
20 minutes

The cooperative principles are a direct consequence of the values: once the in-depth information sheets (**I2_PRINCIPLES AND I3_VALUES-PRINCIPLES-PRACTICES**) has been delivered, you can divide the class into 7 sub-groups, one for each principle (if the number of students is not high, it is advisable to have less sub-groups, choosing among the 7 the principles, the most easily understandable). Provide each group with the exercise sheet (**E1_COOP PRINCIPLES**), they will have 15 minutes time to discuss the principle, define which cooperative

values it responds to and to which concrete practices it can refer to. Thereafter, a representative for each group will report the results of the work and you will lead the group discussion, trying to bring out the different points of view.

Key questions to lead the discussion:

- » Were you able to work in a team?
- » Which difficulties did you face?
- » Which cooperative values arose during the teamwork?
- » Which cooperative values would need to be strengthened within your group?

It is useful to combine this exercise with the presentation of the most relevant case studies (cs) (according to the local context and target), in order to help students understand the concrete implementation of cooperative principles within an economic-productive reality.

Duration
45 minutes

Duration
45 minutes

BENEFITS OF A COOPERATIVE

After reasoning on the values and principles of a cooperative, the trainer introduces the benefits of cooperatives both for the local communities as for the single cooperative member (in-depth information sheet [I4_BENEFITS](#)).

The trainer proposes an exercises ([E2_BENEFITS](#)) to help students reflecting on cooperative benefits, through the use and analysis of the provided case studies (cs)

After the exercise, the teacher can further deepen the concepts of purposes and benefits, through the SWOT analysis tool/methodology: strengths, weaknesses, opportunities and threats in a cooperative. In doing that, the trainer also introduces the difference from other business' models.

The SWOT elements are explained in a cooperative context. In this way, the trainer can give the following additional instructions:

- » strengths and weakness are all internal factors and could be used to improve the capacity of the cooperative to offer services to its members;
- » strengths reflect internal resources. The cooperative could chart how to make effective use of its strengths to improve its capacity to offer services. For example, the cooperative could use its skilled and competent staff to deliver services to its members;
- » weaknesses undermine the capacity of a cooperative to offer services. In this regard, the cooperative should work out ways to address its weaknesses in order to improve its capacity to provide services;
- » if the weakness is inadequate staff competency, the cooperative can organize relevant training activities for staff to improve their capacity to offer services;

- » opportunities are external positive factors, which can be capitalized on to improve the capacity of a cooperative to offer services. For example, the cooperative may benefit from the existence of a research centre in order to access relevant data and disseminate these to its members;

The SWOT analysis can make clear that for some services the cooperative has (or does not have) a comparative advantage in providing the service directly.

Please, refer to the in-depth information sheet [I5_SWOT ANALYSIS](#).

After this explanation participants can be introduced to the following methodology. Participants are divided into four different groups and each group chooses a case study (**cs**) and focuses on one particular service. The group carries out a full SWOT analysis. The groups should also think about strategies/actions for addressing weaknesses and threats (realistic, concrete actions).

Duration
30 minutes

ORGANISATION OF A COOPERATIVE: OWNERSHIP & CONTROL AND ELECTION PROCESS

The trainer introduces the main features of the cooperative organization, starting from a general presentation of the cooperative structure In-depth information sheet ([I6_ORGANIZATION](#)) and then focusing on the topics of ownership and control.

Cooperatives are only as strong as their members make them. Members need to be aware of their dual role, as both owners and customers of the cooperative (in-depth information sheet [I7_OWNERSHIP&CONTROL](#)). Participants can simulate a voting session of the election process in a cooperative. In-depth information sheet ([I8_ELECTION PROCESS](#))

AGRICULTURAL COOPERATIVES

How can these concepts be transferred within the agricultural and agri-food sector?

The trainer provides a general overview on agricultural cooperatives' features (in-depth information sheet

[I9_AGRICULTURAL COOPERATIVE OVERVIEW](#))

After that, you can proceed with the description of the different types of agricultural cooperatives: you can use the slide ([S2_AGRICULTURAL COOP](#)) for a brief explanation (please note that the slide has to be integrated with specific information on agricultural cooperation in the reference country, i.e. data on the most common typologies, agricultural products and/or turnover). To help students understand the existing differences and get an overview of the different types of agricultural cooperatives in Europe, use the provided case studies ([CS](#)), choosing at least one case for each cooperative typology.

At the end you will also provide students with an in-depth information sheet ([I10_Definition of the cooperative](#)) on agricultural cooperation in Europe, for their free and personal use.

Duration

30 minutes

In order to underline the strengths of the cooperative model and the peculiarities that make it different from other business models, propose to the class the exercise [E3_\(IN\)COME COOPERATIVE](#) (see instructions within the file) .

CLOSING

Administration of a questionnaire or free debate, starting from these 3 questions:

- 1 What did you learn during this workshop? What lessons can you draw?
- 2 Did you find these tools useful to understand the cooperative model?
- 3 Is there anything that you found particularly interesting? Why?
- 4 Duration: free, according to the available time

KEY WORDS

The cooperative worker member

He/she is a member of a cooperative, who also works in the company itself. Cooperative worker members establish two legal relationships with the cooperative: an associative relationship and an employment one.

Regarding the first, the working members are “co-owners”, which means they are responsible for the company’s performance; this is what differentiates them from a normal relationship of dependence within another type of company.

The employment relation is additional, and it is established by joining the membership relationship or even later.

The rebate

The rebate corresponds to a portion of the overall operating surplus (profit) that comes from the activity carried out with the members. The rebate is allocated to members, proportionally to the quality and quantity of mutual exchanges (relationships) that occurred with the cooperative during the year. There is a substantial difference between “rebate” and “profit”:

- » profit is the positive differential resulting from the comparison between all revenues and all costs; it is set aside to consolidate the cooperative’s assets (social capital and reserves) and to promote sustainability
- » the rebate is a share of the profit, which arises within the mutualistic relationship for the activity carried out by the cooperative with the members; its distribution, as mentioned above, compensates the quantity and quality of the mutual exchange.

According to the various cooperative typologies (and consequently, depending on the mutual relationship established) the rebate represents from time to time:

- » the return to members of part of the price paid to purchase services (user cooperatives);
- » the increase in members’ fees for the transfer of goods or services (processing & marketing cooperatives);
- » the increase in remuneration for the work performed by the members (worker cooperatives).

The mutualistic purpose

The cooperative is an enterprise - in the form of a company - in which the purpose and foundation of the economic action is the satisfaction of the needs of the person (the member): therefore, the cooperative is based on the common will of its members to protect their interests as consumers, workers, producers, etc.

The distinctive and unifying element of each type of cooperative - regardless of any other sectoral distinctions - is summarized in the mutualistic purpose; depending on the cooperative typology, it consists in securing the members a job, or consumer goods or services, at better conditions than what they would get on the free market.

On the contrary, the ultimate goal of both partnerships and joint-stock companies is the realization of profit, which realizes the distribution of profits.

The 6 cooperative values

Refer to in-depth information sheet (11)

KEY TERMS

Patronage & patronage dividends

Often patronage is defined as use of a cooperative by its members.

A patronage is a dividend or distribution that a cooperative pays to its members or investors. Patronage dividends are given based on a proportion of profit that the business makes. Once this amount is determined, management calculates the dividend according to how much each member has used the coop’s services. Tax rules view these profits essentially as an overcharge, which can be returned to patrons and deducted from the co-op’s taxable income.

The patronage dividends refers to the distribution of net returns to members based on how much each member uses (patronizes) the cooperative

In short:

- » A patronage dividend is those distributions paid by a co-operative.
- » Patronage dividends are paid based on a portion of the profit the business makes.
- » The exact dividend each member receives is based on how much they used the co-op’s services or how much in products they purchased.
- » Patronage dividends can be used to reduce taxable income for cooperatives if they meet certain criteria.

A patronage dividend is essentially a refund for members who have purchased goods or services from a cooperative. As the name implies, patronage dividends are paid to individuals as a result of belonging to the co-operative. One example can be seen when families purchase groceries through a co-operative and receive income or a credit on their account in return.

Equity

We will refer to equity as the money directly invested in a cooperative.

The owner role of the cooperative member does require a different commitment in terms of financial responsibilities. As owners, members are the primary source of ownership (equity) funds for the cooperative. Members must thus invest in their cooperative and not merely use or patronize it. In other words, members who do business with other firms can just do buying or selling, but in order to do business with their cooperative, they must invest as well.

Net returns or net savings (profits)

Net returns or net savings, such as profits are the amount remaining after a cooperative subtracts its costs from its income

A cooperative uses the term “net savings” instead of “profit”. This is because the “profit” is money that members save by owning and using their own business. Member-owners of a cooperative contribute to and democratically control equity capital, and receive a share of the profits based on their patronage, or use of the coop’s services.

OBJECTIVES

- 1 Provide a set of theoretical tools, but also practical activities that are accessible and come to support those who want to set up an agricultural cooperative;
- 2 Understand the process of establishing a cooperative from scratch (how to draft a business plan, a financial plan or the legal papers, etc.);
- 3 Get insight into marketing cooperatives and the future of cooperatives. What should an agricultural cooperative look like in the century of speed and technology? What are the obstacles and risks?

**LEARNING
OUTCOMES**

After studying this module, the students will be able to:

- 1 Understand how to establish and manage an agricultural cooperative
- 2 Better understand the process of association, the marketing component, and team-working in an agricultural cooperative
- 3 Be aware of the risk-management component when developing a cooperative in 2020
- 4 Develop a business plan
- 5 Access help via stakeholders, public authorities, NGOs, etc.
- 6 Analyze economic and funding opportunities on the market
- 7 Develop a financial plan
- 8 Understand the concept of sustainable agriculture
- 9 Explain how a marketing cooperative is established
- 10 Explain how a marketing cooperative works
- 11 Propose the advantages and disadvantages of the marketing cooperative concept

DEVELOPING A SUCCESSFUL COOPERATIVE: 8 BASIC STEPS

Duration
20 minutes

This chapter begins with an activity that combines theoretical and interactive methods. The activity aims to provide 8 basic steps to support those who want to develop a cooperative.

Duration
15 minutes

For the theoretical presentation, available slides (51) will be used to provide an overview of each illustrated step. Complementary to the presentation, an in-depth information sheet (11) will be used to provide the whole picture of the 8 steps in developing a cooperative. The information sheet includes a detailed description of each step, as well as tips that will be useful in practice. In the end, each step illustrated in the information sheet (11) includes a checklist. Participants will be advised to take into account the information in the checklist when organizing their plan for the agricultural cooperative so that they have a clear vision of the advantages, disadvantages, and things to improve.

Once the 8 steps have been completed, participants will have a set of useful tips (I1). After the presentation of each of them, they will be invited to group and discuss these tips (debriefing session), the extent to which they are usable given their area of activity, and also to propose other useful tips for a future cooperative. A useful tool in this regard could be represented by a selection of case studies (cs) that will help students to better understand how a cooperative is formed in practice.

Duration
5 minutes
to explain the steps they
have to take at home;
in addition to
30 minutes
in the classroom to analyze
the posts they created
and provide them with
feedback

At the end of this activity, participants will have the opportunity to complete a challenge - Let's talk about agri-coops on social media (exercise sheet E1), that is to create a Facebook page for an imaginary cooperative that they will manage on social media. In this way, they will improve their creativity, but they will also become more familiar with the use of social networks in developing a business. At this point, such an exercise will be useful for them given that the messages they post will reach the beneficiaries/target groups of their business on social media.

FROM VISION TO ACTION: DEVELOPING A BUSINESS PLAN

In the previous activity, the participants were already introduced to the need to establish a business plan when talking about the development of a new cooperative. Therefore, in this activity, they will be provided with ways and methods of drafting and designing such a business plan.

Duration
10 minutes

The activity starts by explaining to them what the purpose is and why a business plan is needed in the development of an agricultural cooperative. Preliminary information will be presented using the information sheet (12). At the same time, the trainer will present a 'short guidelines' (12) through which participants will be able to better understand what are the steps - in short - in drafting a business plan and also what are the main principles that they have to take into account to draft a successful business plan. This activity aims to prepare them to design a business plan and to make them more familiar with the basic steps in drafting it.

Duration:
1 hour

The next step is to present to the participants a sample of a business plan, following the corresponding template (13): what are the sections of a plan and also a set of tips and recommendations to take into account in completing each section. After the participants, with input from the trainer, will complete in the second column (13) with tips and recommendations, they will be grouped in teams of at least 5 people and will complete in the dedicated box (13) with the related information/ideas. In the end, they will choose a team leader who will present the business plan and the other teams will be able to provide feedback and bring additional comments, if necessary. Additionally, they will be presented with some online platforms in English where participants will be able to develop their business plans. These website recommendations can be adapted according to the specifics and access of each participating country in the national language (13).

Duration:

45 minutes

A useful resource can be the exercise sheet (E2) which proposes a set of interactive methods (using cards, a series of business models and financial plans, etc.) for students to learn how to cope with the responsibility and face the obstacles of developing such a business, but especially to review what they have learned in this module (thematic content no. 1 and no. 2) in a practical way, through the proposed interactive game. Complementary to the exercise, the participants will be invited to choose a particular case study (CS) that will help them identify easier the way in which the cooperatives were formed (from basics steps to their business strategy).

MARKETING COOPERATIVE

After learning more details about the essentials steps in developing a business plan, they are provided with information and explanations on how a distinct cooperative model works – the concept of the marketing cooperative. In this regard, the students will have the opportunity to debate on:

What is the concept of a marketing cooperative?

How a marketing cooperative is established?

Duration:

15 minutes

A useful resource can be the presentation on marketing cooperative (S2) that will consist of a set of explanations (including definitions) and also practical examples for a brief introduction. Also, the students can be provided with a detailed description of the advantages and disadvantages of the marketing cooperative (I4). Also, the exercise sheet (E3) will be used and the students will watch the documentary and then open a discussion about sustainable agriculture, the advantages of cooperatives in a non-waste society. Topics such as animals' rights, technology, and hunger may be included concerning mass agriculture, etc. to provide them with more examples in this regard. In addition, the student will be invited to select those sustainable cooperatives that can be selected from the case studies (CS). In this way, they will be able to develop their analytical and critical thinking by analyzing the cooperatives.

WHO CAN PROVIDE YOU SUPPORT?

Duration
10 minutes

After the students have been presented with essential information and the necessary steps for the development of an agricultural cooperative, they will be provided with ways in which they can finance their businesses and how they can get support at the national and European levels, by benefiting from different national and European programs.

In this regard, different concepts about financing a cooperative will be described to them. To help students understand different methods of financing, the provided information sheet (15) on support on coops will be used. These financing sources can be adapted/adjusted according to the specifics and access of each participating country at the national level and included in the information sheet (15). It is recommended that each participating country propose a set of relevant funding sources at the local and national levels to support those who develop a cooperative.

THE FUTURE OF COOPERATIVES

Duration
15 minutes

To understand the importance of cooperatives, students will be provided with explanations on different aspects of the mechanization process in agriculture (16) (with relevant definitions on mechanization techniques: vertical farming, industrial monitoring, precision agriculture, global positioning systems, technological advancements, real-world applications of smart sensors). In addition, the students will be presented with many examples selected from the case studies (cs), in order to better understand how successful are the cooperatives and how they deal with the new technologies as well.

Duration
1 hour

A useful resource can be the exercise sheet (E4) which proposes a virtual game through which the students will use an online app to better understand related topics: risk-management, production process, sustainability, and also the differences between subsistence farming and large or medium-scale farming. The exercise (E4) proposes three such virtual games and they can use one or more of them during the training.

CLOSING ACTIVITY

Once the thematic contents in this chapter will be covered, it is recommended to have a debriefing session - a free debate - about the usefulness of this training course, about the pros and cons, and about the plans of the students of developing an agricultural cooperative. To support them, the debate can start with these three questions:

1. What did you learn during this class? How do you imagine the future of agriculture?
2. Did you find these tools useful to understand the cooperative model?
3. Is there anything that you found particularly interesting? Why?

KEY WORDS

Business plan

The business plan describes in detail how the cooperative defines its objectives and how it is to go about achieving its goals and also lays out a written roadmap for the cooperative. Also, the business plan includes details concerning the people involved, the activity of the cooperative, its organization, its financing sources.

Business surpluses

Surplus means the business's profit

Global positioning systems

These technologies enable the coupling of real-time data collection with accurate position information, leading to the efficient manipulation and analysis of large amounts of geospatial data. GPS-based applications in precision farming are being used for farm planning, field mapping, soil sampling, tractor guidance, crop scouting, variable rate applications, and yield mapping. GPS allows farmers to work during low visibility field conditions such as rain, dust, fog, and darkness.

Industrial Monitoring

Monitoring and Control Systems in Agriculture Using Intelligent Sensor Techniques

Intelligent agriculture

This type of agriculture is based on a few simple rules: to promote sustainable growth, to improve people's health and quality of life, to care for nature, and leave no one behind.

Marketing cooperative

A marketing cooperative is an organization owned and operated by a group of farmers who produce similar products and promote or sell each other's products while selling their own. The products can either be complementary or might have different seasonal cycles.

Precision Agriculture (PA)

PA is a whole-farm management approach using information technology, satellite positioning (GNSS) data, remote sensing, and proximal data gathering. These technologies have the goal of optimizing returns on inputs whilst potentially reducing environmental impacts. The state-of-the-art of PA on arable land, permanent crops, and within dairy farming are reviewed, mainly in the European context, together with some economic aspects of the adoption of PA.

Smart agriculture sensors

By using smart agriculture sensors to monitor the state of crops, farmers can define exactly how many pesticides and fertilizers they have to use to reach optimal efficiency.

Vertical farming

Vertical farming is the practice of producing food on vertically inclined surfaces. Instead of farming vegetables and other foods on a single level, such as in a field or a greenhouse, this method produces foods in vertically stacked layers commonly integrated into other structures like a skyscraper, shipping container, or repurposed warehouse.



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