

WHAT

CO-OP



EMPLOYEES

DO



PREFACE

This updated publication by Galen Rapp, Program Leader, Education/Member Relations, is part of a series to visually present basic information about cooperatives. Illustrations have been created for easy conversion to 35mm slides or overhead transparencies.

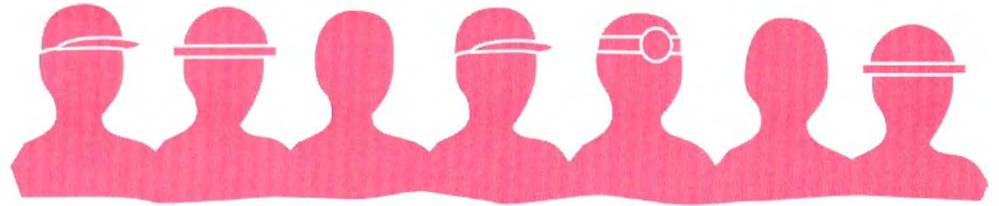
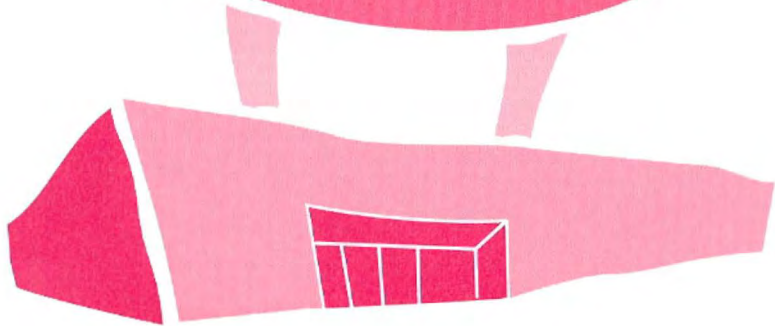
The series consolidates and updates an initial group of illustrated publications developed by C.H. Kirkman, Jr., former education specialist, and Gene Ingalsbe, former director of information, for Agricultural Cooperative Service (now Rural Business and Cooperative Development Service (RBCDS)—Cooperative Services). Publications in the series cover what a cooperative is, how one is organized, what function cooperatives perform, and the responsibilities of key participants—members, employees, the manager, and directors.

This publication focuses on employees. It covers what employees do and the role they play as an important part of a successful cooperative.

USDA/RBCDS—Cooperative Services
Cooperative Information Report 18
March 1995
Consolidates and supersedes CIR 17,
Employees Help Co-ops Serve, and
CIR 18, Guidelines Co-op Employees Need.

WHAT

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COOPERATIVE EMPLOYEES



Cooperative employees work for a unique organization because the business owners are the day-to-day customers. By contrast, most employees of investor-owned firms have little if any contact with customers, much less owners, through the course of their careers.

This close contact with the owners requires a certain sensitivity by cooperative employees in serving members' needs. Therefore, employees become the pillar for the success of their cooperative's business.

But, what are cooperatives and what makes them so different? Cooperatives are user-owned and democratically controlled businesses from which benefits are derived by members in proportion to use. Cooperatives are operated for the mutual benefit of the member-patrons.

PILLAR OF BUSINESS SUCCESS



COOPERATIVE EMPLOYEES, continued



his unique business type operates under three distinct principles:

- **User-Owner/Financed**—This principle means that the customer or people who use the cooperative are its owners. Their responsibility is to provide the equity capital or risk capital for operating the business. Other funds necessary for financing the operation may be borrowed from sources such as local banks, credit unions, and nationwide organizations like National Cooperative Bank in Washington, DC, and CoBank (National Bank for Cooperatives) in Denver, CO. These sources provide the debt capital.
- **User-Controlled**—Customers control the overall operations and the purpose of the business through their elected directors. Directors respond to the wishes of the members when setting the objectives and goals of the cooperative. Directors who don't respond to members' needs may not be re-elected.
- **User-Benefit**—Member-patrons enjoy the benefits of the business because they accept the financial risk of capitalizing it. Member-patrons share the benefits of different types of cooperatives in different ways. They may be from sharing the profit or (loss) generated by business activity or gaining services they can't get elsewhere.

**THIS UNIQUE BUSINESS TYPE OPERATES
UNDER THREE DISTINCT PRINCIPLES:**



CUSTOMERS OWN THE BUSINESS

**MAINTAIN
CONTROL**



**SHARE
BENEFITS**



THE COOPERATIVE BUSINESS STRUCTURE



Cooperatives are people organizations. They are organized to serve people's needs either by increasing their economic income or by providing products and services not available from other sectors of the business community. **Four distinct groups**, each with separate roles, comprise a cooperative; but all coordinate to accomplish one objective: a successful business. **Three** of these groups are:

- **Members**—These are the business owners who organize, incorporate, finance, and elect a board of directors to set the cooperative's policy.
- **Directors**—Members of the board of directors are elected by, and serve at the will of, the membership. Some cooperatives may limit the years or terms directors may serve. The directors have two primary responsibilities: hire competent management and guide the direction of the business by providing policy and oversight to its operations.
- **Manager**—As a cooperative employee, the manager serves at the pleasure of the board. Managers are responsible for the day-to-day operations of the cooperative. One of their most important tasks is to hire quality employees. In the chain of reporting relationships, employees are directly responsible to the manager. But the final evaluation of their productivity comes from customers—the owners of the cooperative.

THREE OF THESE GROUPS ARE:



MEMBERS

EXERCISE
OWNERSHIP
RESPONSIBILITIES

MAINTAIN
CONTROL

PROVIDE
FINANCING

USE
PRODUCTS & SERVICES



BOARD



LONG-RUN
DECISIONS



IDEA
DECISIONS

PRIMARY
CONTROL



MANAGER



SHORT-RUN
DECISIONS



ACTION
DECISIONS



OPERATIONS
CONTROL



THE COOPERATIVE BUSINESS STRUCTURE, continued

Employees—Members want and expect good service and fair treatment from the employees of the cooperative business. Employees must understand that this unique business relationship places added emphasis on people skills when dealing with user-owners.

Cooperative employees are the “glue” that binds members to their business. Employees deliver the supplies customers buy; order and maintain inventories; keep accurate accounting records; provide services; advise and recommend products to meet customers’ special wants and needs; handle customer complaints; represent the cooperative in the business and civic community; educate the members and public about the goods and services offered by the cooperative; adequately maintain facilities to serve members; and help to instruct and educate other employees. Employee careers often span the employment of several managers and numerous elected directors. Employees are the cooperative’s front-line business representatives to the owner-user, other customers, and the community.

**EMPLOYEES ARE THE COOPERATIVE'S
FRONT-LINE BUSINESS REPRESENTATIVES.**



DIRECTORS



MANAGERS



EMPLOYEES

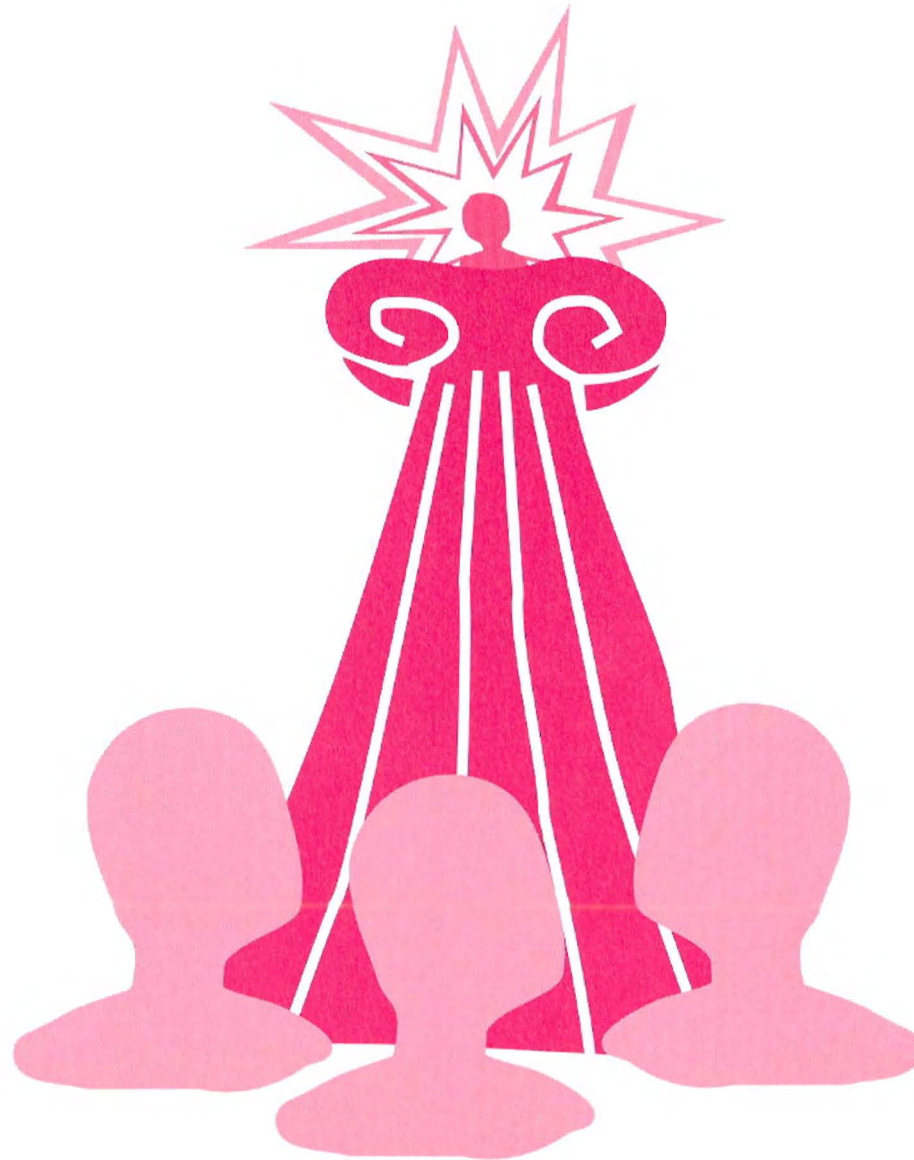


CHARACTERISTICS OF THE QUALITY EMPLOYEE, continued

The qualities of cooperative employees are not unlike those of employees working for investor-owned businesses. However, because of the unique ownership structure, people working in cooperatives are often regarded as a personal employee of every customer. To meet this unique demand, employees need particular characteristics.

Develop a positive attitude—All of us like to be treated special. The “**Make Me Feel Important**” sales tool is valuable when dealing with all types of customers. This same attitude of respect and a positive attitude also helps to build a team spirit among employees of the cooperative. Repeat business, customer satisfaction, and cooperative business success depend on all employees displaying a positive attitude. Customers appraise employee attitude when answering the telephone and handling customer complaints promptly and fairly.

“MAKE ME FEEL IMPORTANT” SALES TOOL



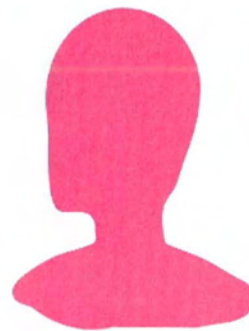


CHARACTERISTICS OF THE QUALITY EMPLOYEE, continued

Understand what a cooperative is and support its business ideals. It's hard for employees to deliver quality services if they don't understand the business that employs them. Cooperatives are a unique business structure. The customer owns the business. Ownership entitles members to services they may not expect or request from privately held businesses. This also places certain responsibilities on the owner.

These two unique characteristics set cooperative employees apart from those in other types of business. Cooperative employees are often asked questions about internal operations and the earnings of the business. A well-informed employee knows how to handle these questions in a way that satisfies the member without revealing information that could be useful to the competition. Managers and key personnel must keep all employees well informed on current cooperative information.

**UNDERSTAND YOUR COOPERATIVE SO YOU CAN ANSWER
QUESTIONS ADEQUATELY. DON'T REVEAL INFORMATION THAT
COULD HELP THE COMPETITION.**



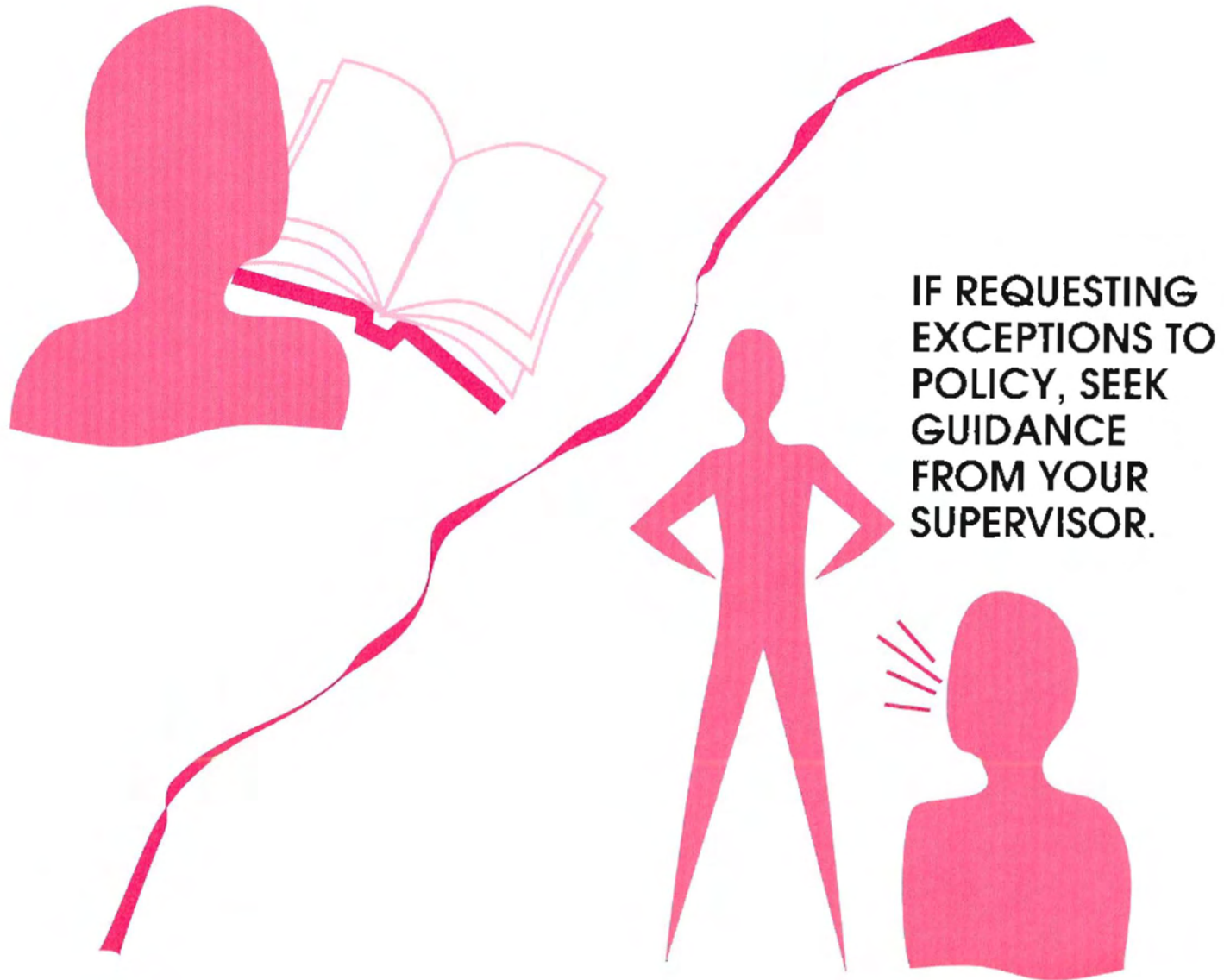


CHARACTERISTICS OF THE QUALITY EMPLOYEE, continued

Follow cooperative policies and rules—A well-informed employee keeps abreast of current cooperative policies and rules. The purpose and application of any policy or rule should be discussed with a supervisor or explained in an employee meeting. Policies and rules are implemented to safeguard the member-customer interests, set good business standards and ensure the cooperative's success.

An employee's supervisor or the manager are responsible for handling any conflict with the cooperative's policy. If an exception to a policy is requested, it is the responsibility of the employee's supervisor or the manager to interpret, evaluate, and act on the request. A well-informed employee avoids evaluating policy or rules to fit a particular situation or circumstance. Employees should implement the cooperative's policy and rules in a fair and equitable manner toward all customers.

FOLLOW COOPERATIVE POLICIES AND RULES.

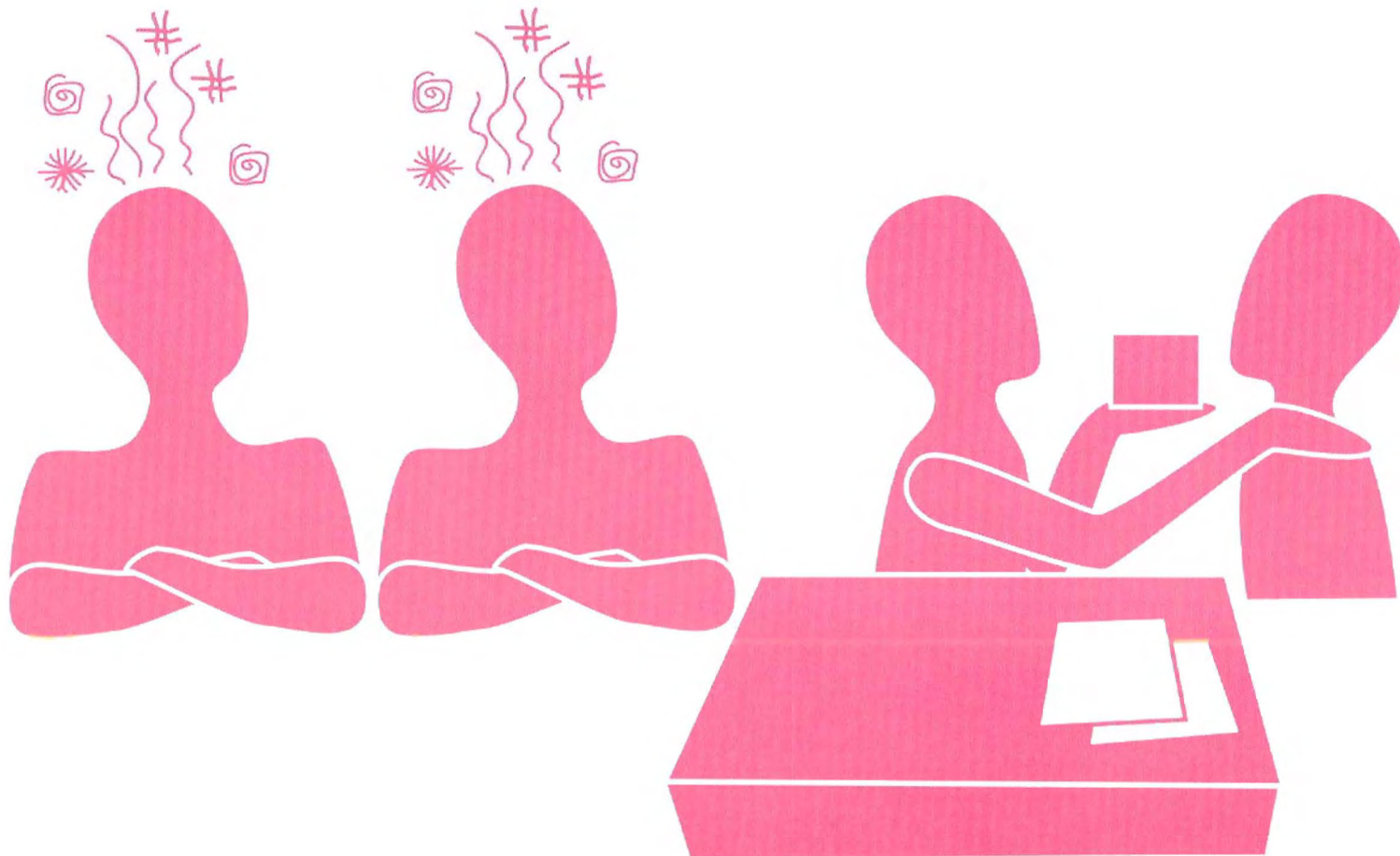


**IF REQUESTING
EXCEPTIONS TO
POLICY, SEEK
GUIDANCE
FROM YOUR
SUPERVISOR.**

CHARACTERISTICS OF THE QUALITY EMPLOYEE, continued

Respect all customers and treat them fairly—As customers, cooperative members want to be treated fairly and honestly by the business they own. Special concessions shared with selected customers soon bring dissatisfaction among all customers. While some members may feel they should receive “special” treatment because they are owners, employees who treat all customers equitably gain their respect and confidence. Leaders of the cooperative quickly identify the employees who treat customers with respect and honesty. Special treatment of one customer may generate shortrun results, but cause long-term ill-will and dissatisfaction among most customers. Employees must offer merchandise and services in a sense of “best-value” to all customers.

RESPECT ALL CUSTOMERS AND TREAT THEM FAIRLY. SPECIAL TREATMENT FOR SOME LEADS TO ILL WILL.





CHARACTERISTICS OF THE QUALITY EMPLOYEE, *continued*

Be well trained—Employees must be able to explain technical information about the service areas in which the cooperative operates. The customer-member relies on employees to recommend correct products or services. The ability to respond to customer questions and resolve their problems determines if customers return to the cooperative for future needs. Because of the fast pace of today's business and changes in technical product and environmental regulations, employees must continually train themselves in products and service areas. Sound customer advice and accurate information are an important part of providing quality service. The well-trained employee understands and appreciates the fact that serving the needs of customers is the first step in customer satisfaction.

BE WELL TRAINED SO YOU CAN RECOMMEND THE RIGHT PRODUCTS AND SERVICES TO CUSTOMERS.





CHARACTERISTICS OF THE QUALITY EMPLOYEE, continued

Be a Team Player—All of us want to be on a winning team. Team success, whether on the athletic field or in the business arena, depends on all players cooperating to reach predetermined objectives and goals. Employees must know the goals of their cooperative and understand the game plan to attain them. Those who are critical of fellow employees, the management, or the elected leadership become negative thinkers. Each employee of the cooperative sales organization should know about its overall sales goals and his/her part in them. Employees working in service organizations must be aware of the service level required to meet the organization's overall objectives and employee's expected contribution to the team effort.

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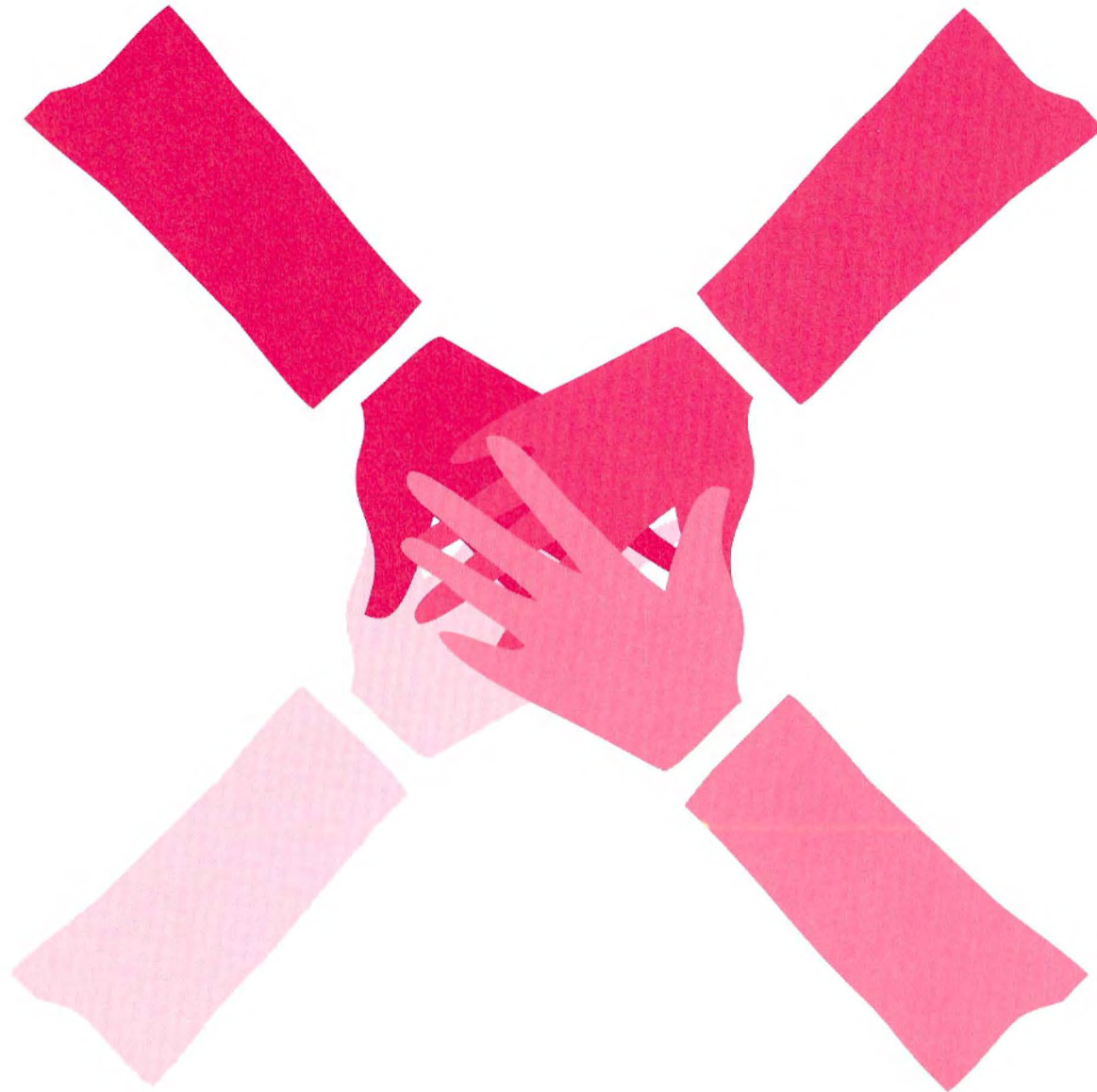




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BE A TEAM PLAYER; KNOW YOUR CO-OP'S GOALS AND WHAT YOUR PART IS IN ACHIEVING IT.

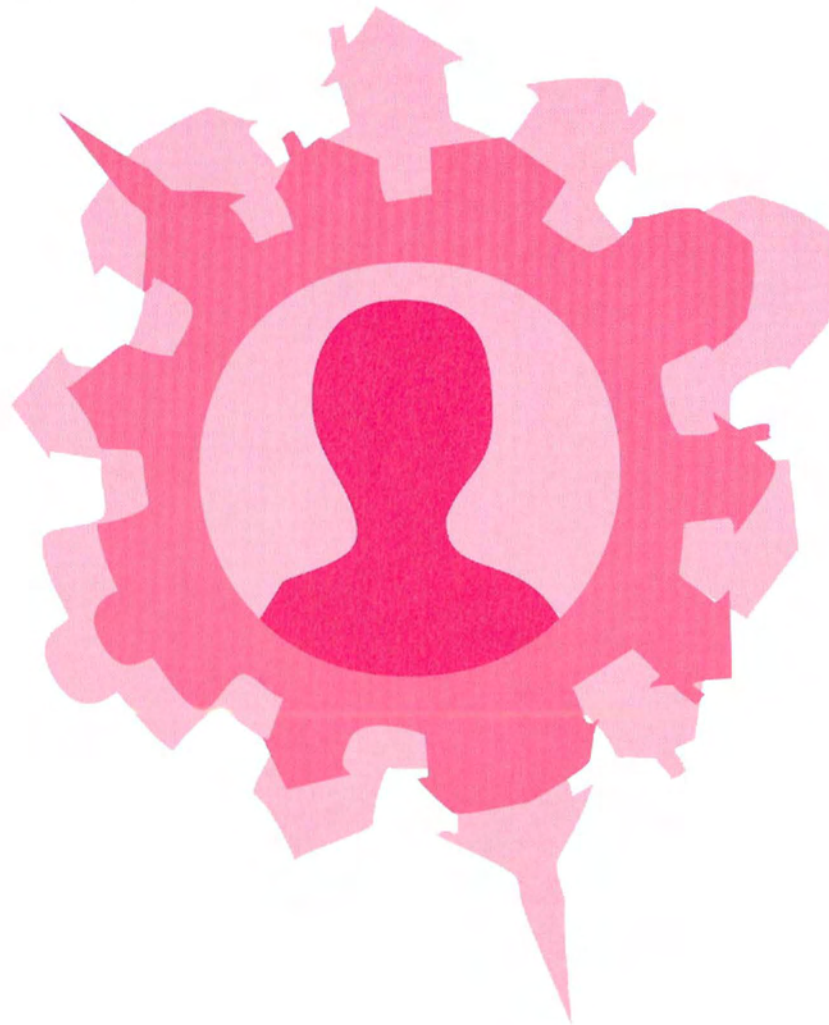


CHARACTERISTICS OF THE QUALITY EMPLOYEE, *continued*

Participate in community activities—The image of the cooperative to the rest of the business community lies with the employee. Employee participation in service and civic organizations, school activities, professional and youth groups, and business organizations like the chamber of commerce is important. Costs associated with participation in service and civic organizations or professional groups are often paid by the cooperative. Most cooperatives maintain political and religious neutrality. When representing the cooperative, employees must be cautious about taking a particular stand or participating in an activity which has a special social, political, or religious orientation. Volunteering talents not only contributes to the employee as an individual, but also shows that the cooperative is interested in the needs and welfare of the community.

PARTICIPATE IN COMMUNITY ACTIVITIES, INCLUDING:

- **SERVICE CLUBS**
- **SCHOOLS**
- **YOUTH GROUPS**
- **BUSINESS ORGANIZATIONS**



CHARACTERISTICS OF THE QUALITY EMPLOYEE, continued

K eep supervisors informed—Constant communication is a key element in all business operations. Employees are the eyes and ears of the business. They constantly deal with the customers and the public. This feedback helps shape future procedure and policy changes necessary to increasing customer appreciation and satisfaction. Employee communication with supervisors provides the instructions that can lead to implementation of desired changes. Unsafe working conditions or damaged facilities and broken equipment should be reported to supervisors for correction or repair. Irregularities in business operations or planned absences from the job must be communicated to keep the business operating efficiently. Effective communications means not only talking, but also listening carefully to comments and suggestions from customers, instructions from supervisors, and recommendations from other employees. All help to build the cooperative team.

**KEEP SUPERVISORS INFORMED; FEEDBACK FROM EMPLOYEES
HELPS SHAPE FUTURE POLICY AND PROCEDURE CHANGES.**



CHARACTERISTICS OF THE QUALITY EMPLOYEE, continued



aintain personal appearance—Employees present the cooperative’s image to the members via day-to-day contacts. Part of the first impression that a customer makes of an employee is based on personal appearance. A positive first impression leads to customer satisfaction. Clean, correct-fitting apparel appropriate for working conditions is a plus. Any cooperative uniform required for the job should be fitted and cleaned. A well-groomed employee reflects the person’s self-esteem and a positive image of the cooperative.

**MAINTAIN PERSONAL APPEARANCE TO CONVEY A POSITIVE
IMAGE OF THE COOPERATIVE.**



CHARACTERISTICS OF THE QUALITY EMPLOYEE, continued



aintain facilities, equipment, and inventory—This aspect of cooperative employment may have less appeal than working with customer-members. But, the importance of these functions must be understood so the cooperative can be an aggressive and profitable business. An accurate accounting of company inventory, balancing a cash register, or repairing equipment are important activities to a profitable business. Dirty or poorly arranged merchandise can be just as much a deterrent to reaching sales goals as overpricing or poor selection of merchandise for sale.

Customer-members don't like doing business in messy facilities or trying to obtain quality service from equipment in disrepair. In the mind of the customer, malfunctioning equipment often reflects lower or poor-quality products and an attitude that employees don't take customer satisfaction seriously. Clean and well-maintained facilities and equipment also create a safer work environment.

MAINTAIN FACILITIES, EQUIPMENT, AND INVENTORY.



SUMMARY



Given its unique business structure, each cooperative has particular goals and objectives. The objective of the cooperative that sells supplies to its members is to provide merchandise on a “best value” basis. The goal of a cooperative that markets products or services produced by the members is to pay fair-market value or negotiate for the highest price. Some cooperatives provide services to their members that are not available from other sources. In such cases, the objective is to provide a needed service, not necessarily to save money or obtain the highest price. Quality employees will understand why businesses are organized as cooperatives and be able to explain their uniqueness.

INFORMATION

Rural Business and Cooperative Development Service (RBCDS)—Cooperative Services conducts research, collects statistics, develops educational materials and provides on-site technical assistance to farmers and other rural residents interested in organizing cooperatives. Followup assistance is provided as needed.

Cooperative Services develops both general and specific educational materials on cooperative organization and operation. Periodically, the staff conducts training workshops for the key participants in cooperatives—managers, directors, and employees.

Cooperative Services also publishes Farmer Cooperatives, a monthly magazine oriented to the cooperative business community, plus a catalog of publications (CIR 4) that lists about 150 titles of reports and videos about cooperatives. Here are some particularly valuable to cooperative employees.

Cooperative Benefits and Limitations, CIR 1, Sec.3

Cooperative Communications, CIR 1, Sec. 11

Cooperative Education and Training, CIR 1, Sec.10

Cooperative Organization and Structure, CIR 1, Sec.9

Cooperative Principles and Legal Foundations, CIR 1, Sec.1

Cooperatives in Agribusiness, CIR 5

Organizing and Conducting Your Cooperative's Annual Meeting, CIR 21

Recruiting and Training Co-op Employees, CIR 36

Understanding Cooperatives, CIR 6

Co-op Education Training Series, CIR 45, Parts 1-12

Advising People About Cooperatives, CIR 29

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