

# TENNESSEE ASSOCIATION FFA COOPERATIVE DEVELOPMENT CHALLENGE

## **IMPORTANT NOTE**

*Please thoroughly read the Introduction Section at the beginning of this handbook for complete rules and procedures that are relevant to all State FFA Career Development Events.*

### I. Purpose

The Tennessee FFA Cooperative Development Challenge provides competition that fosters information assimilation, critical thinking and problem-solving skills necessary to successfully develop career skills toward; participating in, starting up, or managing a cooperative.

The Tennessee FFA Cooperative Development Challenge enhances and encourages opportunities for all participants to receive instruction that develops cooperative management skills.

### II. Event Objectives

The event objectives are for participants to demonstrate their ability to:

Analyze cooperative business management information.

Apply economic principles and concepts of cooperative business management to the decision-making process.

Evaluate cooperative business management decisions.

Work together cooperatively as a group.

Further the awareness of cooperatives in the local community.

The principles and concepts listed below may be included in each section of the event.

#### **A. The Seven Principles of Cooperatives**

##### **1. Voluntary and Open Membership**

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

##### **2. Democratic Member Control**

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

##### **3. Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a

condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

#### **4. Autonomy and Independence**

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

#### **5. Education, Training and Information**

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public — particularly young people and opinion leaders — about the nature and benefits of cooperation.

#### **6. Cooperation among Cooperatives**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

#### **7. Concern for Community**

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

### **B. Economic Principles Related to Cooperatives**

1. Production functions
2. Opportunity costs
3. Cost analysis
4. Input combinations
5. Enterprise selection
6. Supply and demand

### **C. Concepts Related to the Use and Analysis of Records to Manage Resources**

1. Analysis of records
2. Budgeting
3. Cash flow analysis
4. Managerial accounting
5. Tax management

#### **D. Concepts and Functions of Risk Management as Related to Cooperatives**

1. Investment analysis
2. Marketing analysis
3. Market and purchasing structure
4. Legal analysis
5. Government programs and regulations

### **III. EVENT RULES**

Team Make-up- A team consists of four or five members. A team score consists of the total of the top four individuals' scores on the written exam plus the team score on the team activity. Participants must be in official FFA dress during the event. Team eligibility is determined by the general rules as listed in the National FFA Career Development Event Handbook, 2006-10. Copies of the complete event with answers are distributed to all who are present at the event evaluation meeting.

#### **IV. Event Format**

##### **A. Equipment**

Materials student needs to provide- Two sharpened No. 2 pencils.

Calculators used with event will be battery operated, non-programmable and silent. The calculators should have only these functions - addition, subtraction, multiplication, division, equals, percent, square root, +/- key and one memory register. No other calculators are allowed to be used during the event.

##### **B. Cooperative Development Activity & Presentation**

A team of four or five members will research the need for and then develop a cooperative related to agriculture using the seven principles of cooperatives. Records should be kept of all meetings. Financial records should be kept of all business activity. Members should have records with them and be prepared to explain the records during the question and answer period of their presentation at the state event. Presentations at the state event are to be a maximum of 15 minutes which includes a 5 minute question and answer period at the end.

The purpose of the presentation is to:

- a. Sell the judges on the idea that their cooperative is needed.
- b. Explain to the judges how their cooperative observes the 7 principles of cooperatives.
- c. Evaluate the successes and pitfalls experienced during this cooperative venture.

##### **C. Cooperative Portfolio**

**The portfolio should include** items described below, and will be limited to ten pages single sided or five pages double sided maximum not including cover page. The cover page will include the title of the cooperative, the date of the state event, name, address and phone number of the chapter. A maximum of ten (10) points will be deducted for exceeding the maximum amount of pages and /or for not including the cover page containing required information. **Three copies of the portfolio must be sent to the State office, by the deadline set on the official calendar.** A penalty of 10% (2.5 points) will be assessed for documents received after the published deadline. If document is not received seven days after published deadline, the team may be subject to disqualification.

1. A maximum of two pages of the portfolio will include a summary of the reason for

development of the cooperative, including answering the questions below:

- a. List course(s) in which instruction occurred including the number of students involved in the instruction of cooperative principles.
  - b. Why is this cooperative important?
  - c. Is membership voluntary and open?
  - d. How do members have democratic control?
  - e. How do members economically participate?
  - f. Is the cooperative autonomous and independent?
  - g. What has the cooperative done to educate, train, and inform its members and others about the nature and benefits of cooperation?
  - h. Has the cooperative worked in cooperation with any other cooperatives?
  - i. How has the cooperative shown concern for its community?
2. Financial Records to be included:
- a. Beginning and Ending Balance Sheet (ending date Dec. 31 of last year)
  - b. Income Statement (for previous calendar year)
  - c. Beginning and Ending Inventories
3. A bibliography of all resources and references cited which may include personal interviews and any other supporting material.
4. Provide documentation that the team made a presentation for at least two local civic organizations prior to the state event such as:
- a. Letters from organizations
  - b. News articles
  - c. Photos showing attendance at presentations (3 X 5 or 4 X 6)
  - d. Scrapbook
5. An evaluation of the successes and pitfalls experienced during this cooperative venture.

Please state when, where and to whom the presentations were made and indicate how many community members were in attendance at each of the presentations.

A chapter must have a minimum of two high quality public presentations and a maximum of one high quality presentation to a school audience prior to their state event in order to receive the maximum of 15 points.

Multiple organizations attending the same presentation will count as one presentation. If more than one presentation is held on the same day, the starting time of each presentation must be independently documented.

Portfolio judges may take into consideration the quality and quantity of presentations made to audiences. No points will be awarded for extra school presentations to teachers and students. In addition, no points shall be awarded for presentations made as any part of a local or state FFA competition.

***High quality presentations** are those presentations made to community groups that would have an interest in cooperatives. High quality presentations can also be with smaller numbers of individuals who hold elected, appointed or some other official position that will be making decisions that may have an impact on cooperatives.*

*Examples of low quality presentations would be dropping in at a local business and giving your presentation to the workers or going to the home of one of the parents to make a presentation. Low quality presentations will receive zero or minimal points.*

**B. Team Cooperative Activity – Problem Solving**

The team activity evaluates the ability of a team’s members to work together to use decision making and problem analysis skills while applying economic principles and concepts taught in cooperative management.

1. Members of a team work together cooperatively to complete this section.
2. Sixty (60) minutes are allowed for completion of the team activity. At the end of activity, each team submits a written summary for scoring.
3. The team activity involves the use of cooperative management skills and the resource information used for the written exam of the current year’s event.
4. All topics in the outline under the event objectives section may be included in the team activity.
5. The team activity has a maximum value of 200 points per team. Individuals may score a maximum of 50 points each. During the team activity section, the team is observed by event judges and evaluated on its ability to work together cooperatively as a group. The team activity evaluation criteria and scorecards are distributed at the event evaluation meeting.

**C. Individual Activity**

The written exam tests the ability of the participants to use decision making and problem analysis skills while applying economic principles and concepts taught in farm business management.

1. Each team member works independently to complete the written exam. On the written exam, each team member delivers a set of results for scoring and receives individual scores on the written exam.
2. Thirty minutes is allowed for completion of the written exam.
3. The written exam will consist of 50 multiple choice questions.
4. All topics in the outline under the event objectives section can be included in the written exam.
5. The written exam has a maximum value of 100 points per team member.
6. Individual scores on the written exam are used to calculate both the individual and team score.

**V. Event Scoring**

The following table summarizes the points, how they are to be used and how much time will be allowed for each section of the event.

**POINTS**

<b>Team</b>	<b>Individual</b>	<b>Section</b>	<b>Time</b>
400	100	Written Exam	30 Minutes
200	50	Team Cooperative Activity	60 Minutes
200	50	Team Presentation	20 Minutes
200	50	Cooperative Portfolio	
1000	250	TOTAL	

## VI. Tiebreakers

Judges will break ties on team scores using the following sequence:

**The total team score on the written exam.**

**The highest individual score on the written exam.**

**Judges will break ties on individual scores using the following sequence:**

**The highest individual score on the written exam.**

**The score on pre-selected sections of the written exam.**

## VII. Awards

Top two teams from each of the three grand regions will be recognized at their regional FFA banquets with plaques and a monetary award to the amount of \$100.

The State Runner-Up team will be recognized on stage at the State FFA Convention with a plaque and a monetary award to the amount of \$150.

The State Champion team will be recognized on stage at the State FFA Convention with a plaque and a monetary award to the amount of \$250.

One FFA advisor from each of the top two state teams will be recognized on stage with a monetary award to the amount of \$100 each.

Monetary awards may be in the form of a check, gift card, a debit card, a gift certificate, etc. in the amounts listed above.

## VIII. References

This list of references is not intended to be inclusive. Other sources may be utilized, and teachers are encouraged to make use of the best instructional materials available. The following list contains references that may prove helpful during event preparation. Numerous sources of materials exist, and participating teams should consult with their state's cooperative extension service, the universities teaching cooperative business management and other material services available to the participating school. For the most current listing of resources and definitions for economic terms, refer to the national FFA website- Farm Business Management Career Development Event section.

Tennessee Council of Cooperatives

<http://tennesseecouncilofcoops.org>

Bill Fitzwater Cooperative Center at Oklahoma State

<http://agecon.okstate.edu/coops>

Arthur Capper Cooperative Center at Kansas State University

<http://www.agecon.ksu.edu/accc>

USDA Cooperative Development Publications

<http://www.rurdev.usda.gov/rbs/pub/pubcat.htm>

USDA Cooperative Programs

<http://www.rurdev.usda.gov/rbs/coops/csdir.htm>

USDA “Rural Cooperatives Magazine  
<http://www.rurdev.usda.gov/RBS/pub/openmag.htm>

Cooperative Information Reports from USDA  
<http://www.rurdev.usda.gov/rbs/pub/cooprpts.htm>

Cooperative Research Reports from USDA  
<http://www.rurdev.usda.gov/rbs/pub/research.htm>

University of Wisconsin Center for Cooperatives  
<http://www.uwcc.wisc.edu/>

University of California Rural Cooperatives Center  
<http://cooperatives.ucdavis.eduhttp://www.cooperatives.ucdavis.edu/reports/index.htm>

The National Cooperative Business Association’s listing of the top 100 cooperatives in the US  
[http://dev.ncb.coop/uploadedFiles/Co-op%20100\(2\).pdf](http://dev.ncb.coop/uploadedFiles/Co-op%20100(2).pdf)

National Cooperative Business Association  
<http://www.ncba.org>

National Council of Farmer Cooperatives  
<http://www.ncfc.org>

Kentucky Center for Agriculture and Rural Development  
<http://www.kccd.org>

Understanding Cooperatives: Legal Foundations of a Cooperative  
<http://www.rurdev.usda.gov/rbs/pub/cir459.pdf>

Sample Legal Documents for Cooperatives  
<http://www.rurdev.usda.gov/rbs/pub/cir40/c40legdc.pdf>

Understanding Capper-Volstead  
<http://www.rurdev.usda.gov/rbs/pub/cir35.pdf>

Co-ops 101: An Introduction to Cooperatives  
<http://www.rurdev.usda.gov/rbs/pub/cir55/c55text.pdf>

How to Start a Cooperative  
<http://www.rurdev.usda.gov/rbs/pub/cir4514.pdf>

Agricultural Cooperatives in the 21<sup>st</sup> Century  
<http://www.rurdev.usda.gov/rbs/pub/cir-60.pdf>

What is a Cooperative? Why Cooperatives are Organized  
<http://www.rurdev.usda.gov/rbs/pub/cir50.pdf>

Understanding Cooperatives: The Structure of Cooperatives  
<http://www.rurdev.usda.gov/rbs/pub/cir453.pdf>

Understanding Cooperatives: Cooperative Business Principles  
<http://www.rurdev.usda.gov/rbs/pub/cir452.pdf>

Understanding Cooperatives: The American System of Business  
<http://www.rurdev.usda.gov/rbs/pub/cir452.pdf>

The Structure of Cooperatives  
<http://www.rurdev.usda.gov/rbs/pub/cir453.pdf>

Who Runs the Cooperative Business? Members  
<http://www.rurdev.usda.gov/rbs/pub/cir454.pdf>

Who Runs the Cooperative Business? Board of Directors  
<http://www.rurdev.usda.gov/rbs/pub/cir455.pdf>

Who Runs the Cooperative Business? General Manager and Employees  
<http://www.rurdev.usda.gov/rbs/pub/cir456.pdf>

Legal Foundations of a Cooperative  
<http://www.rurdev.usda.gov/rbs/pub/cir459.pdf>

What is a Cooperative? Why Cooperatives are Organized  
<http://www.rurdev.usda.gov/rbs/pub/cir50.pdf>

Rural Cooperative Publications  
<http://www.rurdev.usda.gov/rbs/pub/cir4/cir4.htm>

Marketing Coordination in Agricultural Cooperatives  
<http://www.rurdev.usda.gov/rbs/pub/rr159.pdf>

Cooperative Marketing Agreements: Legal Aspects  
<http://www.rurdev.usda.gov/rbs/pub/rr106.pdf>

Cooperative Brands  
<http://www.rurdev.usda.gov/rbs/pub/sr27.pdf>

Cooperative Feasibility Study Guide  
<http://www.rurdev.usda.gov/rbs/pub/sr58.pdf>

Recruiting and Training Co-op Employees  
<http://www.rurdev.usda.gov/rbs/pub/cir36.pdf>

Sample Policies for Cooperatives  
<http://www.rurdev.usda.gov/rbs/pub/cir39.pdf>

Working with Financial Statements – Guide for Cooperative Members  
<http://www.rurdev.usda.gov/rbs/pub/cir43.pdf>

Cooperative Business Principles  
<http://www.rurdev.usda.gov/rbs/pub/cir452.pdf>

USDA Cooperative Development Publications  
<http://www.rurdev.usda.gov/rbs/pub/pubcat.htm>

USDA “Rural Cooperatives Magazine  
<http://www.rurdev.usda.gov/RBS/pub/openmag.htm>

# COOPERATIVE DEVELOPMENT PORTFOLIO SCORESHEET

Chapter Name: \_\_\_\_\_ Chapter Number: \_\_\_\_\_

	Possible Points	Score
Summary of the Cooperative Venture (maximum 2 pages) IV. C. 1. a. Courses Listed	10	
b. Importance	10	
c. Membership	10	
d. Democratic Control	10	
e. Members Economic Involvement	10	
f. Autonomous	10	
g. Educate	10	
h. Worked with other Cooperatives	10	
i. Concern for Community	10	
Financial Records IV. C. 2. a. Beginning and Ending Balance Sheet	30	
b. Income Statement	15	
c. Beginning and Ending Inventories	15	
Bibliography	5	
Documentation of Presentations	30	
Evaluation	15	
<b>Subtotal:</b>	<b>200</b>	

**Deduction for exceeding the maximum number of pages and incomplete cover page [10 pts. Max]:**  
**Deduction for portfolios received after the deadline (2.5 points Maximum)**

Deduction: 

(	)
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Deduction: 

(	)
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\* Individual Scores will  
be 25% of Total Score:

Total Score:



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Judge's signature

## Cooperative Development Presentation

Chapter Name: \_\_\_\_\_ Chapter Number: \_\_\_\_\_

### Team Presentation

Team Score	Possible Points	Score
Sales Pitch (Is the coop needed?)	40	
Related Use of 7 Principles	40	
Evaluation	40	
Overall Presentation	40	
Questions	40	
<b>Team Total:</b>	<b>200</b>	

Individual Scores	Possible Points	#1	#2	#3	#4	#5
Overall Presentation						
1. Voice	10					
2. Poise	10					
3. Equal Participation	10					
Response to Questions	20					
<b>Individual Total:</b>	<b>50</b>					

Judges signature

Team Activity Evaluation Summary Scorecard  
**Cooperative Development Challenge**  
**Team Cooperative Activity Evaluation Summary Scorecard**  
(Front)

**Instructions:**

Participants should complete the information on this side of the scorecard. Please print clearly.

Team Number \_\_\_\_\_

Chapter \_\_\_\_\_

Team members:

Name: \_\_\_\_\_

Contestant Number: \_\_\_\_\_

Role: \_\_\_\_\_

Contestant Score \_\_\_\_\_

Name: \_\_\_\_\_

Contestant Number: \_\_\_\_\_

Role: \_\_\_\_\_

Contestant Score \_\_\_\_\_

Name: \_\_\_\_\_

Contestant Number: \_\_\_\_\_

Role: \_\_\_\_\_

Contestant Score \_\_\_\_\_

Name: \_\_\_\_\_

Contestant Number: \_\_\_\_\_

Role: \_\_\_\_\_

Contestant Score \_\_\_\_\_

Name: \_\_\_\_\_

Contestant Number: \_\_\_\_\_

Role: \_\_\_\_\_

Contestant Score \_\_\_\_\_

Judges Note: Individual contestant scores are a maximum of fifty points.

**Cooperative Management CDE  
Team Cooperative Activity Evaluation Summary Scorecard  
(Back)**

**A. Cooperative Teamwork Evaluation (observations)**

Criteria:

All team members were involved and contributed to the activity in an organized manner.  
Team members demonstrated effective listening and oral communication skills in resolving issues related to the presented task(s).  
Team members demonstrated cooperation in negotiating possible solutions that were relevant to the activity as presented.

	<b>Team Pts Possible</b>	<b>Individual</b>
Team leadership roles were identified and demonstrated.	10	5
Team members demonstrated effective listening and oral communication skills in resolving issues related to the presented task(s).	30	15
Team members demonstrated cooperation in negotiating possible solutions that were relevant to the activity as presented.	30	15
Each team member participated in the team activity and contributed to the results reached by the team.	<u>30</u>	<u>15</u>
<b>Total</b>	<b>100</b>	<b>100</b>

Summary of Evaluator's Scores:

	Points Earned
Evaluator:	
_____	_____
_____	_____
_____	_____

Average Evaluator Score:

(maximum 100 points)

**B. Cooperative Team Activity Solution Evaluation (written answer sheet)**

Criteria: Team demonstrated knowledge of cooperative management principles and concepts and summarized consensus in the team activity answer sheet.

Points Possible  
100

Summary of Evaluator's Scores:

	Points Earned
Evaluator:	
_____	_____
_____	_____
_____	_____

Average Evaluator Score:

(maximum 200 points) **A**

Total Score for Team Activity  
A + B =