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Understanding Cooperatives Instructor's Guide

Introduction

This instructor's guide, Understanding Cooperatives, is designed for use by secondary and adult teachers of agricultural education courses. It is also readily adaptable for use by post-secondary instructors, as well as for other cooperative educators. The units are designed to be generic in content, and should be supplemented with local, State, or company examples and situations.

All informational and reference materials are included in electronic format on this CD. However, teacher and student references in the Cooperative Information Report (CIR) series are available in hard copies at no charge upon request from USDA Rural Development's Cooperative Programs.

All PowerPoint slides corresponding to the lesson guides may be used as is, or readapted as the instructor wishes to fit into any cooperative education program.

For each Unit, all the applicable teaching documents (i.e., the unit's introduction and directions, discussion guide, index, handouts, case study exercises, and quizzes) are included in .pdf format for easy printing by the instructor. The .pdf file is included on the main page of the Unit.

Instructional Units

Unit 1 - The American Business Enterprise System. Teaches the student how businesses are organized in the United States, identifies the characteristics of each form of business, and discusses how the members and/or owners benefit from each.

Unit 2 - Cooperative Business Principles. Identifies the basic concepts that separate a cooperative business from other business forms and explores cooperative principles.

Unit 3 - The Structure of Cooperatives. Teaches the traditional areas that classify cooperatives by financial, geographical, control, and functional structures. The unit also explores a variety of other structural arrangements modern cooperatives are using in today's changing economic environment.

Unit 4 - Finance and Taxation of Cooperatives. Teaches about cooperative financing and how cooperatives are taxed. Special emphasis is placed on the different methods used by members to finance their cooperative business.

USDA Rural Development. "Understanding Cooperatives" Instructional Program.

<http://www.rurdev.usda.gov/rbs/coops/csdir.htm>

Program Revision – April 2008

Unit 5 - The Cooperative Business Team: Members and Directors - Policy & Control.

Teaches the rights and responsibilities of cooperative members as they participate in the cooperative either in their role as a member/patron, or as an elected director of the cooperative.

Unit 6 - The Cooperative Business Team: Manager and Employees - Coordination & Operations. Teaches the responsibilities of cooperative managers and employees. Instruction centers on the separation of function between management and employees.

Unit 7 - Mini Cooperative Business Experience. Applying knowledge from the previous units, students work within the framework of a select service or marketing project. Beginning with the pre-organization activities and ending with the distribution of earned income, the instruction becomes more than just classroom exercises.

Main Index

Instructional Units

Unit 1 - The American Enterprise System

Unit 2 - Cooperative Business Principles

Unit 3 - The Structure of Cooperatives

Unit 4 - Finance and Taxation of Cooperatives

Unit 5 - The Cooperative Business Team: Members and Directors - Policy & Control

Unit 6 - The Cooperative Business Team: Manager and Employees - Coordination & Operations

Unit 7 - Mini Cooperative Business Experience

In each unit, the instructor follows the discussion guide, using corresponding PowerPoint slides, handouts (exercises in some cases), and references. The Instructor may administer a quiz to complete the unit where applicable and discuss answers.

Reference List (Reports & PowerPoint Presentations)

Revision Information

The **Understanding Cooperatives** teaching package was first developed in 1989 by USDA's Agricultural Cooperative Service and consisted of a package of lesson plans, handouts, overhead slides, reference publications and a video. The program was then revised in 1997 to reflect feedback from educators using the materials. This latest revision of Understanding Cooperatives was undertaken to update some of the materials and information offered and to reflect changes in reference materials. The package is now entirely contained on this CD, except for the video of "How to Start a Cooperative."

This latest revision was completed in April 2008 by James Wadsworth, Cooperative Programs, USDA Rural Development. james.wadsworth@wdc.usda.gov

Craig Scroggs, Cooperative Specialist, Georgia State Rural Development Office, was the main reviewer of these teaching units and offered valuable suggestions and edits.



Reference List

Cooperative Reports:

[CIR 5](#): Cooperatives in Agribusiness

[CIR 7](#): How to Start a Cooperative

[CIR 55](#): Co-ops 101

[CIR 11](#): Cooperatives: What They Are and the Roles of Directors, Members, Management, and Employees

[CIR 61](#): The Circle of Responsibilities of Cooperative Boards

[CIR 62](#): Cooperative Boards: Asking Necessary Questions

[CIR 45, Section 1](#): The American System of Business

[CIR 45, Section 2](#): Cooperative Business Principles

[CIR 45, Section 3](#): The American System of Business

[CIR 45, Section 4](#): Who Runs the Cooperative Business: Members

[CIR 45, Section 5](#): Who Runs the Cooperative Business: Directors

[CIR 45, Section 6](#): Who Runs the Cooperative Business: General Manager and Employees

[CIR 45, Section 7](#): Financing Cooperatives

[CIR 45, Section 8](#): Income Tax Treatment of Cooperatives

Hard copies of these publications can be ordered from: coopinfo@wdc.usda.gov

PowerPoint Presentations:

[Unit 1 PowerPoint Slides](#)

S 1.1 Principles of Our Business System

S 1.2 Individually Owned

S 1.3 Partnership

S 1.4 Investor-Owned Corporation

S 1.5 Cooperative Corporation

S 1.6 Hybrid-Limited Liability Company

S 1.7 Comparison of Am. Bus. Types

S 1.8 Ownership/Profit Incentive

[Unit 2 PowerPoint Slides](#)

S 2.1 Cooperative Definition Reviewed

S 2.2 Definition of a Principle

S 2.3 - S 2.5 Contemporary Cooperative Principles

S 2.6 - S 2.7 Rochdale Principles

S 2.8 - S 2.9 Traditional Cooperative Principles

S 2.10 Quote (Abraham Lincoln)

S 2.11 Contemporary Principles Explained

S 2.12 International Cooperative Alliance

Reference List (continued)

[Unit 3 PowerPoint Slides](#)

- S 3.1 Cooperative Structure Types
- S 3.2 - S 3.3 Financial Structures
- S 3.4 - S 3.5 Geographic Territory Served
- S 3.6 - S 3.8 Governance or Control Structures
- S 3.9 Cooperative Functions
- S 3.10 Marketing Cooperatives
- S 3.11 Purchasing (Supply) Cooperatives
- S 3.12 Rural Service Cooperatives
- S 3.13 - S 3.15 Other Structural Arrangements
- S 3.16 New Generation Cooperatives

[Unit 4 PowerPoint Slides](#)

- S 4.1 Who Finances the Business (Members)
- S 4.2 Common Stock
- S 4.3 Preferred Stock
- S 4.3 Transferable Delivery Rights
- S 4.5 Who Finances the Business (Owners)
- S 4.6 Retained Patronage, Per-Unit Retains, Equity Redemption
- S 4.7 Who Finances the Business (Creditors)
- S 4.8 How Cooperatives are Taxed
- S 4.9 Taxation Example
- S 4.10 Single Tax Treatment
- S 4.12 Flow of Funds to Finance a Business
- S 4.13 Flow of Funds Exhibit

[Unit 5 PowerPoint Slides](#)

- (CIR 11, Chapters 1 & 2)
- S 5.1 - S 5.10 Members
- S 5.11 - S 5.28 Directors

[Unit 6 PowerPoint Slides](#)

- (from CIR 11, Chapters 3 & 4)
- S 6.1 - S 6.11 Cooperative Manager
- S 6.12 - S 6.23 Cooperative Employees
- S 6.24 Key People in a Cooperative

[Unit 7 PowerPoint Slides](#)

Seventeen slides correspond to the Handouts of Unit 7.

Video (optional):

Supplemental Reference: Video - What Co-op Directors Do, VHS 24 minutes