



National Cooperative Bank
Marketing Our Cooperative Advantage

Research Report
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*Do marketing and membership programs
featuring a cooperative advantage
drive successful business outcomes?*

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Executive Summary

This study was designed to evaluate how marketing our cooperative advantage has contributed to successful business outcomes. Are cooperatives more successful if they communicate key advantages for doing business with them because they are a cooperative? Do marketing and member education programs that integrate this message have a positive impact on the cooperative itself?

The National Cooperative Bank was interested in gathering cooperative leaders to:

- Assess the impact these MOCA programs have had on cooperatives; and
- Develop a network of participants to learn together about increasing the effectiveness of cooperative branding, marketing and membership strategies to increase the overall success of cooperatives.

This study has provided insight into the first objective. A meeting will be planned for the cooperative leaders who participated in the interviews to review the results and discuss possible next steps.

Process Overview

- 93 cooperatives were identified to be marketing their cooperative advantage.
- 42 cooperatives marketing their cooperative advantage participated in the full interview.

Results:

- Of the 42 cooperatives interviewed who were marketing their cooperative advantage:
- 53% planned to increase their focus on MOCA; 47% planned to continue the same focus; and 0% planned to decrease it; 76% were satisfied or very satisfied with their marketing program.
- 54% conducted market research themselves; 46% did not. 57% were satisfied with the market research available to them; 33% were somewhat satisfied; 10% were not satisfied.
- 41% reported business performance above industry average; 54% reported business performance at industry average; 5% reported business performance below industry average.
- 41% responded that MOCA influences successful business outcomes; 59% responded that their success is based on, and dependent upon, MOCA; and 0% said their success was not influenced by MOCA.

Conclusions:

- MOCA does drive successful business outcomes.
- Quality market research is required for effective MOCA efforts; small cooperatives must collaborate with other cooperatives, either within their region or within their industry, to secure it.
- The process of identifying and communicating a cooperative advantage is transforming. It brings cooperatives back to their roots, back to basic human ethical values and, in the process, makes the cooperative financially healthier, and better able to respond to challenges to their cooperative structure and from the emerging global economy.

Results

A total of 42 in-depth interviews were completed with managers from cooperatives reporting (1) having identified one or more cooperative advantages, and (2) having integrated at least an aspect of these in their marketing programs. Percentages reported below are relative to the number of respondents that had an answer for the given question. Not all respondents had answers to all questions.

Defining Our Cooperative Advantage

All cooperatives have a cooperative advantage because of their ownership structure. Being owned by people using the business sets cooperatives apart from competitors owned by profit-oriented shareholders. When the shareholders of a business are the users of a business, the business is focused, by definition, on the values and needs of the owners.

Cooperative	For-Profit Business
Owned by members who want to use the business	Owned by shareholders for profits
Multiple Bottom Line: Focused on member values, needs and profitability	Single Bottom Line: Focused on profits

If a cooperative is focused on members' values and needs, as well as sound financial health, it is aligned with its core structure. Cooperative values are human values. In many studies completed over the last ten years, it has been well documented that 90% of the consumers who know about cooperatives, will choose to do business with a cooperative, price and quality being equal. Consistently, polling in the USA has shown that, price and quality being equal, people prefer to buy a product from a co-operative. People are attracted to businesses that are grounded in human values and that are focused on serving their needs.

If a cooperative moves away from this core structure and focuses only on profits, it cannot claim a cooperative advantage. When credit unions decide to act just like a bank, when an electric cooperative acts like a for-profit utility company, when a farmer-owned cooperative acts without concern for the farmers' interests, they cannot market their cooperative advantage. Though many of their owners may be participating in the business because they believe it to be more ethical or to have their interests in mind, if a cooperative that is not concerned about ethical operations or member benefits attempts to market themselves as such, the message will likely cause more damage than good.

A cooperative's advantage is strengthened or weakened by the degree of alignment among the values and needs of member-owners and the actions of the board and management. When members join together to found a cooperative, it is focused on their values and needs. If, subsequently, board and management do not align the operations of the business to focus on cooperative values and member needs, there is no cooperative advantage. If the board and management do, the advantage is strengthened.

	Consumer Owned Cooperatives and Purchasing Cooperatives	Worker-Owned or Producer-Owned Cooperatives
Advantage to Members	Access to quality products and services, fair prices, excellent customer service, trustworthiness, community support, cooperative values and ethical business practices	Employment or access to markets and support for value added processing; cooperative values and ethical business structure, community support
Advantage to Consumers	(Same as above)	Access to quality products and services made by the owners, supporting producers/workers, community support

The owner-members in consumer-owned cooperatives and purchasing cooperatives are looking to their cooperative for access to products and services, fair prices, excellent customer service, trustworthiness, community support, cooperative values and ethical business practices. The owner-members in a worker-owned or producer-owned cooperative are looking to their cooperative for employment or access to markets and value added processing, community support, cooperative values and ethical business practices; they give a quality commitment to their customers.

Cooperatives have a structure that pushes them to deliver on these promises. Investor-owned businesses have a structure that pushes them to deliver profits to shareholders. Visionary leaders in for-profit businesses can implement excellent business practices. They have proven these values-business practices are profitable, and therefore have received support from their shareholders. Board and management not aligned with the needs of their members can fail to deliver what their members and customers are looking for, ie, there is no guarantee a cooperative will bring advantages to its members or consumers, but the cooperative structure gives members a legal mechanism to push for these results.

While it is clear all cooperatives have advantages that arise from their ownership structure; it is also true that they have disadvantages. These might include negative consumer attitudes toward cooperatives, speed of decision-making, reporting requirements, legal restrictions, or access to capital. In countries where cooperatives enjoy cultural and political support, many of these issues are not disadvantages; these challenges are not imbedded in the cooperative nature of the business, but emerge from the non-cooperative nature of the society.

Respondents in the study are reporting a wide range of cooperative advantages. Generally, respondents have one or two in mind when asked an open-ended question, but when presented with a list of options, they generally acknowledge most on the list. Over the course of the interviews the following list of advantages seemed to generally be invoked:

- Member owned; democratic principles, advocacy, distribution of profits
- Community commitment & interaction; opportunity for development of community leaders
- Great customer service
- Member education
- Employee education
- Cooperative buying power; economic advantage
- People helping people
- Producer (farmer) linkage with consumer; fair trade
- Cooperatives are trustworthy
- Cooperatives are local

“Member owned” is the single most invoked cooperative advantage, but further discussion reveals a wide variety of interpretation of this statement, and therefore also associated underlying benefits. Although the member-ownership structure is the fundamental difference between a cooperative and a for-profit business, it is not necessarily something that can be used effectively in member communications or marketing. There is market research showing that consumers have concerns about personally accepting the responsibility and liability associated with owning a business. It shows that while consumers wouldn’t respond to an invitation to be an owner of a cooperative, they would respond to an invitation to enjoy the benefits of ownership.

Many respondents refer back to the original seven key cooperative principles defining a cooperative, but no consensus seems to be presents as to how specifically to define resulting benefits. It seems to be more of a ‘feel’, implicit expressions of value and emotion. From the perspective of marketing and marketing research, it might be helpful to further analyze input from a range of research and attempt a more authoritative, analytically clear and explicit definition of cooperative advantages.

Research is required to determine how each membership group defines and measures the values and outcomes they are looking for in their cooperative. The first step in developing a successful MOCA program is including the members in defining the cooperative’s cooperative advantage - what it is and what it could or ought to be.

Cooperatives Marketing their Cooperative Advantage

Ninety-three (93) US cooperatives were identified as marketing their cooperative advantage through the one hundred fifty-three (153) contacts made. This group included credit unions, food cooperatives, agricultural cooperatives, worker-owned cooperatives, energy cooperatives and housing cooperatives. An additional six (6) people were interviewed for this study from five (5) cooperatives outside of the US who have developed their core identity and operations around their cooperative difference. We have included resources gathered from interviews and meetings over the last five years with more than thirty (30) additional people in the UK and Canada.

Small cooperatives are clear about their cooperative advantage; they're talking about it and leveraging it, but are generally resource constrained, e.g. to the point of doing no market research. Large cooperatives and credit unions in our sample set are less likely to leverage their cooperative advantage. It would appear that as co-operatives and credit unions are successful and grow, and as their founders age and retire, they have a tendency to begin a shift toward taking on more and more characteristics of investor owned business. This phenomenon is a major deterrent to MOCA and to long-term business success.

Some respondents commented, in the case of credit unions, it is potentially dangerous to not identify, embody, and educate members and the public about their cooperative advantage. Credit unions differ from banks in one significant way: member ownership. If a credit union decides to ignore this difference and become as much like a bank as possible, they may lose the preferred tax status and other benefits now granted to them because of their cooperative structure.

The cost for large cooperatives as they move away from this structural advantage is that their members believe this business is not different than any other business. A loss in member loyalty can impact the bottom line.

There are two primary reasons why cooperatives are not marketing their cooperative advantage:

1. They believe most people don't care; or
2. They fear a significant number of people may be hostile.

Because of these reasons, they do not think being a cooperative is an advantage or a way to achieve financial health.

The reasons cooperatives are marketing their cooperative advantage include:

1. It is a satisfying option because it aligns managers' and board members' personal values with their business.
2. It is the Unique Selling Position (USP) their for-profit competitors cannot match.
3. As they market their cooperative advantage, their internal systems become more aligned with it, and it becomes more valued and valuable.
4. It drives business success.

How Cooperatives are Marketing their Cooperative Advantage

Cooperatives are using every marketing avenue available, from television, radio, and print to house parties, prizes and email newsletters, with small cooperatives focusing on the less expensive options.

Respondents reported a very wide variety of elements in their marketing program: TV, radio, newsprint, newsletter, web site, etc. Examples standing out for creativity and building on cooperative advantages are included in an appendix to this report.

Respondents generally reported fair satisfaction with the success of their marketing programs:

- 36% were “very satisfied”
- 40% were “satisfied”
- 24% were “somewhat satisfied”
- 0% were “not satisfied”

At the same time, there was a clear expression of regret over budget constraints reducing the overall marketing effort. Respondents wanted to do more marketing. Their own answer was generally either (1) hoping for commercial success allowing further investment in marketing, or (2) marketing collaboration with other cooperatives, either regionally or industry related, e.g.:

- “We have [a full time employee] putting in time looking at opportunities to focus on the co-op principle, ‘cooperating with other cooperatives’. We’re looking at ways to work with other coops [in our region, across industries].”
- “We can elevate the coop movement by standing with each other. We have been independent in the past, but all will gain from cooperation among cooperatives. It is a key part of our success already today and we will increasingly work with other cooperatives.”
- “We will do less ourselves and more in cooperation with other cooperatives, regionally or nationally.”

Of the 42 respondents that reported having identified their cooperative advantage and integrating it into marketing programs, the following levels of integration were indicated:

- 48% stated integrated in all marketing
- 7% stated integrated in most marketing (about 75% of their marketing)
- 33% stated integrated in about half of their marketing
- 11% stated only integrated in minimal parts of their marketing

The qualitative data clearly indicates a significant group that is “true believer”, i.e. seeking to leverage their perceived cooperative advantages in all parts of their operations and communications. This is the group that generally agreed with the statement: “Our success is based on, and dependent upon, marketing our cooperative advantage” in Question 19. As example, one manager stated:

“I keep a poster of the cooperative principles and values on my wall in front of me and always refer to them when I seek guidance on making a certain decision”.

Overall, distribution of answers fell as follows:

- 59% stated that their “success is based on, and dependent upon, MOCA”
- 41% stated that their “success is influenced by MOCA”
- 0% stated that their “success is not influenced by MOCA”¹

Organizational misalignment was evident from some respondents, e.g. one manager reported that he saw cooperative advantages as essential to their success, whereas the cooperative board was “less convinced”.

Cooperatives that are Marketing their Cooperative Advantage fall into one of three groups:

1. **IMAGE MARKETING:** Market a narrow range of advantages.
2. **ALIGNED MARKETING:** Align marketing efforts with business operations; enhance and communicate their advantage to customers.
3. **FULLY INTEGRATED MARKETING:** Integrate a focus on their cooperative advantage in all business operations and communication with members, staff, customers, and the community.

In cooperatives engaged in IMAGE MARKETING, a cooperative advantage was identified and communicated to the public. Often public relations, member communication and staff communication did not build on this message.

Large agricultural cooperatives and national cooperative associations have collected significant market research on consumer attitudes toward cooperatives and toward the advantages they provide. Most small cooperatives do not have access to market research information to support their MOCA efforts.

Large cooperatives have market research and marketing resources. Electric cooperatives, credit unions, and food cooperatives collaborate on a national basis to secure these resources cost effectively. Electric cooperatives have developed a national brand, Touchstone. Credit Unions have a program at the Credit Union National Association (CUNA) focused on supporting MOCA marketing. The National Cooperative Grocers Association (NCGA) provides resources for food cooperatives through their Cooperative Advantage Program. Dot Co-op provides a vehicle for all cooperatives to raise the visibility of their underlying cooperative structure.

Worker cooperatives, housing cooperatives, and agricultural cooperatives generally do not have access to these resources on a national basis.

There are also at least two regional initiatives where cooperatives are investing in market research and marketing resources together across industry lines – bringing credit unions, food cooperatives, energy cooperatives, worker-owned cooperatives, and others together to gain access to these resources. The Vermont Association of Cooperatives and the St. Paul/Minneapolis Cooperative Business Association both provide valuable support for cooperative marketing efforts across industry boundaries. Outside the US there are structures like Co-op Atlantic where a single cooperative is owned by agricultural and consumer co-operatives where they sell products and services to each other and have jointly owned cooperative brands.

¹ No big surprise, given the group of respondents specifically were chosen based on actually marketing their cooperative advantage.

Fifty-four percent (54%) of the cooperatives interviewed reported that they conducted market research to evaluate and plan MOCA activities. Forty-six percent (46%) reported no market research or only on rare occasions. In other words, only half of the respondents marketing their cooperative advantage are doing so based on market research.

As opposed to marketing programs, market research satisfaction was reported ranging from “satisfied” to “not satisfied”:

- 19% were “very satisfied”
- 38% were “satisfied”
- 33% were “somewhat satisfied”
- 10% were “not satisfied”

When further probed on this question, it became clear that “the market research that we do execute is okay”, but response was almost uniform: “we do not do enough market research”. Budget constraints were the primary reason more market research was not done. Interviews uncovered a general reliance upon ‘gut feel’ and testimonials from individual members, typically in context of member events and member desk conversations.

- “Very little formal research, going mostly on what we feel based on close relationship with customers, community, etc.”
- “We do questionnaires & surveys, last one in 2000, another one is due this year”
- “We have not done any marketing research this last year”
- “We did survey our members a few years ago - seems that it's time to do it again”

The issue of budget restraints brings up a significant issue. If you know that putting a freezer in your store would make money, it would not be prudent to fail to install the freezer. Since we know that conducting market research increases financial health, it is not prudent to fail to conduct market research. Since our accountants are primarily focused on giving a history of financial performance rather than on looking at the cost of lost opportunities, cooperatives do not often analyze the cost of their lack of investment in market research.

Three respondents, all reporting business performance well above industry average, stood out with positive testimonials related to market research:

- “If we only have a dime to spend, we'll spend several pennies on market research. We just finished focus groups in Jan and got great info. Our research falls into two buckets. We spend a fair amount of money (six figures) on third party research - AC Nielson data, IRI data, scanning data - the data that says how our product went through the stores. On the consumer side, in the last 12-15 months we've been doing focus groups - creative concepts, media message, packaging testing. Every three years we do a pulse check with the local college and look at the demographic makeup of our primary consumers.”
- “[We do] two kinds of consumer research every other year, i.e. a phone survey on credit union members and non credit union members related to what they think about cooperatives - last one was done in 2002 - will do again in 2005. In 2000 the responses indicated that members were not aware of the technology services - in 2002 the awareness was significantly raised! We are getting ready to do a branding study with members and non-members.”

- “Last year, we conducted three focus groups 1) members 2) consumer non members 3) people who have never set foot in the store (gave \$25 Gift Certificates to people - very successful)”

Questions related to what was learned from market research came in all types naturally dependent on subject and form of market research. There seemed to be no standards or benchmarks for market research applied among respondents doing market research.

Only a handful of respondents even mentioned availability or use aggregated national or industry studies. Mixed comments were offered related to their applicability or value, generally either “great, very valuable”, or, “we don’t fit into the mold so the data is not really relevant for us”.

If we assume that market research results are essential for designing and measuring the effectiveness of a MOCA effort, and we assume market research activities are too expensive for most small and medium sized cooperatives to secure, then collaborative efforts to secure market research are required.

Here is an example of an illustrative story told to us:

- “A manager decided to hold kitchen meetings, as members did when they founded the cooperative. He wanted to disseminate information to members. There was no research verifying that members were interested in kitchen meetings; the manager was interested in one-way communication rather than in fostering a dialogue with members. The kitchen meetings didn’t work. Research helps managers stay in touch with what members want and value.”

Barriers to regional and industry collaboration include: negative beliefs about cooperatives in general or about other cooperatives in particular, competition with other cooperatives within industry sectors, or, lack of understanding what is often quoted as the sixth fundamental principle of cooperatives: cooperation among cooperatives. These barriers need to be addressed in order to build the support services required for MOCA campaigns to be successful.

MOCA Impact on Business Performance

Cooperatives marketing their cooperative advantage are performing above average for their industry:

- 41% reported business performance above industry average
- 54% reported business performance similar to industry average
- 5% reported business performance below industry average

A majority of respondents indicated a link between marketing their cooperative advantage and their business performance². All respondents (100%) believed that MOCA drives or influences their successful business outcomes.

- “It has made the work of the co-ops more visible and effective”.
- “We are successful because people want to live in a cooperative and we are a great cooperative”
- “As we embark on making MOCA more of our day to day strategy and tactics, it makes people more and more aware of using our members to help deliver a portion of our members, this action helps serve to reinforce that that's what we're all about, for our members and for our employees.”
- “People look at us differently in the business community and we now have more respect and inclusion in the core business group”.
- “Earlier a struggling business with single-minded focus on survival. Now, expansion & bandwidth to think deeper about being coop. Board level, a lot of discussions, multiple bottom lines, balancing efficient business w other goals.”

Of the 93 cooperatives identified to be marketing their cooperative advantage, 19% were engaged in IMAGE MARKETING, marketing a narrow range of advantages; 39% were engaged in ALIGNED MARKETING, aligning marketing efforts with business operations and communicating their advantage to customers; 42% were engaged in FULLY INTEGRATED MARKETING, integrating a focus on their cooperative advantage in all business operations and communication with members, staff, customers, and the community. While the results of this study cannot be said to be statistically significant, the data suggests a correlation between Fully Integrated MOCA Marketing programs and business success. Additional research is required to verify this theory.

Interviews indicated variations in management strategies and cooperative evolution impacting MOCA attitudes. When a cooperative begins, the founders focus their cooperative on their values and needs. Some hire managers to run their business and expect the board to sustain the relationship with members. Other cooperatives expect their manager to manage the business as well as the cooperative. The later yields a real cooperative difference that can be marketed. The former often does not.

Most of the managers of FULLY INTEGRATED cooperatives embraced cooperative values. Our interviews also surfaced managers who assumed their management position without any training or orientation in cooperative management. They learned about their cooperative's advantage from member and customer research. They noticed that these advantages provided them with a unique market position, and that the only way they could use these advantages in their marketing efforts was to fully engage the business in achieving them.

Cooperatives interviewed make a number of resounding points. MOCA is not a simple marketing gimmick. A cooperative that is not different cannot market being different without profound risk of a

² “Business performance” was defined widely for respondents as being a success measure based on an amalgam of their multiple bottom lines.

backlash from staff, members and the general public, not to mention damage to other co-operatives. MOCA is not about ads, signs and slogans it is about whether or not a cooperative is ready to be successful by operating like a cooperative. MOCA is a business planning and development strategy. The higher the quality of application of cooperative values to the business, the greater the appeal to people and the more potential for success. MOCA is about asking, “I know how that would be done in an investor owned business but how would we do it differently in a cooperative given that the purpose of the business is different.” MOCA is not just a feel good strategy but also a strategic direction toward becoming a successful cooperative business.

What marks the cooperatives with FULLY INTEGRATED MOCA efforts is that they are intensively involved in creating a powerful cooperative difference that becomes a powerful co-operative advantage. As MOCA becomes not just an ‘add-on’ but an integral part of co-operative business strategy, separating MOCA spending from total expenses becomes less possible. The UK Co-operative Commission, set up by the Blair government to examine the future prospects of co-operatives in the UK developed the Virtuous Circle to describe how defining and living their social goals creates their competitive advantage, which, in turn, creates their commercial success, which, in turn, allows them to more closely align with their social goals and build a strong competitive advantage.

Clearly, were it not for many people in each of the co-operatives who played creative and decisive roles in moving the creation and marketing of the co-operative business difference, there would have been no result. The FULLY INTEGRATED cooperatives have benefited from remarkable cooperative leadership at the board, management and staff levels.

Measurement is key. In addition to asking our accountants to measure the financial health of our cooperatives, we also need to develop the capacity to measure our progress toward meeting the non-financial goals our cooperatives have established – toward achieving our cooperative advantage. The data generated in this non-financial accounting system then provides the basis for our cooperative marketing program – communicating the ways we have built a real difference.

It costs the Cooperative Bank in the UK six million dollars a year to support their MOCA program in declined business opportunities (e.g. because of incompatibility with ethical standards), marketing & PR costs, market research, and additional operations costs. They believe they receive thirty million (!) in savings and increased business. The FULLY INTEGRATED cooperatives we interviewed show that MOCA works. Far from bankrupting the cooperative businesses involved they have had a positive impact on the business.

Future Plans

Respondents uniformly agreed on the value of marketing their cooperative advantage, and indicated an upward future trend:

- 63% would increase marketing their cooperative advantage
- 47% would continue at same level
- 0% would decrease MOCA

Asked about future plans, a consensus was clear around increased collaboration with other cooperatives, as already mentioned related to marketing plans above:

- “Piggyback on what national & regional organizations are doing. Impressed with their work. Magazine planned, key phrases, looking forward to Coop seal of approval. Some bad coops out there that should be weeded out. Elevate by standing with each other. Very independent in the past. All will gain from cooperation among cooperatives.”
- “Continue working with [our national industry association]: you are able to get this product at this price because we are working with cooperatives”

Future plans also focused on customer service:

- “One of the efforts we are most excited about is that created by our Education and Member Services Director to emphasize customer service. Though we have always felt our customer service standards are high, they can always be higher and can certainly separate us from the competition.”

More market research:

- “Through the research we try and be smarter. Trying to maintain an open conversation with our consumers, anticipate/hear their needs.”
- “Follow up studies: (1) secondary research into [the individual cooperative advantages we have identified; what do they really mean] (2) tactical research: monitor penetration of key marketing themes, is messaging reaching audience?”
- “We would like more resources in marketing tools - how do we measure our marketing tools”
- “Do more market research to find out how to capitalize on the new membership opportunities presented by moving our main store; shoppers survey to find out about demographics and product preferences as well as testing for how important it is to our members that we are a cooperative.”

More MOCA:

- “Hang the cooperative principles and mission over the door and paint them on store walls!”
- “Ramp up education efforts at the store level, change new employee orientation and training to incorporate more focus on cooperative advantages; define our vision and identify how we can tie our vision into our marketing and outreach”

Recommendations

Overwhelmingly, all respondents showed strong interest in the concept of marketing their cooperative advantage. Even those that are not doing such marketing today indicate an interest in learning more about the subject. Almost all respondents in the in-depth interview requested further information on MOCA, resources and best practices, and a majority specifically suggested a web site set up as online resource.

Since the MOCA research began, we have seen a positive development and maturing in the multi-bottom-line management of cooperatives. However, our research also showed that many cooperatives only are leveraging their cooperative advantages in isolated areas of their operations.

To translate our cooperative advantage into more successful cooperatives, education and training programs, market research, and marketing resources need to be developed for member-owners, end customers, boards of directors, managers and employees.

1. MOCA Symposium

A widespread interest in the results of the MOCA research was confirmed. We suggest gathering MOCA leaders for a two-day MOCA Symposium. The goal of this symposium would be to discuss and gather feedback on findings, share best practices, and conduct strategic dialogue on future actions to develop and support a MOCA community.

The MOCA Symposium would be launched by selected MOCA leaders presenting keynotes from various cooperative industries. The first part of the day would consist of an in-depth review of our findings, with ample time for analysis of results. In support of education and collaboration, we would then like to invite specific organizations to give Best Practice presentations on how they have successfully marketed cooperative advantages. Also, discussions should be focused on opportunities for enhanced national, regional, or industry-wide cooperative collaboration.

In compiling the list of invited presenters, consideration will be given to diverse representation of industry, geographic location, and type of MOCA advantage involved. Every effort will be made to ensure that the presentation contents can be generalized to most types of cooperative organizations. The last part of the day, our “think tank”, would be focused the brainstorming of future strategies to address findings and newly identified needs related to our goal of developing and supporting a MOCA community.

Suggestions for Best Practice presentations include: Oxford Swindon and Gloucester (UK), Cooperative Bank (UK), Cooperative Group (UK), Co-op Atlantic (Canada), VanCity (Canada), Agri-Mark/Cabot; Twin Cities Network, Vermont Cooperative Association, Touchstone Energy (TSE Services), Cooperative Grocers Association

2. MOCA On-Line Community

Most of the organizations contacted are interested in tools and techniques for more effective MOCA and market research programs. We would like to initiate and develop a MOCA On-Line Community comprised of MOCA organizations from across industry sectors. Examples of how a MOCA On-Line Community could support organizations marketing their cooperative advantages include:

- a. Develop MOCA list serve
- b. Collect and publish MOCA Best Practices
- c. Profile MOCA leaders
- d. Conduct on-line surveys with MOCA leaders
- e. Publish ongoing list of MOCA related events and activities
- f. Publish a list of cooperative vendors
- g. Discuss, evaluate, and generate new ideas
- h. Gather market research, tools and techniques to support cooperatives to implement effective MOCA programs.
- i. Develop MOCA newsletter material that can be syndicated by member organizations for their own newsletters and web sites.

This online resource would allow for sharing MOCA program success stories, testimonials, case studies and market research tools.

3. MOCA Education and Development Initiatives

- a. MOCA for Management: Integrate a MOCA focus into Strategic Planning with Boards and Management groups to identify, analyze, research, validate, communicate and become their coop advantage....to facilitate alignment of actions with values. The key objective is to grow understanding that MOCA is not just a marketing program, but a comprehensive business strategy that has to permeate all aspects of a cooperative.
- b. Develop similar programs for other stakeholder groups, e.g. MOCA for Member-owners, MOCA for Employees, and MOCA for Customers, i.e. help organizations weave MOCA communication into the fabric of relationships between stakeholder groups through marketing, membership and human resources avenues.
- c. Assist organizations develop good methods of capturing information to be able to track and measure the results of doing MOCA, e.g. develop benchmarks for response-rates, meeting participation, voting, and other criteria indicating a healthy cooperative.
- d. Develop certification or standardization process for cooperative businesses to elevate credibility and minimize misuse/exploitation of cooperative business.
- e. Provide support services for cooperatives in need of critical turn-around services when in crisis.
- f. Encourage cooperative business education for cooperative managers with the objective of increasing the number of management leaders who fully grasp the success potential of the cooperative difference. A notable opportunity is presented by the Master of Management - Co-operatives and Credit Unions Program launched by an international third tier cooperative.

The program is designed to enable managers to create the co-operative difference to achieve business success.

4. Further MOCA Research

- a. Form a cooperative market research consortium with participation costs prorated to enable smaller cooperatives to benefit.
- b. New primary research. While this research may be proof enough for many, NCB may consider gathering statistically significant data to prove that an integrated approach to MOCA unequivocally drives business success. Get answers from 80 or more cooperatives doing MOCA that will correlate their MOCA category (image marketing, aligned marketing, or fully integrated), their business success (at, below or above industry standards), and their assessment of the affect MOCA had on their success (success dependent upon, influenced by, or no way influenced by marketing our cooperative advantage).
- c. Secondary research. Gather the market research being done by cooperatives, compare results and analyze it. Feed the results back to participating co-operatives.
- d. Research cooperative disadvantages, in relation to each stakeholder group, determine whether they are real or perceived and, where appropriate, how to overcome them.
- e. Identify perceived and real barriers to MOCA, along with the development of solid strategies to address and overcome these barriers.

5. Support of Cooperatives engaged in MOCA

- a. Find solutions for supporting smaller cooperatives, generally engaged with MOCA, but having few resources. These might include 'marketing and market research templates' that could be shared at low additional costs.
- b. Develop programs focused on engaging large cooperatives in MOCA programs. As this study has shown, this will likely improve their business performance, but, in addition, significant impact on the entire cooperative movement could be achieved if such large marketing budgets were increasingly focused on MOCA.
- c. Here are some sample ideas:
 - NCB might consider offering grants or investment matching with committed organizations to subsidize market research efforts that address the research gaps identified.
 - NCB might consider issuing collaborative research grants supporting a group of cooperatives to work together to conduct and utilize MOCA market research.
 - NCB might considerable some type of favorable business loan program for business loans to organizations who can demonstrate their commitment to MOCA.

APPENDICES

US MOCA Examples

Agricultural Coops

- a. AgriMark
- b. Cabot
- c. Dairylea
- d. National Grape
- e. Maryland & Virginia Milk Producers
- f. Florida Natural
- g. Organic Valley Family of Farms
- h. Colorado Natural Beef
- i. Tuscarora Organic Growers
- j. Upstate Farms
- k. Pioneer Valley Growers Association
- l. Eden Valley Growers

Food Coops

- a. National Cooperative Grocers Association
- b. Valley Natural Foods
- c. Brattleboro Food Coop
- d. Co-op Food Stores
- e. Bloomingford's Market and Deli
- f. Greenstar Cooperative Market
- g. Berkshire Cooperative Market

Credit Union Coops

- a. CUNA & Affiliates
- b. CUNA Mutual Group
- c. National Credit Union Foundation
- d. Tricorp
- e. Maine Credit Union League
- f. Syracuse Cooperative Federal Credit Union
- g. Vermont State Employees Credit Union
- h. Workers Credit Union

Workers Coops

- a. Builders Commonwealth
- b. City Bikes
- c. New Seattle Massage

- d. Equal Exchange
- e. Red Sun Press

Energy Coops

- a. Touchstone Energy
- b. Florida Keys Electric Cooperative
- c. Washington Electric Cooperative
- d. Co-opPlus of Western Massachusetts
- e. Northeast Biodiesel Company
- f. Community Energy Cooperative

Housing Coops

- a. Washington Hill Mutual Homes
- b. Greenbelt Homes

Purchasing Cooperatives

- a. Thanexus
- b. Independent Pharmacy Cooperative

Cooperative Cross-Sector Initiatives

- a. Vermont Association of Cooperatives

Quotes related to Defining and Communicating Our Cooperative Advantage

“Our feeling has always been, a cooperative is an assembly of people doing something together than they can't do on their own, to the extent you can put a face on that, it makes it more real. It's an advantage for-profit businesses don't have. Show pictures of cooperative members whose whole livelihood is on the line.” – Agricultural Cooperative

“Our four major marketing messages - “We're a coop”; “We're from VT”; “We've won every major award for taste”; “Our quality is unsurpassed”. We emphasize different messages in different vehicles, but we include them all in the work we do. We do MOCA more like 100% than 50%.” – Agricultural Cooperative

“One side [of MOCA] is the systematic reflection on co-operative values so that they more and more shape business operations that are clearly different. The other side is systematic, ongoing explaining of the values and the difference to board, management, staff, members, customers, community and the public in general.” – Food Cooperative

“As we work toward making the idea real [in the process of designing our MOCA flagship store], I am conscious of how many different ways that MOCA is being referred to in the design process.” – Food Cooperative

"Hang the cooperative principles and mission over the door and paint them on store walls!" – Food Cooperative

"People value our roots in the community, educational focus - these things have made us more valued and valuable." – Food Cooperative

"Genuine commitment to community is a core cooperative advantage...it is a commitment to support and sustain a local economy." – Food Cooperative

"[Our cooperative advantage of being member-owned] is part of our on-going dialogue and foundation of relationships and runs through all of our decisions." – Credit Union

"I think we should revisit the strength of the cooperative message to credit unions! If we expect our members to differentiate themselves to their members, then we should provide a model in this area." – Credit Union

"We continue to solicit and take our suggestions from members seriously and use cooperative vendors...and we communicate to our membership that are committed to using cooperative vendors." – Credit Union

"We pull services together for our members to provide a model for credit unions to service their members; we do this in our state wide advertising, educational and training sessions with members - our message this year is that there is one for you and you are part of cooperative." – Credit Union

"Our cooperative advantage externally it is commitment to community; internally it is a commitment to the education of our employees - we are a learning organization." – Credit Union

"Internally, personal service is our cooperative advantage; externally it is our commitment to the community." – Credit Union

"We take every opportunity to promulgate the cooperative difference. Member owned and free from landlord control; people are buying a lifestyle when they come to us because they are choosing to live in a cooperative community. There are social advantages and economic advantages." – Housing Cooperative

"With another round of market research and a statewide, coordinated effort, our cooperative is going to grow. We are set up to be able to communicate with members via email. Our state has strong self-identity; regional cooperation can be very effective. During coop month in October a well-done TV ad was done reminding people of how many coops there are in our state, most people are members of several co-ops. We will do less ourselves and more in cooperation with other cooperatives, regionally or nationally." – Electric Cooperative

Quotes related to Future MOCA Initiatives

"I want somebody to tell me how to market MOCA. Our goal is to help people make connections, understand where product comes from. This study is great. I want ideas from this study. Is there a web site to go to? I'd like to see one. We should all cooperate. This study is very well timed for us. I am impatient to get the results. I want to learn from others!" – Food Cooperative

“We can elevate the coop movement by standing with each other. We have been independent in the past, but all will gain from cooperation among cooperatives. It is a key part of our success already today and we will increasingly work with other cooperatives. I wish there was a seal of approval for coops.” –
Food Cooperative

MOCA Examples
From Agricultural Cooperatives

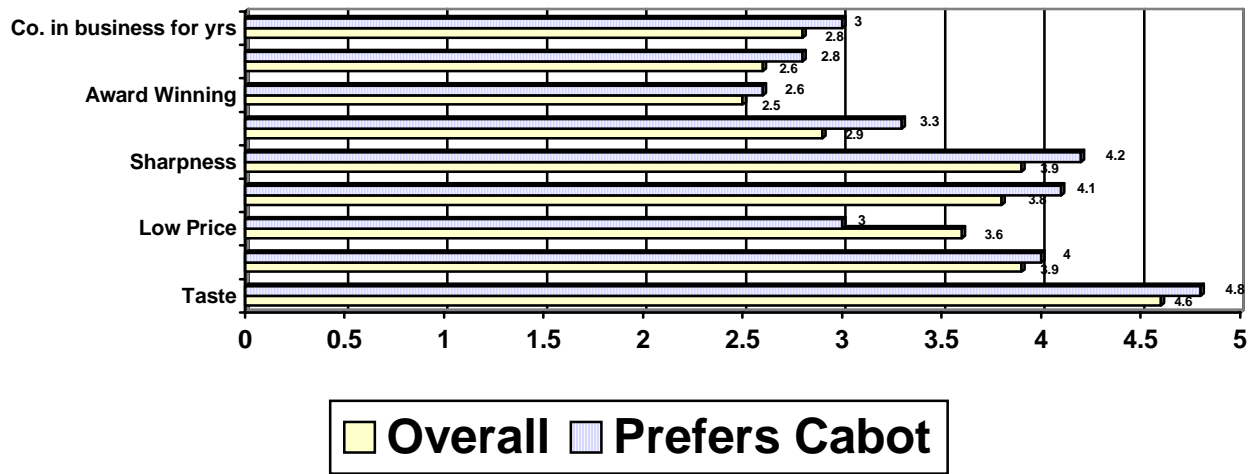
Cabot's 2004 Market Research supports their marketing efforts that let consumers know they are farmer owned in addition to having a great tasting cheese.

Most Important Attributes
By Different Types of Cheese Buyers

	Prefers Cabot Column %	Prefers Cracker Barrel Column %	Prefers another brand Column %	Cheddar brands all taste the same Column %	Price sensitive buyer Column %	Prefers variety Column %
Texture	17.3%	18.8%	23.4%	15.8%	14.3%	19.0%
Made by a company that has been in business for many years	3.5%	5.0%	6.9%	4.2%	4.8%	7.1%
Low price	7.8%	6.9%	16.6%	33.3%	36.7%	7.1%
Made by a farmer owned company or cooperative	8.7%	4.0%	1.4%	3.6%	1.6%	4.8%
The state in the US where the cheese is made	4.8%	2.0%	4.8%	4.2%	5.2%	4.8%
Because it's sharp	32.9%	32.7%	20.7%	20.0%	21.5%	31.0%
All natural ingredients	22.9%	29.7%	24.1%	16.4%	15.5%	23.8%
Award-winning	2.2%	1.0%	2.1%	2.4%	.4%	2.4%

Rating of Cheddar Cheese Attributes

(scale ranged from 1 to 5, where 5 is extremely important)



MOCA Examples
From Consumer-Owned Grocery Cooperatives

Excerpts from a Market Research report from the National Cooperative Grocers Association



We Asked—They Told

Presented by: Cathy Combs, Vice President, C&R Research
Robynn Shrader, Executive Director, NCGA

The following is a summary of the findings report from the consumer research conducted 2003 in New Hampshire and Seattle. This was a qualitative study, using ethnographic techniques designed to draw out the values and belief systems that drive consumer shopping behavior; while filtering out the aspirational elements of what consumers will typically report about their attitudes toward wellness.

The Food Store Competitive Landscape:

The good news is that there are needs in the marketplace that are not being fully met. While both of the markets visited were generally well served, there still are unmet needs that co-ops are in a perfect position to address. There also are clear branding and positioning opportunities for co-ops --perceptual areas that co-ops can own.

Consumer's Perceptions of Co-ops:

Much of our discussion with consumers centered on co-ops and where they fit in this competitive landscape. We were interested in understanding not only what inspires consumers to shop at co-ops in the first place, but, equally important, what prevents them from stopping in more often. We were also anxious to hear why some Mid-Level consumers had never set foot in a co-op.

Core consumers still appreciate the co-op structure. But most Mid-Level consumers view co-ops simply as another food store.

Co-ops as an entity seem to be struggling for relevance. Many younger consumers today know little, if anything, about co-ops. Co-ops are not a familiar model like they were in the 1960's and 70's when social activism was a central focus. So young consumers today have no context to fully appreciate the goals and aims of co-ops. Younger consumers also grew up in the era of big chain retailers, so they may not really appreciate the benefits of having one's food come from a store that's owned and operated by people who reside in your community.

Moreover, there are many more places to buy natural foods today. Unlike in previous decades, when healthy food options were limited, consumers today have ready access to a wide array of natural foods, so there's less of a need for an organization to seek out healthier food options, as well as more direct ways to support local agriculture. Lots of communities sponsor farmer's markets, and many farmers now sell directly to consumers. So consumers can support local agriculture without needing a "middleman" like a co-op.

Nor do consumers receive the same intrinsic rewards that they may have previously received from co-op membership. Admittedly, consumers today have little time to devote to a cause like a co-op. Yet co-ops today require little of their members beyond purchasing shares. So consumers don't feel personally rewarded for their membership because they didn't "do" anything. The sheer size of modern co-ops like The Co-op Food Store and PCC also fuels feelings of disconnection.

Co-ops also lack a modern image. Co-ops have a tendency to soft pedal their stores using old-fashioned "Yankee thrift" approaches to advertising (e.g., listing of sale products) rather than taking advantage of more aggressive marketing tactics (e.g., publishing colorful circulars) to promote their businesses. This makes Mid-Level consumers in particular question whether co-ops are really a part of modern life today or simply a retro throwback to a different time.

Co-ops are also perceived as harboring a dated perspective on health. Consumers today often use a combination of approaches - traditional medicine, alternative approaches, diet, etc. - to address health issues. Yet co-ops often only focus on the holistic, giving the impression they are not up on developments in modern medicine. They also

may ignore needs (i.e., alternatives for diabetics) because products that would benefit such consumers don't mesh with belief systems (i.e., diabetic products often contain artificial ingredients).

What is distinctive about co-ops is that they do deliver a very “real” and authentic food shopping experience. Unlike Whole Foods, they are not museums dedicated to natural foods, but places to go to directly interact and learn about wholesome foods.

The perceived experience is very much akin to shopping at a local ethnic market.

Since their signature products are natural and fresh, consumers are forced to get involved to figure out what to purchase, how to prepare it, and how to put it all together.

So if Co-ops seem to be struggling for relevancy, why do consumers shop at co-ops?

The answer to this question depends upon whether you are a Core or Mid-Level consumer.

The primary goal of this research was to articulate what NCGA and individual co-ops should be doing to “expand the circle” by encouraging more Mid-Level consumers to patronize co-op stores. It's clear from everything learned that Mid-Level consumers are different animals when it comes to food shopping behavior. Unlike Core consumers, they want to “evolutionize,” not revolutionize eating behavior. They care more about quality than nutritional integrity or origin per se.

Even how Mid-Level consumers actually shop is different. They respond more to primal stimulation than information. Mid-Level consumers also expect modern marketing approaches will be used to entice them to come into the store. They like to be wooed with colorful circulars or highly descriptive radio ads. Because they are more sensory than cerebral, they enjoy the visual impact of carefully choreographed product displays that showcase the sensory joy of food. For Mid-Level consumers, it's the food, not the story behind the food, that's the star.

It is also clear that co-ops as an entity lack a compelling identity. Not only is there a limited sense of what co-ops are, but also what makes shopping there a valued and unique experience. With no clearly defined positioning, consumers often fall back to what they know. That's why Mid-Level consumers have so many psychological hurdles regarding co-ops. Their image is often based upon old paradigms of co-ops (leftist hippies who wear clothes made from natural fibers), not the new realities of how co-ops are adding value in the marketplace today, such as working with local farmers to provide unusual varieties of fresh produce.

This need for a relevant positioning is even more urgent given the proliferation of chain natural foods stores that do have a clear sense of self. Trader Joe's owns “cheap sensory adventure.” Whole Foods is “the modern way to eat healthy.” So what are co-ops?

The first place to start is to give co-ops an updated, distinctive and compelling brand identity. There are several important criteria this positioning must meet.

- It is critical that this positioning extend a nod to the value systems of Core consumers. Co-ops cannot afford to alienate their primary constituency.
- But it should hit at the heart of what Mid-Level consumers value most in terms of a food shopping experience. Not only what they seek in food, but the underlying motivations for wanting to eat more wholesome foods.
- It also must accurately describe the full spectrum of co-ops. The message must capture the essence of co-ops that only carry natural foods to co-ops that offer more indulgent food offerings along with natural foods.

The good news is that Core consumers are ready for such a positioning. In both group discussions and individual interviews, Core consumers commented *unaided* that they thought co-ops should modernize their image and adopt

more aggressive marketing tactics to entice more consumers to patronize co-op stores. Otherwise, co-ops could disappear altogether, “and then Corporate America would win.”

A positioning that meets all of the strategic criteria is *that co-ops are about the simple joys of life*. “Simple joys,” means:

- Co-ops are a place to gather
- To fully experience food in an up-close and highly sensory way
- The food there is fresh, with limited processing – so it not only tastes good, but also is intrinsically good for you
- The staff are equally passionate about food – and want to share ideas that will allow you to enjoy these simple joys everyday, no matter how hectic or crazy your life is
- Regional tastes are celebrated
- Co-ops are the bridge between local producers and consumers who highly value fresh quality foods
- The promised experience is similar to a local farmer’s or ethnic market.

This positioning accomplishes a number of goals. Both Core and Mid-Level consumers aspire for Simple Abundance so it hits a meaningful emotional chord. It’s also distinctive from Whole Foods and Trader Joe’s. Whole Foods is focused on healthy modern living which is somewhat judgmental, (“this is the modern model for how you should live.”), while this makes no such judgments. Nor is it pure sensory adventure like Trader Joe’s. Consumers do feel better about what they are eating because the positioning reinforces the foods are naturally good for you.

It has dual meaning, so Core and Mid-Level consumers can both take away from it what’s most important to them, rather than coming up with a positioning that strongly appeals to one audience or the other. Core consumers will equate simplicity with nutritional integrity. Mid-Level consumers will associate simplicity with wholesomeness and sensory pleasure. It connotes value, an important mantra both for Core and Mid-Level consumers, because real foods deliver the most sensory pleasure and health benefits. Plus, the assumption is that they will stay fresher longer. It also may make Mid-Level consumers more comfortable with “causes” like local sustainable agriculture – we support it because doing so enhances quality of life.

So where do we go from here?

We asked the consumer to tell us what they thought, and they did. It is now our job to take what we learned and use it to effectively articulate messages and a positioning that considers what they said—while enhancing it with what we have not said well enough to date. For example, consumers did not report back to us much embrace of the cooperative model of doing business, because it is not high in their field of awareness when it comes to grocery shopping. So, we don’t force-feed it as our primary message, but we approach them about their own immediate needs around food (which they are expecting) and interweave our additional messages in an effective way. To say it another way: we “lead” with what they are expecting to hear about and embellish with what we want to teach them. There is much to be done to lead local, regional and world change! We don’t have to give up our activism, just alter our delivery for better consumer penetration. Change will happen when we effectively reach more people than we currently do.

The consumer told us many things that they appreciated about us in contrast to the competition. We focus on those, and do better at interweaving the things we want them to appreciate. When we test again in a few years, we hope that they report back an embrace of some new concepts, because of our efforts, that did not come out in this round. It is not time to alter who we are, but to make our marketing efforts more strategic to where the consumer is today in their perceptions. We as a movement have not done this to date--i.e. worked in concert with each other from a consumer-centric research platform. This is a great opportunity, and one that we can take in measured, deliberate steps.

MOCA Examples
From Credit Unions

MOCA Examples
From Worker-Owned Cooperatives

The story of 11 co-ops and 1 chocolate bar

Celebrate Cooperatives – an alternative for farmers, workers & consumers



(You may consider including the two logos above with the article.
Below the twin pine co-op logo it should read “international co-op symbol”)

Equal Exchange, a worker co-op & leader in Fair Trade, offers some food for thought for national co-op month

West Bridgewater, MA – Did you know that you’re already part of the solution? You are because you shop at a consumer cooperative. Cooperatives tackle directly the problem of how our economy often works for a few, and not for the many. And because October is national co-op month this is a good time to remind co-op members how they are supporting an enterprise that puts you, the community and democracy first, and profits second (or even third or fourth). In a world where corporations seem willing to sacrifice everything for the sake of maximizing profits, stock price, and CEO salaries, cooperatives stand apart as an encouraging, viable, and just economic alternative.

There are all kinds of co-ops: consumer co-ops, farmer co-ops (Organic Valley is one), worker co-ops (Equal Exchange), credit unions, etc. And many things make co-ops special, but most of all that by uniting the work and capacities of many, many individuals – the “little guy” – into a democratic organization they begin to level the playing field and create new, more equitable economic possibilities for all of us.

Not only is your co-op making a difference in your community, but co-ops are helping millions of people across the U.S., and around the world. For Examples, let’s look at a single product: Equal Exchange’s new line of Fair Trade Certified™ chocolate bars.

One of these simple chocolate bars refutes what the media would have you believe, namely that only huge corporations can handle the complexities of international business in this age of globalization – where the ingredients, processing, and distribution of a product can span many countries and continents.

For starters, all the key ingredients for these chocolate bars — cocoa, sugar, and milk — are certified organic and produced by democratic small farmer cooperatives. In these producer co-ops, farmers organize to market their agricultural products collectively, electing a board of directors who hire staff to run daily business. Revenues in producer co-ops are distributed equitably and transparently. These farmer co-ops are critical to increasing their member’s otherwise meager incomes and to democratizing the economies of these rural communities.

The cocoa for the chocolate bars is provided by three different cooperatives: CONACADO in the Dominican Republic, plus the CACVRA and El Quinacho cooperatives on the edge of the Peruvian Amazon.

The sugar is provided by three groups in Paraguay: the Montillo, Arroyense, and Manduvirá cooperatives. The milk, for the milk chocolate bars, is provided by America's own Organic Valley cooperative.

The sourcing of the ingredients is coordinated by another worker cooperative, La Siembra, in Ottawa, Canada. Like Equal Exchange, La Siembra is also a 100% Fair Trade organization, but with a specialization in cocoa and sugar products.

The ingredients are all then sent to a venerable gourmet chocolate company in Switzerland to be converted into chocolate bars. Afterwards they are shipped to us, Equal Exchange, a 65 member worker co-op south of Boston, where we handle all the public education, marketing, sales, distribution, and customer service. In these worker co-ops, employees own the company on a one-person/one-share basis, and elect the board from their own ranks. The directors in turn oversee the company's management. Employees at Equal Exchange, and most worker cooperatives, also share in year-end profits or losses.

Lastly, the bars go out to hundreds of consumer cooperatives like yours, for final sale. Ideally they'll be enjoyed with a cup of organic coffee supplied by yet other farmer cooperatives, with a dash of co-op produced cream and sugar.

It's common enough today for the value chain of a chocolate bar to span six countries and three continents, **but** it's exciting when that chocolate was brought to you by eight farmer cooperatives, two worker cooperatives, and your own consumer cooperative, working together across thousands of miles, and with a shared sense of purpose. Thanks to cooperatives you, too, can be a part of this 'grassroots globalization', helping to sustain an economy that works for everyone.

- Rodney North, Equal Exchange co-op member & board director. rnorth@equalexchange.com



author, Equal Exchange co-op member Rodney North, sharing a chocolate bar with C.A.C.V.R.A. co-op member and cocoa grower, Luis Diaz Aylas, Rio Apurímac, Peru. August 2004

MOCA Examples
From Energy Cooperatives

MOCA Examples
From Housing Cooperatives

**MOCA Examples
From Small Business Purchasing Cooperatives**

MOCA Example of a Cross Sector Cooperative Initiative

Example of a Cross Sector Initiative

October 2004 Press Release from the Vermont Association of Cooperatives

OCTOBER IS CO-OP MONTH

(Montpelier, VT) In an effort to raise awareness of co-ops and to educate Vermonters on the role and benefits of co-ops in their community, a number of Vermont's leading cooperative businesses have come together to celebrate co-ops and their commitment to community by forming "The Vermont Alliance Of Cooperatives". Members of the Vermont Alliance of Cooperatives include the Burlington Community Land Trust's Cooperative Housing Program, Cabot Creamery Cooperative, Onion River Co-op/City Market, Vermont Electric Co-op, Vermont State Employees Credit Union and Washington Electric Co-op.

"Our goal is to call attention to the role that all co-ops play in Vermont and the many benefits they offer their members," states Roberta MacDonald, Senior Vice President of Marketing for Cabot Cooperative Creamery. "We invite all Vermont co-ops to participate as possible in this effort."

Over 300,000 Vermonters belong to co-operatives, including food, electric, housing, agricultural and credit unions. Based on a national survey conducted in 2003 regarding the perceptions of co-operatives, respondents overwhelmingly express a preference for co-operatives believing them to be trustworthy and able to be counted on to meet customer needs.

Co-operatives are businesses that are owned and operated for the benefit of those who use its services ~ its members. For co-ops, commitment to community is what it's all about as we serve the communities in which our members live, work and shop.

"Cooperatives represent the very essence of community and neighborliness," states MacDonald. "It is the investment of not just money, but hard work, passion and ownership by our farmers that is the secret behind Cabot's success and these same values and benefits are universal to the co-operative structure."

During "Co-op Month," several Vermont cooperatives are hosting events highlighting their work as a cooperative organization. Following are details:

Activities of Vermont Co-ops during “Co-op Month”

Burlington Community Land Trust

Event: “October Co-op Gathering”
Date: October 23, 2004
Time: 12 noon – 2:30 p.m.
Location: Multi-Generational Center, 241 N. Winooski Ave., Burlington

Onion River Co-op/City Market

Event: Harvest Food Fair
Date: Saturday, October 2, 2004
Time: 11 a.m. to 3 p.m.
Location: Onion River Co-op/City Market
Purpose: A celebration of Vermont’s bounty and community spirit

Vermont State Employees Credit Union

The VSECU is celebrating International Credit Union Day on October 21, 2004. Credit unions in 94 countries around the world are in business to help more than 120 million credit union members achieve their dreams. To recognize credit unions and the role they play in members’ lives, each year credit unions celebrate International Credit Union Day.

On Thursday, October 21, the Vermont State Employees Credit Union will be holding an open house invitation for all members and interested members. Stop by one of the branches of the VSECU for snacks, a free gift, enter a prize drawing and learn more about our financial cooperative. A display from the American Museum of Credit Unions will be located at the main branch in Montpelier from October 18 through October 22.

Washington Electric Co-op and Vermont Electric Co-op

Washington Electric Co-Op and Vermont Electric Co-op will implement a public information campaign through newsletter and member mailings reminding their members of the many benefits co-op membership holds and informing them of the many co-operative membership opportunities that exist throughout the state.

Cabot Creamery Co-operative

"From our Cooperative to your Cooperative" ~ Cabot cheese offers to bring cooperatives together and give something back to their members as a way of saying thank you. Cabot will supply co-ops with coupons to be used as an insert in a mailing and/or as a "stuffer" for a payroll. Cabot will also supply a door prize of a Cabot gift box for an Annual meeting.

In addition, on a monthly basis, Cabot is highlighting various cooperative partners throughout the country with whom we do work ~ this is under our "Cooperative Roots" section on our web site.

MOCA Case Studies from Outside of the US

The following Marketing Our Co-operative Advantage (MOCA) Profiles are related to co-operative businesses outside of the United States that were introduced to the MOCA idea between 1997 and 2002 and then acted to apply MOCA in various ways and degrees in the years since first exposure. For the most part they were co-operatives whose senior staff members were present at one or more of the following events:

- Marketing Our Co-operative Advantage conferences in the Boston area organized by the partnership of Lynn Benander and Andrew Ferguson of CDI and Tom Webb of Global Co-operation
- 1999 ICA Congress MOCA presentation by Lynn Benander and Tom Webb
- 2000 United Kingdom Co-operative Congress, key note address by Tom Webb

All were co-operative businesses that had begun to focus on their co-operative nature and roots and were more or less receptive to the MOCA concept. The information in the profiles was drawn from interviews, conversations, files and the internet over a period of four years. The profiles are not a critical analysis but rather an attempt to identify successful practice. The statements are the author's except where participants are directly quoted.

VanCity Credit Union

MOCA Exposure: George Scott from VanCity attended the 1997 MOCA Conference held in Boston.

MOCA: Defining the Co-operative Advantage: VanCity had been marketing its co-operative advantage prior to hearing about MOCA. It developed and ran a series of bold TV ads during the 1990's that aggressively invited people to pick credit unions over banks. More importantly, VanCity was also strongly committed to a series of initiatives that flowed from their understanding of their different business purpose compared to a corporate bank. MOCA gave them an umbrella under which to think about a range of projects and programs. That being said, it was not the initial conceptual framework for their "MOCA" activities nor is it the primary conceptual framework used by their management and staff today.

MOCA: Using the Co-operative Advantage: From their advertising to their annual meetings and reports, VanCity has consistently stressed their credit union difference. Creating a credit union difference has permeated the organization and led to a plethora of initiatives. VanCity has set out their Statement of Values and Commitments. These include the following:

Mission: To be a democratic, ethical and innovative provider of financial services to our members. Through strong financial performance, we serve as a catalyst for the self reliance and economic well being of our membership and our community.

Commitments:

1. "We will be accountable for living up to our commitments."
2. "We will be responsible and effective financial managers so VanCity remains strong and prospers."
3. "We will provide you with outstanding service and help you achieve your financial goals."
4. "We will provide meaningful opportunities for you to have input in setting the direction of the credit union."
5. We will ensure VanCity is a great place to work."
6. "We will lead by example and use our resources and expertise to effect positive change in our communities."

Among the initiatives flowing from these commitments are:

- Ethical screening of business alliances, suppliers and investments
- Ecological impact reduction related to paper use and waste management, energy use, employee transportation choices, creation of an EnviroFund, environmental loans policy
- Community investment deposits, community investment targets, employee community involvement

Marketing Efforts: Marketing Program Overview: For over a decade VanCity has stressed its credit union difference in successive ad campaigns including print, and TV. It does effective

publicity and marketing on a wide range of community, ecological and social responsibility activities.

Marketing Efforts: Spending: The \$6.5 Million spent in 2004 includes market research. The budget is constructed using zero-based budgeting and depends on a solid business case. It is difficult to separate out "MOCA" spending in an organization like VanCity. Is the cost of developing and creating the VanCity Foundation a MOCA Cost? Is the promotion of it a MOCA cost?

Marketing Efforts: Satisfaction: While VanCity is justifiably proud of its many achievements as a co-operative business including an award for the best place to work in Canada in 2004, it constantly seeks to improve. It also includes its financial health as a significant benefit to its members, and sees its social responsibility not as a set of initiatives that detract from financial health but contribute to it.

Market Research: Overview: VanCity does annual market research using surveys, focus groups and member and public forums, with a strong focus on understanding how members and the general public view them and how they are seen as different.

Market Research: Spending: Included in marketing budget and geared to inform future marketing and evaluate past marketing.

Market Research: Satisfaction: VanCity uses and is satisfied with its market research.

Member Education Efforts: Overview: Member education/relations are separate from marketing within the organizational structure.

Member Education Efforts: Spending: Not Known

Member Education Efforts: Satisfaction: VanCity sees its member satisfaction levels as satisfactory.

Staff Education Efforts: Overview: When staff join VanCity they have an intensive orientation regarding co-operative values and the difference between credit unions and banks. A strong effort is made to make VanCity a great place to work – one that reflects co-operative/credit union values in how it treats staff. Staff are regarded as key stakeholders. There is a strong belief that staff will learn co-operative values most thoroughly by experiencing them in the workplace.

Staff Education Efforts: Spending: Not known

Staff Education Efforts: Satisfaction: VanCity is satisfied with its staff education. VanCity was named the best business to work for in Canada in 2004. (see outcomes below.)

Outcomes: How is marketing, research and member and staff education measured?

VanCity does an annual Accountability Report. The report is audited by an independent consulting company and deals in objective measurements. “The report is structured around our Statement of Values and Commitments – it measures our performance at living up to each of our stated commitments, and against societal and key stakeholder (members, employees, and community leaders) expectations. We have not provided an opinion on our performance, but have left it to our stakeholders to be the judges.”

Outcomes: What was the Impact? A wide variety of measures are used to measure impacts. For example:

- 81% agreed “I would recommend VanCity as a great place to work.”
- 82% “VanCity makes it easy and straight forward for you to vote.”
- 5.4% voted in the 2001 election
- Member equity
- Allowance for loan losses
- Distribution of earnings to members as a per cent of pre tax earnings
- Individual and business member satisfaction

Results are often compared to the average for credit unions in BC (% members voting) or to banks (service fees for seniors, students and youth). VanCity financial and service performance is very strong.

	2003	2002	2001
Net Earnings	\$44.5 Million	\$39.6 Million	\$25.9 Million
Return on Equity	11.6%	11.7%	8.7%
Total Assets	\$9.0 Billion	\$8.2 Billion	\$7.5 Billion

Clearly, financial health and performance are strong.

MOCA Success: Characteristics of a successful program: Be the difference.

MOCA Success: Was MOCA campaign effective? VanCity would not likely have described what it does as a MOCA campaign. They would be likely to describe what they do as just doing the right thing. They are excited about what they see as really good programs and are more than happy to share what works. In the words of George Scott, “We are quite excited about this and if we can see more of these programs started through getting the word out, that's great.”

MOCA Success: Impact on the co-operative: Being different in a systematic way and making that difference obvious leads to financial success and community respect.

MOCA Success: Impact on the co-operative difference: See above.

Future Plans: What improvement do they see? In every commitment area there is a plan for future action and a commitment to make staff and members aware of ongoing performance and changes and improvements.

Future Plans: What more did the co-operative want to know about MOCA? No Specific requests.

Future Plans: What information or resources might be useful? None specified.

VanCity Credit Union

Website Year-end Summary

Close to \$18 million to be shared with members and the community

Vancouver, February 17, 2005 – Vancity Credit Union is reporting today its fourth consecutive year of high profits. 2004 consolidated earnings from operations were \$93.6 million, up from \$78.0 million in 2003. These results included a one-time \$18.8 million boost due to an accounting policy change affecting the financial services industry. Net earnings increased to \$57.2 million from \$44.5 million in 2003. Total assets hit \$10.5 billion, up from \$9.0 billion in 2003.

The continuing success was driven by a growing economy, low interest rates and a continuing strong residential housing market that pushed loan volumes to historic levels. Lower loan write offs also helped the credit union maintain its strong margins. One of its biggest success stories was membership growth with 24,000 members joining the organization, marking a 10 per cent increase over the previous year.

“We are proud of these results and even prouder of what they will allow us to do, which is share over 30 per cent or \$17.9 million with our members and the community groups in this region,” says Vancity Board of Directors Chair Elain Duvall.

The highest amount ever, \$10.5 million, will go to Vancity members through patronage rebates and member share dividends as part of the credit union’s Shared Success program, while \$7.4 million will be distributed to non-profit organizations through Vancity’s various grants, including the annual \$1-million Vancity Award.

2004 was a year of firsts. Last November, Vancity became the first retail credit union in North America to be publicly rated by Dominion Bond Rating Service, raising \$200 million in 24 hours with its first issuance of commercial paper. The rating has strengthened Vancity’s industry position in terms of greater capital markets access and status as an eligible investment grade offering for institutional or corporate investors.

Vancity was also chosen as the best place to work in Canada as part of Maclean’s Magazine’s annual top100 employers list. The list is unranked and it was the first time that Maclean’s selected one organization for the top spot.

Vancity is Canada’s largest credit union, with \$10.5 billion in assets, more than 300,000 members, and 42 branches throughout Greater Vancouver, the Fraser Valley and Victoria. VanCity owns Citizens Bank of Canada, serving members across the country by telephone, ATM, and the Internet. Both VanCity and Citizens Bank are guided by a commitment to corporate social responsibility, and to improve the quality of life in the communities where we live and work.

VanCity's Community Page

Community

As a community-based and member-owned financial institution, VanCity is committed to doing business in a way that contributes to the social, economic, and environmental well-being of the communities in which we operate.

[About Us](#)

- [Corporate Information](#)
- [Corporate Reports](#)
- [Board, Elections and AGM](#)
- [Subsidiaries](#)
- [Careers](#)
- [Media Centre](#)
- [Newsletters](#)
- [Awards and Recognition](#)
- [Member Benefits](#)

[Community Programs](#)

- [VanCity Theatre](#)
- [Grants](#)
- [Student Awards](#)
- [Disaster Fund Donations](#)
- [Staff Fundraiser](#)

[Our Values](#)

- [Values and Commitments](#)
- [Co-operative Principles](#)
- [CSR](#)
- [Social Audit](#)
- [Advocacy](#)

[Community Investments](#)

- [Microcredit](#)
- [A.B.L.E.D.](#)
- [Social Enterprises](#)
- [Conservation Financing](#)
- [Accessible Services](#)

[Community Calendar](#)



100

**STORIES FROM
2003 THAT
MADE IT A YEAR
LIKE NO OTHER.**

Vancouver
City Savings
Credit Union

2003 Annual Report



Blair Sutton, Mary Wieglesworth (WISH), Dave Mowat, Ellen Quady (WISH)

56 "WISH-ing" for a million dollars

Each year VanCity gives away \$1 million to a non-profit organization to use for a major community project, chosen by member vote. On the ballot in 2003 were ATIRA Women's Resource Society, the Burnside Gorge Community Association, the Mennonite Central Committee-BC, and WISH Drop-in Centre Society. After all the votes were counted, WISH Drop-in Centre got the award to upgrade its shelter to a 24/7 operation for female sex trade workers on Vancouver's Downtown Eastside.

You got our thanks for casting your vote and the satisfaction of knowing that your voice was heard.

57 Sharing the wealth

The record earnings were good news for you and our communities as they translated into \$13.5 million – more than 30 per cent of net profits – being shared with you. The highest amount ever – \$5.4 million – went to community organizations, including the winner of the \$1-million VanCity Award. VanCity members received \$8.1 million in patronage rebates and member share dividends as part of our Shared Success program.

58 A dream come true

Just days before Dr. Peter Jepson-Young died in 1992, he established the Dr. Peter AIDS Foundation to provide comfort care for people with AIDS. In September 2003, the Dr. Peter Centre finally opened the first day centre, residence, and HIV/AIDS health care centre in Canada. Along with government and community partners, VanCity played a key role with the help of a \$25,000 grant from the VanCity Board, development consultation from VanCity Enterprises, and VanCity CEO Dave Mowat's participation in the overall fundraising effort.



The VanCity watershed of the Dr. Peter Centre



ME A Lorne Myeremout and VanCity Board Director Ellen Quady

100
STORIES FROM
2003 THAT
MAKE IT A YEAR
LIKE NO OTHER



59 Putting ethics into action

Co-founded by VanCity, the Ethics in Action Awards, which recognize companies for "doing the right thing," turned 10 in 2003. That's a whole decade of celebrating businesses with a sense of social responsibility.

60 DirectNET hits the big 5-0

Better, faster, more convenient - just a few ways to describe advancements in VanCity's online banking system. New features of DirectNET 5.0 launched in 2003 included: cheque imaging, allowing you to view and print copies of cashed cheques; HyperWALLET, giving you a way to move funds between financial institutions, exchange currencies and e-mail money to friends; multiple bill payment options; and an improved design.

61 Cookie dough 'n' knitting needles make good cents

Thanks to the hard work and creativity of our employees and your generous contributions, non-profit organization Family Services of Greater Vancouver (FSGV) and the communities that it serves are \$86,000 better off. FSGV was VanCity employees' 2002/2003 fund-raising partner of choice and benefited from dozens of book sales, bake sales, craft fairs, and barbecues.



62 When 1,900 people tell a story, pens don't cut it

Instead, we invited each employee in the VanCity Group of Companies to help author the VanCity story for our Living the Brand project. Called Online Envisioning, it was a multimedia experience that captured employees' thoughts about the most fundamental qualities and characteristics of VanCity.

63 Riding the airwaves

VanCity was featured in the media more than 500 times in 2003, including 400 print articles, 60 TV clips, and more than 30 mentions on radio.



64 He scores! Kids couldn't get enough of the Lynn Creek Community Branch's hockey experience program. It gave them tips from Canucks legend "King" Richard Brodeur and started them on the path to saving by opening accounts as VanCity youth members.



65 Gingerbread housing is through the roof While housing prices remained high, the going rate of gingerbread houses continued through the roof with the Mission Community Branch's annual Gingerbread House Auction raising thousands of dollars for the Mission Christmas Bureau for its fourth straight year.

66 40 heads are better than one Experts in the socially responsible investment (SRI) field gathered in Vancouver in June to discuss issues in the socially responsible investment market. Sponsored by VanCity, the conference was focused on the growing linkage between SRI and company operations.

67 Fair trade for coffee farmers

Social impact investing can make a difference. In April 2003, Real Assets (a VanCity subsidiary) co-filed a shareholder resolution asking Procter & Gamble to help destitute coffee farmers. Real Assets withdrew the resolution when the company agreed to launch a Fair Trade Certified coffee, sold online under its Millstone brand. Strong sales bode well for wider retail distribution, and are an important step toward improving the lives of coffee farmers and their communities.



Co-op Atlantic

MOCA exposure: Euclide Chaisson and Jennifer MacLeod attended the 1997 MOCA Conference held in Boston.

MOCA: Defining the Co-operative Advantage: Co-op Atlantic does not see MOCA as a key or unifying area of activity. MOCA is not 'top of mind' with Co-op Atlantic. There is, however, a major initiative underway that is seen by board and management as creating a significant co-operative difference. That initiative, the Agri-Food Strategy, is increasingly the focus of Co-op Atlantic marketing and it is being broadened significantly. When asked if the Agri-Food Strategy is a MOCA initiative, increasingly managers reply yes.

MOCA: Using the Co-operative Advantage: The Agri-Food strategy began with a concept of creating some synergy between the agricultural and consumer co-operatives that own Co-op Atlantic. The underlying concept was to generate an Atlantic Canadian co-operative supply chain from the farm gate to the consumer plate. The first initiative was to use the central to supply farmers with quality feed and supplies with no animal parts or hormones in the feed, make an agreement with farmers about animal quality, and undertake to buy all the beef produced to be retailed in consumer co-op stores under a new brand name, "Atlantic Tender Beef." This initiative was expanded to include chicken and pork and then an increasing range of farm products from apple pie to birdseed to pumpkins to peanut butter. The wider initiative included an expanded range of meat brands (Atlantic Tender Pork, Atlantic Tender Chicken) but also created a new MarketTown brand.

The new CEO has a strong faith that the business must return to its co-operative roots if it is to prosper, but he is determined to make careful choices about how that is done. There is a recognition that some previous member relations and marketing methods will not work in today's marketplace.

Marketing Efforts: Marketing Program Overview: Image marketing had stopped at Co-op Atlantic as a cost saving measure since the mid nineties after the launch of a new store format put the retail/wholesale system under severe financial strain. Subsequently, marketing became almost exclusively price driven and grocery flyer focused.

A new Agri-Food marketing strategy has emerged very slowly over the past two and a half years. Beginning with changes to the flyer, the program is being slowly expanded and a set of Television ads has been prepared. Both farmers and members have responded very positively to the Agri-Food initiative.

Marketing Efforts: Spending: Spending on marketing the Agri-Food Strategy was \$67,000 in 2003. In spite of relatively low spending on the strategy to date, it has produced very strong results. Funding for marketing is now being increased modestly, including plans for modest television time purchase. It is estimated this will represent almost a doubling of the marketing budget.

Marketing Efforts: Satisfaction: Both board and management are prepared to increase the intensity of marketing and education about the Agri-Food initiative. It is acknowledged that the Strategy is very well received, contributing to improvements in sales and market share, but still not well recognized by staff, members or customers.

Market Research: Overview: Market research was also cut back significantly in the nineties. Research was undertaken from time to time but was ad hoc rather than continuous. Because of the importance of the Agri-Food Strategy, a survey and focus groups were carried out to evaluate their appeal and help shape the marketing. The results showed that people were very receptive to the ideas of local food production and healthier food.

- 95% indicated they preferred locally produced food if price and quality were equal
- 92% felt that it was important where and how food was produced
- 96% felt supporting local farmers was important
- 81% trusted local more than imported food
- 85% like the Agri-Food Strategy

The market research will be replicated to determine the 'top of mind' awareness of the Agri-Food Strategy.

Market Research: Spending: Figures were not available but the Agri-Food market research spending was the major focus of market research in 2003.

Market Research: Satisfaction: The money invested in Agri-Food market research is regarded as well spent.

Member Education Efforts: Overview: Co-op Atlantic's member education programs have been all but eliminated.

Member Education Efforts: Spending: Spending is very low. There has been a recent slight rise in member relations spending.

Member Education Efforts: Satisfaction: There is growing dissatisfaction at the local co-op level and among some boards and a recognition by management that more must be done.

Staff Education Efforts: Overview: Almost all staff education is focused on grocery operations issues. There are small portions of some courses devoted to providing staff with an understanding of the co-operative nature of the business.

Staff Education Efforts: Spending: The spending is sizable but it is hard to identify how much might be contributing to staff understanding of the co-operative difference.

Staff Education Efforts: Satisfaction: There is growing recognition that staff have a major role to play in marketing the Agri-Food Strategy.

Outcomes: How is marketing, research and member and staff education measured? There are few tools to measure the impacts.

Outcomes: What was the Impact? While specific measures of the impact of research and staff education have not been, made it is clear that the Agri-Food Strategy made a positive contribution to Co-op Atlantic's financial health from its first year forward. It is clear too that the modest spending on marketing in the first two years has paid off.

Promo/Ad Investment: \$ 67,000.

Total Retail Sales: \$ 2,436,269.

Realized Gross Margin: \$ 567,165.

MOCA Success: Characteristics of a successful program? Do not see what they are doing as a "MOCA" program. They see it as a logical extension of their dual roots in farm and consumer co-ops and part of that co-operative heritage. That being said, they have begun to look a widening the initiative out to include healthy food and fair trade. This package of initiatives is increasingly seen as fitting together and clearly linked to the organization's values.

MOCA Success: Was MOCA campaign effective? The Agri-Food Strategy is a very successful, if not the most successful, part of CA's business.

MOCA Success: Impact on the co-operative: The Agri-Food Strategy has the potential to return the Co-op Atlantic network to financial health and community respect.

MOCA Success: Impact on the co-operative difference: It is growing the co-operative difference

Future Plans: What improvements are seen? The plans are for a wide ranging co-operative supply chain with in the Atlantic region that extends from farm gate through processing and retailing to consumer plate.

Co-op Atlantic

More than 7,000 members a week get the Consumers Community Co-operative E-Flyer. Every week there is a profile of an Atlantic Farmer whose farm has benefited from the ArgiFood Strategy and whose products are on sale in the co-operatives served by Co-op Atlantic.

Great Food Begins Here!



Donald Cobb

Springbrook, Prince Edward Island

To learn more about Donald Cobb and other producers, visit www.atlanticproduced.coop.

Working in the fields or buying supplies at their local co-op, the Cobb family believes in teamwork. "We all pull together just like the old fellas used to," says Donald. "You just can't beat family."



Atlantic Tender Beef Classic

Tenderness guaranteed or double your money back

cut from Canada AA or higher grades of beef

inside round oven roast

value pack

3.97 lb 8.75 kg

The web link takes members to the home page of Atlantic Produced by co-operatives:



At Co-op, we are all about community. And we believe that fresh, high-quality local food is essential to healthy, economically vibrant communities.

That's why, beyond selling to consumers through our stores, we work with producers all over the region to help them grow the food that goes on the table. We sell them the seed, feed and other products they need. We advise them on optimum agriculture practices.



Only Co-op supports the community this way, helping farmers raise their products and then bringing that food directly to you.

Come along and meet the producers who work so hard to create your food. They're waiting for you.

The home page in turn takes them to individual farmer profiles:



Producer Arthur and Michael Woolaver

Basinview Farm Canning, Nova Scotia

Product potatoes, broccoli, carrots, cabbage, romaine lettuce, beef

Pull Quote "My grandfather started the farm in the early 1900s, so I guess I was born into it."



Arthur Woolaver figures farming is in his blood. The Canning, Nova Scotia farm he tends with son Michael goes way back. "My grandfather started the farm in the early 1900s," explains Arthur. "So I guess I was born into it. But you have to learn your way along in this business." Arthur and Michael run a classic mixed farm, with potatoes, broccoli, cauliflower, cabbage and lettuce in the fields, plus some beef cattle. And like hundreds of farmers across the region, they turn to Co-op both for the products they need to grow their crops and as a loyal customer for their vegetables. "There's a lot of hard work, for sure," Arthur says, but it pays off, especially at this time of year, when you can enjoy their fresh produce on your Co-op's shelves.

Members of and Supplied by
Agri-Growers

Products available at
All Co-op grocery stores

Brand Names
Agri-Growers , Woolaver



When Co-op Atlantic had the opportunity to develop its very own high quality, yellow fleshed table potato, it grabbed it. Then Vice-President, Ag Division and now CEO, John Harvey stuck with the potato from trials to table and takes particular pride in the name chosen after extensive input from co-operators across the region.

Oxford Swindon and Gloucester

MOCA exposure: Bob Burlton, CEO of OS&G attended the MOCA presentation at the 1999 ICA Congress in Quebec City. Tom Webb subsequently worked with the Board, Executive Management Group, managers and staff to develop a MOCA approach.

MOCA: Defining the Co-operative Advantage: The MOCA concept is one that appealed to Bob Burlton. It also appealed to Peter Couchman, OS&G’s Membership and Corporate Marketing Manager. OS&G’s approach to co-operative renewal has been to find several conceptual frameworks and link them to produce a synergy of ideas that drives the co-operative forward. MOCA runs in parallel with a balanced score card approach to management accounting and a ‘service chain’ model, both adapted from scholars at the Harvard business school. MOCA colors those strategies and they color MOCA. What has been clear from the beginning is the “buy in” to the idea that if there is no co-operative difference rooted in co-operative values, there is no need for OS&G.

For OS&G’s Bob Burlton, MOCA is a coin with two sides: “One side is the systematic reflection on co-operative values so that they more and more shape the business operations that are clearly different. The other side is systematic, ongoing explaining of the values and the difference to board, management, staff, members, customers, community and the public in general.”

MOCA: Using the Co-operative Advantage: In 2000, a Co-operative Commission studied the co-operative movement in the UK looking at its historic roots, past performance, current challenges and future prospects. As part of that review, Global Co-operation was invited to make a presentation to the commission and MOCA was a significant part of that presentation. The report of the Commission was entitled “The Co-operative Advantage; Creating a successful Family of Co-operative Businesses.

Bob Burlton was a member of the Commission, as was Pauline Green, CEO of Co-operatives UK. With their colleagues they developed the concept of the “virtuous circle”.



The idea behind the virtuous circle is that: first, the ‘social’ goals of co-operatives are their best source of competitive advantage that will make them distinct from their investor owned rivals;

second, it is in turn the aggressive pursuit of that advantage that will lead to commercial success; and finally, commercial success will allow co-operatives to carry out their social goals. These are ideas that make fertile soil for MOCA.

In this context OS&G, as part of a larger co-operative business group, was able to push its implementation of MOCA with practical operational initiatives. The Co-operative Group, for example was able to provide a rapidly growing range of fair trade products, strengthened by having a growing number of co-operative house brand products exclusively fair trade. For example, all co-op brand coffee and chocolate products are fair trade. This and other innovations supplied a growing range of co-operative value-added products. This abundance of product is what allowed OS&G to use every end of aisle at the back of its MOCA store design to highlight co-operative values-driven products.

Marketing Efforts: Marketing Program Overview: Given the overall approach, all marketing and education is shaped by their MOCA approach. Marketing is constant, but given their size and the cost of TV ads, those are left to the Co-operative Group acting on behalf of co-operatives across the UK. OS&G focuses on in store and print materials. They use an “in store” TV information system that runs a continuous stream of community information, news, co-op information, product information, and short story clips. An example of the latter would be a short interview with a cocoa farmer from Ghana and his son explaining what fair trade means to him. The new store format has touch-screen computers in all but the smallest stores.

The new MOCA store format, pioneered in Headington, has four themes: Our Health, Our Community; Our World; and Our Co-operative. The end of aisles across the back of the store are fully dedicated to the four themes featuring fair trade products, whole foods produced by a community-based sheltered workshop, consumer information, organic and locally produced food.

Marketing Efforts: Spending: Awaiting information.

Marketing Efforts: Satisfaction: OS&G is very satisfied with and committed to a pervasive MOCA flavour in its marketing.

Market Research: Overview: OS&G runs annual surveys and focus groups to explore both qualitatively and quantitatively how members and customers see the co-operative. The research is extensive. On several occasions it has carried out market research in tandem with West Midlands Co-operative society and as a result has a set of comparisons. They also have done annual surveys of their workers to determine how they see the co-operative and to identify what needs to be done. As part of their research, they also send a member survey out with the annual election information and ballots. In 2004, 20% were returned.

Market Research: Spending: Awaiting information

Market Research: Satisfaction: OS&G are satisfied that their market research is solid value for money. They review their research annually and adjust it to better meet emerging needs.

Member Education Efforts: Overview: Member education is an integral part of the marketing and marketing is an integral part of member education. OS&G is strongly committed to member participation. In recent years OS&G has averaged about 15% of active members voting for the board. (For example, in 2003, just under 12 % voted while in 2004, just over 20%) The co-operative holds quarterly meetings in three locations across its trading area.

Member Education Efforts: Spending: In addition to ‘courses’, spending includes a regular magazine for staff and a full time position devoted to staff involvement.

Member Education Efforts: Satisfaction: OS&G's member participation is very high for a multi store co-op and indeed for any consumer co-op. Their commitment to improving is evident in the increases in members voting between 2003 and 2004. This is impressive given that few other consumer co-ops in the world could have matched their 2003 results. That being said, OS&G believes that linking the dividend card to the voting process was the main factor behind the increase.

Staff Education Efforts: Overview: OS&G, like most food focused retail co-operatives, spends significant resources on ensuring staff understand food retailing. They also have begun to increase the co-operative content of staff education and part of that effort is to engage staff in a discussion of its stakeholder role and membership in the co-operative. This process covers all of the options from involvement of staff in day-to-day decision making to participation on board of directors. As practice-based learning, it is enormously effective. The OS&G commitment is long term.

In addition, a very specific effort was made to provide learning experiences for the staff that would work in the new MOCA store design.

Staff Education Efforts: Spending: Information to come.

Staff Education Efforts: Satisfaction: While this process of engaging the staff as stakeholders is relatively new, it has reasonably wide support but is not without opposition.

Outcomes: How is marketing, research and member and staff education measured? There are specific measures based on survey research that monitor aspects of these activities. The best measure however was the success of the MOCA store design. A particularly problematic store in Headington was chosen for testing the MOCA store design. The store needed extensive renovation and repair as well as the implementation of the new design. It took 13 weeks to accomplish and the store was closed for that period. Industry experience, after prolonged closures, would have suggested a target of 75% of pre-closure sales. An ambitious target of 120% of pre-closure sales was set for the first quarter after renovations. Actual sales for the quarter were 155% of pre-closure sales.

Outcomes: “What was the Impact?” OS&G is systematically reviewing its operations with the question: ‘If we really believe these co-operative values, how will we operate differently?’ During the process of developing a MOCA store design, an OS&G senior manager put it this

way: “As we work towards making the idea real, I’m conscious of how many different ways that MOCA is being referred to in the design process,” said Peter Couchman, senior manager responsible for member relations and marketing.

MOCA Success: Characteristics of a successful program: For OG&G, MOCA means systematically nurturing and growing their co-operative difference and communicating it effectively to stakeholders.

MOCA Success: Was MOCA campaign effective? Very much so. OS&G is clearly the leading edge of MOCA implementation in the world. After several months experience with the new MOCA store design, market research showed that both members and customers using the new store format were more aware of the co-operative nature of OS&G, understood co-operative values more clearly and saw them as more important.

MOCA Success: Impact on co-operative: Pervasive and ongoing.

MOCA Success: Impact on the co-operative difference: See above

Future Plans: What improvements are seen? OS&G is currently deepening its commitment to healthy food choices with a campaign directed toward encouraging children to make healthy choices. It is also expanding its Local Harvest program. There are always several MOCA related initiatives moving forward.

Future Plans: What more do they want to know about MOCA? OS&G is constantly looking at new ideas and expanding the impact of MOCA.

Future Plans: What information or resources might be useful? They asked, 'What is available?'

Oxford Swindon and Gloucester



OS&G is exploring every aspect of its operations from how it included staff in the membership to the products it purchases from a MOCA /Co-operative values perspective.

Strong efforts are made to buy local products which reflects co-operative values relating to the ecological and community values.



OS&G reflects its co-operative values by being an enthusiastic promoter of Fair Trade products both in its stores and by strongly supporting the expansion of the range and number of Fair Trade products. It also links the fair treatment of farmers at home to the fair treatment of farmers in the developing world.

*“Our World
Imagine a store where you could buy products that gave growers a fair deal, whether from around the world with Fair Trade or locally produced for local harvest. Welcome to Headington – the co-operative store.”*



In the new MOCA store format pioneered at Headington, the ends of the aisles across the back of the store are committed to local, community produced, healthy and Fair Trade products. The products on the end of aisles are backed up by strong signage that is changed periodically.



Adjacent to the “co-op values end of aisles is a co-op information area featuring both interactive touch screen computers and TV screens carrying a continuous stream of information. Both present information on the four MOCA store themes: Our Co-operative; Our Community; Our Health; and, Our World.

The Co-operative Bank

MOCA exposure: Several Co-operative Bank managers and board members attended the presentation on MOCA made by Tom Webb to the UK Co-operative Congress in May 2000.

MOCA: Defining the Co-operative Advantage: As with VanCity, the Co-operative Bank began what we would call MOCA before it heard of MOCA. The Bank is owned by the retail co-operative network in the UK (which also owns Co-operative Insurance Services) and was created to provide financial services to co-operative businesses. As time went on it extended its services to staff and members of co-operatives and to the general public. In the early 1990's, the Bank, under the inspired leadership of CEO Terry Thomas, carried out some market research and found a very significant per cent of people chose the Co-operative Bank because of its 'ethical position/co-operative values/principles' etc. More than ten percent of the Bank's customers saw the Co-operative Bank as a bank with a values position and chose it for that reason.

Terry Thomas and his management group were honest with themselves that the Bank operated like any other bank with little reference to values. 'But what,' they asked, 'would happen if the Co-operative Bank lived up to co-operative values?' They engaged thousands of customers in a process of helping them define a values/ethical position for the bank, and then began not just to try to implement it, but to measure how well they succeeded. They then report in a candid and open way how they measured up. This gave birth to the Bank's annual Partnership Reports.

MOCA: Using the Co-operative Advantage: The annual Partnership Reports, begun in 1997, have evolved and deepened. Between 1999 and 2002 they broadened to become the Partnership Report & Financial Statements and in 2003 were published as two separate reports, one called the Sustainability Report 2003, and the second, the Financial Statement 2003. The reports have won the United Nations award for the world's best sustainability report two years running!

The Co-operative Bank identified who it saw as its partners and has stayed consistently with that list. The list includes:

- Shareholders (the co-operatives who own it and their members.)
- Customers
- Staff and their Families
- Local Communities
- National and International Society
- Past and Future Generations of Co-operators

The identification of these partners led to a wide ranging and ambitious set of goals related to sound financial returns, making the Banks a good place to work, championing causes in line with co-operative values, co-operative education, etc. The Bank screens companies related to involvement in tobacco, animal cruelty, arms production etc., in making decisions regarding investments and the provision of services. The Bank also supports campaigns carried out and/or suggested by customers through their customers care campaigns. For example, they carried out a campaign related to negative attitudes toward people with mental illnesses that had been suggested by a customer.

Marketing Efforts: Marketing Program Overview: The Bank places major emphasis on its values and goals in all its education, communication and marketing. The Partnership Reports receive wide circulation and generate much publicity. They have played a role in the re-emergence of co-operative values in the co-operative movement in the UK. The ethical goals are also prominently featured on the Bank's websites and advertising.

Marketing Efforts: Spending: It is difficult to separate out the spending on all marketing education and communication in terms of what portion of it is focused on the ethical values and goals and what portion is not.

Marketing Efforts: Satisfaction: The Bank was amazed by the positive response its Partnership Reports have received. They have become an institution in the UK in co-operative circles.

Market Research: Overview: The Partnership reports were born out of market research and continue to be analyzed through a strong annual market research program.

Market Research: Spending: See above

Market Research: Satisfaction: The Bank is satisfied with, and committed to, its market research.

Member Education Efforts: The Co-operative Bank does not have 'individual members.' Its member owners are the retail co-operatives that own and make up the Co-operative Group. Its members are co-operatives. That being said the Bank takes education of its co-operative members seriously and also makes strong efforts to educate its customers and staff.

Member Education Efforts: Spending: It is difficult to isolate 'MOCA' spending since it is not called a MOCA campaign or thought of in that framework. There is a strong allocation of resources to the whole process from identification of ethical principles through setting goals and establishing credible measurements to making the public and other co-operatives aware of its policies and efforts and programs that result.

Member Education Efforts: Satisfaction: The Bank is very satisfied with its creating a co-operative difference although some managers describe its market positioning as that of an ethical company rather than being derived from co-operative values. As one manager noted, "Well we are really not a co-op are we?"

Staff Education Efforts: Overview: The most powerful education tool at the Co-operative Bank is the partnership reports. When managers and staff know that their performance will be measured against the ethical and social goals, they are forced to take their effectiveness in delivering on these goals very seriously. The overall effect is to make staff aware of the ethical and social goals and to create a sense of pride in the impact of their work on their community and world. Since 1977 the Bank has been accredited by Investors in People (IiP). In their March 2001 review, IiP noted: "The Co-operative Bank is an outstanding example of the benefits of Investors in People in practice."

Staff Education Efforts: Spending: Spending on staff education is strong.

Staff Education Efforts: Satisfaction: I was not able to raise this issue.

Outcomes: How is marketing, research and member and staff education measured? The effectiveness of marketing and market research is measured on an ongoing basis both in terms of awareness and in terms of the impact of the Bank's ethical position on its financial health.

Outcomes: What was the Impact? In 2003 the Bank measured the cost of its ethical policies and partnership approach in terms of direct costs (time, promotion costs, etc.) and business lost (loans to tobacco and arms companies for example). It also measured the benefits in term of savings (for example related to waste and energy reduction) and business attracted (those who choose the Bank because of its ethical stance). It determined that the costs ran to some 6 million pounds for the year and that the benefits ran to 30 million.

MOCA Success: Characteristics of a successful program: It needs to be well thought out and carefully done. If your performance is not what you can be proud of you need to tell the truth about it – be candid and open. Then fix it for next year. You need to measure and develop sophisticated ways to do it.

MOCA Success: Was MOCA campaign effective? Yes, very much so.

MOCA Success: Impact on the co-operative: The result has been that the financial performance of the Bank improved and it became the fastest growing bank in the UK. It has moved from a financial performance that was below average for British banks to significantly above average financial performance. It has accomplished this with a world leading ethical performance that far out strips competitors.

MOCA Success: Impact on the co-operative difference: It is clear that when you begin to set goals and measure them, performance improves. This has been the case with the Co-operative Bank. In almost every area where performance has been measured, there has been improvement. Part of the reality of the co-operative difference has been that even where a measured result has not been flattering to the Bank, it has published it in the Partnership Reports.

Future Plans: What improvements are seen? From an observers perspective it is difficult to see how one 'improves' on the best accountability report in the world. The main challenge from the perspective of the Co-operative Bank is that it is now part of Co-operative Financial Services, a merger of the Bank and Co-operative Insurance. The new CFS partnership report will take several years to be a comfortable fit for both organizations. In spite of merger pains, the second United Nations award winning report comes almost a year after the merger.

Future Plans: What more do they want to know about MOCA? At this juncture the CFS focus is not on MOCA per se, but on maintaining its position ahead of the pack in terms of ethical positioning and social accountability reporting.

UK's Co-operative Bank Partnership Reports

These six pages from the Partnership Reports tell the story. The combined Partnership and Financial Reports give a reader friendly and candid assessment of the Bank's performance and also clearly show that applying co-operative values to the Bank's business creates a difference that leads to stronger financial performance. It is this performance that led the UN to name it the world's best social accountability report in both 2002 and 2003.

The Co-operative Bank's Partnership Approach



Balance The Co-operative Bank is committed to serving the interests not just of shareholders or customers, but of all seven Partner groups involved in the bank's activities. The bank seeks to deliver value (as defined by the Partner, not by the bank) to all Partners in a socially responsible and ecologically sustainable manner. Of course, conflicts of interest can arise: situations where giving to one Partner will mean taking away from another. Therefore, alongside 'profitability', which is absolutely vital to the bank's continued existence, the pursuit of 'balance' is a key concept within the Partnership

Approach. Is the bank getting the balance right over time? The bank believes it is, but this 'warts and all' Report allows all Partners to review the bank's performance and decide for themselves.

Responsibility In addition to a detailed analysis of how the bank has performed in the past, each Partnership Report describes a wide range of targets for the future (77 in total this year). Alongside each target is the name(s) of the staff member(s) charged with delivery. In this way, it is clear, both internally and externally, where operational responsibility lies.

For a description of the bank's governance structure and management systems visit www.co-operativebank.co.uk/ethics/partnership2002/pr/gri.html

performance over time at a glance



delivering value

What do Partners themselves want from their relationship with the bank? The bank has done its best to find out and to measure performance accordingly.



social responsibility

The bank knows that Partners want it to conduct its business in a socially responsible manner, along the lines set down in the Ethical Policy. How far has it succeeded?



ecological sustainability

The bank recognises that the world has a limited capacity to provide resources and absorb wastes. The bank assesses the impact of its activities in the light of this recognition.



indicators

this year's campaign analyses

1. Cluster Bombs (page 82)
2. Ethical Purchasing Index (page 85)

delivering value



Type in **bold** denotes new indicator

Introduction (page 24)

indicator	derivation	partners impacted
1 Profit before taxation (page 25)	P B	
2 Cost/income ratio (page 25)	P B	
3 Return on equity (page 25)	P B	☑ ☑ ☑
4 Ethical and ecological value analysis (page 27)	B	☑ ☑ ☑
5 Personal customers: satisfaction with ethics (page 26)	P	
6 Personal customers: satisfaction with service, relationship and values (page 28)	P	☑ ☑ ☑
7 Personal customers: branch network (page 28)	S	
8 Personal customers: profile (page 26)	S	
9 Corporate and business customers: satisfaction with ethics (page 32)	P	
10 Corporate and business customers: satisfaction with service and relationship (page 32)	P	☑ ☑ ☑
11 Corporate and business customers: business centre network (page 32)	S	
12 Corporate and business customers: profile (page 32)	S	
13 Staff: salary package (page 35)	P	
14 Staff: personal development and career opportunities (page 35)	P	
15 Staff: relationships and working environment (page 35)	P	
16 Staff: job security (page 35)	P	☑ ☑ ☑ ☑
17 Staff: work/personal life balance (page 35)	S	
18 Staff: communication culture (page 35)	S	
19 Staff: co-operative culture and ethical conduct (page 35)	B	
20 Suppliers: prompt payment (page 38)	P	
21 Suppliers: satisfaction with relationship (page 38)	P	
22 Suppliers: fair treatment (page 38)	P	☑
23 Suppliers: effective communication (page 38)	P	
24 Suppliers: long-term relationships (page 38)	B	
25 Delivering products and services to the Co-operative movement (page 40)	B	☑ ☑ ☑
26 Co-operation among co-operatives (page 40)	S	

The Co-operative Group

MOCA Exposure: Numerous Co-operative Group managers and board members attended the presentation on MOCA made by Tom Webb to the UK Co-operative Congress in May 2000.

MOCA: Defining the Co-operative Advantage: A major shift has taken place among co-operatives in the UK over the past decade and a half. Many board members and managers had begun to see co-operative ideas as old fashioned and behind the times. Co-operatives were in the midst of a twenty-five year slide in terms of market share, financial health and direction. Co-operative vision was floundering and many co-operatives were disappearing through mergers and failures. Many others were 'eating' the capital they had built up over a hundred years. In the latter half of the nineties a new vision began to emerge.

The new vision represented a determination to redefine the co-operative nature of the business in a way that was relevant for the closing years of the 20th century. It grew out of a series of modest but very important innovations that slowly coalesced into what has become the Co-operative Group's Responsible Retailing initiative.

The co-op launched its Responsible Retailing initiative in 1995 when it renewed its commitment to put the interests of the consumer above those of industry. The initiative followed an in-depth study which showed consumers are more passionate than ever over ethical issues. As a responsible retailer, the Co-op implemented a "Right to Know" policy which provides consumers with the information they need to make informed purchasing decisions. It is also prepared to take action by addressing areas where there is the most concern. In some instances this may mean breaking ranks with industry and other retailers, should consumer concerns go unanswered. Clearly there was a growing willingness to be different.

As the responsible retailing initiative has evolved, it has both deepened and widened its range. There are eighteen separate publications listed as part of the Responsible Retailing initiative. The key segments of the Responsible Retailing pie are:

- Community – support for community initiatives
- Right to know – consumer information as if the consumer owned the store
- Environment – seeking a lower ecological impact
- Access for all – packaging designed to be easy to read and stores easy to enter
- Diet and health – a range of concerns from fat, additives, nutrient labeling, dental impacts, etc.
- Genetic modification – a response to consumer and ecological concern
- Fair trade – a promise to work toward fair treatment of farmers around the globe
- Ethical trading – inclusion of issues as disparate as the price of children's funerals to the child sex trade
- Animal welfare – purchasing and retail policies to help protect animals from cruel treatment

MOCA: Using the Co-operative Advantage: Having created this focus over time the Group has gone beyond what even the most aggressive competitor would have gone on corporate

responsibility. Far from being critical, shareholders have welcomed both the corporate responsibility and the improving financial position that it seems to be producing.

Marketing Efforts: Marketing Program Overview: The Co-operative Group has made a business strategy decision to move Responsible Retailing beyond being a collection of projects to the core of what makes its market offer unique.

Marketing Efforts: Spending: Not known.

Marketing Efforts: Satisfaction: The initiative has been very positively received by a comfortable majority of co-operative members and board of local co-operatives. There is some caution among managers and while an increasing number are positive there are still some who would see mixing co-operative values and business as risky or even dangerous.

Market Research: Overview: In 1994 The Co-operative Group (then the Co-operative Wholesale Society, published one of the most in depth surveys about consumer attitudes toward shopping ever done - **Shopping With Attitude**. Eight in 10 consumers say they don't trust the food they buy. They care more, worry more and want to know more about what's behind the products on the shelf.

The survey was the launch pad for many of the responsible retailing initiatives that followed. In 2004 they revisited the results of the earlier work with a new survey designed to update knowledge of what people expected, and identify changes needed. They found, "Attitudes have hardened: six in 10 are prepared to boycott products that don't meet their ethical expectations. They're shopping with attitude: eight in 10 are prepared to pay a little extra for their ethics."

The survey concluded, "With consumers demanding higher standards and better behavior from industry, the Co-op is embarking on the most radical review of the Co-op brand range ever undertaken, whilst calling on others to take action too."

Market Research: Spending: Not available during time of study and some spending not easy to separate.

Market Research: Satisfaction: The market research has had a profound impact on the co-operative business strategy of the Group. It has spawned a series of bold initiatives and consumer research in areas like advertising directed at children. There was no dissatisfaction expressed about the research undertaken.

Member Education Efforts: Overview: The responsible retailing initiative has had a strong member education impact and an impact on customers as well. The co-operative identity has become clearer and in turn appears to be fuelling added and deepened demand for socially responsible retailing of food.

Member Education Efforts: Spending: Member education spending in the Co-operative Group is not all linked to Responsible Retailing. Use of member relations spending numbers would not be useful in helping to understanding the spreading impact of the initiative.

Member Education Efforts: Satisfaction: While the Responsible Retail Strategy has had a profound impact on member education a move to extend the patronage dividend to non-members has generated controversy and angst among members. This latter move seemed to many co-operative militants to run counter to the co-operative values directions inherent in the Responsible Retailing Initiatives.

Staff Education Efforts: Overview: The new CEO of the Co-operative Group has signaled persistently that there is need for management culture change in the Group and that renewal of a co-operative business culture is a key part of that change. In addition, Bob Burlton, CEO at Oxford Swindon and Gloucester, has been named the Chairperson of the Board of the Co-operative Group. This election of a key MOCA proponent as Chair sends a strong signal to management and staff. The parallel views of the Chair and CEO confirm that message.

A co-operative values program for managers initiated by the Group and developed by the Co-operative College in the 1990's, is often cited by board and management in the Group as having had a profound positive impact on the emergence of programs like Responsible Retailing. New staff education programs by the College, with a renewed emphasis on values and principles, are also being brought 'on line'.

Staff Education Efforts: Spending: There is strong spending support for staff and management training that is clearly split between operational issues (how to ensure produce does not spoil) and co-operative education. Separate figures are not easily available but it seems clear that most spending is tilted toward operational issues. (Rotten produce is not good member service.) It remains to be seen if there will be more integration of co-operative purpose and operations in the training area.

It is important not to ignore the impact of the almost twenty publications of the Group on staff and management. These publications have a profound impact on how staff sees the Group and co-operatives in general. The decision to make all co-op brand coffee and chocolate products fair trade, and the 'consumer right to know' initiatives, teach staff more about co-operation than courses and have the potential to have much more impact in the future as communication with staff increases and improves.

Staff Education Efforts: Satisfaction: There is a review of staff and management education currently underway at the Group following major changes in the personnel responsible.

Outcomes: How is marketing, research and member and staff education measured? Not all Co-operative Group managers would 'buy in' and a process of management culture change is under way. That being said, the momentum is clearly toward support for Responsible Retailing.

Outcomes: What was the Impact? In the spring of 2004 the Co-operative Group held a major meeting of managers to signal a significant increase for the role of the Responsible Retailing initiative in the Group's strategic direction.

MOCA Success: Characteristics of a successful program: The wider ranging the strategy, the more integral it becomes, the more successful it has been.

MOCA Success: Was MOCA campaign effective? Responsible Retailing is seen as very effective.

MOCA Success: Impact on the co-operative: It is gaining strength.

MOCA Success: Impact on the co-operative difference: Profound

Future Plans: What improvements are seen? Responsible Retailing is now more central to the co-operative business strategy of the Group than it has been in the past and will become more so.

Future Plans: What more do they want to know about MOCA? No specific response.

Future Plans: What information or resources might be useful? "Always interested in hearing about what works for others."

Responsible Retailing - The Co-operative Group



Fair trade makes you smile!



Fair Trade includes not just fruit and vegetables but products made from them. Not just co-op cooking chocolate but chocolate bars. Co-op Fair Trade chocolate and fair trade sugar are used to produce co-op brand fair trade chocolate chip cookies and chocolate cake.



What is emerging from this activity, done in close co-operation with other fair trade promotion organizations, is a growing alternative to the commodity trading system that brings poverty to millions around the world.

SUN SEA SAND AND SEWAGE

Co-op Travelcare is Britain's biggest independent travel agent. Perhaps that's down to our unique 'traveller's right-to-know' policy, which ensures our customers get the full facts about every destination. It's typical of the values of honesty and openness that link the entire family of CWS businesses, from farms to funerals, food to finance. CWS is the world's largest consumer co-operative, owned and controlled by its members. For more on CWS, call 0161 238 5115 or visit www.co-op.co.uk

0161 238 5115

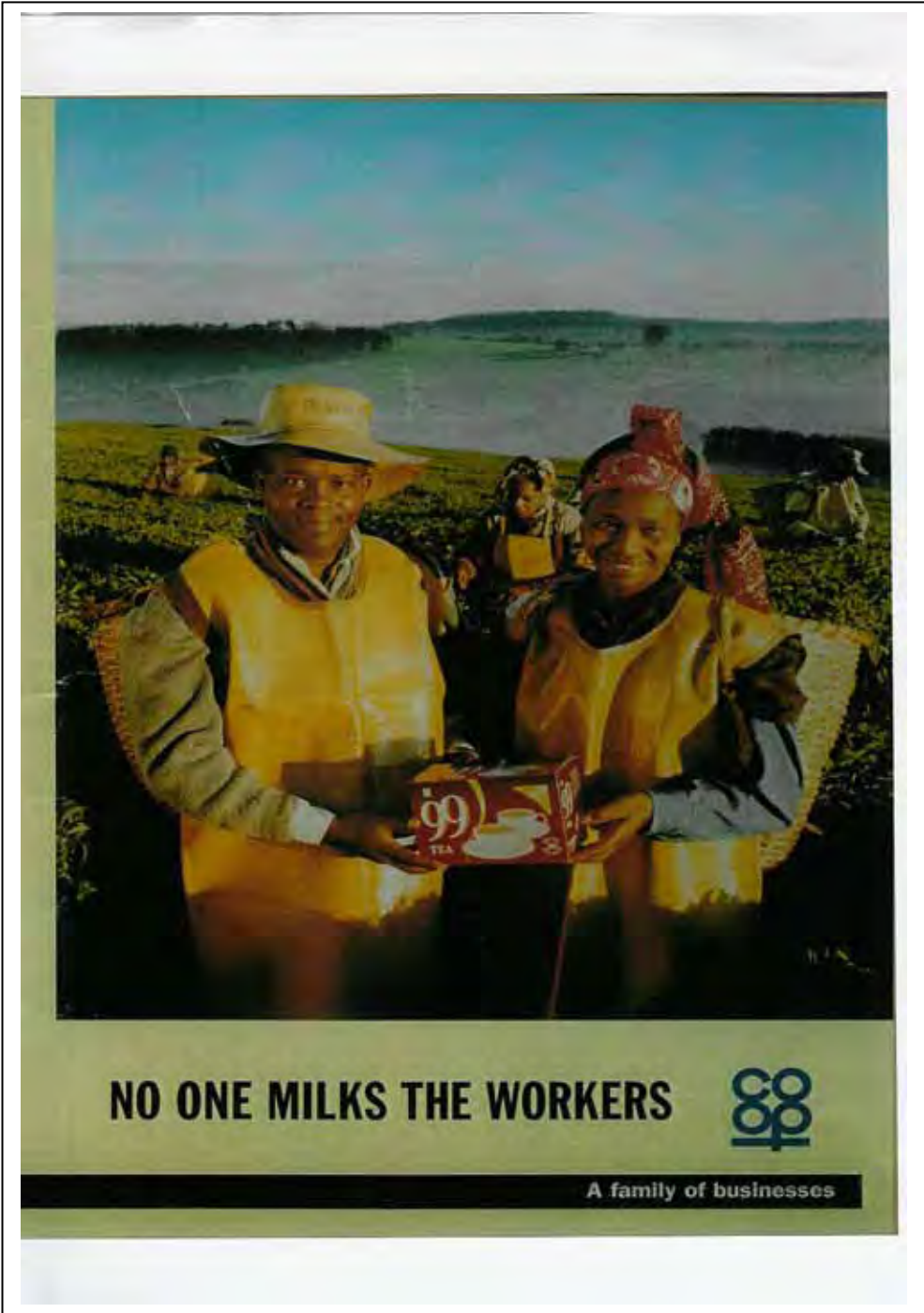


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MOCA Program Overview – 1996 to 2005

Ten years ago, cooperatives across the US began investigating how their cooperative structures might serve as a unique selling position for their marketing programs. National cooperative leaders commissioned a Gallup Poll on consumer attitudes towards cooperatives in 1994, the results of which documented consumer trust in cooperatives.

A partnership between national cooperatives and credit unions in the US and Canada, sponsored by CCA and NCBA and produced by St. Francis Xavier University Extension Department and the Cooperative Development Institute, emerged to host an investigation about the existence of a cooperative difference, and its' relationship to marketing and membership programs. Many cooperative leaders agreed there was a cooperative difference that was worth communicating to members and the public. This partnership hosted a discussion about best practices in marketing our cooperative advantage (MOCA).

What is MOCA? Marketing Our Cooperative Advantage is about cooperatives and credit unions educating member-owners and the public about the advantages of doing business with cooperatives. The cooperative values are rooted in human nature. These are the basis for MOCA. MOCA is done by leaders who are courageous enough to live these basic human values because it is the ethical thing to do. They are delighted when it leads to business strength.

A number of Cooperatives and Credit Unions across the US and Canada integrated MOCA into their marketing and membership programs. They believed this focus could reinvigorate and reposition cooperatives for success in the 21st Century. As Tom Webb described: “Market research shows consumer attitudes have shifted in support of cooperatives. Global trends are causing people to value democracy, justice, fairness, quality, community, and local ownership. These are cooperatives’ strengths. Marketing our strengths builds membership, expands our businesses, and refocuses us on our core values.”

Key Assumptions in this MOCA program included:

- The cooperative nature of our businesses is the most valuable asset for building our multiple bottom lines. It is a key source of value to members and their local communities. Our success as cooperatives is dependent upon marketing our cooperative advantage.
- Cooperatives are of increasing value in a world in which people are concerned about enhancing their influence over their economies, protecting the ecology, enhancing democratic values, and fairly distributing wealth in our world.
- Market research shows that people do value cooperatives, credit unions and the principles upon which they rest. The research tells us that people believe cooperatives have their best interests in mind, provide high-quality products and services at fair prices, and offer quality personal service. Cooperatives are perceived to be advocates of their members.
- Cooperatives need to conduct market research to discover:
 - which core cooperative differences are valued by their members and potential members and

- how to demonstrate and communicate these differences effectively.
- Linking MOCA communication efforts across organizational lines, from marketing to member communications to employee relations to management policy to education and training programs, promotes successful business outcomes.

MOCA Events and Resources

- **US/Canadian Conferences** - Boston, MA - 1995, Marlborough, MA - 1996, St. Paul, MN - 1997
- **Regional MOCA Conferences** - Pennsylvania - 1997, Oregon/Washington- 1998, Minnesota - 1998, Vancouver - 1998, North Carolina - 1999
- **MOCA Conference Workshops and Presentations:** Canadian Cooperative Association Innovations Conference - 1997, National Cooperative Business Association Annual Meeting – 1997, Consumer Cooperative Managers Assoc. – 1997, Wisconsin Federation of Coops Annual Meeting – 1998, National Cooperative Business Association Future Leaders – 1999, Co-op Atlantic Annual Meeting – 1999, UK Co-operative Congress – 2000, Consumer Cooperative Management Association – 2000, Oxford Swindon and Gloucester Board, management and staff - Workshops 2000-2003, Tamworth Co-op – 2001, Radford Co-operative – 2001, West Midlands Co-operative – 2002, Federation de Caisse Populaires – 2002, Co-operative Group - Young Managers Group – 2003, Scottish Agricultural Organization Society – 2004
- **MOCA Video** - 1995

MOCA Research Methodology

Process Overview

- 153 people were contacted.
- 96 of those contributed to this study in some way (see appendices for listing).
- 57 participated in the initial survey to determine if their cooperative was marketing their cooperative advantage.
- 42 people in cooperatives marketing their cooperative advantage participated in the full interview

- 33 of the 153 people contacted work for support organizations that weren't engaged in marketing efforts. (They were contacted for recommendations of cooperatives who might be good candidates for an interview.)
- 4 of the cooperatives we contacted were not marketing their cooperative advantage.
- 93 of them were marketing their cooperative advantage.
- We did not have sufficient information to determine if 19 of the cooperatives contacted were marketing their cooperative advantage or not.

The Call List

Our goal was to locate twenty (20) cooperatives that were marketing their cooperative advantage, covering a range of industry sectors and geographic regions. A list of cooperative leaders who participated in the MOCA programs described above was compiled. Each person was contacted; many had moved on to new positions, so the new marketing person was identified and added to the list. Cooperative leaders from every industry sector were asked to contribute suggestions for names of cooperatives that might be marketing their cooperative advantage, adding to this initial list, resulting in a list of three hundred and thirty-five (335) potential contacts.

The Interviews

Interviewers contacted 153 people for a screening interview. Screening interviews determined whether this cooperative was marketing their cooperative advantage and sought recommendations for other cooperatives to include in the study. Interviews were scheduled with cooperative leaders with MOCA programs. Ninety-three (93) of the people contacted were from cooperatives that were marketing their cooperative advantage. Full interviews were conducted with 42 of these.

The Interview Questions

Here are the questions we asked of each interviewee:

Defining MOCA

1. **Have you identified your "cooperative advantage", i.e. the advantages you are able to provide customers or members because of your cooperative structure?**

- a. Yes = y, No = n
 - b. If no, why not?
 - c. If yes, go to next question ...
- 2. How would you define your cooperative's "cooperative advantage"?**
- a. Have you incorporated that message into your marketing campaigns or member education?
 - b. Yes = y, No = n
 - c. If no, why not?
 - d. If yes, go to next question ...
- 3. How do you talk about this advantage in your marketing program?**
- 4. Your responses are confidential and will only be shared in an aggregated form. Would you be interested in receiving a copy of this report?**
- a. Yes = y, No = n

Marketing Efforts

- 1. Could you give me a brief overview of your current marketing efforts? (Message, Target Population, Vehicles)**
- 2. What portions of your current & future marketing efforts include a MOCA message?**
- a. Current: All of it = 1, about 75% = 2, about 50% = 3, about 25% = 4, none of it = 5
 - b. Future: increase = 1, same = 2, decrease = 3
- 3. How much did you spend last year on marketing?**
- a. % of sales or % of assets

Market Research

- 1. Could you give me a brief overview of the market research you conduct to support your marketing programs?**
- a. No market research = n
- 2. What did you learn about your marketing campaigns from your market research last year?**
- 3. What did you learn about your MOCA marketing efforts?**
- 4. Could you share this research data with us? (If we don't have it already)**
- a. Yes = y, No = n, already have it = a
- 5. How much did you spend last year on market research?**
- a. Get % of sales or % of assets
- 6. How satisfied are you with your market research activities? If no, why not?**
- a. Very satisfied = 1, satisfied = 2, somewhat satisfied = 3, not satisfied = 4

Outcomes

- 1. How do you measure the effectiveness of your marketing program?**
- 2. How well did your marketing program achieve the desired results last year?**
- i. very satisfied = 1
 - ii. satisfied = 2
 - iii. somewhat satisfied = 3



- iv. not satisfied = 4
 - a. **Is your business performance (growth, profit, whatever is important to you) at, above, or below industry standards?**
 - i. Doing better than industry = 1
 - ii. similar results = 2
 - iii. doing worse than industry = 3
 - b. **Could you share any data on business outcomes with us?**
 - i. Yes = y, No = n
 - c. **Pick one of following 3 statements that fits you best:**
 - i. Our success is based on, and dependent upon, marketing our cooperative advantage = 1
 - ii. Our success is influenced by marketing our cooperative advantage = 2
 - iii. Our success is in no way influenced by marketing our cooperative advantage = 3
2. **What characteristics do you believe make a MOCA campaign effective?**
 3. **What impact has your MOCA marketing program had on your cooperative?**
 4. **Have they helped to create a more valued and valuable cooperative advantage in your cooperative?**
 - i. Yes = y, No = n
 - a. If no, why not?
 - i. If yes, "In what ways?"

Future Plans

1. **As you look to the future, how are you looking to improve the effectiveness of your marketing programs (including or not including MOCA)?**
2. **Is there anything more you'd like to know about MOCA?**
3. **What information/resources might be useful to you?**

MOCA Research Contact List

These are the 96 people and organizations who contributed to this study:

1st Rochdale Cooperative Group, Tom Thompson, NYC, NY
Agri-Mark/Cabot, Inc., Jed Davis, Montpelier, VT
Agri-Mark/Cabot, Inc., Roberta MacDonald, Montpelier, VT
Amalgamated Life Insurance Company, Richard Koven, NYC, NY
American Crystal Sugar, David Berg, Moorhead, MN
American Farmland Trust, Bob Wagner, Northampton, MA
Association of Arizmendi Co-ops, Tim Huet, San Francisco, CA
Berkshire Co-op Market, Pauline Banducci, Great Barrington, MA
Brattleboro Food Co-op, B.J. Davis, Brattleboro, VT
Brattleboro Food Cooperative, Alex Gyori, Brattleboro, VT
Bridgewater Credit Union, Arthur Paul, Bridgewater, MA
CCA Global Partner, Howard Brodsky, Manchester, NH
CDS, Marilyn Scholl, Putney, VT
CenConn, Donna Renkewitz, Meriden, CT
Center for Agribusiness and Economic Development, Kent Wolfe, Atlanta, GA
CoBank, Marvin Hale, Springfield, MA
Co-Bank, Strategic Relations Division, Nancy Cullinan, Springfield, MA
Collective Copies, INC, Steve Strimer, Amherst, MA
Collective Copies, Inc., Leigh Dunlop, Amherst, MA
Community Food and Agriculture Program, Gretchen Gilbert, Ithaca, NY
Constitution State, Bill, White, Wallingford, CT
Co-op Atlantic, Jennifer Macleod, Moncton, NB
Coop Food Stores, Ken Davis, Hanover, NH
Co-op Group, Christine Clark, NB
Cooperative Bank, Simon Williams, UK
Cooperative Development Services, Kevin Edberg, Madison, WI
Co-opportunity, Donna Taglianetti, Hartford, CT
Cornell University, Brian Henehan, Ithaca, NY
Council of NY Cooperatives and Condominiums, Mary Ann Rothman, NYC, NY
Cranston Print Work, George Shuster, Cranston, RI
Credit Union National Association, Pete Crear, Madison, WI
CUNA Business Services, Kevin Lytle, Madison, WI
CUNA Mutual Group, Rick_Uihmann, Madison, WI
Davis Associates, Paul Davis, Falmouth, ME
DOT Coop, Carolyn, Hoover, NYC, NY
EastConn, Richard, Lazure, Willington, CT
Energy Cooperative of Vermont, John Quinney, Colchester, VT
Equal Exchange, Rodney North, Canton, MA
Federation of Southern Cooperatives, Ralph Paige, Albany, GA
Federation of Southern Cooperatives / Land Assistance Fund, John Zippert, Epes, AL
Finger Lakes Organic Growers Cooperative, Bob Stull, Ithaca, NY
Food Front Cooperative Grocers, Krisnee Nicholson, Portland, OR
Green Mountain Spinnery, David Ritchie, Putney, VT
Greenbelt Homes, Gretchen Overdurff, Greenbelt, MD
GreenStar Food Co-op, Patrice Jennings, Ithaca, NY
GreenStar Food Co-op, Joe Romano, Ithaca, NY
Growers Grape, David Momberger, Westfield, NY
Honest Weight Food Coop, Nate Horwitz, Albany, NY
Keystone Cooperative Development Center, Kate Smith, Moorestown, NJ

Maine Credit Union League, Deb Trautman,
 Portland, ME
 Mass Credit Union League, Rob Kimmett,
 Southborough, MA
 Mass CUNA Credit Union Assn, Daniel Egan,
 Jr., Southborough, MA
 Mississippi Market, Gail Graham,
 Minneapolis, MN
 Mississippi Market, Charlie Wunsch,
 Minneapolis, MN
 National Association of Housing
 Cooperatives, Doug Klein, Washington, DC
 National Cooperative Grocers Association,
 Robynn Shrader, Iowa City, IA
 National Credit Union Foundation, Amy
 Swanstrom, Washington, DC
 National Rural Utilities Cooperative, Rich
 Laroche, Herndon, VA
 NCBA, Richard, Dines, Washington, DC
 New Hampshire Community Loan Fund, Paul
 Bradley, Concord, NH
 North Carolina Electric Membership
 Corporation & TSE services, Tom Laing,
 Raleigh, NC
 Northcountry Cooperative Development Fund,
 Margaret Lund, Minneapolis, MN
 NRECA, Martin Lowery, Arlington, VA
 Ocean Spray Cranberries, Inc., Ken Romanzi,
 Lakeville- Middleboro, MA
 Ocean Spray Cranberries, Inc., Irene
 Sorensen, Lakeville- Middleboro, MA
 Our Family Farms, Faith Lally-Williams,
 Shelburne, MA
 Outpost Natural Foods, Lisa Malamarowski,
 Milwaukee, WI
 Ownership Associates, Noemi Giszpenc,
 Cambridge, MA
 Oxford Swindon and Gloucester, Bob Burlton,
 , UK
 Pawtucket Credit Union, Robert P. Andrade,
 Pawtucket, RI
 Pawtucket Credit Union, Fran Difiore,
 Pawtucket, RI
 River Food Coop, Jenn Posterick, Stillwater,
 MN
 River Food Coop, Mead Stone, Stillwater, MN
 River Valley Credit Union, Bob Furnham,
 Brattleboro, VT
 River Valley Credit Union, Gary Ellis,
 Brattleboro, VT
 River Valley Market, Rochelle Prunty,
 Northampton, MA
 Sevananda Natural Foods Co-op, Linda
 Cross , Atlanta, GA
 Seward Natural Food Co-op, Susan Hawks,
 Minneapolis, MN
 Springfield Food Co-op, Sharon Mueller,
 Springfield, VT
 St. Albans Cooperative Creamery, Leon
 Berthiaume, St. Albans, VT
 St. Mary's Bank, Ron Rioux, Manchester, NH
 Syracuse Cooperative Federal Credit Union,
 Gail Bering Porter, Syracuse, NY
 Thanexus, Wilson Beebe, Manasquam, NJ
 Touchstone Energy Cooperative, Mary
 McLaury, Herndon, VA
 Tricorp Federal Credit Union, Stephen Roy,
 Portland, ME
 Tucson Coop Warehouse, Chris Nicola,
 Tucson, AZ
 Twin Cities Coop Network, Louis Doreing,
 Roseville, MN
 Twin City Coops, Federal CU, Louis Doering,
 Roseville, MN
 Valley Natural Foods (Burnsville), Charlie Mills,
 Burnsville, MN
 Van City CU, George Scott, Vancouver, VC
 Vermont Association, Cynthia Tokas,
 Montpelier, VT
 Vermont Fuel Buyers Group, Director,
 Burlington, VT
 Washington Electric Cooperative, Inc., Avram
 Patt, East Montpelier, VT
 Whole Foods Coop, Shannon Szymkowiak,
 Duluth, MN
 Wild Oats Cooperative/CGANE, David Fowle,
 Williamstown, MA
 Workers Credit Union, Gordon Wetmore,
 Fitchburg, MA

Marketing Our Cooperative Advantage Consulting Team

*With expertise in cooperative marketing,
membership development,
finance, business development,
strategic planning and
human resources*

Contact: Lynn Benander
Cooperative Life
277 Federal Street, Greenfield, MA 01301
lbenander@cooplife.coop
413-625-9292

Tom Webb

Born and raised in Northeastern Nova Scotia, a region that suffers from chronic unemployment and out migration, Tom Webb has had a life long interest in regional business, economic and social progress and social justice. He was educated at St. Francis Xavier and Carleton universities and holds a Masters of Arts degree.

Mr. Webb worked as a welfare worker for the city of Ottawa and joined the Government of Canada in 1971. In government he held various positions including Special Assistant to the President of the Privy Council, Special Advisor to the Prime Minister and Special Advisor to the Minister of Regional Economic Expansion. Upon leaving government service he worked as Social Economic Program Officer with the Vanier Institute of the Family, and later as a consultant to governments and various local and national co-operative and credit union organizations and businesses.

In 1986 Mr. Webb became Manager of Member Relations and later Manager of Government and Corporate Communications with Co-op Atlantic, Atlantic Canada's regional wholesale, retail and agricultural co-operative central. From 1993 to September 1999 he was Director of the St.FX University Extension Department. St.FX Extension has a long history of involvement in adult education, co-operatives and credit unions and distance and continuing education.

In 1999 Mr. Webb created Global Co-operation, a consulting organization providing services to credit unions, co-operatives and universities in Canada, the USA, New Zealand, Australia, Ireland, the United Kingdom and Spain. He has worked with co-operatives and credit unions on management, marketing, planning, governance and globalization. Tom Webb has written numerous articles on a variety of issues and is currently working on a book tentatively titled, Global Co-operation: An Alternative Approach to Globalization. He has pioneered MOCA, Marketing Our Co-operative Advantage and played a leading role in the development of the Masters of Management - Co-operatives and Credit Unions at Saint Mary's University in Halifax.

Mr. Webb has made hundreds of presentations across Canada and abroad and has been the keynote speaker at the ICA Congress in Quebec City, The United Kingdom Co-operative Congress 2000, The Co-operative Managers Association in Boston in 2000 and The New South Wales Federation of Co-operatives Annual Meeting 2001.



Lynn Benander

Lynn Benander is the CEO of Cooperative Life, the Northeast's Federation for Cooperatives and a Senior Partner in the Cooperative Development Institute, two organizations that work together with cooperative leaders and community-based organizations to build the cooperative economy in New England and New York. She has a passion for building member owned and controlled businesses that strengthen local economies. She has supported the development of consumer, producer, and worker-owned cooperatives in the region, primarily in the energy and food industries. Working together with a strong staff, Ms. Benander has raised more than \$16 million in development grants and financing for cooperative development over the last ten years and provided strategic planning and technical assistance support to hundreds of cooperative development projects in the Northeast.

Ms. Benander has supported the development of cooperative education and training programs that have reached more than 2,500 people – Marketing Our Cooperative Advantage, Effective Board Leadership, Making Cooperative Membership Meaningful, Cooperative Leadership Tours, Effective Customer Service, and A Technical Course on Cooperative Development for people interested in starting a cooperative. Ms. Benander developed and ran a professional development certificate training program for cooperative development centers in the US for four years. She has developed a web resource for building democracy within cooperatives and assisted groups with online facilitation. She has served on numerous cooperative and community boards and on her town's finance committee.

Prior to joining the Cooperative Development Institute ten years ago, Ms. Benander provided consulting and strategic planning support for non-profits, schools, and cooperatives. She worked for Mount Holyoke College directing a professional development program for middle school mathematics teachers in a distressed urban area, as part of a national Ford Foundation Research Project. She taught graduate courses for educators through North Adams State College. She taught mathematics at Greenfield Community College and directed the Mathematics Learning Center. She has a Masters in Mathematics Education from the University of Massachusetts, Amherst.



Christian Lagier

Christian Lagier has an established track record in entrepreneurship, sales, and strategic business development in the United States and Europe. He has particularly valuable experience related to the energy sector and renewable energy. He is passionate about the values and benefits of cooperative ownership structures. Today, he applies his broad experience to helping cooperatives in Northeastern United States expand their membership base and reach multiple-bottom-line goals. He is especially focused on developing and executing new cooperative business ideas.

Until recently, Mr. Lagier worked for Northern Power Systems of Vermont, the oldest renewable energy company in the United States. He opened the San Francisco office, establishing operational infrastructure and pursuing new strategic goals for Northern Power Systems, primarily related to development of solar, wind, cogeneration, and hydrogen projects. During his time with Northern Power Systems, Mr. Lagier also supported strategy development for Distributed Energy Systems Corp. and Proton Energy.

Prior to Northern Power Systems, Mr. Lagier served as Director for Proxicom, a leading consulting partner for Global 1000 companies. He was an important contributor to Proxicom's growth from 15 to 1500 employees negotiating contracts up to \$10 million, growing the Energy Practice working for clients like Pacific Gas & Electric, and establishing the Paris office. He worked for the international Management Consulting Group of TRW Inc. before joining Proxicom. He began his entrepreneurial and consulting career 15 years ago in Denmark, the land of co-ops and wind turbines. He speaks six languages and completed his business administration studies in Denmark, Brussels, and France with a Masters Degree in Economics and Business Administration from Copenhagen Business School.



Laurie Cirillo

Laurie Cirillo has worked in financial services for about twenty years, with the most recent ten years in the credit union industry. She has a passion for building high performing workplaces that honor the talents of staff and provide high quality member service. Ms. Cirillo provides Senior-level Human Resource and Development services for credit unions, including: executive search, education and training, communications and utilization of intranet resources, team and leadership training programs, compensation systems, and performance management systems. She also works with employees, management and boards to support the strategic and business planning and execution process.

Ms. Cirillo has also been involved with executive career placement and developed career planning initiatives with a local career center. She served as adjunct faculty at American International College in Springfield, MA, presenting courses in both the Undergraduate Business Program and the Masters of Science in Organizational Development program.

Ms. Cirillo's career in Human Resources began in the mid-1980's when she headed up the Human Resources Department for a small bank for several years, and then ran the Training & Development function for a 500-employee savings bank. She earned and Masters in Business Administration in Organizational Development from the School of Management at the University of Massachusetts.

Ms. Cirillo is an Associate of Koker, Goodwin & Associates, a Human Resources firm based in Wichita, KS that provides compensation and performance management tools to about 500 credit unions, state leagues and corporates in the country. She also has a strong volunteer commitment to her local public school community, serving as an active member and officer of several public school-related councils and groups.