



Co-op Power

DIANNE MOLVIG

The co-op business model is shining brighter next to Wall Street's tarnished image.

Working in a credit union appeals to Jon Reske for many reasons. One is that his credit union—UMassFive College Federal Credit Union—can make business decisions with long-term goals in mind, not just quarterly profits.

“We don’t have to worry about tomorrow’s stock value,” says Reske, vice president of marketing at the \$347 million asset credit union in Hadley, Mass. “I’ve been in bankers’ offices, and they have the stock ticker on their television screens. They’re focused on that all day. We don’t think like that.”

No credit union does. As financial cooperatives, credit unions focus on what’s in their members’ best interests, not on stockholders’ fast financial gratification.

Still, some credit unions downplay their cooperative structure, figuring it’s a difficult concept to convey in advertising or marketing materials. Other credit unions, however, are trumpeting their co-op heritage. And they’re joining forces with cooperatives from other sectors, such as grocery and housing co-ops, for mutual benefit.

Focus

- ▶ **Consider** services your CU could offer to other cooperatives.
- ▶ **Seek** opportunities to build public awareness through joint promotions or events with area co-ops.
- ▶ **Board focus:** Determine how your CU can showcase its strengths during the International Year of Cooperatives.

Building alliances

About 70 cooperative businesses dot the landscape of the Upper Pioneer Valley in western Massachusetts. “Some don’t even know the others exist,” Reske says. To remedy that condition, several co-ops joined together to create the Valley Co-operative Business Association (VCBA).

“We hope to become like a Chamber of Commerce for local co-ops,” Reske says. UMass-Five College Federal is one of the four co-ops, and the only credit union, on VCBA’s steering committee.

The idea for VCBA sprang out of discussions about ways to celebrate the International Year of Cooperatives in 2012. Besides raising co-ops’ awareness of each other and finding ways to work together, VCBA aims to boost awareness of cooperatives among valley residents. Several co-ops, for example, pooled money to run a full-page ad in the local newspaper in November.

“We’ve been collaborating for a long time, especially with credit unions,” Reske says. “So our extension to co-ops in other sectors is natural for us. Collaboration is in our blood.”

In Austin, Texas, people from diverse co-ops formed the Austin Cooperative Think Tank (ACTT). One of the organizers was Kelsey Balcaitis, community education specialist at \$860 million asset A+ Federal Credit Union in Austin.

Balcaitis got involved in the first group of young credit union leaders—later to become known as the Crash Network—who “crashed” CUNA’s Governmental Affairs Conference (GAC) in 2010 and returned to the GAC again in 2011. The group is still active and stays connected via an online community.

After the GAC crash, Balcaitis returned to Austin to start a young credit union professionals group there. “Brent Dixon—the Crash Network organizer and the young adult advisor for Filene Research Institute—suggested I also invite other cooperatives to talk about cooperative principles,” she says.

Several people gathered at a coffeehouse, and ACTT was born. So far, the group has grown to about 70 people from about 20 different co-ops. ACTT is trying to build a robust cooperative economy in Austin. continued ▶

2012: YEAR OF THE CO-OP

The United Nations has declared 2012 the International Year of Cooperatives (IYC) to raise public awareness of this alternative business model that puts people first, innovates to meet member needs, creates jobs, and provides local services.

“Not the least of these benefits are the services offered through credit unions providing members with affordable loans and a safe place to save their money,” says Bill Cheney, CUNA’s president/CEO.

“2012 is an opportunity not to be missed,” adds Alistair Scott, managing editor of Canada’s *CU Newswire*, noting the difficulties that continue to afflict the for-profit banking world.

“This year is the time for those who know about credit unions to spread the word about them in a personal, one-to-one way,” says Scott in a recent online forum post.

The IYC officially launched in late October in New York City, attended by representatives from local, national, and international credit union organizations.

As a “catalytic force,” cooperatives build economic power, create opportunity, and enable communities to compete in a global economy, say U.N. officials.

The World Council of Credit Unions (WOCCU) website (woccu.org) offers a forum for credit unions to share plans and ideas about cooperative services—and to celebrate their uniqueness—during 2012.



CUNA President/CEO Bill Cheney (center) celebrates the official launch of the International Year of Cooperatives at the U.N.’s New York headquarters in October. Joining Cheney are WOCCU CEO Brian Branch (left) and Ramone Imperial, president of the Caja Popular Mexicana. The theme of the U.N. declaration, recognizing co-ops worldwide, is “Cooperatives Building a Better World.”

“Cooperatives share a common heritage—we’re all user-owned entities—and we believe there’s a lot of power in that shared heritage,” says Dan Gillotte, general manager at Wheatsville Food Co-op.

ACTT wants people to know that a *cooperative* business model is a *strong* business model. “We’d like the word ‘co-op’ to become part of everyone’s vocabulary,” Balcaitis says. “When people hear the word ‘co-op,’ we want them to know what that means.”

New York City is another setting for co-op collaboration. In early November 2011, about 125 representatives from diverse co-ops gathered for a seminar titled, “New York: Building a Cooperative City,” convened by the National Federation of Community Development Credit Unions.

“This seminar kicks off a year-long campaign to raise the profile of cooperatives in New York City and beyond,” says Cliff Rosenthal, the Federation’s president/CEO.

Rosenthal sees multiple opportunities for co-ops to do joint marketing and membership building. People who are members of food co-ops, for instance, are prime candidates for credit union membership. “We estimate that well over one million people in New York City are co-op members,” he says, “and most of them don’t know it.”

With today’s economic crisis, there’s never been a better time to change that, he believes. “We have the potential to turn more people on to the notion that cooperatives are a better way to do business and a way to improve their lives.”

‘Co-opalooza’

Seattle Metropolitan Credit Union isn’t shy about promoting itself as a financial cooperative. It hosts a microsite (www.7principles.coop) that’s part of a rebranding campaign launched four years ago to highlight the credit union’s co-op identity.

“During the past four years, we’ve been demonstrating one or more of the seven cooperative principles in different ways—some in internal operations, some in member education, and some in public events like Co-opalooza,” says Jill Vicente, senior vice president and chief marketing and sales officer for the \$560 million asset credit union.

The credit union presented its second annual

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Co-opalooza in October 2011, and the event brought together a wide array of cooperatives. “We had art co-ops, energy co-ops, flower-growing co-ops, and many others,” Vicente explains. “It opened people’s eyes to how prevalent cooperatives are.”

Exhibitors included not only local co-ops, but also some from around the region and other parts of the country. Live music and kids’ activities sponsored by the Children’s Museum gave the learning event a festive spirit.

Vicente emphasizes that Co-opalooza is only one part of Seattle Metropolitan’s broader strategy to reach out to other cooperatives and display its own co-op brand. “If Co-opalooza were the only thing we did all year,” she says, “that wouldn’t be a sincere, realistic representation of us as a cooperative. This isn’t something you can do as a one-off. It’s not just a marketing project. It takes commitment from your entire organization.”

A similar event occurred in Madison, Wis., in October 2011. Called Co-op Connection, the celebration’s sponsor was \$1.6 billion asset Summit Credit Union, Madison.

Summit has made concerted efforts to reach out to other cooperatives during the past few years. Early in 2011, it began to explore ways to spark more interaction among cooperatives of all types.

“In April, we held a luncheon for all the area cooperatives we could contact,” says Carrie O’Connor, senior vice president of business services and development. “We brainstormed about how to work together.”

All co-op representatives said they faced the challenge of explaining co-ops to the community-at-large, as well as members and board members. Co-marketing and co-branding could reap benefits for all cooperatives, they agreed.

Summit’s Co-op Connection was a first step in bringing a variety of co-ops together for a public event. Since then, co-op collaboration has continued. One idea is to have a Co-op Day at

the semiprofessional Madison Mallards baseball game next summer. And several cooperatives are working with the city of Madison to present a conference in early 2012. “It will focus on how cooperatives can contribute to economic development and job creation,” O’Connor says.

Helping communities thrive

Summit reaches out to its fellow co-ops in additional ways. For instance, it loaned funds to a technical assistance co-op startup that helps small farmers better market and sell their products. And it made loans to housing co-ops and to a grocery co-op opening a second store.

“In the past couple of years, we’ve increased our focus on offering business services to cooperatives,” O’Connor says. Summit has 96 cooperatives, including credit unions, on its membership roster.

Also in Wisconsin, credit unions played a role in helping to launch the Farmers’ Health Cooperative, which provides health insurance to farmers and agribusinesses. The insurance co-op offers two high-deductible plans linked to health savings accounts (HSA).

Eight credit unions around the state hosted town hall meetings to explain the new plans to

THE COOPERATIVE PRINCIPLES

There are seven cooperative principles—guidelines by which co-ops in all sectors put their values into practice—recognized by the International Cooperative Alliance (ica.coop):

1. **Voluntary** and open membership.
2. **Democratic** member control.
3. **Member** economic participation.
4. **Autonomy** and independence.
5. **Education**, training, and information.
6. **Cooperation** among cooperatives.
7. **Concern** for community.



'CUs have to decide. Is the cooperative structure going to be the main sail that powers us forward?'

Kevin Lytle

farmers. "When you're self-employed, you don't have a human resources department to help you," says Cathy Mahaffey, executive director of Farmers' Health Cooperative. She and the co-op's board acted in that capacity for farmers, relying on credit unions for help. The latter explained HSAs and their benefits at town hall meetings.

At \$980 million asset Knoxville (Tenn.) TVA Employees Credit Union, an in-house recycling program expanded to offering communitywide shredding events. Leading those efforts was Vicki Swartz, the credit union's manager of record retention, printing, and supplies. Then Swartz took another step in her green efforts: working with the Tennessee Valley Authority (TVA)—a supplier of electricity to small electric co-ops—to offer loans.

The TVA offers financing to consumers for energy-efficiency projects through its *energy right*® loan program. The credit union fills in the gaps by making smaller loans to electric co-op members in its field of membership to purchase Energy Star products. Offering energy-saving home improvement loans might be added in the future.

"TVA was excited to have a financial organization other than a bank that was interested in providing financing solutions for consumers," Swartz says. She traces her enthusiasm for working with other co-ops to her experiences in the Master of Management in Cooperatives and Credit Unions program at St. Mary's University in Halifax, Nova Scotia. To date, she's one of only two Americans working in credit unions to complete the program.

And in Vermont, Cabot Creamery, a dairy co-op headquartered in Montpelier, teamed up with the New York Credit Union Foundation to teach children about the importance of healthy bodies and strong money habits. The Growing Health and Wealth activity kits—available for free downloading—are designed for parents and grandparents to use with 6-to-10 year olds.

"With our health-care crisis and our economic

crisis, it's time to help families understand how important health is for growing wealth," says Marie Frohlich, community and education program manager at Cabot Creamery.

The case for cooperation

Cooperation between credit unions and other types of co-ops has diverse objectives and takes different forms, from one-on-one partnerships to larger alliances. The time is right for co-ops of all sorts to join forces, say some observers.

"The cooperative community in the U.S. hasn't worn the cooperative label on its sleeve," says Bill Oemichen, president/CEO of the Cooperative Network—a multistate association with offices in St. Paul, Minn., and Madison, Wis. "Now more cooperatives are beginning to do that."

The public is ready to notice. Oemichen points to a Cooperative Network survey of Wisconsin and Minnesota consumers' attitudes toward co-ops, which showed they consistently preferred to do business with member-owned organizations rather than other businesses. The survey was done before the current economic crisis. "Now more than ever, people are looking for an alternative to the current financial structure in this country," Oemichen says.

"For credit unions to work most effectively with other co-ops, they have to take that first step and proudly say, 'We're a financial cooperative,'" says Adam Schwartz, vice president of public affairs and member services for the National Cooperative Business Association. "That's their differentiator in the marketplace."

Still, some credit unions are ambivalent about their co-op identity.

"What I hear from some managers is that consumers don't care," says Kevin Lytle, vice president of marketing and product management at Western Bridge Corporate Federal Credit Union, San Dimas, Calif. He also serves on the National Cooperative Business Association's committee for the International Year of Cooperatives, and

he's the other person from the U.S. credit union movement who completed the Master of Management in Cooperatives and Credit Unions program at St. Mary's University.

"Credit unions have to decide," Lytle says. "Do they really believe the cooperative structure and seven principles are important? Are those going to be the main sail that powers us forward or an anchor we drag behind?"

The Federation's Rosenthal believes the smart answer is for credit unions to embrace their co-operative heritage and engage with other co-ops. Those actions can help credit unions grow and attract new members. Sure, he says, credit unions can promote, for example, that they don't charge debit card fees. But what if tighter margins force some credit unions to impose such fees in the future?

Those kinds of selling points might come and go. The true, lasting differentiator to present to consumers, Rosenthal contends, is that credit unions are cooperatives at their core.

"We're all about equal participation and equal

control in governance," he says. "People need to hear that. Otherwise, the anger we now see aimed at a financial system that's not working can turn into despair and cynicism. The fact is credit unions have a constructive, positive alternative for people looking for another way to manage their finances and enable opportunity. That's a powerful message." @

For more information on the International Year of Cooperatives, visit usa2012.coop or *Cooperative News*, a global news hub for co-ops (thenews.coop).

RESOURCES

- ▶ National Cooperative Business Association: nba.coop
- ▶ United Nations: social.un.org/coopsyear
- ▶ World Council of Credit Unions: woccu.org/events/liyc2012

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