Lesson Title: Benefits of Cooperation (Chapter 4)

Unit Outcomes Addressed by this Lesson
Students will understand the benefits of cooperatives.

Lesson Objectives
(what the students will know and do by the end of this lesson)
Students will:
- a. List benefits of belonging to a cooperative.
- b. Identify the most important aspects of the benefits of cooperatives.
- c. Explain benefits of a cooperative to the community.

Lesson Level Assessment
(how the objectives will be measured)
- a. Student notes on chapter 4
- b. Final Countdown activity
- c. Participation in class discussion
   (grading decisions are to be made by individual teachers)

Activities and Procedures
(what the teacher and students will do during the lesson)
- a. Students will take notes from the unit outline presented by the teacher (see Power Point)
   Time Frame: 20 minutes
- b. Final Countdown- students will complete the template individually (see instructions below)
   Time Frame: 8-10 minutes
- c. After the students have completed the Final Countdown template, the teacher will facilitate a whole-class discussion in which students can volunteer to share their questions and ideas.
   Time Frame: 10-15 minutes
- d. Exit Slip: Would you like to be a member of a cooperative? Why or why not? (see handout below)
   Time Frame: 5 minutes

Materials and Resources
- Student copies of chapter 4 from Co-ops 101
- Power Point
- Student Copies of Final Countdown template
- www.ag.ndsu.nodak.edu/qbcc/private/ for more resources
Final Countdown

**Purpose:** To engage students in reflecting, evaluating, and integrating their learning

**Description:** This activity emphasized the important role that reflection plays in the learning process. Final Countdown provides learners with a framework for reflection, evaluation, and integration of new knowledge into previously learned material.

**Procedure:**

1. Ask students to individually reflect over what they have learned about the topic being reviewed.
2. Using the Final Countdown worksheet, have students write the three most important things they learned about the topic.
3. On the second tier of the Final Countdown, have students write two questions they still have about the topic. These should be questions that they expect to get answers to; likewise, questions they will get answers to.
4. Finally, on the top tier of the Final Countdown, have students write one way in which what they have learned relates or connects to material previously learned.

Final Countdown
Exit Slip
Would you like to be a member of a cooperative? Why or why not?
Chapter 4 Benefits of Cooperative Membership Notes

I.) Benefits of Cooperative Membership

A.) Access to quality supplies and services at reasonable cost

1.) By bonding together and purchasing business supplies and services as a group, you can gain access to volume discounts and negotiate from a position of greater strength for better delivery terms, credit terms and other arrangements.

2.) The larger the group purchasing supplies and services through the cooperative, the greater the potential for savings.

3.) The more each individual member uses the supply operation, the more they save over doing business elsewhere.

4.) Another option for cooperative members is to manufacture their own supplies and hire experts directly to provide essential services.

B.) Increased clout in the market place

1.) Marketing on a cooperative basis, like purchasing supplies and services, permits members to combine their strength while maintaining their status as independent business people.

2.) The Capper-Volstead Act, a federal law, provides limited exemption from antitrust liability for marketing agricultural products on a cooperative basis.

3.) Through cooperative marketing, members can share information and negotiate with buyers from a position of greater strength and security.

4.) A cooperative can also serve as a vehicle for people selling goods and services to work with their customers to promote industry research, reduce regulatory burdens, and develop markets for their products.

C.) Share in the earnings

1.) A non-cooperative firm retains its earnings for its own account.
2.) A cooperative’s earnings are usually allocated among its members on the basis of the amount of business each member did with the cooperative during the year.

3.) A member’s allocation, called a patronage refund, partially in cash and the remainder as an addition to their equity account in the cooperative.

4.) If certain rules in the Internal Revenue Code are followed, the cooperative may deduct both the cash payouts and retain patronage refunds from its taxable income. This makes cooperative earnings particularly valuable.

D.) Political action

1.) A cooperative gives people a means to organize for effective political action

2.) Representatives from cooperatives can meet with legislators and will have more influence because they will be speaking for many, not just for themselves

E.) Local economy enhanced and protected

1.) Businesses owned and controlled on a cooperative basis helps local communities

2.) Cooperatives generate jobs and salaries for local residents

3.) Cooperatives pay taxes to help finance schools, hospitals and other community services

4.) When many people share ownership of a cooperative, no individual or company can take it from your area or close down the business, but a business owned by one person can.

**Contributing Authors: Larry Lueck and Larry Sitter**
**Chapter 3 and 4 activity:** Cut out the cards and either hand each student one or allow them to pick a card. Students should answer the question on the card and then discuss the card. Such discussion could include if card is positive or negative, cooperative or other business type.

<table>
<thead>
<tr>
<th>1.) Cooperative</th>
<th>2.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spent $3500 during year.</td>
<td>Spent $3400 during year.</td>
</tr>
<tr>
<td>Co-op paid you 4% dividend</td>
<td>Received no dividend</td>
</tr>
<tr>
<td>Total cost ___________</td>
<td>Total Cost ____________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.) Cooperative</th>
<th>4.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used ATM 15 times/month</td>
<td>Used ATM 15 times/month</td>
</tr>
<tr>
<td>Free use</td>
<td>$1.50 charge/use</td>
</tr>
<tr>
<td>Total cost ___________</td>
<td>Total cost ____________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.) Cooperative</th>
<th>6.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowed $10,000 at 4.2%</td>
<td>Borrowed $10,000 at 4.0%</td>
</tr>
<tr>
<td>Paid 3.6% on $8000 savings</td>
<td>Paid 3.2% on $8000 savings</td>
</tr>
<tr>
<td>Difference ___________</td>
<td>Difference ____________</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7.) Cooperative</th>
<th>8.) General Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bought 1400 gallons of gas for $2.89/gal</td>
<td>Bought 1400 gallons of gas at $2.88/gal.</td>
</tr>
<tr>
<td>Received 1.6% dividend at years end.</td>
<td>No dividend</td>
</tr>
<tr>
<td>Cost of gas ______________</td>
<td>Cost of gas ______________</td>
</tr>
</tbody>
</table>
9.) Cooperative grocery store charges $250 annual fee. You receive a 5% discount on groceries. How many groceries need to be bought/month to break even.
Chapter 3 and 4 activity Answers:

Card 1
$3500 \times .04 = \$140$ Dividend
$3500 - 140 = \$3360$ cost

Card 2
$\$3400$

Card 3
$0$

Card 4
$15 \times \$1.50 = \$22.50$ cost

Card 5
$10,000 \times .042 = \$420$ interest paid
$8,000 \times .036 = \$288$ interest paid
$420 - 288 = \$132.00$ difference

Card 6
$10,000 \times .04 = \text{interest paid}$
$8,000 \times .032 = \$256$ interest earned
$400.00 - 256.00 = \$144.00$ difference
Cooperatives Lesson (Chapter 4) for High School

Card 7
$1400.00 \times 2.89 = 4046.00$
$4046.00 \times .016 \text{ dividend} = 64.74$
$4046.00 - 64.74 = 3981.26 \text{ cost}$

Card 8
$1400.00 \times 2.88 = 4032.00$

Card 9
$250 \text{ divided by } 20.83/\text{mo. Cost}$
$20.83 \times 20 = 416.60 \text{ groceries/mo}$

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