

Opportunities in Developing a Cooperative

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What is a Cooperative?

- A member-owned and member-controlled business that operates for the mutual benefit of all members
- Individuals are motivated by a shared need for product or services

Business Structure Comparision

	Cooperative	Typical Corporation
Owners	Members	Shareholder
Business Purpose	Meet member needs, member return	Owner return on investment
Financed	Common share, preferred stock, retained earnings	Sale of stock, retained earnings
Profits	Members, in proportion of use	Stockholders in proportion of investment

Cooperative Examples

- Farmer/producer
- Credit Unions
- Electrical
- Food and consumer products
- Housing
- Insurance
- Biofuels/biomass

Cooperative Benefits

- Member owned and governed
- Leverage small dollar investment
- Stability
- Affordable products and services not available to individuals
- Profits are returned to member-owners or retained in the cooperative

Why a Biofuel Cooperative?

- Federal regulations mandating renewable energy
- Leverage member-owner investment to access federal and state programs
- Enable lower cost establishment of biofuel crops
- Keep energy dollars local, creating jobs and additional revenues for local landowners

Funding

- Common share purchase
- Preferred stock
- Leverage
 - Biomass Crop Assistance Program (BCAP) loans and grants
 - Low interest loans
 - Rural Cooperative Development Program

Example Co-op

- Show Me Energy Co-op, Centerview, MO
- Process started in 2005
 1. Market feasibility – biomass pellets
 2. Created a business model
 3. Approached farmers as member-owners
 - 650 members from 28 counties

What could the Co-op do?

- Site Evaluation
- Bulk purchasing
- Planting
- Tending
- Harvesting
- Planning and Logistics
- Marketing and distribution

Strategy Options

- Identifying services to be provided
- Equipment purchase, lease or rent
 - Timing
 - Subcontracting
- Benchmarking existing biofuel/biomass co-ops
- Pricing and demand
- Market

What is next?

- Engagement with stakeholders
- Creation of a steering committee
- Develop a Strategic plan
- Develop a Business and Implementation plan