

**BUILDING A WIN-WIN CO-OP**

1 or more periods. Students can discuss forming a co-op during one period, or, over a longer time, can plan, establish, run and wind down a co-op, maybe even making profit for a special purpose.


## BUILDING A WIN-WIN CO-OP

This module will help you to research and develop opinions about:

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<b>YOU WILL ALSO FIND RELEVANT INFORMATION IN ALL THE OTHER MODULES. TAKE A LOOK!</b>	

Co-operatives are all about co-operation and team work. Before you start work, glance through the module quickly, develop a work plan with your group and decide how you will evaluate your own work. *The items in italics give you ideas for activities.* You can use the **WORK PLAN TEMPLATE** and the **EVALUATION TEMPLATES** in **WIN-WIN TOOLS**, or develop your own.

For **WIN-WIN GAMES**, click here 

For **WIN-WIN CO-OP WORLD**, click here. 

**WIN-WIN CASE FOR CO-OPS** click here 

For **WIN-WIN TOOLS**, click here 

**MY WIN-WIN CO-OP FUTURE** click here 

## KEY CONCEPTS IN BUILDING A WIN - WIN CO-OP

YOUR co-op will succeed best if you start off with people you know and trust, doing something you already enjoy.

Any co-op succeeds only when it meets the needs of its members, and that's you and the other members.

You can learn much about co-ops by focusing on the **Informal Co-op (IC)** activities throughout this module.

Think about doing the hard **Formal and Legal Work (FLW)** later when you are already comfortable with the co-op way of working.

You can set up a co-op to undertake any legal type of work that could be undertaken by any other business or charitable organization, and it would be subject to the same government regulations.

In setting up your co-op you, and the other members, need to be totally clear about what you want the co-op to do for you.

**(FLW)** You need to set up the Rules of Association (a formal document registered with government) and your own policies and procedures to ensure that the co-op continues to meet the needs of its members.

Your business plan needs to be as solid as for any other enterprise.

**(FLW)** When you build your co-op with a solid business plan, carefully considered Rules, and effective Policies and Procedures, it will have a better chance of remaining solid than any other type of business.

In the development phase, you need to work simultaneously on planning how you will run your business and how you will be a co-operative.

**HAVE FUN CO-OPERATING, IT'S GOOD BUSINESS !**



Click here for




**WIN-WIN INTRODUCTION**



## PREPARING TO WORK ON BUILDING A WIN - WIN CO-OP

If you haven't already done so, click here  then play some of the **WIN-WIN CO-OP GAMES**.

Decide whether you will be working as a large group or several small groups. In your group, decide whether you will use the **Work Plan and Evaluation Templates** in **WIN-WIN TOOLS** (click here ) or create your own. Start using a Work Plan as soon as possible. Decide whether everyone will study all the materials, or will you specialize, then share your information.


Decide whether you want to do some **Informal Co-op** work, or go through the **Formal and Legal Work** of setting up an incorporated co-op. Whichever you decide, glance through the whole module quickly.


If you think that setting up an **Informal Co-op** is right for you, ignore everything marked FLW - Formal and Legal Work. Focus specially on items marked **IC (Informal Co-op)**.

### FLW

If you decide to go through the formal and legal work of setting up an incorporated co-op, be sure to read everything marked **FLW (Formal and Legal Work.)** Ignore items marked **IC (Informal Co-op)**.

Read the 7 International Co-op Principles, "Co-operating around the globe" and "Co-operating in British Columbia."

You may want to talk with the members, specially the Board, of a local co-operative, or click here  to read the Case Studies in the **WIN-WIN CASE FOR CO-OPS**.

Click here  to take a look at **My WIN-WIN CO-OP FUTURE** to see how you can build some self-training for your own future into your work on this module.

Look through **WIN-WIN TOOLS** for good ideas of contacts you can make to contact the types of co-op you might want to study, plan or start. Use the **RESOURCE LIST** in **WIN-WIN TOOLS** for good ideas of contacts you can make.

The ideal way to understand how to **BUILD A WIN-WIN CO-OP** is to get involved with a local co-op, whether as a consumer (customer) or a worker. Use the resources, as well as co-ops in your community, to let established co-operators set you on the right track.

**HAVE FUN CO-OPERATING, IT'S GOOD BUSINESS !**

## YOUR INFORMAL CO-OP

When you are starting to work co-operatively, it's good to start with people you know well.

Ideally you start off with a common interest (music, sport, organizing a party) and chose a project to work on co-operatively. Let's try it. Even for an **Informal Co-op**, there are three main areas to think about as you get started: the group, the work, the formalities.

### The Group

Who is in your group?

Get the group together to decide who will work on this project. In a co-op all membership is voluntary. People must agree to be members. Together, decide on the cost of a membership share. It could be \$1, or bringing everyone a cup of water, or each person spending an hour on extra volunteer work round the school. Have each person sign a "membership list." If they have paid cash to join the co-op, that money can be spent only when they all agree. These are the **members** of your **Informal Co-op**.

### Your Work

Decide on your first task, preferably something very short-term. It could be as simple as tidying an area of a class-room or picking up garbage on a sports-field. The process of deciding is as important as the work. If you are having difficulty, go back to some of the decision-making activities in **WIN-WIN GAMES** (click here 🍀) or and **WIN-WIN TOOLS** (click here 🍀).

How will you be paid for your work? If you are doing it as volunteers - great. Co-ops can operate as charities.

Maybe you are thinking of a business. If you find sponsors to pay you, the money comes into the co-op and you decide together whether it will stay in the co-op or be split among the members. Try some activities where you decide ahead of time how the money will be split, and some where you decide after you have the money. Which works best for your **Informal Co-op**?

Once you have tried working together on a simple task move to something more challenging.

Perhaps you want to collect recyclable items in and around the school. Who selects the areas? Do you all get your area of first choice? What do you do if some people work harder than others?

Would it be more fun to organize a concert? Will you get together to make all decisions, or allocate certain tasks to individuals? In advance, make a list of all your expected costs, and the money you expect to make. Will you have money left over? If so this is your surplus and you are on your way to starting a business. Congratulations! Decide who finds the venue, decides on the program, tells the community, gets sponsor, sets up, pays the bills and keeps a record of all revenue? You are close to having a Business Plan.

### The Formalities

Even an **Informal Co-op** should keep a record of Members, and the Membership Share cost paid by each person. You may also want to write some Rules.

You may want to make a Business Plan for your Work. For each project, you will want to keep a record of expected revenue and expenses (your project budget). You will want to keep a record of all the actual expenses and revenue. You will want to keep a record of how you share the surplus. It is useful to compare the budget with the actual figures as this helps you with your next budget.

After the project or event, meet to discuss what went well and what could be better next time. Can you formulate any Rules to guide future decisions. “Rules” are just a way of keeping on track about how you do things, not a way of restricting creativity or energy. For instance, a “Rule” could be that your **Informal Co-op** will meet once every two months for pizza. This is a good way to state how your **Informal Co-op** is different from other informal charities or businesses. How can you state, in a Rule, that you all have an equal voice in decision making? How can you state that a good decision is one to which everyone agrees, even if no one fully gets their wish? How can you state that surplus is shared on a basis that is agreed by all members? How do you show that you are “members” rather than “owners, bosses and employees?”

Maybe you have thought of a name for your **Informal Co-op**. You will want to make a decision as a group about this. As you are not incorporating formally, you cannot use *Co-op*, *Cooperative*, *Co-operative*, *Limited*, or *Inc* in your name. Allow lots of discussion and be pleased if everyone is reasonably happy rather than some very happy and some very unhappy. Work on compromise and consensus. Once you have decided on your name, make a written record of your decision.

At any time, when you are having trouble reaching decisions, try one of the Decision Making activities or Games in **WIN-WIN TOOLS** and **WIN-WIN GAMES**.

If you decide that the IC is your best choice at present, go to the **WIN-WIN TOOLS** and either use the **Work-Plan** and **Evaluation** Templates, or make your own versions.

For **WIN-WIN GAMES**,  
click here 

For **WIN-WIN TOOLS**,  
click here 

Even if you are not going to undertake the **Formal and Legal Work** at this, glance through the rest of the module. You will find information that will help your **Informal Co-op** to succeed.


### WHAT IS A CO-OP?

Now it is time for some general information about co-ops. Glance through this to know where to find it when you need it.

#### What is a "co-operative enterprise?"

Any business that can be legally operated, can be a co-operative. An airline, a farm, a day-care, a publisher, a high fashion design company, a chocolate processor, an art gallery, an insurance company, an electrical distribution company, a ferry operator, a credit union, an adventure tourism company and hundreds of other businesses and community services can be co-operatives. For ideas, see **WIN-WIN CO-OP WORLD**. For information about some co-ops in British Columbia, see **WIN-WIN CASE FOR CO-OPS**.

For **WIN-WIN CO-OP WORLD**, click here. 

**WIN-WIN CASE FOR CO-OPS** click here 

## What's the difference between a co-op and any other type of business?

- Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. Co-op members believe in the ethical values of honesty, openness, social responsibility and caring for others.
- A co-op operates according to the 7 International Co-op Principles.
- A co-op must be legally registered according to the legislation covering co-ops. In British Columbia this is the **Cooperative Associations Act** which was passed by the provincial legislature in 1999. [http://www.qp.gov.bc.ca/statreg/stat/C/99028\\_01.htm](http://www.qp.gov.bc.ca/statreg/stat/C/99028_01.htm) and <http://web.uvic.ca/bcics/FActs/>

## Based on the idea that people can work together to meet their own needs

Co-operatives are based on a common idea - that people know what's best for them and can work together to meet their own needs. Co-operatives, credit unions and *caisses populaires* are owned and operated by their members. Co-ops are democracies - each member has a single vote, regardless of his or her investment in the organization. Generally co-ops are community-based. They are responsible to their own members who determine how the co-op will be run, elect the Board of Directors and allocate the profits of the co-operative among its member-owners. Co-ops apply democratic principles to economic life, as people work together to meet common goals and needs. [www.ontario.coop/whatis/index.php?main\\_id=161](http://www.ontario.coop/whatis/index.php?main_id=161)

## Definitions

1. A co-operative is owned by the members who use its services. Co-operatives can provide virtually any product or service, and can be either a non-profit or for-profit enterprise. Source [www.coopscanada.coop/aboutcoop/](http://www.coopscanada.coop/aboutcoop/)
2. A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. Source: <http://www.coop.org/>
3. A co-operative is a business voluntarily owned and controlled by its member patrons and operated for them and by them. It is owned by the people who use it. Source: University of Wisconsin Centre for Co-operatives [www.wisc.edu/uwcc/icic/](http://www.wisc.edu/uwcc/icic/)


"Autonomous" means that a co-op cannot be sold, but is always owned by its members.

For "aspirations" you might use "hopes," or "dreams." In British Columbia, a co-op can be a business, a not-for-profit organization or a charity.

## YOUR WORK ON "WHAT IS A CO-OP?"

**FLW** Look at the definitions above and those in the **WIN-WIN INTRODUCTION** and other modules. Then write a definition of a co-op so that younger people can easily understand the difference between co-ops and other organizations.

**IC** Create a display or a skit to show the difference between a co-op and a company that exists to make profit for its shareholders.

**FLW** Research credit unions and other co-operatives in your area, maybe using the internet or click here  for the **WIN-WIN CASE FOR CO-OPS**. [www.growmark.com/gmksyst/whatis\\_coop.htm](http://www.growmark.com/gmksyst/whatis_coop.htm)

## CO-OP VALUES AND PRINCIPLES

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others. [www.wisc.edu/uwcc/icic/](http://www.wisc.edu/uwcc/icic/) The International Co-operative Information Centre, University of Wisconsin.

**FLW** Write an explanation of co-op Values so that younger people can easily understand it. Examples help people to understand definitions. Get information about credit unions and other co-operatives in your areas. You can also use the internet or the examples in the **WIN-WIN CASE FOR CO-OPS**.

## CO-OP ESSENTIALS

A Co-op needs **MEMBERS** and connections within its geographic community, its sector, and the co-op community. It needs **WORK**, and it needs to do that work well so that its members and the market feel they are getting good value. It needs to be **LEGALLY** incorporated unless it is an informal co-op set up within another organization or institution.

## THE FIRST ESSENTIAL: MEMBERS

### BUILDING CO-OP MEMBERSHIP

For a successful co-op, your first requirement is members.

**FLW** Start talking with your friends, or others who might share some of your needs and interests.

*Tell them about co-ops, what they are and how they operate.*

*Talk about whether you could work together co-operatively.*

*Test it out by playing the **WIN-WIN GAMES** and creating your own games.*

*Invite others into your conversations.* Even if they don't become members, they may have good ideas.

*Develop some guidelines about the conversations.* Some people have included: *respecting each other's right to speak for a reasonable length of time, keeping your own comments to a business-like length of time, staying on topic, respecting the speaker even when you don't find the ideas relevant.*

*If this is difficult, go back to Decision Making in **WIN-WIN GAMES** and **WIN-WIN TOOLS**.*

*Decide what kind of commitment people should make in order to take part in these early discussions, or to become members.*

In most co-ops, people must purchase a membership share and/or to undertake some work in order to be members. In British Columbia, you need 3 members to incorporate as a co-op, but more members give the co-op a larger pool of ideas and energy.

For **WIN-WIN GAMES** click here 

For **WIN-WIN TOOLS**, click here 

## MEMBERSHIP AND CONNECTIONS IN YOUR COMMUNITY, YOUR SECTOR AND THE CO-OP COMMUNITY

### FLW

*Decide how you will define your community. Is it an area, a group of friends, a group of people with the same interests? How will you let them know about your co-op? How will you encourage them to tell others so that the membership keeps growing?*

*Are there any other groups you should get to know so that you can tell them about your co-op?*

*Explain why this will work best as a reciprocal process - you join other organizations and they will join yours.*

*Will your co-op be formed from an existing group of people who like to work together? Will you have to add new members to make your co-op stronger?*

## MEMBERSHIP AND CONNECTIONS IN YOUR GEOGRAPHIC COMMUNITY

### FLW

What businesses or groups in your area would help the development of your co-op?

*You could consider the Chamber of Commerce or Business Improvement Association.*

*Maybe there is an association for young entrepreneurs.*

*Think also about how your co-op, and you, as its members, will contribute to these organizations.*

Will your co-op and you, as its members, become members of other co-ops in the area, such as the Credit Union?

Will you, as a co-op or as individuals, become members of any of the co-ops that provide goods or services?

In what other ways can you develop connections in your community?

What about youth organizations, sports, music, volunteer work, spirituality, arts, environmental work?

## CONTRIBUTING TO YOUR GEOGRAPHIC COMMUNITY

### FLW

“Connecting” is also about “contributing.” “Concern for community” is the seventh of the International Co-op Principles. Its inclusion was advocated by Dr. Ian McPherson, BC Institute for Co-operative Studies at the University of Victoria.

<http://web.uvic.ca/bcics/> What a delight that this should have been brought into focus by a Canadian.

*THANK YOU DR. MCPHERSON !!*

## COMMUNITY CONNECTIONS WITHIN YOUR SECTOR

FLW

*Connect with organizations or informal networks in your sector whether its music, sports, child-care, delivering newspapers, catering, planning parties, art, crafts, recycling.*

Knowing others in your sector, specially those who are succeeding, can bring you skills, solidarity, and good commercial benefits. Almost every sector has a sectoral organization at the provincial or national level. Some, such as tourism, usually have local organizations in areas where this is an important part of the economy. Most sectors also have effective informal networks.

People love to help eager, competent young people who will keep the sector vibrant.  
Your creativity and fresh ideas will be welcomed.

Find others with similar interests, but not yet established in your sector. Perhaps they are future members.

*Get involved - good for your co-op and good for the sector.*

## MEMBERSHIP AND CONNECTIONS IN THE CO-OP COMMUNITY

FLW

"Co-operation among Co-operatives" is another of the International Co-op Principles. It is obviously important in the early stages, but co-operators seem to recognize the value of this principle more and more as they gain experience.

*Gain from your contacts with other co-ops in your area as well as through organizations* such as

the BC Co-op Association [www.bcca.coop/](http://www.bcca.coop/) ,  
the Canadian Worker Co-op Federation [www.canadianworker.coop/](http://www.canadianworker.coop/) and  
the Canadian Co-op Association [www.coopscanada.coop/](http://www.coopscanada.coop/)

## BEING PART OF THE CO-OP MOVEMENT

Start off with the BC Co-op Association's YES program - really great way to learn about co-operation and be ready to take a lead in a co-operative <http://www.theyes.ca/>

**FLW** *If you decide to start a formal co-op, talk, with the BC Co-op Association and the Canadian Worker Co-op Federation about getting the help of a listed co-op developer.*

## MAKING THE 7 INTERNATIONAL PRINCIPLES PART OF YOUR CO-OP FLW

*In theory, every co-op aspires to operate in a way that honours the 7 International Co-op Principles. Some take them very seriously, ensuring that all members understand them and that the co-op's policies and daily activities reflect them. This careful thought and planning contributes to the long-term health of the co-op and the community.*

*Will your co-op be one of the leaders in implementing the International Principles?  
Use these questions to help you develop a plan and actions to achieve this.  
The questions are not easy. Be prepared to discuss them often and let the answers evolve gradually.*

### **1: Voluntary and Open Membership**

How will you ensure that the members of your co-operative are willing to accept the responsibilities of membership, and that the co-op will be free from without gender, social, racial, political or religious discrimination?

### **2: Democratic Member Control**

How will you ensure that all actively participate in setting policies and making decisions?

### **3: Member Economic Participation**

How will you ensure that members contribute equitably to, and democratically control, the capital of the co-op? Will you allocate surpluses to: develop the co-op, set up reserves; benefit members in proportion to their transactions with the co-op; or support other activities approved by members?

### **4: Autonomy and Independence**

Your co-op is autonomous, controlled by the members. If you enter to agreements with others, how will you ensure that democratic control is retained by the members and the co-op maintains its autonomy?

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

How will the co-op provide education and training for members, managers, elected representatives, employees and the general public?

### **6: Co-operation among Co-operatives**

Co-ops serve their members and strengthen the co-op movement by working together through local, national, regional and international structures. How will your co-op do this?

### **7: Concern for Community**

Co-ops work for the sustainable development of their communities through policies approved by their members. How will you achieve this?

## SECOND CO-OP ESSENTIAL: WORK

THE CO-OP NEEDS TO CARRY OUT WORK AND EARN REVENUE.

IT NEEDS TO DO THAT WORK SO WELL THAT ITS MEMBERS AND THE MARKET KNOW THEY ARE GETTING GOOD VALUE.

### DEFINE YOUR VISION

FLW

*As a group, decide whether your vision is:*

- *for the members to make money, or invest some time and resources in a project for your own benefit, or have a one-day or one-week experience of running a co-operative business, or*
- *to meet a need in the community, or to raise funds for a school activity, or just to take gain experience.*

*Create a display to remind yourselves and others what it is that you are trying to achieve.*

### OPTIONS FOR YOUR CO-OP ENTERPRISE

What kind of business or not-for-profit community service activity will let you achieve that Vision?

Remember that both businesses and not-for-profits have to generate enough revenue to meet all their costs. Co-ops operate around the world in every business sector. You are limited only by your interests, the resources you bring to this work, and the law.

FLW

*Look at what others have done, find out what kind of business is doing well in other communities, but is not present in your community.*

*Talk with your friends, talk with people in your community including business people and business organizations.*

*Visit [WIN-WIN CO-OP WORLD](#) and [WIN-WIN CASE FOR CO-OPS](#).*

*Use the internet.*

*Get as many business or community service ideas as possible, from as many people as possible.*

*Decide on the features that must exist in your co-op enterprise. For examples, must it employ a certain number of people, must it be located in a particular location, must it operate only during certain time periods? Check back with your Vision statement. Display your "Must Have Features." Be ready to change them, but only if the whole group agrees.*

[WIN-WIN CO-OP WORLD](#), click here 

[WIN-WIN CASE FOR CO-OPS](#), click here 

## ALL THE IDEAS

FLW

*Bring your members together, have your group's vision displayed clearly.  
Have one person present each business or community service idea, then discuss how well it would enable you to achieve your Vision.*

*Take time to hear everyone's comments maybe going round the group several times.  
Ask for input from others who might be involved as buyers or suppliers.*

*Look for the enthusiasm that will be the key ingredient for the success of your enterprise.* The idea that generates the highest level of commitment from all in the group will have the best hope of success. When making co-operative decisions, the idea is to find a path to which everyone can agree, even though it will probably not be first choice for everyone.

*Be ready to work for the sake of the group, even if the idea chosen is not your personal favourite.*

*If you are having trouble deciding, go to Decision Making in **WIN-WIN GAMES** and **WIN-WIN TOOLS**.*

## CO-OP CO-OPERATION: DON'T LEARN THE SAME LESSONS THE HARD WAY, TAKE A SHORT-CUT

FLW

*If you already know what you want to do, or if you think you have decided,  
find other co-ops that are already in your chosen business.  
Contact them for good ideas, best practices, warnings.*

They have learned many lessons - you can avoid wasting time and resources making the same mistakes.

One of the key differences between co-ops and most other businesses is that co-ops work at helping each other rather than competing.

## THE PLAN FOR YOUR CO-OP ENTERPRISE, CONVERTING A DREAM INTO REALITY

FLW

Why plan? In fact many, many businesses start with no formal plan. The owner develops has an idea and just starts work. This can be successful as long as the original owner remains enthusiastic and involved, has the ability to adapt to changing circumstances, and does not need to convince others to provide resources.

*Find businesses or charitable organizations of this type in your community. Ask how do they feel now about planning.*

## THE PLAN FOR YOUR CO-OP ENTERPRISE,

### WHETHER A FOR-PROFIT BUSINESS OR A NOT-FOR-PROFIT SERVICE FOR THE COMMUNITY

Planning a co-op business is almost the same as planning any other business except that you need to **reflect co-operation in all aspects of your plans.**

#### FLW

**Key ingredients** in the success of your co-op are:

- the members enthusiasm about the business idea, and
  - their determination to work co-operatively.

If these are in trouble, talk about it, find out what people need in order to revitalize their enthusiasm.

Co-ops are about trying to meet everyone's needs.

Realistically, not everyone is comfortable with this way of working, but it's good for everyone to give it a try.

And it's great for those who keep working together.

***In your plan, provide details of each of these items, and show when and how you will organize them.***

***Make use of the business planning materials in your library and on the internet.***

In addition to the key ingredient, **enthusiasm**, you need:

- a **product** - a physical object such as a muffin or T-shirt, or a service such as washing cars, tuning skis or guiding tourists
- a **market** - people who want to pay YOU for that product, and have the money to do this
- **marketing** - a way of telling those people about your product in such a way that they will contact you and purchase your product or service
- **production** - the people, maybe just your members, who will make the item or provide the service, and the equipment to make the item or provide the service
- **resources** - people, raw materials, money to print marketing materials and pay for incorporation and purchasing a business licence, etc.
- **permissions** - in the form of business licences, "Food Safe" training, driver's licences, zoning approvals, permission to use copyrighted materials, busking licences, etc.
- **financial resources** - the cash or credit to cover your costs until you start to have more revenue than expenses

## DEVELOPING THE PLAN FOR YOUR CO-OP ENTERPRISE?

Whether your "enterprise" will be for-profit or not-for-profit, the co-op planning process is almost the same as planning any other business. The plan needs to state what you are going to do, how you will do it, and how to ensure that your revenue is greater than your expenses.

### FLW

*Ask co-ops and other businesses in your area how they started and what challenges they have faced, specially any related planning.*

*Meet as a group to:*

- *Think about how a plan will help your group to clarify its ideas about what you want to do, and how you'll achieve it.*
- *Discuss how you could use your plan to track the progress of your co-op from its first concept through to early sales, and then either growth or wind-down.*
- *Prepare to use your plan when talking with others who might become members or might provide the resource you need for your co-op to succeed.*
- *Keep a record of your decisions so that you will be able to see if your ideas remain static, or evolve as you put them into practice.*
- *Decide how you will prepare and present your plan. Will each of you work on all the sections, or will you specialize? Will it be a written plan, or a display, or an AV presentation? Will you need something permanent so that you can use it to track and evaluate your progress.*

*If you are having trouble with decisions, go to the Decision Making activities in [WIN-WIN GAMES](#) and [WIN-WIN TOOLS](#).*

## "WRITING" AND PRESENTING YOUR BUSINESS PLAN

### FLW

*Set yourselves a timeline to develop the plan. Communicate so that you are all heading in the same direction. Invite an audience, preferably of those who might provide resources or become customers, to a presentation of your plan.*

*The quality of the content and the professionalism of the presentation will in create the image of how you will operate your Co-op. Rehearse your presentation. Know exactly who will lead each part of the presentation.*

*Introduce yourselves with confidence - you know more about this Co-op and its business than anyone else. Your enthusiasm will encourage your audience. Be relaxed but professional. Invite questions.*

*Near the end of your presentation ask who will buy your product. Ask who will invest in your co-op. Have in-depth knowledge about your product and how your co-op will operate. How will you respond if people want to join or invest, or place an order?*

In British Columbia co-ops can now receive investments of different types.  
If you develop and present a business plan expertly, you may be part of a new trend towards financially sophisticated co-operators.

## PUTTING YOUR CO-OP PLANS INTO ACTION

You have your members and your community connections.

You've learned what is involved in incorporating a formal co-op to work in the public domain.  
You've learned the steps needed to keep a formal co-op legal, and, when the time comes, to dissolve it.  
You've incorporated or decided to limit your activity to an informal simulation of incorporation."

You've defined your Vision.

You've decided on the "Must Have Features" of your co-op.

You've selected the business, the "work" your co-op will do.

You've developed your business plan:

- identified your **product**
- checked that there is a **market** willing to purchase from you
  - developed your **marketing** plan
  - organized **production**
- ensured that you have the **resources** to make it all happen,
  - the **permissions** to do your work, and
- the **financial resources** you need till you revenue exceeds your expenses

This is the time to put your plan into action. If you wait for perfect circumstances, you may never get started!

### FLW

*While you put your plan into action remain flexible and open to suggestions, but retaining your Vision.*

*Be prepared to change your product if there is no market (i.e. people are not willing to pay) for your first product idea.*

*Set up proper record keeping for all decisions and for all financial matters.*

*Watch out for dangers, but focus on the positive aspects of working as co-operators to achieve your Vision.*

*Set up a schedule to keep checking your progress against your plan. Identify who is responsible for leading these check-ups.*

*Modify your work pace or your plan as needed. Be ready to look at alternatives and variations.*

*Change is good, but much easier in the early stages than after you are in business!*

## THIRD CO-OP ESSENTIAL: LEGALITIES

IF YOUR CO-OP WILL OPERATE IN THE PUBLIC DOMAIN IT MUST BE LEGALLY INCORPORATED.

IF YOU DECIDE TO WORK AS AN **INFORMAL CO-OP**, USE THE RIGHT BASICS.

### INCORPORATION AND NAMES

**FLW** If your co-op will operate "in public" and you wish to call it a "co-op," it must be legally incorporated as a co-op and must show *Co-op*, *Cooperative* or *Co-operative* in its name.

*If you will operate as an **Informal Co-op**, you cannot use *Co-op*, *Cooperative* or *Co-operative* in the name.*

**FLW** A co-op can incorporate provincially, if it will operate only in one province. To work in several, it must incorporate federally.

*To find out about federal incorporation, and about the Canada Cooperatives Act visit the Government of Canada, Industry Canada, Strategis*

[http://strategis.ic.gc.ca/epic/internet/incd-dgc.nsf/en/h\\_cs02151e.html](http://strategis.ic.gc.ca/epic/internet/incd-dgc.nsf/en/h_cs02151e.html)

You will find information regarding cooperatives governed by the Canada Cooperatives Act. Included are forms, information kits, the Corporations Canada fee schedule, legislation and related documents.

### INCORPORATING A CO-OPERATIVE IN BRITISH COLUMBIA - THE LAW

Incorporation of co-operatives in British Columbia is governed by the Cooperative Associations Act which was passed by the legislature in 1999, and you can read, in full, at [http://www.qp.gov.bc.ca/statreg/stat/C/99028\\_01.htm](http://www.qp.gov.bc.ca/statreg/stat/C/99028_01.htm)

**FLW** *If you are going to incorporate legally, use the official forms from this website.*

You will find excellent commentary on the Act at the website of the BC Institute for Co-operative Studies at the University of Victoria at <http://web.uvic.ca/bcics/FActs/> and on the website of the BC Co-op Association at <http://www.bcca.coop/index.htm>

**FLW** *If you are undertaking a major study of co-operatives, visit these sites.*

*If you are doing a shorter study, you may wish only to work through the following materials.*

#### Why incorporate?

Incorporation gives your co-op independent legal status separate from its members.

An incorporated co-op can enter into contracts or incur debt in its own name.

Although this is important if you will be doing business in public, it is for information only if you are working as an **Informal Co-op**.

## INCORPORATING A CO-OPERATIVE IN BRITISH COLUMBIA

If you are developing your knowledge by creating an informal group operating on co-operative principles, but not operating publicly, work through this module, but do not incur the expense or risk of incorporating legally.

If you later decide to create a legal co-op, you will be familiar with the process.


**FLW** If you are incorporating, first reserve your corporate name, ([www.fin.gov.bc.ca/registries](http://www.fin.gov.bc.ca/registries)) because the approved name must be on the incorporation forms.

For your co-op to be legally incorporated, these 4 documents, have to be approved by the Registrar of companies:

1. The Memorandum of Association
2. Rules of the Association
3. List of First Directors
4. Notice of Registered Office

**WIN-WIN TOOLS,**  
click here 

### THE MEMORANDUM OF ASSOCIATION

**WIN-WIN CASE FOR CO-OPS,**  
click here 

This sets out:

- The name of the association and its purpose
- Any restrictions on the business it may carry on and its powers
- Details of the shares the co-operative may issue, and the shares of the founding members
- Statements about the limits of the members' liability and, in some cases, about provisions for dissolution

**WIN-WIN GAMES** click  
here 

**FLW** Write a short paragraph stating what your co-op wishes to achieve and how it will do this.

For examples, check the **WIN-WIN CASE FOR CO-OPS**, ask co-ops in your area.

Use the internet and the Resources section of **WIN-WIN GAMES** and **WIN-WIN TOOLS**.

### RULES OF THE ASSOCIATION, LIST OF FIRST DIRECTORS AND NOTICE OF REGISTERED OFFICE

Every co-op writes its own Rules. These cover criteria for membership, and rights and responsibilities of members, how meetings are conducted and the election of directors. The Cooperative Association Act states which areas must be covered in the Rules.

**Be careful not to create difficult situations, by writing too restrictive Rules of Association. If you want to change your Rules later you will have to do this through the office of the Registrar.**

In general, keep the Rules simple and use your internal Policies and Practices to govern your co-op. This will let you respond to the changing realities of your co-op and its environment in a cost effective manner that is within the control of the membership.

**FLW** *To become members, will applicants have to purchase a share, undertake a certain amount of work, or both?*

*How many members must be present at a meeting to form quorum?*

Often this is described as half plus one, sometimes 75%. The "meetings" described in the Rules are formal, legally required meetings such as your Annual General Meeting.

*How many Directors will the co-op have?*

The minimum is three but it is good to have more in case some decide to resign.

## **KEEPING YOU CO-OPERATIVE LEGAL WHEN IT IS FORMALLY INCORPORATED - FOLLOW THE CO-OP ACT**

**FLW** *Keep the certified copy of the Memorandum and Rules in the Record Book and give a copy to each member on request.*

*The first General Meeting must be held not more than three months after the date of incorporation. You must file an Annual Report every year within two months after each Annual General Meeting. This is the form provided by the Ministry of Finance, quite different from the Annual Report expected by the members of the co-op.*

*If a Director resigns, or a new Director is added, file the change within 15 days using the form provided by the Ministry of Finance. If you wish to change the Memorandum or Rules, you must file on a Special Resolution Form, also available from the Ministry of Finance. If you wish to change the registered office, this must be filed "without delay." Keep good records so that everyone is clear about what decisions are made, and who is responsible for follow-up work,*

## **DISSOLVING YOUR CO-OP**

**FLW**

You may eventually want or need to dissolve your co-op. Perhaps you set it up for only a short time. Perhaps it is not succeeding. Perhaps you want to do something different. It is good to know the process for dissolution well in advance.

If you are operating "in a co-operative manner" within, for example, your school or community organization, and have not formally incorporated, then dissolution is easy! But you still need, out of courtesy, to inform everyone who has been involved.

To dissolve a co-operative, the members of the association must pass a Special Resolution, and complete the Application for Voluntary Dissolution, provide these to the Registrar, plus an affidavit stating that the co-op has no assets or liabilities, plus the original certificates of incorporation.

## RULES, POLICY AND PRACTICE

### FLW

When you were thinking about incorporation, you learned about the formal process of registering the Rules for a co-op, and the formal and costly process of changing those Rules.

Most co-ops find that the best approach is to cover, in the Rules, those areas that are legally required, such as the number of shares that can be issued, but to do this in the manner that leaves the greatest flexibility. For example, the number of shares is often described as “unlimited.”

Most co-ops are founded and operated by people with clear values and a strong determination to live and work by those values. Rather than trying to build these into Rules, they can be presented as "Policy." Policy can be written by the members of the co-op about any aspect of its operation. Areas often covered are:

- A commitment to member education
- Desire to ensure a worker-friendly workplace
- Commitment to being environmentally responsible
- Wish to treat suppliers and customers ethically and courteously.

How these Policies will work on a daily basis is usually written up as an Operations Manual, or Practices and might include such things as how often member training sessions will be held, and who will lead them; recycling procedures; commitment to use "fair trade products." Like Policies, your Co-op's Practices can be adapted by the membership as needed.

**FLW** When you are developing your Co-op, remember to work on these **THREE CO-OP ESSENTIALS** at the same time:

- The Co-op's **CONNECTIONS** with its members and within its geographic community, its sector, and the co-op community.
  - Its business, the **WORK** its members do so that they and the market feel they are getting good value.
- **LEGAL** incorporation (or knowledge of the legal process if yours is a "model" co-op set up within another organization.

## A BUILDING CODE FOR CO-OPS

**FLW** *We are familiar with codes for construction of buildings. Can we design a code for constructing the environment in which we work, make our community connections and achieve our dream of a just society?*

*Keep checking back that you are covering all of these steps for a successful co-op.*

<b>Build your membership</b>	<i>Keep everyone in the loop. Consult. Work to develop plans that everyone can live with, even though it is unlikely that everyone will achieve their heart's desire on all aspects of the work at all times.</i>
<b>Develop contacts</b>	<i>These are your future members, advisors, and perhaps your customers, suppliers and investors . Use their wisdom.</i>
<b>A real market?</b>	<i>Check that there is a need or opportunity for your product and that people are willing to pay for it.</i>
<b>Co-op the right structure</b>	<i>There are many types of business and community organizations. Is a co-op right for you? Development is slow, but stability is good. Do these matter to your group? Is the democratic process important to you?</i>
<b>Know you business</b>	<i>Be sure that you understand the business sector in which you want to operate. What is the market? What is the competition? How do you develop and keep a competitive edge?</i>
<b>Get the facts</b>	<i>Create your business plan and use it to measure progress.</i>
<b>Resources</b>	<i>How will you get the resources you need to start and operate your co-op? These include skilled, dedicated people, space, raw materials, production and distribution capacity.</i>
<b>Being legal</b>	<i>Know how to incorporate. Check that you will not break any zoning by-laws, and that you will follow employment standards and any regulations regarding your chosen type of business.</i>
<b>Rules, Policy and Practice</b>	<i>Make your Rules simple - changing them is tedious. Use Policies to design the operation of your co-op to reflect members' values. Use your Practices or Operations Manuals to put those Policies into practice.</i>
<b>Staying healthy</b>	<i>Be ready to adapt, but keep checking that your are still following your Vision. Keep a record of your "Best Practices." Follow the 7 International Co-op Principles. Be adventurous. Enjoy your co-op. Develop your own "Building Code for Co-ops."</i>

## WATCHING OUT FOR DANGERS AND TAKING ACTION TO MINIMISE RISKS TO YOUR CO-OP

Don't worry too much about the dangers. There will be risks and dangers for your co-operative, but with good planning and good luck you'll overcome them. If you don't and they overcome the co-op, you will already know more about how to start and operate this wonderful form of incorporation than most people ever know. And remember that many, many businesses fail.

But in the meantime, the owners learn much and some worthwhile new goods and services come onto the market.

Some of the dangers you may encounter are:

- The group's inability to work as co-operators or to dedicate the necessary amount of time and energy
  - A lower priced, higher value competitor
- Lack of ability to access the resources you need to make your business succeed, whether space, skills or finance.
  - Trying to market the wrong product at the wrong price in the wrong place!

**FLW** *Start thinking now about how to avoid or overcome each of these.*

Even if the actual risks you encounter are different, this proactive risk-management approach will give you an advantage.

## IDEAS FOR YOUR WORK ON THE BIG PICTURE

*How has your work on **BUILDING A WIN-WIN CO-OP** changed your view of co-ops?*

*How will you be able to inform others about the benefits to themselves and their community if they become involved in co-ops?*

*How can communities and individuals use their understanding of co-ops for the benefit of their local community and for the larger scale community?*

Starting a co-op, because the whole group needs to make decisions, can be slow.

But be patient.

Be determined.

Keep a sense of humour.

## ENJOY YOUR CO-OP!

<b>Quiz on ideas from BUILDING A WIN-WIN CO-OP</b>		a	b	c	d
1	To succeed, a co-op needs a) members b) legal incorporation c) work d) all of these				
2	In BC, incorporation of a co-operative requires a) investment from non-members b) at least 3 members c) permission from one of the Co-operative Associations d) none of the above				
3	When establishing a co-op it is helpful to develop connections with a) your community b) your business sector c) the co-op sector d) all of these				
4	The co-op sector in Canada includes a) all of the following b) the Canadian Worker Co-op Federation c) the Canadian Co-op Association d) the BC Co-op Association				
5	To incorporate a co-op in BC, the members submit, to the Registrar of Companies a) The Memorandum of Association, Rules of the Association, List of First Directors, and Notice of Registered Office b) a detailed business plan c) a list of all potential members d) all of these				
6	A business plan should a) identify the product b) evaluate the market c) identify the resources needed and how they will be obtained d) all of these				
7	When wishing to join a co-operative, you may be asked to a) purchase a share b) contribute work c) guarantee that you do not wish to make decisions d) a and b				
8	When planning a co-op members should a) avoid discussing possible difficulties and risks to the co-op b) ask one member to deal with all risks c) identify potential risks d) identify potential risks and plan ways to overcome them				
9	When selecting the type of business to be undertaken a) the co-op members are given a list of choices by the Registrar of Companies b) gain ideas from many sources and evaluate each idea c) try to compete with the most successful business in the community d) phone the Chamber of Commerce for instructions				
10	Building a successful co-operative is a) the same as building any other business b) entirely a matter of luck c) easy d) like building any other business, but with the added strength and responsibility of focussing on the needs of members				







Remember that discussing the answers and knowing why some are more reasonable than others, is as important as getting the right answer.

**QUIZ ANSWERS FROM BUILDING A WIN-WIN CO-OP**

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To move ahead, go back to any of the activities you have not done in this module, or click on any other module.

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Click here  for <b>WIN-WIN GAMES</b> <ul style="list-style-type: none"> <li>- Starter games</li> <li>- Co-op Quiz</li> <li>- Cell Net</li> <li>- Peak Performance</li> <li>- Decision making games</li> </ul>	What is a Co-op? <ul style="list-style-type: none"> <li>- Definitions</li> <li>- Values</li> <li>- Principles</li> </ul> Co-operation around the world: <ul style="list-style-type: none"> <li>- A short history</li> <li>- The Co-op community today</li> <li>- Association and government support</li> </ul>	Some Co-op basics <ul style="list-style-type: none"> <li>- Definitions</li> <li>- Principles</li> </ul> Comparison with other forms of incorporation  The Co-op sector in Canada and British Columbia <ul style="list-style-type: none"> <li>- Aboriginal Co-ops</li> <li>- Credit Unions and Caisse Populaires</li> <li>- Co-ops in BC today</li> <li>- A Co-op rich community</li> </ul>	Co-op essentials Membership <ul style="list-style-type: none"> <li>- Building membership</li> <li>- Connections with the geographic community, its sector, and the co-op community</li> <li>- Being part of the Co-op movement</li> <li>- Integrating the 7 Principles</li> </ul>	Why a Co-op future? <ul style="list-style-type: none"> <li>- Values and Principles</li> <li>- The rewards</li> </ul> Consumer co-ops: <ul style="list-style-type: none"> <li>- You as a purchaser</li> <li>- You as a member/ owner</li> </ul> Worker co-ops: <ul style="list-style-type: none"> <li>- You as member/owner/ worker/employer</li> <li>- Connecting with other worker co-ops</li> </ul>
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**WIN-WIN INTRODUCTION & INDEX** 