GROWING CO-OPERATIVES IN A COMPETITIVE BUSINESS ENVIRONMENT

BEING A PAPER PRESENTED AT THE 14TH SACCA CONGRESS
" SUNCITY SOUTH AFRICA"

BY
MR. E.E. UKEREDI,
THE PRESIDENT/CHAIRMAN,
DELTA STATE COOPERATIVE FINANCING AGENCY LIMITED,
UNIFA MICRO-FINANCE BANK LIMITED &
EDUCATION MULTI-PURPOSE COOPERATIVE SOCIETY LIMITED

INTRODUCTION:

- A.H. Calvert defines a co-operative society as *a form of business organization wherein people voluntarily associate together as humans being on the basis of equality for the economic interests of themselves.*

TYPES OF ENVIRONMENT WITHIN WHICH COOPERATIVE OPERATE

- Co-operatives or SACCOS operate in a very competitive environment just like other businesses or enterprises.

Competitors by grouping:

- **First Level** -includes competitors that offer the same specific product or services that you do.
- **Second Level** – includes competitors that offer the same products or services that are geographically remote from customers.
- **Third Level** -includes competitors who compete for the same occasion dollars.

A table showning the following three levels:

Questions	Competitor A	Competitor B	Competitor C
Where is your competitor located?			
What are your competitors' annual sales?			
Who are your competitors' managers and who is on their board of directors?			
Who owns your competitors and are they in any partnerships?			
What are your competitors' weaknesses?			
What are your competitors' product lines?			
What are your competitors' products or services compare to yours?			
What is your competitors' price structure?			
How do your competitors market their products?			
What are your competitors' supply sources?			
What are the strengths and weaknesses of your competitors' sales materials?			
Is your competition expanding or cutting back?			

Searching for What your Competitors are Doing:

- Use the Worldwide web.
- Call a friend or family member to visit the business and report on their experiences
- Talk to your competitor's customers as to whether they are dissatisfied in any way
- Attend or participate in trade shows for your type of business.
- Continue to monitor your competitor.

WHO ARE THE COMPETITORS OF COOPERATIVES OR SACCOS.

- Financial Institutions.
- Other competitors

FIFTEEN WAYS TO OUT-SMART YOUR COMPETITORS

- You can partner with your competitors .
- Information sharing.
- Competition can generate a media stir and help promote your goods and services.
- Knowing your competitors' offerings.
- Reacting rapidly when there are problems.
- Acting collectively.

- Constantly looking at all Competitors.
- Actively communicate your brand value.
- Benchmark your business against other organizations
- Meet with customers and understand their perceptions and needs
- Understand, strengthen, and preserve the causes of success in the business
- Find out why customers prefer you to your competitors
- Review competitors strengths and weaknesses regularly.
- Develop and define products and the tactics used to sell, taking into account your understanding of the competition.

- Create a unique brand for your product.

Trusted brands have many advantages:

a] Distribution advantages. An established brand can ensure manufacturer get the best distributors.

b] Brand identity or image re-enforces the products appeal.

c] branch helps to build customers loyalty, because of the trust and affection they generate.

d] Brand provides opportunity to open up new market segments

e] A strong brand enables products to overflow from one geographic market into another

f] Brand can extend a life of a product

CO-OPERATIVE STRATEGIES

- A strategy in which firms work together to achieve a shared objective.
- These are a number of justifications or rationales for Strategic alliances. These reasons vary by market situation-slow-cycle, standard-cycle or fast-cycle.

- **Reasons For Entering Alliances in Slow-Cycle Markets**
- **Reasons For Entering Alliances in Standard-Cycle Markets**
- **Reasons For Entering Alliances in Fast Cycle Markets**

- A strategic alliance is the primary cooperative strategy and represents a partnership between companies whereby companies' resources, capabilities, and core competencies are combined to pursue mutual interests to develop manufacture, or distribute goods or services.

TYPES OF ALLIANCES

There are three basic types of explicit Strategic Alliances:

- **A Joint Venture**
- **An Equity Strategic Alliance**
- **A Non Equity Strategic Alliance**

- **Companies use alliance networks as a foundation for a network cooperative strategy for several reasons:**
  - * To share complementary resources, capabilities, and competencies
  - * To exploit emerging technologies
  - * To share the risk and cost of large capital investments
  - * To keep pace with or establish industry standards

There are several issues that should be addressed when forming an alliance network:

- Determining whether the alliance should be horizontal or vertical
- Deciding the number of companies to be networked so that effectiveness and efficiency are maximized
- Determining how to minimize member company conflicts
- Specifying the strategic intent of the alliance so that all members benefit
- Determining how the network will be managed.

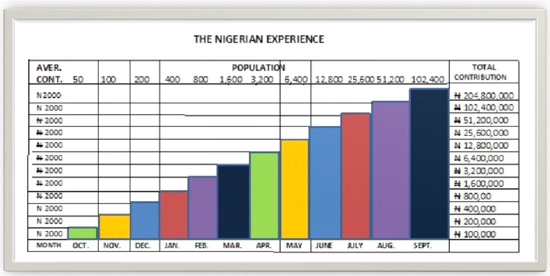
- The two basic approaches to managing cooperative strategies that come out of this discussion are: cost-minimization and value-creation maximization.
  - 1] **The Cost Minimization**
  - 2] **The value-Maximization**

NEED FOR AGGRESSIVE MARKETING

- Marketing involves research, staying on top of market trends and being willing to invest in the process to make it work.

THE NIGERIAN EXPERIENCE

- Marketing is the strategic part of business development.



Key elements to this marketing process:

- Your target market needs to know you can be trusted
- Your references and success stories are fully grounded
- Your product and services are well presented

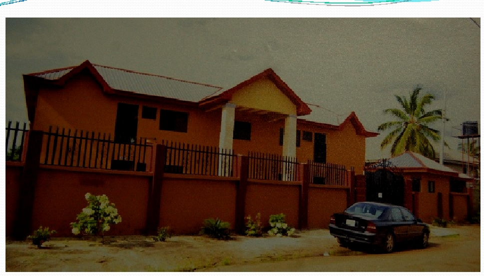
NEED FOR INNOVATION

Is about creativity

thinking outside the box

Successfully growing cooperatives in competitive business environment needs innovation

- Brian Tracy lists some secrets of wealth creation as follows:
  1] The first way to increase your value is to do things faster.
  2] The second way that you can add value and create wealth is by offering better quality than your competitors at the same price.
  3. The third key to becoming wealthy is by looking for ways to add value to everything you do.
  4. The fourth key to adding value is to increase the convenience of purchasing and using your products or service .
  5] The fifth is improving customer service and by treating customers better.
  6] The sixth way to add value and create wealth is to recognize and cater to changing life styles.



- ***A fifty-five Room Hostel built by Education Multi-Purpose Co-operative Society Limited, at Abraka, Delta State Nigeria.***

LEADERSHIP

- Stephen R. Covey defines leadership as "communicating to people their worth and potential so clearly that they come to see it in themselves."

  - Notice the words, ***worth*** and ***potential***.

CONCLUSION

- I am therefore proposing a setting up of a conference implementation committee [CIC] made up of SACCO leaders from the West, South and East African Sub-Region. The primary responsibility of this body is to ensure that decisions taken at our conferences are implemented. I believe this can accelerate our rapid growth and enable us to remain competitive.

THANK YOU