



## **Exploratory Meeting**

To determine the level of interest in starting and supporting a cooperative, invite potential members to a general meeting. Announce the meeting date, time, and place via newspapers, radio, telephone, at other meetings, by letter, or word of mouth. Also try to invite outside advisers.

The leadership group (preliminarily formed) should develop an agenda and select a presiding officer who can conduct a business meeting. Sometimes, an adviser can act as chair or help answer questions.

### **Primary agenda items should include:**

- What is the need;
- Possible solutions;
- Cooperative principles and terminology;
- Cooperative operating practices;
- Advantages and disadvantages of a cooperative;
- General risk capital equity and financial requirements; and
- Various forms of member-user commitment needed.

One approach is to have one member of the leadership group discuss the need and another summarize how the proposed cooperative might solve it. In addition, a representative of a successful cooperative venture might explain its operations, benefits, and limitations.

Allow plenty of time for discussion between and among the leadership group and attendees. Prospective members should be encouraged to express their views and ask questions. All issues raised should be addressed, although answers may be delayed until later meetings when more information becomes available.

## **Steering Committee Formation and Duties**

If the group wants a more detailed study after the initial discussion is completed, it should select a **steering committee**. This group should have a keen interest in the cooperative, be well-respected within the community, and have sound business judgment. Steering committee members often become the initial organizers and members of the cooperative's first board of directors.

The first function is to select officers of the steering committee, usually at the close of the general informational meeting. Next, establish a deadline for completing a business analysis, including a target date for surveying potential members. *Periodic progress meetings retain interest of prospective members.*

The steering committee, with the help of one or more advisers, determines if the cooperative is feasible:

- 1) It judges whether the proposed cooperative is likely to succeed and benefit its members.
- 2) If the proposal passes this test, the committee prepares a specific, detailed business plan for the new cooperative.

It is critical during the business analysis phase to have assistance from specialists in:

- Law
- Accounting
- Finance
- Economics
- Engineering
- Cooperative business operations

Economic need is fundamental to the formation and successful operation of any cooperative. The committee should examine what products or services the cooperative could provide, those needed from other sources, and whether costs would be reduced or quality improved. Intangible functions also should be considered.

1) Will the cooperative provide a needed service, preserve a market, stabilize prices, or encourage more orderly marketing?

2) Is the projected initial investment (equity) within the financial ability of the potential members involved?

The committee should consider alternatives to starting a new cooperative. *Could similar services be provided by another nearby cooperative, either directly or by establishing a branch?* If forming a new cooperative is the best alternative, the group should consider linking with regional cooperatives to obtain additional benefits.

A new cooperative should initially limit services to avoid elaborate or costly facilities above those absolutely needed. If successful, services can later be expanded.

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