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## INDUSTRY LEADERS' PERSPECTIVES ON COMMUNICATING THE COOPERATIVE VALUE PACKAGE

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Author and lawyer James C. Humes once remarked “the art of communication is the language of leadership.” Having also worked as a speechwriter for five presidents, Humes is in a unique position to comment on the value of communication in assisting leaders to guide, motivate, and inspire others. Cooperative leaders are challenged to use their verbal and writing abilities to maintain and enhance their organizations’ relevance among various audiences including members, other managers, external stakeholders, and potentially skeptical members of the public. In a fast-paced and information-rich business environment, creating impactful communications, controlling messages, and influencing change is a time-consuming and ongoing process.

This article examines how cooperatives are meeting the challenge of communicating the “cooperative value package”, the direct and indirect benefits associated with the business form, using evidence from a national survey facilitated by the National Cooperative Business Association of cooperative leaders. Additional insights were gleaned from a meeting of industry experts and researchers at an August 4<sup>th</sup> Council on Food, Agricultural, and Resource Economics (C-FARE) meeting held in Washington, D.C. Prevalent issues and research opportunities are also highlighted.

### Communication with Internal Stakeholders

Methods of cooperative communication are nearly as diverse as the organizations themselves. Most cooperatives responding to our survey embrace a mix of traditional communication methods including face-to-face meetings, printed newsletters and phone calls alongside more modern methods that may include emails, texting, websites, and electronic newsletters.

Evidence of the growing importance of online tools is found in the ranking of websites as the most frequently cited method of member communication, followed closely by email contact. The relatively low cost, speed, and flexibility of these online methods likely contribute to their popularity. At the C-FARE panel, National Council of Farmer Cooperatives (NCFC) President, Chuck Conner confirmed that there are benefits and costs associated with using online tools stating “modern technology has expedited both the interaction and reaction of constituents.”

In spite of the many benefits that digital communication methods can provide, leaders are cautioned to use the technology in concert with more traditional and personal methods. During the C-FARE panel, Kam Quarles, Director of Legislative Affairs for Sunkist states “(the co-op) uses a variety of communication methods” and “person to person interaction is very important.” Members may be inundated with emails, electronic newsletters, and texts, thus the impact of an additional electronic communication may be diminished. Further, a personal communication from a co-op director, manager, or leader may foster a greater sense of connection to the cooperative through the strengthening of interpersonal relations. That in turn may increase a cooperative’s value in the hearts and minds of its members and other stakeholders.

**Table 1****Frequency of Use for Member Communication Methods (Percent)**

Answer Options	Method is Not Used	Rarely (<1X/Year)	Infrequently (1-3X/Year)	Neither Frequently nor Infrequently (3-6X/year)	Frequently (6-9X/year)	Very Frequently (>9X/year)
Website	6.8	1.4	2.7	2.7	14.9	71.6
Email	13.9	4.2	4.2	9.7	8.3	59.7
Other	36.6	2.4	0	4.9	12.2	43.9
Phone Call	16.4	14.9	11.9	7.5	9	40.3
Newsletter	16.2	6.8	8.1	16.2	14.9	37.8
Individual Meetings/Sales Calls	40	7.1	2.9	7.1	10	32.9
Electronic Newsletter	29.7	4.1	6.8	16.2	12.2	31.1
Other Public Relations Methods	16.2	11.8	11.8	14.7	14.7	30.9
Newspaper Articles	18.1	11.1	25	23.6	8.3	13.9
Member Meetings	0	14.9	51.4	13.5	8.1	12.2
Texting	66.2	7.4	7.4	4.4	2.9	11.8

Cooperative leaders were asked to comment on both the effectiveness of various traditional and modern methods of member communication in their ability to convey information and the current frequency, depth, and mix of communications tools utilized by their organizations. Some of the most frequently used tools are among those thought to be the most effective; about 78% of survey respondents indicate that their co-op's website was at least somewhat effective or effective at conveying information followed by newsletters (77%) and email (75%). Interestingly, one of the least frequently used communication tools, member meetings, is ranked among the top four most effective methods, providing confirmation of the value of personal interactions as a member education tool. Texting is found to be both the least frequently used and least effective means of conveying information to members. Unlike the current young generation who are at home with texting, cooperative members are relatively older and are probably not accustomed to texting.

When asked about their satisfaction with the frequency of member communication provided by their cooperative, about 60% of cooperative leaders indicate they are at least "satisfied" with the current level. Further probing reveals that leaders who are unsatisfied with the current frequency of communication most often desire to increase the number of member interactions and to do so via increased use of electronic media. One respondent stated "we scaled back on our printed newsletter from 6X to 4X/per year and are considering an electronic newsletter that comes out more frequently." The same respondent cautions "not every member is ready or will want an electronic newsletter."

Relatively more leaders are content with the current mix and depth of member communications with 66% and 67%, respectively, indicating that they are "satisfied" to "extremely satisfied" with the status quo which typically involves a combination of newsletters, meetings, websites, and personal communications. Several respondents hint at the challenges in creating balanced communications programs with one stating "there is a delicate balance between providing too much information and too frequent communications." Another respondent finds "we have multiple audiences and need to refine our communications to each." An additional leader writes "we need to find better methods of reaching out and communicating with younger demographics." Younger farmers, members or otherwise,

are more used to using electronic media and therefore, designing electronic media geared toward this group will be useful.

Respondents were questioned further on the customization of cooperative communications for specific internal audiences. While most recognize heterogeneity is present in the membership, only about half indicate that their cooperative tailors the communication mix, message, or other features. Most frequently, leaders note that the use of social media—such as Facebook and Twitter—is intended to appeal to younger members. Others leaders reference young farmer/young cooperators programs that are intended to provide organizational background information that long-term members are less likely to find valuable.

While there appears to be recognition that demographics may impact media preferences, no leaders reference the customization of cooperative messages to accommodate psychographic differences that may include variance in membership objectives, cooperative needs, and macroeconomic concerns. Psychographic differences may correlate with demographic ones; however, unlike physical features, differences in needs, desires, and concerns may be difficult to observe superficially and require further inquiry to identify. In this regard, Bhuyan (2007) shows that understanding members' attitude toward their cooperative management is key to member behavior, such as loyalty, which impacts cooperative performance.

A number of respondents indicate that older members tend to be more engaged in their organization and more likely to have positions of leadership in the co-op. This is a similar finding to that of Klein, Richards, and Walburger (1997) who state "older farmers tend to patronize all types of co-operative more often than younger farmers." However, differences in the level of cooperative participation are less likely to be a function purely of age and rather more a function of what value cooperative membership brings to the individual. Further, Staatz (1989) shows that member age may be a proxy for the problem of vaguely defined property rights as experienced by the member. Therefore, providing a better value proposition to all its members, regardless of their age, may be a better strategy to satisfying member needs.

If the cooperative leadership does not understand the distinct objectives, needs, and concerns of members, they will be challenged to develop communications that are effective in convincing targeted audiences of the value of cooperative membership and the need for their engagement. In particular, if new generations of farmers in general and cooperative members in particular are not brought into the fold and educated about the value of cooperative membership, this business form risks a gradual but sure decline. According to panelist Chuck Conner, "anticipating member and constituent needs and responding appropriately is one of the biggest challenges facing leaders." Thus it is critically important to determine how cooperatives can communicate the value of affiliation using appeals and means that resonate and are aptly delivered.

### **Communication with External Stakeholders**

In addition to member-focused communications, cooperatives may actively engage in public relations (PR) efforts that target external stakeholders, public entities, and nonmembers. Cultivating relationships with external audiences assists cooperatives to better serve their members by bringing cooperative issues to light while also communicating the value of the business form. Fully two-thirds of our survey respondents indicate that their organizations partake in such activities. Described methods of connecting with these groups vary, as does the emphasis placed on engaging nonmembers. For some cooperatives, the efforts appear to be largely passive and limited to activities such as open access to the co-op website, a Facebook/social media presence, or a blog. Other organizations that are represented in the survey sample are quite active in their PR campaigns which may include event sponsorships, writing newspaper articles, appearing on TV, and hosting community workshops. Some cooperatives also partake in lobbying efforts at the state and national levels with several larger cooperatives, like Sunkist, employing full-time, D.C.-based legislative affairs specialists.

When questioned about the effectiveness of the methods employed to educate external stakeholders on the value of the co-op business form and the concerns of members, more than a dozen respondents wrote that their current communications mix is lacking in some manner. Echoing the sentiment of several other leaders, one respondent describes their activities as "pretty inadequate at present." Despite limitations in the scope of tools used by individual cooperatives, leaders are encouraged to continue to be proactive, as opposed to reactive, in their efforts to engage policymakers and other stakeholders. Even small advocacy activities will still assist cooperative leaders to represent and better serve memberships that are concerned about detrimental changes in public policy and macro-environmental factors such as globalization, food safety and traceability, environmental regulations and more.

**Table 2****Members' Level of Concern with Policy and Macroenvironmental Factors (Percent)**

<b>Answer Options</b>	<b>Not Applicable</b>	<b>Very Unconcerned</b>	<b>Somewhat Unconcerned</b>	<b>Neither Unconcerned or Concerned</b>	<b>Concerned</b>	<b>Very Concerned</b>
Food Safety	22.6	3.2	0	3.2	29	41.9
Local Food Movement	19.7	4.9	3.3	13.1	23	31.6
Environmental Regulations	8.1	3.2	6.5	6.5	40.3	35.5
Globalization	9.8	6.6	4.9	21.3	32.8	24.6
Information Technology	1.6	3.2	19.4	32.3	25.8	17.7
Traceability	19.4	4.8	8.1	22.6	30.6	14.5
E-Commerce	15.9	6.3	17.5	33.3	12.7	14.3
IRS Exemptions	12.5	19.6	5.4	23.2	25	14.3
State Co-Op Regulations/Policy (e.g., Wyoming Law)	14.5	25.5	5.5	32.7	10.9	10.9
Capper-Volstead Act	27.3	23.6	3.6	25.5	18.2	1.8
Sherman Anti-Trust Law	21.8	29.1	7.3	27.3	12.7	1.8

On topics of common cooperative interest such as Dodd-Frank and food safety, organizations may find that their impact on policy is greater when resources are pooled and a common message and lobbying effort is employed. According to C-FARE panel member, Barry Kriebel, “cooperatives need to have a cohesive message when discussing their value at the highest levels of government.” Current efforts are seen as fragmented and consequently less effective by the expert panel.

Our survey asked cooperative leaders to describe the appeals they use when communicating the value of cooperatives to external audiences. More than fifty responses were provided and while no two are identical, several themes emerge. Specifically, smaller cooperatives tend to emphasize their sense of community and contribution to the local economy; other cooperatives mention their ability to generate cost-savings for their members. A few focus on the “cooperative difference,” that is, they explain that their appeals emphasize democratic control, the International Cooperative Alliance’s seven co-op principles (IAC, 2011), and the role their organization plays in strengthening the community.

Respondents were also asked to comment on the relative responsiveness of external audiences to these appeals. Leaders of cooperatives that participate in local food systems frequently indicate that non-members, potential members, and others appear to be increasingly receptive to co-op PR efforts. However, that observation is not universally shared among leaders of credit unions and rural electrical cooperatives, and one manager states “generally, the public is more skeptical, fewer people understand the cooperative difference in electricity.” Several

managers observe that the impact of PR efforts appears to ebb and flow, in part, based on public perceptions of the economy and corporations, “I believe co-op organizations are building public support and interest in the face of the global and financial crisis.” Another leader notes “people seem more interested (in co-op’s) right now due to the state of the world...I wish we could better capitalize on it.” With the United Nations International Year of Cooperative upon us in 2012, now may be a great time to catalyze interest in the business form which will require concerted efforts by cooperative leaders and practitioners, academics, and policy makers

Cooperative leaders reflected upon their own effectiveness, as well as that of members, boards, and other managers, in their role as advocates for the cooperative business form and the continuation of public policy benefiting cooperatives. Few (<10%) respondents feel these cooperative insiders are effective or very effective advocates, leaving room to assume that most organizations could benefit from improvements to their PR efforts. Others reference national cooperative organizations such as NCBA and NCFE as vehicles for increasing the impact of individual efforts. One leader states “participation in more regional and national co-op advocacy groups would improve our own effectiveness” while another credits NCBA with “giving co-op’s a much louder voice in public policy issues.” To assist organizations in coordinating advocacy efforts outside of national organizations, a board of director member suggests the creation of a “national lobby kit” and “national lobby day” that encourages co-op’s to “coalesce around two or three common issues and work together on them.” Several leaders also mention a need for more self-education prior to increasing advocacy activities; one respondent writes, “We need to be better educated about the cooperative business form and public policy in order to be more effective.”

### **Approaches for Communicating Cooperative Values**

In addition to improving advocacy efforts, perhaps enhanced levels of education can lead to increased participation, engagement, and an appreciation of the value of cooperatives. Co-op leaders were asked to share what education methods their co-op employs and what improvements could be made. Many leaders indicate that their regular member communications serve as the primary means of providing cooperative education. Some link cooperative articles on their websites; others host workshops and team up with organizations to provide board training, financial education, and cooperative 101 courses.

The breadth and depth of member education varies significantly across the sample. However, many make note of the need for more and better resources. At the panel, USDA-Rural Development Program Leader, Jim Wadsworth, underscored the importance of providing educational resources and states, “to increase appreciation of their co-op’s members need to be given a comprehensive understanding of the cooperative model and why it is different.” To assist with the development of educational materials and programs, there are a number of sources of high-quality information available electronically from Cooperation Works!, eXtension, USDA-Rural Development, and more. While co-op information is widely available from online, though possibly underutilized sources, one leader cautions against overwhelming members with new educational material stating, “we need to remember that everyone is bombarded with information about worthwhile causes these days; we need to be thoughtful about how and what we communicate.” Through education, leaders create an opportunity for members to further connect with their co-op; overzealous and/or poorly-executed efforts may produce the opposite outcome.

Beyond providing education, leaders may use other methods to enhance the value of their cooperatives to members. One charitable manager describes providing a monetary reward for participating in quarterly survey questions and creating a “big bash party” atmosphere at the annual meeting. A less-generous manager penalizes members for not attending annual meetings or not completing member surveys. Other creative concepts include a monthly “tea with the board,” member-only promotions and contests, and recurring member spotlight features in the co-op newsletter. Many respondents also stress the value of face-to-face meetings and personal communications with members. During the C-FARE panel, John Dunn, VP for Cooperative Development at the NCBA, emphasized the importance of these interactions and states “nothing is more important than person-to-person member communication.”

While personal communications may be viewed highly in terms of the ability to engage and educate members, it can also be time-intensive and impractical to implement on a broad scale, especially for very large or geographically dispersed cooperatives. For some members, participation may be enhanced through low-cost means—in terms of dollars and time—such as using dynamic website-based (or Web 2.0) activities. At the C-FARE panel morning session, Cornell University Senior Extension Associate Brian Henehan, suggested that “member involvement may be improved through the use of online voting.” Members that cannot travel to board or annual meetings, but want to provide feedback on important decisions, may appreciate this simple, time-saving feature as well as other opportunities to interact “virtually” through webinars, online meetings, and hosted web-based Q&A sessions.

Osterberg and Nilsson (2009) found that members' perception of participating in the democratic control of cooperatives outweighs all other factors in explaining both the members' cooperative involvement and confidence in their boards. To influence the perception of member participation in governance, they suggest that boards establish information systems—potentially online—that provide an opportunity for members to express their opinions and for the board to communicate the implications of decisions and how they are in the best interest of the membership. This additional communication task compels Osterberg and Nilsson to further advise the “need for better training of the directors.”

### **Closing Comments**

Osterberg and Nilsson's study of member trust and commitment to agricultural cooperatives both highlights the need for leadership education in communication-related areas and emphasizes the increasing complexity of today's cooperative environment and the critical role that communication plays in fostering member loyalty. The ability of cooperative leaders and advocates to engage members and external audiences depends, in part, on effectively communicating the value of membership and this unique business form. Crafting communications that successfully enhance member participation and public support will depend on the ability of leaders to understand their own organizations, the needs and values of their audiences, and their ability to translate this information into targeted and effective messages.

Cooperative leaders continue to be challenged to provide well-planned and informative exchanges without overwhelming the target audience, to personalize communications to all stakeholders while providing means for members to interact online, and to create cohesive pro-cooperative messages for external audiences while also customizing messages for internal audiences and select stakeholder groups. In light of these challenges and the noted importance of communication in ensuring organizational success, it is not surprising to find that surveys of CEOs and senior executives in all industries routinely rank “good communication skills” as the most important skill a manager must possess (Barrett,2006). Cooperative research has often focused on the technical aspects of management: finance, governance, and strategy; perhaps it is now time promote the communication of cooperative values to the top of education and research agendas.

### **For More Information**

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