



The Cooperative

What Is a Cooperative?

A cooperative is a special type of business. Instead of stockholders who own the business through investing in the corporation, a cooperative is owned, and in many cases operated, by its members.

Basically, a cooperative is made up of individual businesses who join together to market their goods or services, to reduce their costs, or in some other way to *benefit from cooperating*.

For example, Will's Paint Shop might join with Marilyn's Weekend Kids Kamps, John's Bed & Breakfast for Pets, and Sheila's Video Productions in a "Teen's Business Services Cooperative." The cooperative could market the businesses, with each business sharing the costs of a display ad in a local paper and a radio spot. The cooperative might hire one or two employees to take orders and set appointments for all the member businesses. The cooperative might purchase office supplies in large quantities — at lower prices than the individual businesses could do separately.

Usually, cooperatives are formed by businesses which produce similar products. The most common cooperatives are those for agricultural products, such as grains, fruits or vegetables. A farmers' market which is open every weekend with produce being brought in by farmers is one example. However, there are many other business cooperatives as well.

Cooperatives are different from corporations in another important way. The goal of a corporation is to earn profits for its stockholders; the goal of a cooperative is to provide benefits for its members.