

COOPERATIVE MODEL

Defining Characteristics

There are several defining characteristics of this form of rural grocery operation. First, cooperatives are operated by a board of members who have financial buy-in. Community investors therefore take special interest in the success of the grocery operation. Second, members are allowed special privileges and an equal voice in the decision making process by virtue of the co-op structure. The structure is also fluid so members can join or leave as they please without disrupting business operations. Lastly, member participation ensures a better quality of service and product because the cooperative structure allows members to address their own unique needs and pool their resources to do so.

Challenges

- 1** Inconsistent investment capital. Because co-ops are voluntary, funding is dependent on membership participation.
- 2** Conflicting values. Co-op formation allows members equal voting rights. Disagreements among members can therefore heavily impact business operations.
- 3** Potential lack of participation. As a voluntary formation, co-op members may not fully perform their duties impeding progress.
- 4** Delayed decisions. Oftentimes, both the board of directors and co-op members are involved in the decision making process which can be time consuming.

Benefits

- 1** Purchasing power. Group participation allows for resource aggregation, which further promotes collective action.
- 2** Ownership and democratic control. Members have the right to an equally-weighted vote in the decision making process.
- 3** Membership benefits. Because members financially support the co-op, they are able to enjoy benefits such as discounts, rebates, and access to special products and events.
- 4** Local leadership development. Successful, growing cooperatives give local citizens the opportunity to become more self-reliant and informed about their community.

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Case Study: Wolbach, NE

The Challenge

Wolbach is a small community of 270 residents located in central Nebraska. In January 2015, the community was faced with losing Wolbach Grocery, its only grocery store. As a community of elderly residents and young families, traveling to the next nearest town for groceries was a grim option with rising gasoline prices. The community saw the opportunity to pursue the dream of a different kind of grocery store, one, as Annette Glen said the community "didn't want [to just be] a convenient store...it is all about choices."

The key to addressing the loss of the local grocery store in Wolbach was developing key partnerships:

COOPERATIVE MODEL: KEY PARTNERSHIPS

1 Azure Standard Cooperative (ASC)

ASC operates a national organic food supplier based in Oregon. Healthy food options are an important part of Wolbach's grocery store business model.

2 Country Cookin' Cooperative (CCC)

CCC is a cooperative buying club that specializes in natural, organic foods and products. They deliver directly to customers, buying clubs, and retailers, including Wolbach's new grocery store.

3 Nebraska Food Cooperative (NFC)

NFC brings together producers and consumers seeking equitable relationships. As a marketing and distribution service, NFC improves market access for farmer producers and local food access for consumers. NFC purchased the building where Wolbach's new grocery store is located.

4 Co-op Members

Members were able to purchase the business itself as the last step in solidifying the grocery operation.



Co-op board members



Photograph by Barrett Stinson. Retrieved from http://www.theindependent.com/news/progress/frogs-to-the-rescue-in-wolbach/article_c5492da8-8c46-5e73-bb8a-313172e90e3d.html

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The Result

The First Rural Organic Grocery Store (FROGS) celebrated its grand downtown opening in June 2011. The community-driven grocery store is both collectively owned and operated by its members on a volunteer basis and is a nonprofit. FROGS pursues a mission to support local producers and sustainable agricultural practices; the store acts as a marketing opportunity for these local growers and small family producers. FROGS also aims to educate consumers who are health-conscious or desire to be.

The first of its kind in the state, FROGS offers wholesome, high quality, natural foods at reasonable prices to all of central Nebraska. The cooperative's emphasis is to increase the sales of natural food items that do not contain pesticides, genetically modified organisms (GMOs), or bovine growth hormones. Shoppers are able to purchase a variety of conventional, non-conventional, and special order foods in addition to the store's growing selection of certified organic products. FROGS also offers daily coffee, breakfast, and lunch items. Members can purchase homeopathic and aromatherapy items. The store offers three levels of membership: Level 1 for community members who shop but don't have voting rights; Level 2 for those who pay a membership fee and receive store discounts and voting rights; and Level 3 for those who volunteer and receive store discounts in exchange. According to FROGS, this model allows everyone in the community to be involved.



FROGS in Wolbach, NE



Photo by Hillary Stohs-Krause. Retrieved from <http://facinghungerinamerica.blogspot.com/2012/05/groceries-for-rural-america.html>

ADDITIONAL COOPERATIVE MODELS

Elwood Hometown Cooperative Market in Elwood, Nebraska
Anita Grocery Cooperative in Anita, Iowa