

Cooperative cohesion and democratic functioning: the key to managing a large cooperative

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Summary

In this article, we aim to demonstrate the importance of democratic operation as the key to managing a large cooperative. The subordination of ownership to use, coupled with equality between members, explains why the development and maintenance of cohesion between members represents a major issue in the management of a cooperative. We approach this key to cooperative management by introducing the concept of cooperative cohesion, structured on three levels: associative cohesion (between members), association-business cohesion and strategic cohesion. Each level of cohesion must fit into the other. This model is illustrated using the case of Agropur, Canada's leading dairy cooperative.

Summary

In this paper, we want to demonstrate the importance of the democratic process in the management of large co-operatives. The subordination of ownership to usership, mixed with the equality among members, explain why the development and sustainability of cohesiveness among members is a key issue. We touch upon this question by introducing the concept of co-operative cohesiveness structured on three levels: cohesiveness among members, cohesiveness between the association and the enterprise, and the strategic cohesiveness. Each level must be integrated to one another. This model is illustrated with the case of Agropur, the largest dairy co-operative in Canada.

Introduction

In this article, we aim to demonstrate the importance of cooperative cohesion and democratic functioning as the key to managing large cooperatives. We approach this issue from a managerial perspective.

¹ The author would like to thank Martine Vézina, Associate Professor, HEC Montréal, for her comments on earlier drafts of this article.

A characteristic feature of the cooperative is its dual structure, associative and corporate, which is central to its logic of action. However, this duality tends to lose its importance, and above all its influence, as the cooperative grows. When we speak of the management of large cooperatives, it's only natural that we mean the management of the corporate structure. Rare are the cases of cooperatives that take care to develop both the "corporate" and the "associative" aspects². Such an imbalance is likely to lead to an identity crisis³. We therefore believe it is essential to reaffirm the importance of the associative structure, which does not mean that we do not attach importance to corporate management - on the contrary. To be meaningful, this requires good cohesion between members, and that this cohesion has a "healthy" hold on the company's orientations and control.

This question of cohesion, and the democratic functioning that goes with it, is all the more important given the many factors that can lead to its erosion. These include the size and heterogeneity of the membership, the challenge of participation, and the variety of motives that lead members to join a cooperative. Added to these "corrosive" elements are the intergenerational factor, the evolution of the member's situation vis-à-vis the market, the interpenetration of fields of action between the cooperative and private enterprise, globalization, and so on. These and other factors combine to create a difficult situation for cooperative cohesion and democratic operation.

In the first part of this article, we introduce the theoretical framework developed for the analysis of cooperative cohesion as a key to balanced management of a large cooperative. In the second part, cooperative cohesion is illustrated using the case of Agropur, Canada's largest dairy cooperative, which has faced major challenges in recent years. In 2002, the cooperative carried out an extensive consultation involving over 2,000 members. The starting point for this process was the recognition that the cohesion that has always been a distinctive feature of this cooperative was crumbling. The case of Agropur will enable us to illustrate this phenomenon of erosion, but also the process put in place to rebuild cohesion within its members and between members and their cooperative. The third part of this article analyzes the Agropur case using the theoretical model introduced earlier. Finally, we conclude with an overall reflection on the importance of cooperative cohesion and democratic functioning.

Cooperative cohesion: a theoretical framework

Every company faces the challenge of cohesion and coherence. Strategy experts (Andrews, 1971; Porter, 1986; Scholes and Johnson, 1999) stress the need for a "fit" between the firm's capabilities and the success factors specific to the competitive arena in

² See the recent book edited by D. Côté, "Les holdings coopératifs : Évolution ou Transformation définitive?", De Boeck université, 2001, 413 p. This book presents eleven different cases (eight countries) of large cooperatives, mainly in the financial and agricultural sectors, where the imbalance between "associative" and "entrepreneurial" aspects is clearly illustrated.

³ This notion of identity crisis is developed in D. Côté (2000c).

which it is engaged. The cooperative enterprise is subject to this same requirement, but there's more⁴. The duality at the heart of its *raison d'être* obliges it to broaden this notion of coherence to include not only business issues, but also associative issues. A cooperative is first and foremost an association of people who come together democratically to seek a collective response to a common need⁵.

To fully understand the importance of cohesion as a key to cooperative management, we must first recognize the distinct logic that drives it.⁶ Initially, a member becomes the owner of an enterprise (cooperative) to satisfy a need for use linked to his or her own economic activity. Ownership is therefore subordinate to use. However, this ownership gives the member a power of direction and control over the affairs of "his cooperative". The collective nature of ownership, i.e. the creation of an association of people with a common need, introduces democratic functioning as a distinct feature, while power is exercised on a "one member, one vote" basis.

The subordination of ownership to use, coupled with democratic operation, explains why the development and maintenance of cohesion among members is a major challenge in cooperative management. Unlike a share-capital enterprise, this cohesion is not driven by the quest for maximum profit. Rather, it is aimed at strengthening the member's socio-economic status. This gives rise to a different logic of action, based first and foremost on **associative cohesion** (between members). This is followed by a second level of **cohesion between the members' association and the company**, the latter having to respond to the common needs expressed by the members. Finally, a third level of cohesion must be achieved. This is between the cooperative enterprise and its competitive environment, as the latter must meet the **challenge of the strategic "fit"**⁷ between the enterprise's distinct capabilities and the success factors specific to the competitive arena in which the cooperative operates. We thus find a distinct logic of action that will be threatened when we witness a loss of cohesion at one or other of the three levels mentioned. Diagram 1 illustrates the three levels of cohesion specific to and necessary for the cooperative organization.

⁴ We need to distinguish cooperative cohesion from social ties, which are also discussed in the literature. For a presentation of the concept of social ties, see the work carried out under the aegis of the World Bank: www.worldbank.org/poverty/scapital.

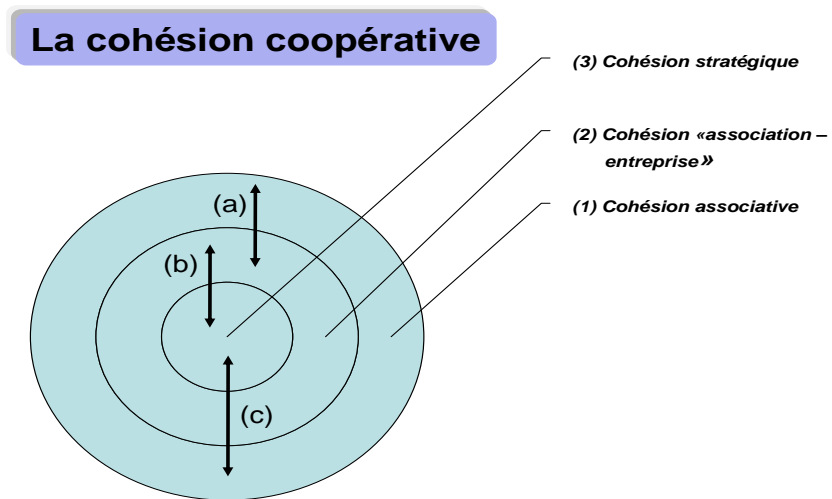
⁵ Claude Vienney has analyzed this duality at the heart of the cooperative entity. See in particular C. Vienney (1980).

⁶ An excellent analysis of this distinct logic is contained in a document published under the aegis of the Conseil de la Coopérative du Québec (CCQ): "Les Traits Caractéristiques des Coopératives", Rapport du comité d'étude et d'action coopératives, 1974, 64 p.

⁷ This concept, central to corporate strategy, requires a strong convergence between industry-specific key success factors, and the company's own sustainable competitive advantages and capabilities.

The proposed model introduces the three levels of cohesion specific to cooperative organization. These three levels of cohesion, illustrated in diagram 1, are presented in the form of circles. First, there are the members within the association of people (associative cohesion). The cohesion we are referring to here relates to the existence of a collective vision of the environment in which the members evolve, shared objectives, a willingness to pool resources, and so on. This level of cohesion is essential if we are to maintain sufficient commitment between members and their cooperative. Of course, members will evaluate their cooperative in the light of the individual results they derive from it. However, if this is the only basis for a member's commitment to their cooperative, they won't be able to distinguish the (owner-user) relationship with their cooperative from that with a company of which they are only a customer.

Diagram 1



The second circle introduces the level of cohesion between the member association and the company (association-company cohesion). It is at this level that the values and aims of the company and its strategic orientations are defined, but also the difference that the cooperative knows how to build for the member. This difference is based on associative behavior (democratic operation), but also on corporate behavior (business practices) to the member's advantage. It sets the cooperative apart from the share-capital company.

The third circle takes us more specifically into the realm of "strategic fit". At this stage, the cooperative is not exempt from a necessary convergence between internal capabilities and external success factors (strategic cohesion). Failure to take account of this constraint to economic excellence dooms the cooperative to near-failure, especially if we consider the large cooperatives that are evolving in increasingly competitive environments.

The three levels of cohesion we have just identified must also be considered, from a management point of view, from a dynamic perspective. It is important to consider the interfaces (a), (b) and (c) in Diagram 1. These interfaces reflect the links between the three levels of cohesion. When the cooperative is created on the initiative of its members⁸, the initial dynamic is from the outside in. When the cooperative is established, as is the case with large cooperatives, we need to consider the reverse path as well. In other words, members' expectations of their cooperative must take into account the latter's capabilities, as well as competitive issues. The fact remains, however, that the three levels of cohesion must integrate with each other as harmoniously as possible.

Agropur: in search of a new cohesion

Business development⁹

Founded in 1938 by 86 dairy farmers, Agropur has grown rapidly to become the largest dairy cooperative in Canada. Whether through strategies of consolidation, market penetration, new market development, new products or diversification, Agropur has progressed year after year, decade after decade.

Numerous acquisitions were made throughout the cooperative's history. Initially local, they soon became regionalized and provincialized. Acquisitions outside Quebec began in the early 60s, but it wasn't until the mid-90s that Agropur's "coast to coast" strategy really took shape.

Agropur began diversifying its activities in the early 1970s. In 1971, it made its first foray into the fluid milk sector with the acquisition of several dairies grouped together within Québec-Lait in 1973, forming the basis of what would become Natrel in 1990. It was also in 1971 that the company signed its first agreement with Sodima to become Yoplait's franchisor across Canada. In 1978, the company entered the fine cheese sector. This diversification was achieved through multiple acquisitions and strategic alliances. In addition to this diversification, the company withdrew from certain activities such as charcuterie, juices and farm sourcing¹⁰. This refocusing of strategic activities took place in the late 80s and early 90s. Today, the cooperative is the Canadian market leader in cheeses (industrial and fine) and yogurt. In the fluid milk market, Agropur is the leader in Quebec and a major player in Ontario¹¹.

Association structure and practices

⁸ This is, of course, the typical case, but it's also possible to conceive of the creation of a cooperative through the initiative of a federation, for example.

⁹ Agropur's historical equilibrium is described in greater detail in D. Côté (2000a)

¹⁰ Farm supplies were the original business of Agropur, which later ventured into the juice and charcuterie sectors in the 1980s.

¹¹ The fluid milk market is regional in scope.

Very early on in the cooperative's history, the founders conceived and developed the associative structure. They were preoccupied with providing training and information to members. In the late '40s, they created a network of animators who would become the backbone of the democratic structure. It was made up of member-volunteers (one animator for every seven members) recognized for their leadership qualities, their commitment to their community and their interest in the cooperative. In 1953, the Member Relations Department was founded. Its mandate was to promote the development of the cooperative's structure and associative practices.

Throughout its history, Agropur's management has strongly emphasized the importance of cooperative education. A substantial and ongoing effort is devoted to this end. Year after year, more than 6,000 days are devoted to the associative life that the cooperative organizes for its members. This includes training as well as participation in regional and general meetings, and meetings with coordinators¹². Particular attention is paid to the training of volunteer animators, who are responsible for informing and consulting all members. The network of animators keeps the associative structure alive on a daily basis.

Associative practices are grouped under four headings: consultation, decision-making, training and information. The Solidarity Committee brings together the members of the Board of Directors, who meet four times a year to discuss associative matters. Initially held with the animators, a semi-annual meeting is held to review financial results and discuss current issues. Three local meetings bring together animators and directors. Twenty regional meetings are also held, to which all members are invited. Once again, financial results are presented and various important topics are debated. Delegates are elected at regional meetings. It is these delegates who will participate in the Annual General Meeting.

Agropur also has a team of eight salaried cooperative advisors. Their main role is to coordinate the cooperative's activities in the territory they serve. Members refer to them for all matters relating to their relationship with the cooperative (membership, capital, production, etc.).

Cooperative training is a major activity in the overall democratic structure. It is organized in the form of various courses: for new members, couples, new members and new leaders. In addition to training and informing members, these courses aim to bring people together, enable them to develop leadership skills and empower them to act. The Solidarity Committee oversees the content of these courses, which vary in length from 2 to 4 days. Topics include the distinct nature of the cooperative, its democratic framework, its history, the role of each cooperative member, and its strategic activities. Courses designed for animators focus on their role, the importance of the democratic dimension, acquiring knowledge of the sector, developing a framework for independent reflection and analysis, leadership skills, the relevance of the cooperative mode of

¹² The associative practices to which we refer are extensively documented in D. Côté et al (1993).

organization in the context of globalization, etc. Two internships have been developed for animators.

The three levels of cooperative cohesion introduced in diagram 1 were therefore historically present in the organization. Indeed, Agropur has a strong associative structure, which originated with the founders themselves. This cooperative has developed both associative and corporate aspects. Agropur has invested heavily in the development of expertise among its members (education and information), as well as in maintaining close relations between them and their cooperative.

Political and strategic challenges

During the 90s, a strong wind of concentration contributed to profound changes in the industry's competitive structure.¹³ By 2003, three companies dominated dairy processing in Canada, including Agropur. This strong concentration in processing was accompanied by a similar phenomenon in the food distribution sector.

Beyond structural changes in the sector, we are witnessing a transformation in consumption habits for milk and dairy products. Demand on the Canadian market is now at a mature stage, and international pressures are growing, with a view to eliminating free-trade barriers in the long term.

Despite a history marked by high achievements and constant success, Agropur, at the beginning of the 21^e century, is faced with associative issues. The cooperative has to deal with a petition signed by some 3,000 of its member-members. This protest movement was orchestrated by the farmers' union (UPA) in reaction to the decision by the Régie des marchés agricoles (RMA) to recognize Agropur's right to develop its own export sales channel. Following this decision, Agropur was able to solicit its members interested in producing milk for export. The cooperative undertook to market its members' milk on the basis of contracts signed with international buyers. In so doing, it recreated a usage link for a small portion of the milk produced by its members.¹⁴ However, the Fédération des producteurs de lait saw this decision as a threat to its monopoly in the marketing of milk produced in Quebec. The petition signed by members helped to force the Quebec government's hand, which, through its Minister of Agriculture, overturned the decision of the Régie des marchés agricoles.

¹³ In the early 90s, Canada's leading dairy companies were Ault Food, Béatrice Food, Agropur, Saputo, Agrifoods and Lactel. Of these, more than two (Agropur and Saputo) are still in operation at the beginning of the 21^e century.

¹⁴ Although it would take far too long to explain this situation, let's just say that the severance of the customary link between members and their dairy cooperative was confirmed in 1985 by a decision of the Régie des Marchés Agricoles du Québec (RMAQ). A detailed analysis of this situation is presented in D. Côté and M. Vézina, (1991).

Although triggered by the export strategy, the petition signed by 3,000 members reflects a major tension within the Agropur membership. On the one hand, a group of members is demonstrating stronger union allegiance, while on the other, part of the membership has more confidence in the cooperative¹⁵. This tension has only intensified over the past 15 years, exacerbated by conflicts between the federation and the cooperative, even though all Agropur members are also compulsory members of the farmers' union.

This difficult political context has led many producers to question the future and relevance of a cooperative model in the dairy industry. For some, the federation is the key player in determining the price of milk paid to producers and the conditions under which it is marketed. According to this point of view, Agropur is relegated to the sidelines, with rebates and price supplements. For others, the cooperative continues to play a strategic role. It is the producers' window on the world of processing, and offers an opportunity to influence the behavior of players within the industry.

Agropur members are faced with complex and highly strategic issues for the future of their cooperative. What is the role and place of the cooperative now that the bond of use has been broken? How can cohesion be rebuilt within a membership torn between union allegiance and cooperative allegiance? Is it possible to maintain this dual allegiance over the long term? How can we envisage Agropur's strategic development when its failed attempt to merge with Agrifoods¹⁶ was followed by the latter's bankruptcy, and a competitor, having recovered Agrifoods' strategic assets, took advantage of the situation to establish itself as an industry leader? Not to mention that, in the longer term, pressure on the rules governing the industry is only increasing. Even if the Canadian dairy industry management system seems to have many lives, the fact remains that it is at odds with the currently dominant "free-trade" rules. Will these protectionist rules be able to withstand the endless WTO (World Trade Organization) negotiations?

Rebuilding cohesion

A three-stage consultation process

At the Annual General Meeting in February 2002, the Board of Directors tabled a proposal for strategic consultation on the cooperative's future. The essence of this proposal was published in Agropur's internal newsletter.

¹⁵ All milk producers must be members of the farmers' union (UPA), which manages the marketing mechanisms via the joint plan. Agropur members' milk must pass through the joint plan before being resold to milk buyers, including Agropur. The powers of the joint plan are therefore considerable. They derive from federal and provincial laws, and create a cartel of dairy producers. It is in this context that the dual allegiance of the union and the cooperative proves highly complex.

¹⁶ Agrifoods was a dairy cooperative in Western Canada, comparable in size to Agropur. These two cooperatives had been discussing the possibility of merging since the late 90s. Such a merger would have made the new cooperative the leader in Canada's dairy industry. These are all issues likely to disrupt the organization's development.

The issues identified by the Board at the time were: (1) the preferred status (to remain a cooperative or not), (2) the members' vision of the future evolution of the dairy industry, (3) Agropur's place and role in the industry, (4) the resources required, and (5) the actions to be taken. It was also agreed that this consultation should be carried out transparently, in a democratic process (Agropur, 2002).

To carry out this consultation, the Board of Directors adopted a multi-stage approach leading to a proposal to be tabled at the Annual General Meeting in February 2003. This wide-ranging consultation is scheduled to take place over 12 months.

The first phase aims to reach as many members as possible. To this end, forty-five (45) meetings are being organized across the province of Quebec over a three-week period. The aim of this first stage is to launch debate around the major issues selected for consultation, and to give members the opportunity to express their views. Three directors take part in each of the 45 meetings. Their role is essentially to briefly present some background information¹⁷ and gather the opinions expressed by members. Questions of clarification could be asked, but no answers were to be given by the directors to the strategic issues at the heart of the consultation process. Some 800 members attended the 45 meetings. All comments were systematically collected and summarized for transmission to the entire Agropur membership.

Following this first stage, a second phase was carried out. Its aim was to deepen understanding of the opinions already expressed. This phase took the form of discussion groups, each lasting one day. In order to ensure a broad representation of members' opinions, it was decided that members would be invited to register for these meetings after participating in one or other of the first-phase assemblies. Participants in the second stage were therefore selected on a voluntary basis. More than 120 people registered, 70 of whom eventually took part in one or other of the six discussion groups organized in different regions of Quebec.

Over 500 pages of comments were collected from consultation participants, grouped around the key issues identified at the outset. Following these first two phases, a summary document was drawn up and sent to all members. Like the documentation of the meetings in the first two phases, this document is intended to be neutral. Its aim is simply to present the different trends expressed by the members.

During the autumn regional meetings, the relative importance of the various trends is assessed (third stage). All members present are grouped into round tables (around 10 people per table) to discuss the strategic issues at the heart of the consultation. The purpose of this discussion is to assess the level of support for the opinions expressed in the previous stages. The summary document handed out to members in the summer was

¹⁷ The contextual elements presented related to transformations in the industry, at the primary, secondary and tertiary levels, as well as developments in the domestic market.

used to identify the main trends in response to the strategic questions debated to date. Some 1,500 people took part in the 160 round tables organized during this third stage.

*Consultation results*¹⁸

In the course of this consultation, a very large majority of members came out in favor of **maintaining their cooperative status**. It was very clear to them that their cooperative is essential to reduce the risk of blackmail by dairy processors, while giving them control over processing, thereby "disciplining the market". They see the cooperative as an indispensable, tried-and-tested tool. The prospect of demutualization does not smile on them. They fear they'll be "ripped off after the fact", and that the value of their farm will suffer. The real threat of the disappearance of the current supply management system, under the control of the farmers' union, accentuates this feeling of the need to maintain the cooperative.

On the subject of the relationship between the union and the cooperative, the members express a strong conviction that a **hybrid model** "enables us to get the best for producers". In their view, this hybrid model explicitly recognizes the role of the farmers' union in marketing milk to processors. A strong majority of producers feel that this is a viable compromise with which they are comfortable. Nor do they believe that this situation is preventing Agropur from developing. Members say they need both organizations to make the most of the system to improve their socio-economic situation.

However, the absence of a usage link complicates the **business relationship** between the member and his cooperative. In this respect, members recognize that they are "sitting between two chairs", and that there is a constant tug-of-war between the two organizations, union and agricultural. Nonetheless, they would like to see the **associative structure** strengthened. They hope for better listening from the cooperative's leaders, and more explanation of decisions taken. Better participation is desired, as is a review of the role and usefulness of the animators. They therefore express the need for a tighter **democratic process**, greater transparency, the need to revitalize structures, a better balance between information and consultation, and so on.

In terms of orientations, a majority of members would like Agropur to pursue its development throughout North America. They recognize that consumption of milk and dairy products has plateaued in Canada, while the pace of change is accelerating. They must therefore "take their place in the markets...otherwise the company's competitive position is threatened". Agropur must therefore seize favorable opportunities, "but... in harmony and profitability". They therefore hope that this business development will be carried out carefully and "above all not to the detriment of producers". This development must therefore be an advantage for the latter, while respecting their means and capacities. However, members expressed the view that the cooperative should focus on its current markets and products. On the question of export markets, growers are sharply divided.

¹⁸ The information presented in this section is taken from documents sent to members by Agropur.

One group fears the effects on quotas, and says they do not receive an acceptable price for their milk when it is sold for export. A second group thinks that we should go ahead anyway, and continue to develop foreign markets.

The means envisaged for such development inevitably require consideration of **capitalization**. Although not unanimously supported, this question nevertheless raises the issue. Many members believe that the cooperative should be financed by its members, while ensuring that it is a profitable investment for them. The gradual introduction of a development fund is even being considered. The question of **membership openness** is also being debated, but the position of members on this remains unclear. The problem of the dilution of patronage dividends was raised by several¹⁹ members, while others saw the future of the cooperative in opening up the membership.

Finally, there is one last point worth highlighting. It concerns the **vision of the industry** expressed by our members. Many are concerned about the future of the current system in Canada. They acknowledge that they are witnessing the erosion of their traditional market and its opening up to international competition. "Whether we like it or not, globalization is upon us...and producers are losing power". So they recognize the need to adapt and question themselves.

During the consultation, the vast majority of members expressed their views in a highly coherent manner, with a sufficient understanding of the issues at stake and the contribution expected from their cooperative. A number of important issues remain unresolved, however, including capitalization, membership openness and the industry's vision for the future.

The evolution of cohesion at Agropur

Crumbling cohesion

The theoretical framework initially introduced defines the three levels of cohesion required to ensure the harmonious operation of a large cooperative. The first level reflects cohesion between members (associative cohesion) on the major issues facing them, but also on their willingness to share common resources and recognize the relevance of their cooperative. The second level of cohesion requires an appropriate link between the associative structure and the corporate structure (association-corporate cohesion). Finally, the third level of cohesion takes up the idea of "strategic fit" (strategic cohesion). What we call cooperative cohesion requires a juxtaposition of the three levels, each building on the previous one.

¹⁹ Under Quebec's current milk marketing system, the addition of new members does not allow the cooperative to receive more milk, since it must be marketed by the farmers' union. Adding new members therefore only means increasing the number of producers with whom to share the same overall rebate.

The erosion of cohesion at Agropur was particularly acute between 1985 and 2000, when the provincial government imposed a marketing agreement and confirmed the severance of the customary link between Agropur members and the cooperative. This pivotal date confirmed the importance of the farmers' union to its members. It imposed a hybrid model that crystallized the positions of "pro-union" or "pro-cooperator" producers. This crystallization has only been reinforced over the years by constant skirmishes between the two entities. The result is confusion as to the respective roles of the cooperative and the farmers' union in the marketing of milk produced by members.

In such a context, Agropur is faced with the difficulty of maintaining a common platform of values, goals, orientations, means and expected results shared and supported by its members. Added to this polarization is the growing impression that the organization's leaders are no longer listening to the grassroots. A weakening of the democratic structure seems to be in the offing at Agropur, in the eyes of the members.

The erosion of cohesion can also be observed between the members' association and the company. The petition signed by 3,000 members runs counter to the cooperative's export policy. A strong, systematic opposition, driven by agricultural unionism, was thus expressed. The consultation confirms that members are divided on the issue of exporting, as much as on how to go about it. Several members pointed out that "selling milk internationally at \$16/hl could be good for the cooperative (understanding the business side), but certainly not for the producer".

The third level of cohesion is also questioned by members. Firstly, there is the question of exports, which is far from being unanimously supported. Members are also divided on the question of the industry's future. They express fears about the future, while recognizing the changes underway...and the need for Agropur to adjust. They are also divided on questions of capitalization, the key to the company's eventual repositioning on a North American scale.

Renewed cohesion

Consultation with members helped rebuild part of the first level of cohesion, i.e. between members (associative cohesion). Members were divided as to whether their primary allegiance was to the cooperative or to the union. This confusion suggested that the importance of the cooperative was being called into question, and that members, polarized into two major sub-groups, were finding it increasingly difficult to share common values and objectives. Throughout the consultation, it was observed that opinions were not as far apart as might have been expected. Members almost unanimously reaffirmed Agropur's importance and strategic role. They see their cooperative as an essential lever for future success. There was also strong support for the hybrid model (unionism and cooperation).

Without being able to speak of unanimity, members' opinions seem to be converging. The initial cohesion essential to a cooperative's effectiveness is proving to be more present than initially anticipated. What's more, the consultation process significantly

strengthened this cohesion. Members were able to express their opinions, compare them with those of others, and identify key trends that were shared by a majority of them. They were also able to identify the issues that will need to be the focus of a subsequent quest for consensus. In other words, the consultation process (re)built sufficient consensus to enable action to be taken.

Following the consultation, the leaders' actions also had a positive effect on this first level of cohesion. The Board's response has been to propose a strengthening of the democratic structure, notably by reviewing the role of the moderators, stepping up meetings with all members, and giving greater importance to consultation and exchange with members, beyond the simple communication of information. The agenda of meetings will therefore be more dynamic and structured around a dialogue to validate members' opinions on various points deemed essential.

Cohesion between members must also be considered from a forward-looking perspective. Although there is some confusion among members as to the future of the industry, there is nonetheless a strong current of opinion underlining the inevitable changes that need to be gradually implemented. An emerging opinion, which seems to be fairly widely shared, recognizes the erosion of producer power, major changes in the industry and even the possible disappearance of the joint plan, a marketing tool currently under the responsibility of the farmers' union. Such a transformation only increases the importance of the cooperative in the eyes of its producer-members.

In addition to the consultation process, the rebuilding of this first level of cohesion will have benefited greatly from the associative structure in place for many years. The effectiveness of the consultation is largely attributable to the experience and capital of expertise that members have been able to develop over the years, the result of a structure and associative practices that have been continually enriched throughout the history of this cooperative.

The renewal of the second level of cooperative cohesion is also illustrated by the entire consultation process (association-company cohesion). Agropur had to reconsider its position, starting with the questioning of its export strategy. However, the political context played an important role in this respect, since the players in the Canadian dairy industry were awaiting a decision from the WTO. This decision is now known, and prevents Canadian dairy processors from exporting to world markets.

The members did, however, largely recognize the relevance of Agropur's strategic orientations, notably to remain a dominant player in the Canadian market while exploring opportunities in the US. However, they insisted on the need to put "producers' interests first (...) to continue to make a difference for them". In other words, the members are determined to maintain this second level of cohesion. However, not everything is finalized at this level. The challenge of capitalization remains, as does that of opening up

the²⁰ membership. Likewise, an acquisition strategy in the United States has many concerned. The Board of Directors is now aware that it will have to ensure that members progress at their own pace and that of management on these crucial issues, especially as forthcoming decisions in this area will require substantial investment. The current impossibility of exporting milk to the U.S. means that members have to invest in acquiring plants without being able to supply them. This leaves a number of sources of tension likely to influence this second level of cohesion.

The third level of cohesion - the match between the cooperative's capabilities and the success factors of the competitive environment (strategic cohesion) - was also addressed by the members. They strongly emphasized the importance of developing according to one's capabilities, line of strength and expertise, while being aware that the environment is evolving and needs to be adapted to.

The theoretical framework developed in this article will therefore have served to "position" the levels of cooperative cohesion, and the issues and challenges specific to each. At Agropur, the first two levels were slipping. The action required to correct this situation was set in motion thanks to the consultation exercise carried out in 2002. Although the consultation did not resolve all the sources of tension at the root of this erosion, it did make a significant contribution to correcting the situation. It has to be said, however, that Agropur benefited greatly from the considerable capital accumulated by 60 years of associative practices (education, information, consultation and decision-making), which facilitated the consultation process.

Conclusion

Without this constant effort to maintain the three levels of cohesion, the cooperative significantly increases its chances of becoming "just another business". Agropur's example highlights the fact that cooperative management must take this triple challenge into account. It is at this price that the cooperative can aspire to make a difference for the member (owner-user), to translate into action its distinctive features and the logic of action that drives it.

To drive this quest for cohesion, the Agropur example shows that it is imperative to rely on a meaningful associative structure with a healthy hold on the cooperative's affairs. Defining what we mean by "significant structure and healthy control" is not straightforward, and may vary from one cooperative to another. However, the Agropur example is very useful here. The ensemble of associative practices and the umbrella structure offers a fine example of meaningful structure. Despite this, we note that maintaining cooperative cohesion is not guaranteed, nor is it ever a given.

²⁰ On these questions, members remain divided, some wanting an increase in capital from the membership, while others take the view that the cooperative is making sufficient profits and could finance its development by borrowing. Opening up the cooperative to new members also raises the issue of surplus sharing, as no new member brings any additional milk volume to the cooperative.

It is therefore possible to develop and maintain the three levels of cohesion required to ensure cooperative equilibrium. To achieve this, it is necessary to rely on a democratic structure based on strong associative practices, where the real issues are widely debated between and with the members. The importance of cooperative education cannot be overlooked. Without it, members are unlikely to have the "expertise" to assume their responsibilities and express cohesive points of view. This requires them to have a sufficient understanding of the strategic issues facing the cooperative.

This associative structure needs to be managed. Such cohesion cannot be the result of chance. The case of Agropur illustrates the need to clearly express a desire to accentuate transparency, dialogue, the identification of trends among members, dominant opinions and so on. The Solidarity Committee set up very early on within Agropur's structure was precisely designed to play this role.

Structural elements are not enough, however. Process management is also essential, particularly when it comes to member consultation. This is all the more important when the cooperative is going through "exceptional" periods, such as three-year strategic planning, a major crisis, committing decisions, and so on. The Agropur example illustrates the importance of an appropriate process. It begins by identifying the fundamental issues to be debated. Similarly, openness and transparency throughout the process are essential dimensions of such a process. At Agropur, members had the opportunity to express themselves freely, while elected representatives listened without seeking to influence. It is only under these conditions that a consultation process can go beyond the expression of ideas to identify majority currents of opinion from which concrete actions can be derived. Without such a design, the whole legitimacy of the process risks being called into question, making it all the more difficult to rebuild a **cohesion that is truly meaningful** to members.

Leadership is essential to ensure this cohesion. Although we have not explicitly addressed this issue throughout our analysis, dual political and economic leadership is strongly called upon to meet this triple challenge. Such leadership must necessarily be based on respect for differences and the ability to build and enrich consensus. This question is all the more important as it is impossible to always expect leaders to be up to the task. Human beings are like that, and over a fairly long period of time, every company will experience shortcomings in this area. Cooperative leaders must anticipate these potential weaknesses and ensure that members are able to assume their role and take over from them in order to intervene at governance level. This is all the more important as political leaders will be continually confronted with economic issues and the pressure, which may come from managers, to arbitrate without regard to the best interests of members. It is important to emphasize that it is extremely difficult to continually nuance current decisions according to a distinct logic of action characteristic of the cooperative. This constant pressure on elected representatives will be all the more bearable when members are able to express their views on the real issues and challenges they face, and on their expectations of their cooperative as a tool for rebalancing market forces.

Without a sustained effort to maintain and develop this cohesion, the force of attraction of the dominant rules (market economy and private property) accentuates the tendency to mimic "capitalist" practices, and thus to the loss of meaning of the cooperative organization.

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