



# Coop Vent

**By promoting synergies among co-ops, CUs seize growth opportunities and differentiate themselves to consumers and legislators.**

Brewery Credit Union and Outpost Natural Foods Cooperative drive home the co-op message for Milwaukee consumers by linking their names in consumers' wallets and on grocery shelves. It's why Margaret Mittelstadt, director of communications for Outpost Natural Foods, calls membership in the credit union a "really cool thing to promote to the community."

Brewery operates a branch inside the food co-op and even offered to make a \$25 deposit for Outpost employees opening new savings accounts, Mittelstadt says. Becoming a member "is a sweet deal."

Brewery is a \$30 million asset community development credit union serving almost 8,000 members. Its partnership with Outpost Natural Foods began in 2005, when the food co-op asked area credit unions to submit proposals for a branch within its new Bay View store to serve its 13,000 member-owners. In selecting a credit union, Outpost Natural Foods considered a combination of financial services and social mission, including services for low-income residents.

Brewery called on a board member who was a longtime food co-op member to share the credit union's story of providing finan-

**Brewery CU, Milwaukee, operates a branch inside an Outpost Natural Foods Co-op store. The partnership works because the co-ops share the same beliefs and social mission, maintain Jim Schrimpf, CU CEO (left), and Pam Mehnert, food co-op general manager (right).**

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cial services to low-income households. That swayed Outpost to select Brewery to operate the in-store branch.

To deepen the partnership, the credit union later created an affinity credit card branded with the Outpost logo. Brewery President/CEO Jim Schrimpf says the credit union shares its interchange fee with the food co-op, returning 1% of all purchases to a fund used to educate co-op owners.

Brewery's benefits from the relationship include its prime in-store location and access to Outpost's mailing list. The combination has boosted Brewery's 25- to 43-year-old members to 29.4% of total membership or 2,352 members in January 2008, from 28.5% or 2,158 members in August 2006. Schrimpf notes these young members are idealists with a sense of mission and purpose.

Building Brewery's identity as a socially responsible co-op has made the credit union part of a "national movement" toward local business control, Schrimpf says.

"It opens the door to select employee groups and to business accounts," Schrimpf adds. "I'm making contacts with other businesses and business owners I never would have had the opportunity to reach otherwise."

Brewery is building on that effort by working with Outpost and six other prominent businesses to launch "Our Milwaukee," a business promotion group for locally based businesses.

## A yearning in the marketplace

Co-op collaboration emphasizes the message that member-owned businesses operate with different rules, says Paul Hazen, president/CEO of the National Cooperative Business Association (NCBA), Washington, D.C. That message ties

## FOCUS

- ▶ **Member-owned businesses** operate with different rules.
- ▶ **Before CU leaders** can educate members about co-op principles, they must educate themselves.
- ▶ **National co-op organizations** have committees to support collaborative marketing efforts.





**'If co-ops nationwide recognized the colossal power they already have, they'd dwarf AARP.'**

**Roberta MacDonald**

"We're missing an opportunity in the marketplace," Hazen says.

**A solid foundation**

Strong co-op partnerships often offer a sweet deal for everyone involved. Olympia (Wash.) Food Cooperative

into larger themes that are swaying both the political atmosphere and consumer markets.

"There's a real yearning and hunger out there," Hazen says. He claims Americans are seeking socially responsible businesses to meet their everyday needs. Co-ops fill this role when they remain true to their core values of operating with democratic principles, local control, and transparent management.

But co-ops can lose this advantage if they don't use their unique structure to differentiate their organizations. In fact, many co-ops—of which there are about 40,000 in the U.S.—often fail to tell consumers how and why they're different.

provides space for the only branch of \$2.7 million asset Tulip Cooperative Credit Union at an annual cost of just \$10.

Tulip Cooperative's service to low-income members gives it a strong link to the food co-op's mission, according to Kitty Koppelman, a project manager for the Olympia Food Cooperative and a member of the credit union's supervisory committee. When the credit union was being organized, the food co-op paid Koppelman's full-time salary while assigning her to work half-time on the credit union project for almost three years.

Tulip Cooperative's start-up also received considerable financial and technical support from two credit unions: BECU in Tukwila, Wash., and Washington State Employees Credit Union in Olympia. Tulip Cooperative Manager Pam Verschoor notes that both credit unions continue to aid Tulip today: BECU provides an ATM and Washington State Employees contributes free accounting services.

"We still need to use their services," says Verschoor. Additional co-op support comes from the Northwest Cooperative Development Center, represented on the Tulip Cooperative board by Eric Bowman.

These co-ops encouraged Tulip Cooperative to expand its services to low-income residents in Thurston County by developing a relationship with Enterprise for Equity. The nonprofit lender provides microloans for small-business development, with an emphasis on serving women and minorities. The credit union expects to begin servicing Enterprise for Equity loans this spring.

**Joint marketing efforts**

Some co-op advocates believe credit unions are missing an opportunity when they fail to move beyond behind-the-scenes cooperation to public affiliation with their cooperative peers. Several organizations within the national co-op movement, including the Credit Union National Association (CUNA) and NCBA, have established committees to support collaborative marketing efforts.

Cabot (Vt.) Creamery Cooperative has been a leader in this effort, spearheading joint marketing efforts and sharing its cross-marketing expertise at seminars sponsored by credit union organizations. Roberta MacDonald, Cabot's senior vice president of marketing, says promoting synergy is one way to recognize the shared power of co-ops.

"If co-ops nationwide recognized the colossal

**▶ CONNECT WITH CONSUMERS**

Consider these cross-marketing opportunities to connect with other co-ops and their member-owners:

- ▶ **Offer** credit union members a coupon for free or discounted services another co-op provides. The 2006 Connecticut Cooperative Month Promotion, sponsored by Cabot Creamery Cooperative and the Credit Union League of Connecticut, included distributing cheese samples at the co-op ShopRite Supermarkets, giving cheese coupons to credit union members and rewarding co-op members who joined a credit union with a \$20 savings deposit from Cabot.
- ▶ **Give** credit union members special discounts as part of a larger promotion to cooperative members. Santa Monica Cooperative recently issued member coupons that include discounts on selected services for members of \$4.4 billion asset Kinecta Federal Credit Union, Manhattan Beach, Calif. Co-op members also are eligible to join the credit union.
- ▶ **Enable** co-op members to join a credit union. In many states, rural electric co-ops have worked to ensure their member-owners fall within a credit union's field of membership.
- ▶ **Lease** or provide space to another co-op. Credit unions and other co-ops can work together to provide space for operations—such as branch offices or short-term marketing displays.

power they already have, they'd dwarf AARP," MacDonald says. Nationwide, MacDonald notes an estimated 130 million Americans are involved in co-ops, including credit unions.

Cabot has worked with both credit union leagues and individual credit unions along with other co-ops in promotional efforts to persuade credit union members to sample Cabot cheese and persuade co-op owners to become credit union members.

But before these initiatives can work, credit unions must help members learn that credit unions are co-ops and why this business model is better. MacDonald suggests credit unions can do this by targeting various member or consumer groups—for example, explaining what a co-op is through advertising messages or working with local Girl Scout groups to distribute a "Co-ops for Community" scout patch.

Credit unions overlook the importance of these marketing and education efforts when they base their marketing solely on competition for financial services, MacDonald says.

"They're often defensive, as opposed to looking around and seeing the great benefits of getting involved with other cooperatives to attract more members," MacDonald says. "Big or small, these credit unions tend to position themselves in relation to their competition [instead of] their extraordinary cross-marketing opportunities among co-ops."

To change that posture, she advises credit unions to get involved with other co-ops for marketing that will make connections among consumers. They also can educate members about the advantages of co-op principles by producing "owners' manuals" instead of "annual reports" and using member stories to convey "visible, tangible messages of how credit unions improve their lives with services and exactly how their members benefit from ownership."

### Co-op education and leadership

Before credit union leaders can educate their members about co-op principles, they first must educate themselves. Some options:



► Get involved in state or national cooperative associations;

► Tap into the national Go Co-op! Web site ([go.coop](http://go.coop));

► Sponsor youth education projects to deliver co-op messages to young members, who may assume all businesses follow the for-profit model; or

► Use the ".coop" domain for Web site addresses to help members recognize credit unions'



**'We're missing an opportunity in the marketplace.'**

Paul Hazen

co-op status.

Cross-marketing demonstrates the same co-op principles underlie different types of co-op structures within the local community. Even paying dividends can be important when it boosts recognition of the value of owning a piece of a not-for-profit business. continued ►

## ► EDUCATE CO-OP LEADERS

Two educational programs keep credit union leaders in touch with their co-op values by emphasizing co-op philosophies and practices.

The National Credit Union Foundation's Credit Union Center for Social Impact Management offers twice-yearly, weeklong Development Education training sessions and an annual Social Impact Management Institute. The programs highlight the importance of "cooperative social responsibility" to help credit unions retain their unique identity, according to Tom Decker, national program director for the center.

The need to highlight the co-op difference also is behind the master of management, cooperatives, and credit unions program created at the Sobey School of Business at Saint Mary's University in Halifax, Nova Scotia. The degree is the co-op counterpart to a master's in business administration.

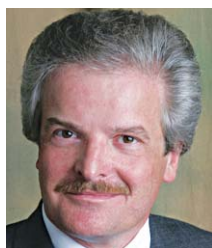
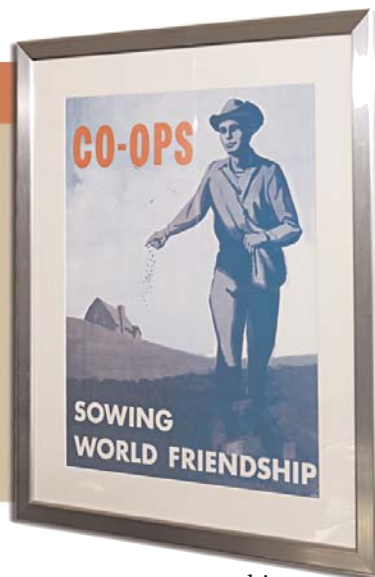
"We set out to create a program that took the co-op values and the co-op difference seriously, and that reached across co-op and credit union lines to eliminate the silos of cooperative development," says Tom Webb, program manager.

Co-op organizations contributed \$1 million to found the program, which includes co-op-based courses in globalization, marketing, accounting, leadership, legislation, and board relations.

# 130 million

Estimated number of Americans involved in co-ops, including CUs.

Vintage posters like this remind member-owners visiting Outpost Natural Foods Co-op, Milwaukee, of the cooperative movement's roots.



**Co-op partnerships often begin with legislative efforts and then advance to cross-marketing.**

**Joe Bergeron**

Unions and chairman of CUNA's Cooperative Alliances Committee, says legislative victories at the state and federal levels demonstrate the importance of these joint efforts.

Vermont co-ops lack a statewide organization, so the Vermont league and Cabot Creamery Co-op held a forum in 2006 allowing co-op leaders to question candidates for statewide offices about their positions on co-op issues. A similar event is planned this year.

Bill Oemichen, president/CEO of the Wisconsin Federation of Cooperatives/Minnesota Association of Cooperatives, says co-ops in communities without credit unions helped educate federal and state lawmakers from those areas about the need to support the tax-exempt status of all co-ops.

"Our co-ops said an assault on credit unions is the same as an assault on the overall co-op community," Oemichen recalls. "They immediately understood that a challenge to credit unions, whether large or small, is a challenge to all of us."

Each of these approaches recognizes the importance of offering education about co-op principles. And co-op leaders agree this is necessary at all levels—from members through volunteers, employees, and management. National programs also meet that need.

#### **Co-op advocates**

The need for education carries over to public policy, with credit unions and other co-ops working together to educate lawmakers about the importance of protecting shared interests, including credit unions' tax-exempt status.

Joe Bergeron, president of the Association of Vermont Credit

Bergeron says co-op partnerships often begin with legislative efforts and then advance to cross-marketing as co-ops offering financial services, agricultural services, utilities, housing, and food learn more about each other.

"Cross-marketing benefits are going to be unique depending on the markets and the needs of each participating entity," Bergeron says. State leagues and national associations such as CUNA and NCBA play an invaluable role in facilitating these partnerships.

While co-op philosophies are important, NCBA's Hazen notes that working with other co-ops helps credit unions sell more products and attract more members. "We know from our experience that once individuals get involved with one type of co-op, they're much more likely to do business with another."

And that's a co-op difference likely to benefit every organization serving member-owners. ©

*Brewery CU and Outpost Natural Foods Co-op discuss the benefits of their partnership at*



## RESOURCES

- ▶ Cabot (Vt.) Creamery Cooperative: 888-792-2268 or [cabotcheese.coop](http://cabotcheese.coop).
- ▶ CUNA:
  1. Membership benefits report: [buy.cuna.org](http://buy.cuna.org), enter 27188 in the product finder.
  2. Philosophy: [training.cuna.org](http://training.cuna.org), enter "CU philosophy training" in the event finder.
- ▶ "Go Co-op!" materials from the National Co-op Month Committee: [go.coop](http://go.coop).
- ▶ National Cooperative Business Association, Washington, D.C.: 202-638-6222 or [ncba.coop](http://ncba.coop).
- ▶ National Credit Union Foundation: [ncuf.coop](http://ncuf.coop).
- ▶ Sobey School of Business at Saint Mary's University, Halifax, Nova Scotia, Canada: 902-496-8170 or [mmccu.coop](http://mmccu.coop).