

Co-Creating and Leading Agricultural Cooperatives from the Emerging Future



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Euroopa investeringud
maapiirkondadesse



How were agricultural cooperatives formed?

Academics' view of cooperatives?



How were co-ops formed? Only I can tell you...





Defend your territories!

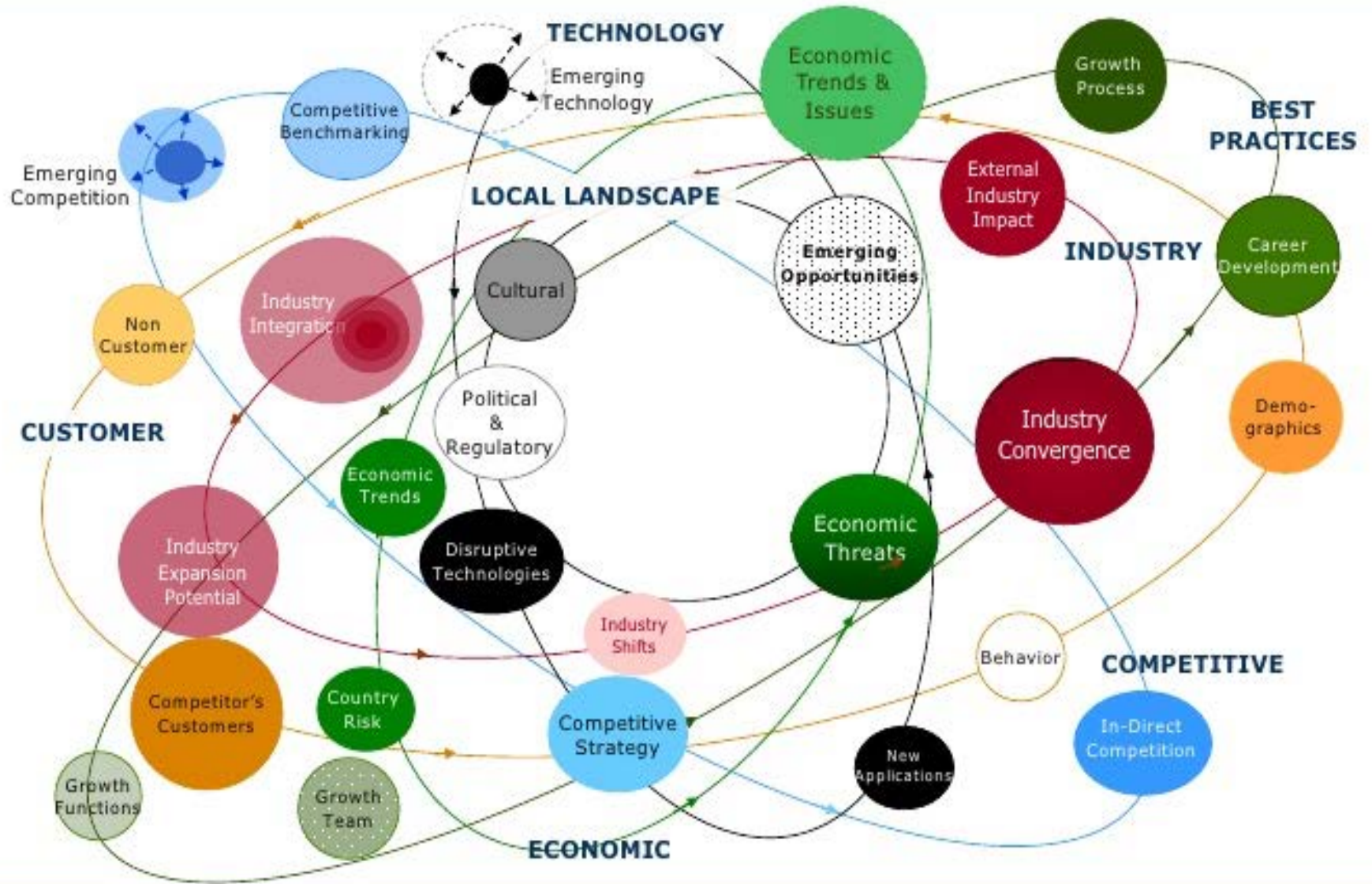
When Defensive...

What type of membership?

What kind of leadership?

But Now?

Complex Business Environment



Cooperatives as Complex Living Systems



Characteristics of Complex Living Systems

Interdependence

System Integrity

Autopoiesis

Cooperation &
Partnership

Rightness of Size

Living Cycles

Waste = Food

Feedback

Nonlinearity

Emergent
Properties

Flux

The Commons

But from Defense...





Moving to ...
Offense

Complexity

Offense

+

+



When Offensive...

What type of membership?

What kind of leadership?

What Membership?

Homogeneity of member preferences

How?

How much?

What Leadership?



Nurtures community; cultivates networks



Works at multiple levels of scale



Recognizes openings for breakthrough of novelty



Cultivates system's capacity for self-organization



Facilitates—does not direct—change



Plans on change taking time



Prepared to be surprised

Let's see some cooperatives
that got there

Little House *on the* Prairie



U
S
A



ORGANIC VALLEY[®]



FARMER-OWNED

From nothing but a dream
to a complex multi-pool
international cooperative...

ORIGINAL MISSION:

Simultaneously deliver a stable producer price and an economically sustainable family farm style to member suppliers.



Evolution of Organic Valley

1980s
Hardship
for U.S.
farmers

1987
7 farmers,
LaFarge,
Wisconsin

1988
Coulee
Region
Organic
Producer
Pool
(CROPP)

1990
Organic
Valley

2002
Branded
+
Private
Label +
Bulk

2014
> 500
products
\$1
Billion
Sales



Bringing *the* Good



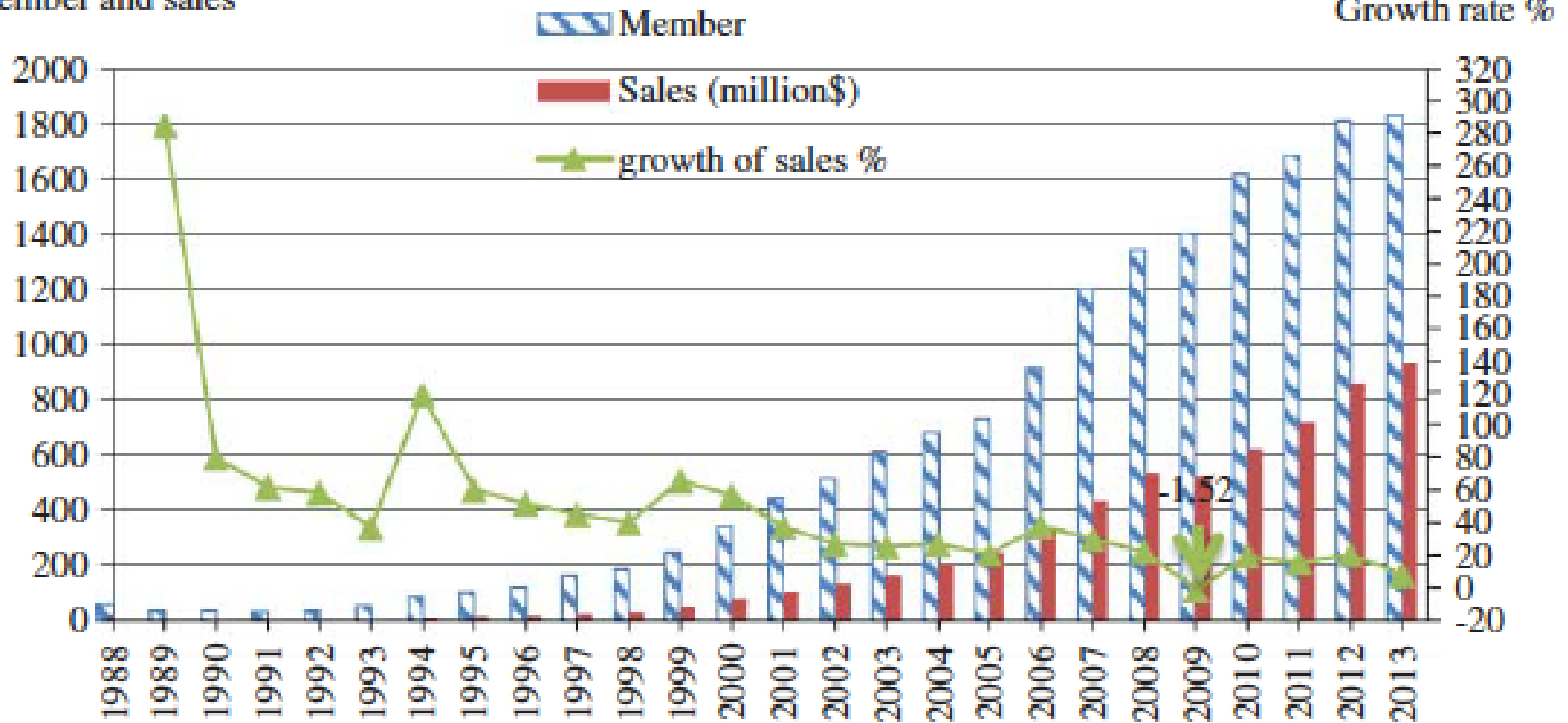
1825 MEMBER-OWNERS

DAIRY	1,480	SOY	15	BEEF	358
EGG	81	PRODUCE	175	PORK	23
		GROWER	94	POULTRY	21



Organic Valley Producer Map

Member and sales



Organic Valley: Members and Sales (1988-2013)

Organizational Structure

New Generation Agricultural Marketing Cooperative

International

Multiple
Pool

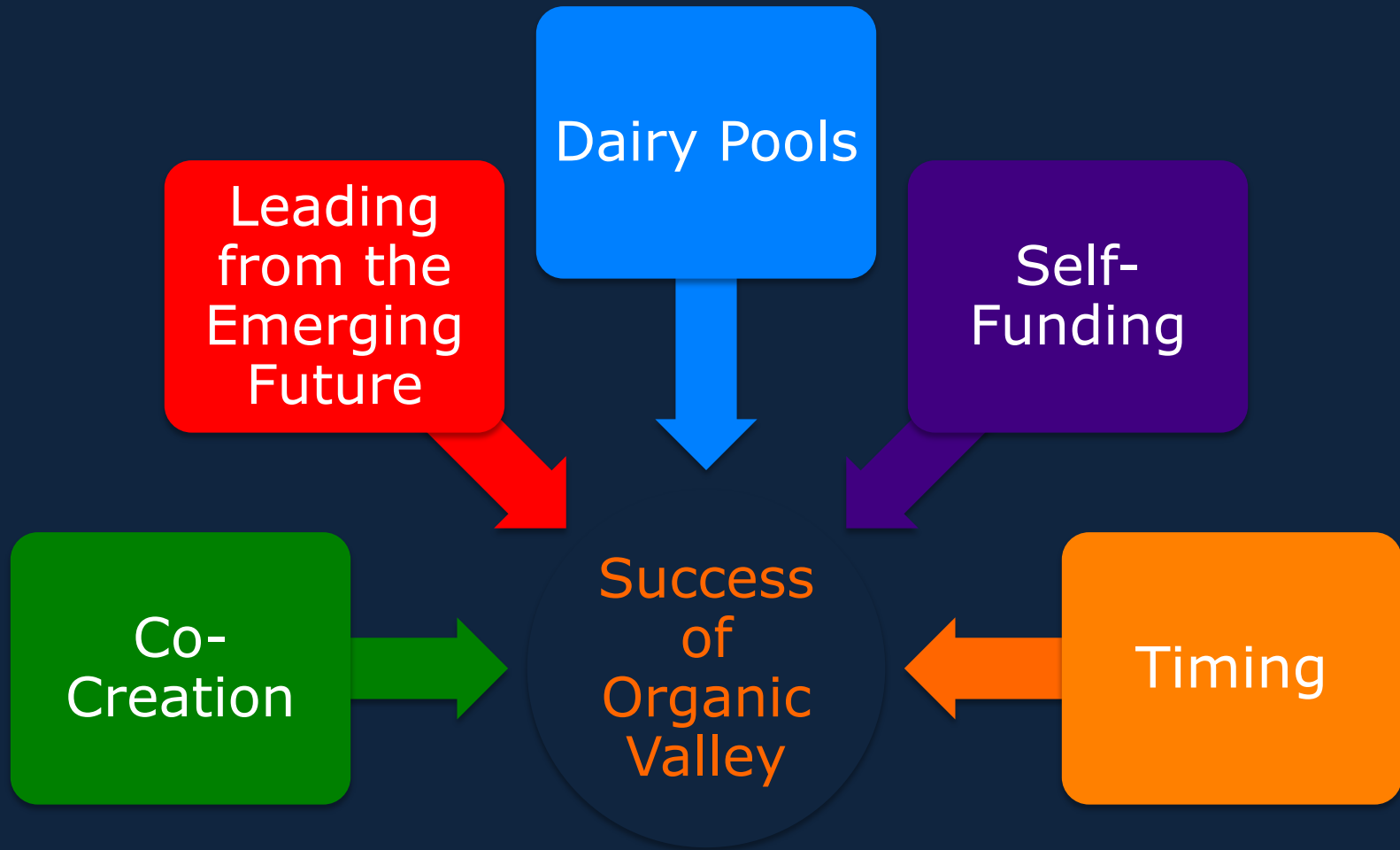
Centralized

Quasi-Virtual

Closed
Membership



Success and the Future





To Be or Not to Be a Cooperative?



Evolution of CBH



**1933
Founded**

**Late
1960's
Rationali-
zation**

**1970
Non-
distributi
ng Co-op**

**1970s
Infrastru-
cture**

**1980-
Today
Tuning
and
Adaptati
on**

**21st
Century
Co-op?
Business
Model?**

Financial & Operational Summary



		2016	2015
Tonnes handled	mt	13.6	13.6
Revenue	\$m	3,270.6	3,720.0
Revenue including pool revenue	\$m	3,660.6	4,080.5
Net operating profit/(loss) before interest and tax	\$m	68.4	99.5
Net profit/(loss) after tax	\$m	49.8	82.7
Capital expenditure	\$m	91.6	123.5
Total assets	\$m	2,110.1	2,169.2
Debt owing	\$m	151.8	211.3
Equity	\$m	1,648.1	1,615.2
Return on average equity	%	3.1	5.3

Back to old Europe...





The story....



1958 – 7 poultry farmers

Northwest Greece

Poorest regions in Europe

WWII & civil war

Traditional agricultural co-op

Crisis in the Late 1970s

Organizational changes....



Member-investor cooperative w/ vertical investments

- New generation co-op features

Significant increase in capital per share

Appreciability of member shares

Organizational changes....



Defined Membership

Upfront equity

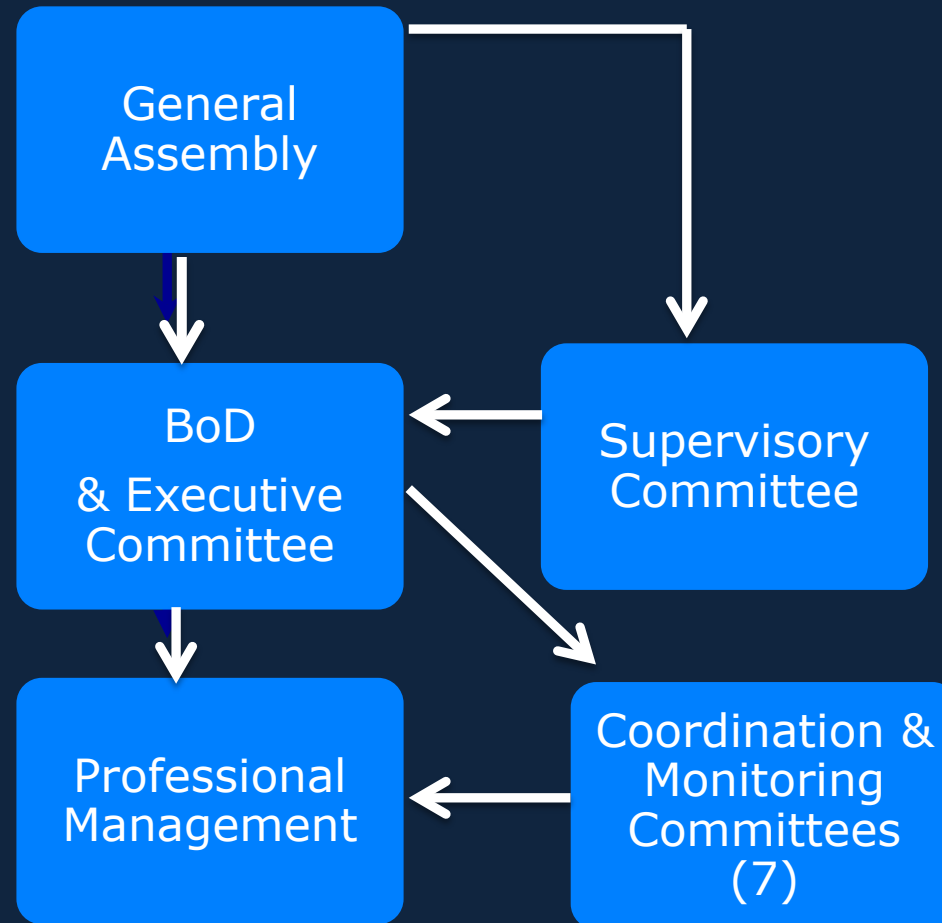
Delivery rights

Average member investment: € 150,000

Organizational Changes



Extended traditional governance model



Organizational changes....

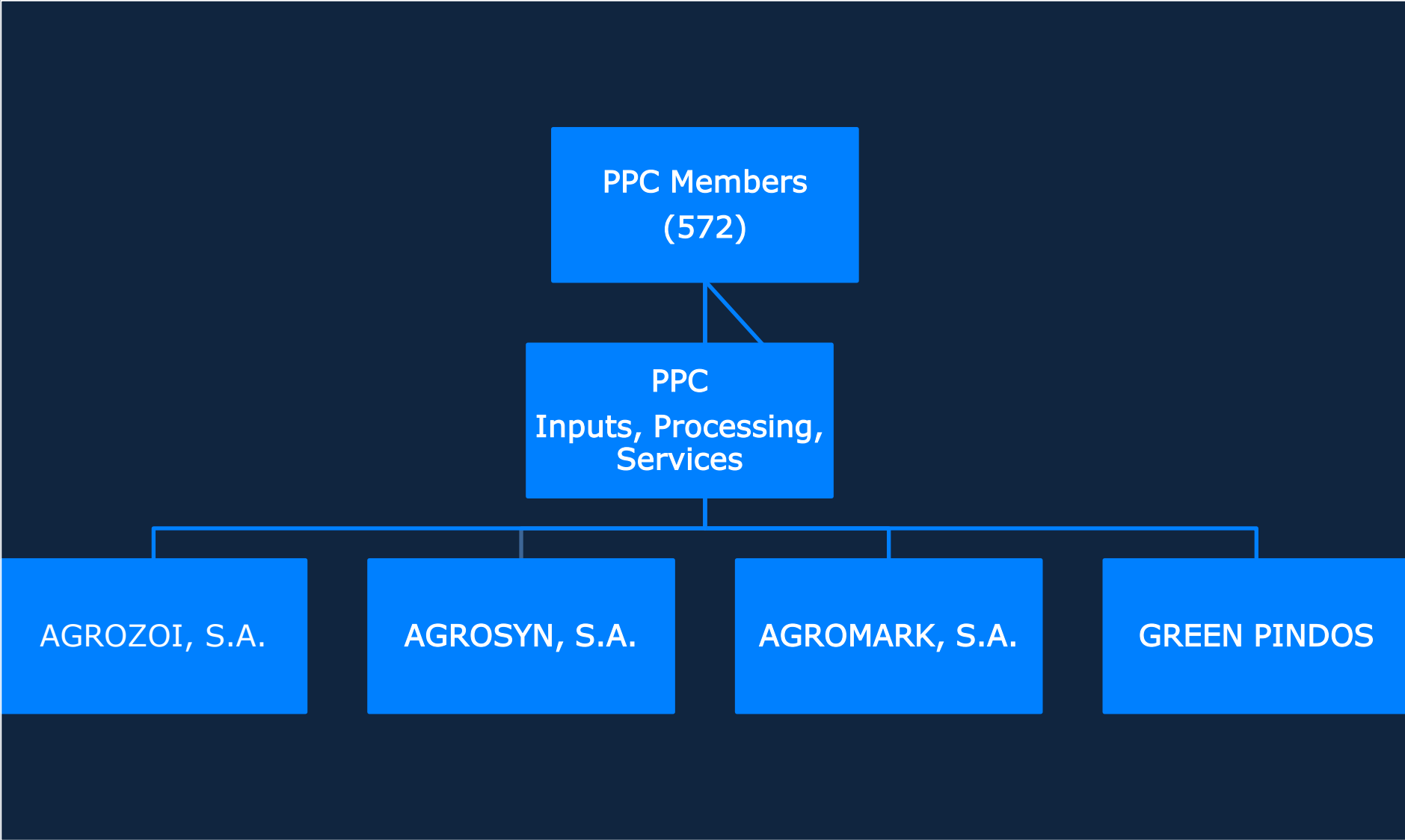


Member-participation in decision-making

Communication

Commitment

Organizational changes...



PPC: Benefits



Financial/Economic
Benefits to
Member-Patrons

Non-Pecuniary
Benefits to
Members

Benefits to Local Community

Today...



37% market share

Diversification

Internal & external crises and shocks survived

Our Research Shows that...

- Systems-wise awareness
- Singleness of purpose
- “Courage” as a Board characteristic
- Control of supply
- Incentives for risk capital investment
- Sense of belonging
- Commitment
- Tuning and adaptation

Thank You

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