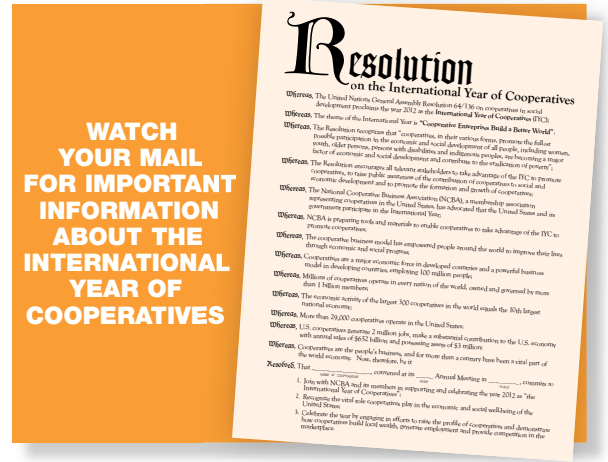




**YOUR PRIMARY SOURCE FOR  
COOPERATIVE NEWS AND INFORMATION**

MAY | JUNE 2011



see page 8

Solar panels like these will provide power to North Carolina electric co-ops through a joint 20-year contract made by GreenCo Solutions, a generation and transmission co-op.

Photo courtesy of SunPower Corporation

# CO-OPS WORK TO BUILD A

BY NANCY JORGENSEN

Sustainability means different things to different people. For most, it simply involves being environmentally friendly.

However, there is more to sustainability than immediate environmental impact. A practice may do less damage in the short run, but if it can't last, it won't do much good in the long run.

*The New York Times* marked Earth Day this year with an April 22 story titled "As Consumers Cut Spending, 'Green' Products Lose Allure." This article points to a key aspect of true sustainability: Unless people can afford "sustainable" production processes in the long run, those processes cannot really be sustained.

Cooperatives can contribute to a new and deeper definition of sustainability, which incorporates the need for the economy and society to be sustained along with the environment. Some co-ops are already moving toward this triple bottom line of sustainability.

And since co-ops are owned by their customers or workers, they have a head start compared to other business models —co-ops share a long-term commitment to distributing wealth throughout their communities, which helps make green practices truly sustainable.

For P6, a new group of co-ops in the food and beverage industry, sustainability is about creating a sustainable food system—a network where farmers, food co-ops and their customer-owners build a lasting partnership that can be sustained into the future.

For GreenCo Solutions, a new generation and transmission co-op owned by 22 retail electric co-ops in North Carolina, sustainability means group purchasing of renewable energy from a solar farm, securing their access to sustainable energy in a time of rising demand and prices.

For Evergreen Laundry Cooperative, a worker-owned co-op in Cleveland, sustainability means providing a laundry service that not only uses green technology, but also creates sustainable jobs in low-income neighborhoods.

These co-ops represent only a small sample. Across America, co-ops are finding new ways to achieve sustainability, and generating a lot of excitement in their communities along the way.

## Food Co-ops Market Sustainability

"We are trying to do something that perhaps hasn't been done before," says Phyllis Robinson, a spokesperson for the P6 group of co-ops. The name P6 refers to the sixth principle established by the International Co-operative Alliance in 1995—cooperation among cooperatives.

"For P6, sustainability means informing consumers so they can select products that come from a co-op or nonprofit, from small farmers, or from local producers," says Robinson, whose role in P6 grew out of her position as education and campaigns manager for Equal Exchange, a worker-owned co-op in West Bridgewater, Mass.

"Food cooperatives spearheaded organic, local and fair trade," Robinson says. "Yet they are now facing stiff competition from Whole Foods, Trader Joe's and even Walmart, all of whom have large marketing budgets and national brands. Initially, we didn't have a solution—we just knew that we wanted to take action."

A couple of years ago, Equal Exchange leaders began talking about solutions with general managers from the food co-ops that sold Equal Exchange's coffee, tea, chocolate and snacks. Six food co-ops shared Equal Exchange's values, and Principle Six, a Co-operative Trade Movement, was born.

Over the next two years, the co-op leaders took those ideas and began to flesh out what would become P6. They decided to attach a P6 label to products from sources meeting at least two out of three of the following characteristics: co-op or nonprofit, small farmer and local producer.

As Robinson explains, "This new movement is about co-ops working together, co-ops supporting co-op supply chains, and co-op values."

P6 members include Seward Cooperative Grocery and Deli in Minnesota, Bloomingfoods Co-op in Indiana, Brattleboro Food Co-op in Vermont, the Merc in Kansas, Davis Food Co-op in California, and Willy Street Grocery Co-op in Wisconsin. Each of these consumer co-ops held its own P6 launch events, or promoted P6 at annual meetings or in their stores.

P6 members each operate with different cultures, structures, leadership styles, and financial resources, Robinson reports. "It's been a rich, complex, fun, and yes,



Deer graze near turbines at the Stony Creek Wind Project in Pennsylvania, from which Southern Maryland Electric Co-op and Old Dominion Electric Co-op receive power through long-term contracts facilitated by the National Renewables Cooperative Organization. Photo courtesy NRCO

sometimes frustrating process, but we are all still optimistic and enthusiastic. The time is ripe for building an alternative economy, re-energizing consumers and changing the food system," she says.

P6 plans to accept more members each year, and others among the nation's 300 consumer-owned food co-ops have expressed interest. By 2013, P6 plans to develop a new structure to formalize ownership, governance, financing and operations. Leaders hope that P6 will become a co-op, but it may end up as a nonprofit.

Organizers are working to enhance tracking for all members, as early results suggest that the P6 concept resonates with shoppers. Within the first month after launch, Seward saw sales on P6 items increase from 36 to 38 percent of total sales.

Each co-op decides on local products that meet the P6 criteria for "local" and "small." Equal Exchange screens P6's international products based on its experience with global fair trade programs, which allow farmers access to minimum prices, credit and markets. According to Robinson, part of the motivation for P6 arose from disappointment with Fair Trade USA, a certification organization that strayed from supporting small farmers and endorsed some products from global agribusiness firms.

"With P6, we are not trying to put ourselves in the role of certifier," Robinson says. "Rather, we are letting folks know that these three criteria are important to co-op values. We wanted a name, a brand, and a movement that are uniquely co-op, unlike other movements spearheaded by co-ops that have been co-opted by large national or international brands. We wanted something which could never be stolen and watered down."

Food co-ops played a central role in taking the first step towards sustainability by returning natural products to the public eye. But the next step involves building sustainable cooperative systems that will keep communities strong and affluent enough to keep buying.

You'll find examples of P6 products at the new website, [www.p6.coop](http://www.p6.coop).

## Buying Green Energy Together for the Long Haul

GreenCo Solutions Inc., a group of 22 consumer-owned electric co-ops in North Carolina, is excited about making a 20-year agreement to purchase the entire five-megawatt output of the Murfreesboro Solar Project.

Valerie Woods, technical marketing specialist at GreenCo, says that the solar facility under construction will be completed later this year. "The Murfreesboro solar farm will be capable of generating enough electricity to power about 700 average-sized homes," Woods says.

The motivation to create GreenCo came from a new state law that requires power providers to generate a portion of their energy from renewable sources. So far, 33 states have adopted renewable portfolio standards, which vary by state. For electric cooperatives in North Carolina, requirements begin with 3 percent renewable power in 2012, increasing to 6 percent in 2015 and 10 percent in 2018 and beyond, Woods says.

The North Carolina Electric Membership Cooperative, which supplies power to most of the state's rural electric co-ops, helped form GreenCo, and the two co-ops share office space in Raleigh, the state capital.

NCEMC uses natural gas as fuel at its two generating facilities and also owns the majority of one unit of a nuclear plant.

"While GreenCo has focused on solar energy to meet the 2010 obligation, [NCEMC is] investigating the addition of other renewable resources, including solar, wind, hydro, landfill gas and biomass to our renewable energy portfolio," says Woods.

Renewable energy generally costs more to generate than traditional sources like coal and natural gas, so GreenCo plans to build its renewable portfolio slowly. "An incremental approach allows the co-ops to delay the costs of acquiring solar resources until the standards call for additional resources," Woods explained.

North Carolina was the first state in the Southeast to adopt a renewable portfolio standard and one of only a handful at the



Phyllis Robinson promotes P6 at the Brattleboro Food Cooperative. She is joined by Basilio Almonte de los Santos, an agronomist at CONACADO, and Ramón Matías Frías González, a cacao farmer and secretary of CONACADO's board of directors. Photo courtesy P6

# A SUSTAINABLE ECONOMY



Evergreen Laundry Cooperative members like Keith Parkham set an example for how other communities can create sustainable jobs in low-income neighborhoods. Photo: Janet Century

time that allowed energy efficiency as a way of meeting requirements. The electric co-ops use energy efficiency to comply with the standards—they promote efficient lighting, water heating, appliances and new homes.

NCEMC was also a founding member of the National Renewables Cooperative Organization three years ago. NRCO now has 24 members, including all sizes of electric co-ops dedicated to pooling resources, sharing costs and accessing the best renewable energy sources. Its smallest member is Jo-Carroll, a distribution co-op in Illinois serving 26,000, and the largest is Oglethorpe Power Corp. in Georgia, a generation and transmission co-op serving 1.7 million meters.

NRCO serves a diverse geographic footprint, and some co-ops can more easily access solar resources, while wind works better for others. “Wind has typically been the most popular renewable product, because of its abundance, its proximity to member loads, and its relative economic value,” says Katie Shults, renewables developer for NRCO in Indiana. “However, as costs continue to fall, solar is gaining traction as a viable resource.”

Whether GreenCo co-ops seek out solar, wind or other sources, through NRCO or other channels, electric co-ops are working together to find new paths toward greater sustainability.

## Sustainable Jobs in Cleveland

James Anderson heads up Evergreen Cooperative Laundry, a worker-owned co-op that is broadening the definition of sustainability by providing lasting jobs.

“In Cleveland, traditional models for job development weren’t working,” says Anderson, a 25-year veteran of worker-owned businesses. “They were training people first, and then trying to find them jobs. But there were no jobs.”

The city’s steel, automobile and rubber industries hit the skids, leaving downtown neighborhoods depressed with unemployment as high as 30 percent. But a core group of anchor businesses thrived at the heart of these devastated neighborhoods, including Cleveland Clinic, Case Western

Reserve University and University Hospitals.

Led by the Ohio Employment Ownership Center at Kent State University, downtown community leaders began exploring a new idea—to create the jobs first, and then train the workers. Fueled with seed funds from the Cleveland Foundation, leaders conducted a study that showed that some 40 Cleveland anchor institutions spent \$3 billion annually to purchase goods and services, excluding payrolls and benefits. Almost none of those dollars stayed in Cleveland.

Unlike corporations that some cities try to draw in with incentives—corporations that often end up leaving to access cheap labor overseas—these anchors can’t abandon Cleveland. They have a stake in building a sustainable economy.

In 2007, the Cleveland Foundation asked Ted Howard of the Democracy Collaborative at the University of Maryland to develop a wealth-building strategy that led to a new cooperative business, the Evergreen Cooperatives. Part of the process involved building an inventory of local business opportunities linked to the city’s anchors.

Evergreen Cooperatives is spawning worker-owned start-ups to serve these anchor businesses. In addition to the laundry, Evergreen includes a solar operation that’s already breaking even and an urban greenhouse slated to open later this year.

Building a laundry of this size takes millions of dollars, and banks hesitate to fund startups—especially something as unusual as a worker-owned co-op. So Evergreen Cooperatives raised contributions from foundations to establish a low-interest revolving loan fund, and future projects will be funded in part by dollars that the laundry and other borrowers return to this fund. All the co-ops must support themselves, and it is their success that builds the foundation for future co-ops.

While this model may be new to America, it was inspired by Spain’s Mondragon Cooperative Corporation, the world’s largest system of worker ownership. In just over half a century, Mondragon has grown to include 120 businesses with 100,000 workers and annual revenues of \$20 billion.

The laundry launched as a worker-owned

cooperative in October of 2009. It is housed in an old building converted using green standards, and it uses green products in its cleaning processes. The operation now handles the equivalent of three million pounds of laundry annually, mostly from area nursing homes and small hospitals. “We designed the plant to handle 10 million pounds a year,” Anderson says. “When we reach the five-million-pound level, we’ll start breaking even. We’re 90 days away from that, and that’s what keeps me up at night.”

Today, the co-op employs 22 worker-owners, with a goal of 50. “Our workers come from very low-income neighborhoods,” Anderson explains. “Some have been in prison for nonviolent crimes.”

The co-op pays more than other laundries. Workers receive free health benefits, and if they stick with it for eight years, they’ll own a \$65,000 share in the co-op.

Each Monday, they meet to review operations issues and scheduling needs, and conclude the meeting with—as Anderson puts it—“WTMO—What Ticks Me Off.” Every two weeks, workers at Evergreen Cooperative Laundry receive financial training and discuss the challenges of working in a co-op.

It’s all part of helping neighbors learn to operate their own business. Anderson, also senior program coordinator for the Ohio Employment Ownership Center, is the current CEO of the laundry and plans to develop a management succession plan that should assure that his successor comes from the nearby community. These actions will help drive the local economy with less outside assistance in the future.

“Cleveland has lost more than 50 percent of its population since the 1950s,” says Howard. “Cities constantly have the rug pulled out from under them. The Cleveland project gives us a learning laboratory for learning how to rebuild.”

Howard moved to Cleveland from Maryland, and spends much of his time answering questions from other communities on how they can build what’s now known nationally as the Cleveland model.

And Medrick Addison, one of the co-op members, is already benefiting from this sustainable addition to the community. “Owning your own job is a beautiful thing,” he says.

## The Co-op Future of Sustainability

The future looks sunny for sustainable cooperatives. The Cleveland Model is inspiring struggling communities across the nation. State renewable energy rules are driving the creation of new sustainable energy plants and interstate co-ops like NRCO. And with the help of the P6 marketing plan, food co-ops should thrive as consumers demand more natural, local, fair trade and co-op-sourced choices.

These co-ops have demonstrated that there’s always more to be done and innovative ways to do it. But they are only a starting point.

Co-ops across the nation and the globe are showing that by working together, we can access the capital needed to build a greener, healthier world more efficiently than a single co-op could do on its own.

How is your co-op helping to build a sustainable world?


## HERE’S WHAT OTHER CO-OPS ARE DOING

*P6, GreenCo, NRCO and Evergreen Cooperative Laundry may be the latest examples of new sustainability within the co-op family, but some have flown the sustainable flag for years.*

**FUEL:** Decades ago, corn and soybean farmers began forming co-ops to produce ethanol and biofuel in large plants, mostly in the Midwest. In Washington, D.C., the Green Guild Biodiesel Co-op represents a more urban effort—here, members fuel their vehicles with waste oil collected from restaurants.

**FOOD:** Some consumer co-ops have begun operating their own farms. In Philadelphia, Weavers Way Food Co-op grows some of its own organic produce. It invites school and community groups to its small urban farm, and works with kids at another farm adjacent to a high school. The Wedge of Minneapolis also operates a farm, which it uses for education and production.

**ENERGY:** Near Dartmouth College on the border between New Hampshire and Vermont, the Co-op Food Stores meld food and energy sustainability. For more than 20 years, the co-op has given shoppers a five-cent credit for each shopping bag brought in for re-use. Now, shoppers can contribute that nickel toward the purchase of green energy to operate the co-op’s stores. The program started in April, and shoppers brought in 627 bags in the first three days.

**FINANCE:** In July of 2010, 20 of Georgia’s electric co-ops partnered with a credit union—another type of cooperatively owned business—to help electric co-op members gain energy efficiency. GEMC Federal Credit Union, formed by and for electric co-op employees, offers no-interest loans up to \$5,500 for projects like weatherization and purchasing Energy Star appliances. Higher interest rate loans are available for larger projects. 



# Banking on the Co-op Brand: How Seattle Metropolitan Credit Union Boosted Membership by Celebrating Its Co-op Roots

BY GABE RIVIN

**S**ometimes the oldest ideas can be a co-op's greatest source of inspiration and growth.

That has been the case for Seattle Metropolitan Credit Union, which has turned to the seven cooperative principles to rebrand itself. In doing so, SMCU's marketing team found an attractive brand rooted in its cooperative heritage, which can be traced back to Britain's Rochdale Pioneers, generally regarded as founders of the first modern food co-op.

Through the process of connecting to its roots, SMCU has seen an increase in new members. It has gained free, national media attention. And, perhaps most importantly, it seems to be achieving its goal of tapping the co-op-friendly market niche in Seattle.

## \$10 for a Good Idea

In 2008, SMCU offered to give anyone \$10, so long as that person would use the money to do something for someone else and explain why. The public then voted online for its favorite "pay-it-forward" cause, and the winner received \$1,000 to take further action.

The contest was a surprising success, generating free, positive media coverage across the country, according to Jill Vicente, SMCU's senior vice president and chief marketing and sales officer.

"It was our first experience that we could make this brand into something substantial," she said.

Other credit unions began to follow SMCU, initiating similar contests of their own, Vicente said. That sort of mimicry could be a good thing for credit unions, if SMCU's success over the last three years is any indication.

While celebrating the credit union's cooperative roots may seem like the right thing to do, it's also proved to be financially prudent for SMCU. Vicente said new membership has been up between 5 percent and 7 percent since the rebranding began.

It's that typical co-op win-win: what's good for the community and others is often good for the co-op's bottom line.

## An Opening for the Co-op Brand

The pay-it-forward event was part of SMCU's larger effort to rebrand itself with a distinctive public image, beginning in 2007.

"We were really looking at trying to find a way to bring credit union messaging into a different light," Vicente said. "A lot of credit

unions kept saying the same things about membership and how that's valuable, and the language [was] falling flat."

"We looked into our roots and starting doing some research on cooperative language," Vicente said. "We found Rochdale's principles and sort of adopted them as a method of bringing meaning to

part was "getting people to realize that they don't have to be stuck at a bank that they don't trust."

Vicente said that that the cooperative message of "being of the people and for the people really was very good timing in our local market. I think it's something that nationally probably will get more attention."

marketing advice from staff.

The co-op brand even shapes the credit union's accounting department.

"It's very easy for the marketing department to come up with ideas" that demonstrate the brand, Vicente said. "What makes it even more substantial is when a department like accounting or price-setting

—when those decisions that aren't all that public—start with a consideration of our brand and our seven principles."

"Living" the cooperative brand, as Vicente put it, also means the credit union dedicates time and money to the sixth cooperative principle, cooperation among cooperatives, in events such as Co-opapalooza, held last October. The gathering was part trade show for cooperative vendors from all sectors, part music festival and an opportunity to educate the public about the cooperative business model.

## Know Your Audience

The co-op message has been fruitful for SMCU, but not every credit union should necessarily brand itself in the same way, Vicente said.


"Seattle is a cooperative-rich city," she said, and people in the area are familiar with co-ops.

Vicente acknowledges that such familiarity is not present everywhere, and said that marketers need to tailor their messages to their membership base instead of using a "cookie-cutter" model.

She also admitted that SMCU faced several hurdles when it first starting to rebrand itself. One major hurdle for SMCU, she said, was overcoming its sense of what it could and couldn't accomplish in its rebranding.

"In the beginning I think that we were still a little closed-minded and stuck in our old marketing ways of doing things," she said.

Yet the brand has evolved to create what Vicente called a snowball effect for the credit union, with staff collaborating to create bigger and better ideas. By many measures, the rebranding has been a success for SMCU, and Vicente hopes to continue that pattern in the future.

"We really love this brand. It feels like we have found something that allows us to be marketers and allows us to do something we believe in," she said. 

Gabe Rivin is a former assistant editor of the Cooperative Business Journal and currently a freelance writer/reporter. Contact him at gabe.rivin@gmail.com if you'd like to tell your cooperative's story.



Seattle Metropolitan Credit Union's advertising leaves no doubt that it is a co-op.

Image courtesy SMCU

some of the things we'd been saying about being a credit union."

Vicente and others at SMCU believed that the seven cooperative principles could form the basis of SMCU's brand. That belief would seem prescient, as Seattle-based Washington Mutual, which demutualized in 1983, became the largest bank failure in U.S. history in 2008—part of the now-infamous wave of financial institution failures that ushered in the recession and caused public outrage.

"There was a whole lot of mistrust—more than normal—of financial institutions, and a feeling of not being involved and not being connected," Vicente said. SMCU's goal in

## Not Just a Marketing Gimmick

At the heart of SMCU's new public image is its website, [www.7principles.coop](http://www.7principles.coop), which serves as a voice for the credit union.

Perhaps the most striking part of the sleek, new site is how infused it is with the co-op message. For example, a page about upcoming board elections begins with a passionate reminder about members' roles in the credit union.

But Vicente said that for SMCU it's important the co-op brand inform every part of the credit union's functioning, not just its public image. That includes educating staff about the cooperative brand and heeding

"IT'S VERY EASY FOR THE MARKETING DEPARTMENT TO COME UP WITH IDEAS . . .

WHAT MAKES IT EVEN MORE SUBSTANTIAL IS WHEN A DEPARTMENT LIKE ACCOUNTING OR PRICE-SETTING—WHEN THOSE DECISIONS THAT AREN'T ALL THAT PUBLIC—START WITH A CONSIDERATION OF OUR BRAND AND OUR SEVEN PRINCIPLES."

JILL VICENTE  
SENIOR VICE PRESIDENT &  
CHIEF MARKETING & SALES OFFICER