

Step by Step, Creating a Cooperative Economy

BY ADAM SCHWARTZ

From my vantage point, too many dollars flow out of cooperatively owned businesses into investor-held businesses, either in the form of purchases or investments.

Is your cooperative committed to growing the cooperative business model? Cooperatives are the best model for social and economic progress. Those of us who have seen the model in action know this to be true and value the model all the more for it. How might we do more to ensure the success of cooperatives—as a group?

Food cooperatives, in particular, can focus energies on growing the cooperative economy in ways that make sense for their businesses—and which are aligned with the cooperative principles.

Principled purchasing

For example, your purchaser makes decisions when selecting the products to stock: Should we carry both organic and conventional foods? Is local always better than far away? Is it okay to sell genetically modified food? Will we carry items from countries that are viewed as oppressive?

Many co-ops were founded with a purpose that guides such decisions, or one evolved over time. Does a valuation of the cooperative business model guide purchasing decisions at your cooperative? Doesn't it make sense for those of us who embrace the cooperative ownership structure to support fellow cooperators who value the same seven principles of cooperation? On its face, it would seem that we want to reward those businesses that walk in our shoes.

Many food co-ops stock products that are locally grown or made and highlight those products with signs that say “local.” This raises the profile of those products and creates interest among your consumer members. Please do the same for co-op-made products!

P6: Cooperation among cooperatives

Many cooperatives participate in their communities and focus on the seventh principle: concern for community. But in an effort to create a cooperative economy, consider “P6,” the sixth principle: cooperation among cooperatives. How might your food co-op follow this principle? Making their products available to your members is a great first step. Your next step could be to make your members aware of the other cooperatives, including credit unions, that are in your community—or creating affinity programs that encourage your members to do business with these



ILLUSTRATION BY MELECK DAVIS

If your co-op and your members love a certain product, you can make your supply of it more sustainable by helping that local producer organize a cooperative with other local producers.

other cooperatives (or join them, if possible).

For example, Seattle Metropolitan Credit Union (SMCU) hosted a “Co-opapalooza,” a festival of cooperatives, last October. The credit union held the event to give its members, and anyone who wanted to attend, the “opportunity to chat with representatives of the participating co-ops to learn how the cooperative business model can allow

companies to be agents for powerful social change while still providing valuable consumer benefits,” SMCU reported. Attendees were able to sample products and learn about what the different co-ops had to offer their members. This kind of event delivers a significant message to consumer members about the value of cooperatives and is one that deserves more attention from all cooperatives.

Take your values to the next level

What good are we doing if our earnings go to perpetuate a system that is not in line with our values? You may feel this is a valid point, but you make your purchasing decisions based on other factors, such as local, organic or non-GMO. I say, “Great, but what are you doing to ensure that a favorite local producer will be here for the long term?” A small, independent farmer is vulnerable in a way that a cooperative is not. ▶

HONEST TEA®

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Dear Natural/Specialty Partners,

We want to update you on our growth plans and continued commitment to the natural channel. As you may know, The Coca-Cola Company® recently became the majority owner of Honest Tea. Though this transaction changes the economic ownership of the company, we do not expect it to change how we operate. Among the ways we're continuing business as usual are:

- **Our single-serve glass line will continue to remain exclusively distributed by our Natural/Specialty partners.** For more than five years running, Honest Tea has been the top-selling RTD tea brand in the natural foods industry, and we are committed to continuing that leadership.
- We recently committed to transitioning our entire line of teas to Fair Trade Certified™.
- Our 64 fl. oz. multiserve tea line will remain exclusively distributed in the Natural/Specialty channel.
- Honest Kids® will continue to be distributed in pouches and 64 fl. oz. multiserve bottles through our Natural/Specialty partners as well as the Minute Maid distribution network.
- We are expanding support of the Organic Trade Association, as a member of its Leadership Circle.
- We recently published our first annual Mission Report that offers an honest assessment of our efforts to live up to our mission – you can view **“Keeping It Honest”** on our website at www.honesttea.com/keepingithonest.

For the foreseeable future, Honest Tea will continue to be run out of Bethesda, MD, where we started thirteen years ago. We were the first to make organic bottled tea, the first to make Fair Trade bottled tea, and our tradition of innovation continues. We recently launched our first tulsi bottled tea (Heavenly Lemon Tulsi) and in the coming weeks we will be creating an entirely new beverage category – as you should expect by now, the line will be organic, Fair Trade and a healthy, delicious alternative to anything on the beverage shelf.

Is it a risk for an organic, grassroots beverage company to partner with a multinational player like Coca-Cola? Of course. But my co-founder, Barry, and I wouldn't have started brewing tea in my kitchen thirteen years ago if we didn't believe that some risks are worth taking. We are serious about changing the American diet and changing the approach to agriculture and labor standards in the developing world. As one of our bottle cap quotes says, *“Courage is not the absence of fear, but rather the judgment that something else is more important than fear.”*

We look forward to continuing our partnership with you, and count on you to keep us Honest – if you see us wavering on our commitment to our mission in any way, please do not hesitate to email me at sethandbarry@honesttea.com. We thank you for your partnership and support for the past thirteen years and we anticipate sharing many more bottles of delicious organic, Fair Trade tea with you in the years ahead.

Honestly Yours,

Seth Goldman
Co-founder, President & TeaEO



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4827 Bethesda Avenue | Bethesda, MD 20814 | www.honesttea.com | 800.865.4736

◀ If your co-op and your members love a certain product, you can make your supply of it more sustainable by helping that local producer organize a cooperative with other local producers. You will be helping to ensure a reliable source for the product and may be creating brand equity and consistent quality. The size of the cooperative doesn't matter. Ocean Spray Cooperative started with three members; Organic Valley with seven; Cabot Cheese began with a much larger group of 94 original owners. Is the next national brand co-op currently serving your store?

In a recent issue of the *Cooperative Business Journal*, Noémi Giszpenc and Lynda Brushett commented on the value of "seeding co-ops." "For an existing co-op, a new co-op business in the local economy means new peers and more people understanding and committed to co-op principles and values; it can also mean an improved bottom line and more member benefits."

Who better than an existing, successful cooperative to support a startup co-op? As the employee or director of a functioning cooperative business, you know the benefits and the challenges that cooperatives face. You can provide support that can make a difference.

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our suppliers, we will be helping to create a greater understanding and acceptance of the model. We also can affect the quality and long-term supply of the product, and it may be possible to have some input as to how that product is sourced, produced, and packaged.

There are numerous sources of information and assistance to those who wish to undertake the task of creating more cooperatives.

Creating a cooperative supply chain

Cooperatives operate in all sectors of our economy including housing, finance (credit unions), energy, agriculture, insurance, worker-owned, child care, health and purchasing co-ops. Rarely, though, do cooperatives come together across those different sectors with a common purpose to build a

sustainable community. Of course, we are fortunate if it happens of its own accord, but what if we deliberately and purposefully declared support of cooperatives as part of our mission? This could include both the effort to work more closely with existing cooperatives and to help create more co-ops.

There is an expression often used when speaking to those that already agree with you: "It's like preaching to the choir." Sometimes, that's not a bad thing. Who better to take the next step and help spread the word about the opportunities cooperatives offer than those of us who believe in the model?

I realize the many pressures co-ops feel when it comes to making purchasing decisions and the limitations on our ability to do all that needs to be done within our communities. But, for me, the effort to create cooperatives and strengthen the cooperative economy is always worth it. It is an empowering business model that rewards ownership in its finest form—shared ownership. It reduces philanthropic needs by allowing people to do for themselves what needs to be done. But it is hard—the model is complex, rarely taught in schools, and needs time, capital and great effort to ensure success.

By working together to create more cooperatives, we ensure our own long-term success. ■

SEASONAL SELECTIONS

Coffee has its seasons, just like the northerly region that we call our home. New lots of coffee, new seasons, new flavors—they keep our palates excited! With three seasonal coffees highlighting winter, summer, and spring, we'll keep you warm in the winter, happy in the spring, cool in the summer, and caffeinated all year round.



Snowshoe Brew

A sweet, smooth blend with a robust, spicy flavor. Warming for blustery days.

Flavor Notes: caramelized sugar, toasted walnut, mulling spices



Pollinator Blend

A complex cup blending notes of caramel & ginger sweetness with a brisk, black tea-like flavor, hints of chocolate & a crisp, refreshing finish.



Yeti Cold Press Blend

This special blend makes an extraordinarily balanced, smooth & rich coffee.

Flavor Notes: caramel, dark chocolate & smoke

