

Member Responsibility or Member Opportunity?

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Volume have been written on the roles and responsibilities of the various participants in a cooperative. The member role is often described as: “Members have a responsibility to provide capital to the cooperative, a responsibility to use and support the cooperative and a responsibility to actively participate in governance”. That is a great description of a cooperative that is hitting on all cylinders. At the other end of the spectrum, there are cooperative members who are under patronizing the cooperative, and who are under-involved and under-invested. Those members see their interaction with the cooperative as a choice and are unlikely to agree that they are dodging any responsibility.

Choice is both the greatest benefit and the greatest challenge of our open membership cooperatives. Customers have a choice whether to become a member and members can choose their percentage of business with the cooperative and their extent of involvement. Their equity investment, which is the remaining leg of membership responsibility, is actually determined by the cooperative’s profitability and the board of directors’ decision on profit retention. While members don’t have a choice in holding revolving equity, they are free to choose to use any of the cooperative’s services even if they are minimally invested.

Agricultural members make other choices, such as deciding how much fertilizer to use or whether to apply crop protectants. We do not advise producers that they have a responsibility to fertilize, but rather that fertilization has a good return on investment. We describe their opportunity to increase profitability by increasing fertilization. Maybe we should shift our discussion of member responsibility to member opportunities.

Members have the opportunity to increase their economic return by patronizing the cooperative. Members have the opportunity to improve the cooperative by being involved and voicing their opinions. Members have the opportunity for future access to a cooperative by supporting the board’s decision to retain a portion of profits as revolving equity.

Maybe we should just tell member that they have a responsibility is to understand their opportunities?