

Building Community

Creating Social and Economic Well-Being

A Conference Reflecting on
Co-operative Strategies and Experience



Saskatoon, Saskatchewan
19 May 2010

Report Prepared by Mark McCulloch
Centre for the Study of Co-operatives
University of Saskatchewan



Building Community

Creating Social and Economic Well-Being

A Conference Reflecting on
Co-operative Strategies and Experience

Copyright © 2010 Centre for the Study of Co-operatives

All rights reserved. No part of this publication may be reproduced in any form or by any means without the prior written permission of the publisher. In the case of photocopying or other forms of reprographic reproduction, please consult Access Copyright, the Canadian Copyright Licensing Agency, at 1-800-893-5777.

Editing and cover and interior design by Nora Russell
Centre for the Study of Co-operatives

Printed in Canada

Centre for the Study of Co-operatives
101 Diefenbaker Place
University of Saskatchewan
Saskatoon SK Canada S7N 5B8
Phone: (306) 966-8509
Fax: (306) 966-8517
E-mail: coop.studies@usask.ca
Website: www.usaskstudies.coop

Contents

Preface and Acknowledgements	2
The Importance of Community-Based Research <i>Karen Chad</i>	3
Putting the Day in a “Building Community” Context <i>Lou Hammond Ketilson</i>	5
The Co-operators Sustainability Strategy <i>Barbara Turley-McIntyre</i>	7
Co-operative Identity: Differentiating and Positioning the Co-operative Retailing System <i>Scott Banda</i>	11
The Changing Financial Landscape: How Will Credit Union Mergers and Consolidation Impact Communities? <i>Mary Beckett</i>	14
Engaging Aboriginal Communities <i>George Keter</i>	18
Building Healthier Communities <i>Patrick Lapointe</i>	21
Multistakeholder Co-ops: When Theory and Practice Collide <i>Catherine Leviten-Reid</i>	24
Saskatchewan’s Co-operative Development Strategy <i>Victoria Morris</i>	27
Tales from the Battlefield: Lessons in Co-op Development — Creating Co-op Fever: The Hard Lessons Learned <i>Bill Patrie</i>	29
Conclusions — Co-operatives Building Community: Where are we? Where are we going? How do we get there? <i>Lou Hammond Ketilson</i>	32



Preface and Acknowledgements

BUILDING A COMMUNITY DOESN'T JUST HAPPEN. It is the result of carefully planned strategies that develop and sustain strong organisations and vibrant enterprises. Community building is most effective when initiatives are deliberately inclusive of all segments of the population and engage citizens in a genuine and meaningful fashion.

On 19 May 2010, the Centre for the Study of Co-operatives at the University of Saskatchewan hosted representatives from leading co-operative organisations in Canada's retail, finance, health-care, and insurance sectors. During the conference, speakers explored how the co-operative model currently addresses the most pressing social and economic issues facing our communities. The conference focussed on how co-operatives help establish vibrant communities through the following subthemes:

- ♦ building engaged communities
- ♦ building sustainable communities
- ♦ building inclusive communities
- ♦ building enterprising communities

This event was attended by co-operative experts, community leaders and developers, co-operative administrators, policy makers, researchers, students, and others interested in making their community a better place to live, work, and raise a family.

Questions Discussed during the Conference

- ♦ How can co-operatives develop and implement strategies that help maintain strong organisations and vibrant enterprises?
- ♦ How can co-operatives effectively contribute to initiatives that are inclusive of all segments of the population and engage citizens?
- ♦ What are the necessities and basic fundamentals for maintaining and building a vibrant community?



The Importance of Community-Based Research

Presenter: Dr. Karen Chad is the vice-president research and a professor in the College of Kinesiology at the University of Saskatchewan. A prolific researcher, Dr. Chad has a keen interest in health promotion and aspects of exercise physiology including metabolism, nutrition, body composition, and human health. She recently completed a federally funded \$2 million community-partnered research project that focused on an “In Motion” health promotion strategy aimed at encouraging all citizens to make regular physical exercise part of their daily lives. Karen has extensive experience in research administration. In her previous position of associate vice-president research and as chair of the U of S Research, Scholarly, and Artistic Work Committee of University Council, she led a campus-wide consultation process on U of S research themes that culminated in the first extensive overview of U of S research entitled “Extending Horizons: University of Saskatchewan Research, Scholarly and Artistic Work Landscape.”

Key Points

- ◆ It is necessary to have a natural engagement between universities and communities.
- ◆ When done right, community-based research can positively impact individuals, communities, and society.
- ◆ Community-based research helps retain faculty and students by putting their energies to positive use through direct engagement with local issues, concerns, and opportunities.

Summary of Presentation

DR. KAREN CHAD OPENED THE CONFERENCE by welcoming a diverse audience of faculty, senior executives, founding members, staff, and students. She noted that the conference would explore the boundaries of community-based research. Throughout her presentation, Dr. Chad stressed that community-based research plays a critical role in the natural engagement between communities and universities, and when done right, has the potential to positively impact individuals and communities through the development of thoughtful, complex, and sometimes innovative answers to current, multi-faceted questions. Universities therefore need to be actively involved in their communities to assure improvement in the quality of life. The U of S is committed to continuing this discussion through a range of initiatives including the Task Force on Community-Based Research.

Dr. Chad noted that developing and sustaining community-university partnerships is complex

and time consuming. While it is exciting and fulfilling to work across boundaries, it is also hard work. Challenges include working with and in environments different from the researchers' own workplace culture, and balancing needs, demands, and procedures, which are often highly varied. Given this, it is important to understand such challenges and for all of us collaboratively to work together to mitigate these issues. Despite these challenges, community-based research is a necessity as it helps us answer the big questions of societal importance and is beneficial for everyone involved. In general, it contributes to the betterment of communities. More specifically, it has advantages for participating faculty and students by focusing their energies on direct engagement with local issues and concerns, which in turn increases the relevance of the university in the community. In addition, community-based research has an increased potential of being used by the community that has collaborated in shaping the research — the questions to answer, the methodologies to use, the collection of data, and the translation and dissemination of research results.

Dr. Chad concluded her remarks by noting that a number of research centres at the U of S are currently conducting community-based research. She gave special recognition to the Centre for the Study of Co-operatives for their outstanding leadership and research activities and contributions.



Putting the Day in a “Building Community” Context

Presenter: Dr. Lou Hammond Ketilson is the director of the Centre for the Study of Co-operatives at the University of Saskatchewan. She joined the Centre for the Study of Co-operatives in 1985 and also holds an appointment in the Department of Management and Marketing, Edwards School of Business. Dr. Hammond Ketilson is the principal investigator of a five-year SSHRC-funded research project examining the social economy in Northern Ontario, Manitoba, and Saskatchewan. Her research interests include management in co-operative and other democratic organizations and diversity on co-op boards and governance bodies. Dr. Hammond Ketilson chairs the Research Committee of the International Co-operative Alliance and recently co-authored “The Resilience of the Co-operative Business Model in Times of Crisis,” a report commissioned by the International Labour Organisation.

Key Points

- ◆ Community can be defined as a group sharing sets of interactions that have specific meaning to its members.
- ◆ Community can be built through physical infrastructure. That is, co-operatives have played a critical role in the development of the structures needed for the operation of society and the economy, particularly in rural areas.
- ◆ Co-operatives have played a vital role in the development of personal infrastructure by providing training and educational opportunities, contributing to the creation of strong leadership within communities.
- ◆ Strong communities are enterprising, sustainable, engaged, and inclusive.

Centre for the Study of Co-operatives

THE CENTRE FOR THE STUDY OF CO-OPERATIVES, established in 1984, is an interdisciplinary teaching and research institute at the University of Saskatchewan. One of the key people in its formation was the then president of the university, Leo Kristjanson, who found it surprising that although co-operatives play a crucial role in all segments of the provincial economy and society, very little research was being done into their role and operation. To answer this need, Kristjanson established the centre, in conjunction with people from the co-operative sector, the university, and the Government of Saskatchewan. The objectives of the centre are: to develop and offer university courses that provide an understanding of co-operative theory, principles, development, structures, and legislation; to undertake original research into co-operatives; to publish co-operative research,

both that of centre staff and that of other researchers; and to maintain a resource centre of co-operative materials that supports the Centre's teaching and research functions.¹

Summary of Presentation

SETTING A CONTEXT FOR THE CONFERENCE, Dr. Hammond Ketilson raised the following questions: How do we define community? And do we share a common understanding of what community is? She pointed out that this word/term continues to be openly debated amongst various disciplines, and that because of the growing complexity and diversity of communities, it is difficult to find a single image or definition. In fact, in the mid-1950s, there were ninety-five definitions of community. To clarify her position and establish the parameters of the conference, Dr. Hammond Ketilson defined a community as a group of individuals who have shared meanings for and expectations of specific sets of interactions. A community may also share a common geographical location. Dr. Hammond Ketilson raised the additional interesting point that, with the Internet, it is now possible to build communities without physical demarcations. In this case, it may be more appropriate to define a community through common interests rather than physical locations.

How can we build community? Dr. Hammond Ketilson pointed out that co-operatives have played a pivotal role in the development of the social and physical infrastructure of communities. For instance, where the private sector has been reluctant to move in and serve out-of-the-way locales, co-operatives and credit unions have been at the forefront in the development of rural and remote population centres. Co-operatives have developed a significant portion of the physical infrastructure (roads, telecommunications, and so on) necessary for social and economic life in these communities. And along with credit unions, co-operatives have also played a vital role in the development of the social infrastructure and human capital necessary for communal life. Through co-operative training and educational programmes, many community members have gained vital leadership experience, which has enriched individual lives and increased social cohesion.

Dr. Hammond Ketilson concluded her remarks by noting that strong communities need to be enterprising communities that provide employment opportunities for everyone. Strong communities utilize sustainable practices, which include not only environmental sustainability but also the renewal of youth and maintenance of financial resources. Strong communities have citizens who are engaged and actively participate in decision-making processes, which will ensure their continued engagement. Strong communities need to be fully inclusive and make space for all their members. In closing, Dr. Hammond Ketilson noted that co-operatives and credit unions have played a central role in building and developing communities across Canada and around the world.

1. For more information on the Centre for the Study of Co-operatives, see <http://www.usaskstudies.coop>



The Co-operators Sustainability Strategy

Presenter: Barbara Turley-McIntyre is the director of Sustainability and Corporate Citizenship at The Co-operators Group Ltd. She has been in the insurance industry for twenty-nine years and with The Co-operators Group since 1997. Ms. Turley-McIntyre leads the development and implementation of the Sustainability Vision, Policy, and Strategy and is responsible for producing the annual sustainability report and carbon management programs. She also leads The Co-operators community programs, including The Co-operators Foundation. In addition, she volunteers with organisations that advance sustainable development and is presently a director with The Natural Step Canada and a member of the Canadian Co-operative Association's Sustainability Environment Committee. Internationally, she is active with the United Nations Environment Program, Financial Institutions — Insurance Commission.

Key Points

- ◆ The co-operative model is well suited for sustainability. In other words, co-ops and sustainability are a natural fit.
- ◆ A sustainable model enhances the image of the business and facilitates staff motivation, recruitment, and retention.
- ◆ Sustainable business endeavours are not only eco-friendly, but they also reduce costs.
- ◆ The Co-operators Group strives to be a *catalyst* for sustainable societies and communities.

The Co-operators Group Ltd.

THE MISSION OF THE CO-OPERATORS GROUP is to ensure financial security for its clients. The Co-operators Group is a member of, and contributor to, a strong co-operative community, and accountable for operating its business within a closed ecosystem.²

As an insurer, employer, investor, community partner, and a co-operative, The Co-operators believes that they can and must lead the way in ensuring a sustainable future. Sustainability, for them, is about balancing economic, environmental, and social priorities as a responsible corporate citizen. They are committed to developing their business in a way that builds on their financial strength and seek both to minimize any negative effects that their activities could have on the

2. For more information on The Co-operators mission, vision, and values, see http://www.cooperators.ca/en/aboutus/corevals/2_1_0.html

environment and society at large and, further, to perform a restorative function through innovation in business practices, product development, public engagement, and partnerships with stakeholders.³

Summary of Presentation

MS. TURLEY-MCINTYRE STRESSED in her opening remarks that The Co-operators Group is moving down the path towards sustainability (i.e., fulfilling its corporate responsibility on the social, economic, and environmental levels). More broadly, her presentation discussed the compatibility between the co-operative model and sustainability.

She asserted that insurance plays a pivotal role in the lives of all global citizens on a social and environmental level; it is a continual presence in the experiences of daily life, such as the purchase of a car or home. With business, the insurance industry allows enterprises to be innovative and take risks, but she noted at the same time that environmental catastrophes over the past few years have had an adverse effect on the industry.

Ms. Turley-McIntyre takes the position that the co-operative principles (voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training, and information; co-operation among co-operatives; concern for community) and sustainability (protecting today for tomorrow) are a natural fit. Whereas a shareholder business focuses solely on maximizing profits, a co-operative business is focused on its economic viability (i.e., profits) as well as its economic and social impact. In other words, while co-operatives aim to make money, their socially oriented use of profits distinguishes them from other enterprises.

The Co-operators Group has a strong presence in communities. For example, it is a member of Imagine Canada, an organisation to which members commit to donating a minimum of 1 percent of pretax profits annually. In 2009, The Co-operators made a direct financial contribution of \$5.1 million to Canadian community programs. Their donations represented 2.5 percent of pretax profit. These programs are part of The Co-operators Foundation, which includes the Corporate Giving Program, the Co-operative Development Program, and the Community Economic Development Funds.

A sustainable model can be maintained through an actively engaged membership and staff. For example, Co-operators Group employees are free to determine how they choose to spend two paid volunteer days per year in the community. In fact, Co-operators employees have formed grassroots committees and are continually developing new ways in which to promote and implement sustainable policies.

Ms. Turley-McIntyre noted that a focus on sustainability helps The Co-operators achieve its growth and profitability objectives. Sustainability also ties The Co-operators to its traditional co-op roots and culture. These sustainable business practices have enhanced The Co-operators corporate reputation and brand image, while promoting innovations such as new products and services. Furthermore, sustainable business practices motivate staff and have played an important role in

3. For more information on The Co-operators sustainability policy, see <http://www.cooperators.ca/static/pdf/en/2007%20Sustainability%20Report/SustainabilityPolicy.pdf>

recruiting and retaining employees. The Co-operators Group has been recognized as one of the leading green companies in Canada. Ms. Turley-McIntyre also pointed out that eco-efficiencies lead to cost-savings.

Generally, the role of the insurance industry has been to assess the client's needs and pay claims. However, consumers and communities are pressuring the insurance industry to manage its environmental footprint, or, as Ms. Turley-McIntyre put it, "walk the talk." In turn, The Co-operators Group is also creating incentives for its clients to "go green." The industry is now conducting research into the safety, life, and health risk issues that confront Canadians. In response, The Co-operators Group is advocating partnerships with organisations outside of the insurance industry, such as United Nations Environment Programmes, the Institute for Catastrophic Loss Reduction, the International Co-operative and Mutual Insurance Foundation, The David Suzuki Foundation, and The Natural Step. This changing role for The Co-operators also includes the development of sustainable products and services, engaging clients and providing incentives for "green" behaviour, as well as advocating and lobbying. To positively influence consumer behaviour, The Co-operators Group is offering its clients a discount if they drive a hybrid car and a reduction in the price for insuring LEED-certified homes (Leadership in Energy and Environmental Design). This change was accomplished partially through educational classes and e-learning courses, as well as through presentations and workshops. Internet resources are also available that promote the social and environmental work of the organisation.

Canadians and communities are beginning to see increased risks on a number of fronts — more frequent storms, declining crop yields, more illnesses (SARS and Swine Flu), and the spread of vermin, particularly the pine beetle, which is ruining the forestry industry in British Columbia. As a result, insurance industries are pulling out and removing their coverage from high-risk areas. Global environmental damage has led to a twenty-fold increase in insurance claims since the 1970s. Unless these claims are reduced, the insurance industry will no longer be sustainable.

Turley-McIntyre stressed that The Co-operators strives to be a catalyst for a sustainable society. The company has created formal sustainability policies, which are imbedded within the organisational structure of its administration. There are committees directly responsible to the board of directors that develop and implement sustainable policies and guidelines. They began with simple steps such as reducing paper usage, limiting air travel, and leasing hybrid cars. Co-operators employees have become highly engaged and motivated by their successes. Vice-presidents set annual sustainability goals by which they are measured. Further initiatives include the development of homes built with resilient materials and design, thereby giving them the strength to endure heavy storms. In this case, sustainability is achieved by avoiding the costs of reconstruction, thereby creating more sustainable insurance policies via savings in time, labour, and material.

Over the past year, The Co-operators has created a purchasing policy and guidelines, which have been passed on to its suppliers. The Co-operators is working collaboratively with these companies to promote sustainable policies. The Group has also reduced its operational emissions by 10 percent in four areas — buildings, corporate fleet, air travel, and paper. To date, it has achieved a 12 percent reduction in its overall greenhouse gas emissions. The next evolution in operating strategy will determine if carbon neutrality is possible.

The Co-operators organised a youth conference titled Impact: The Co-operators Youth

Conference for Sustainability Leadership. Four universities, including the University of Saskatchewan, collaborated to develop the conference, which was held 24–27 September 2009 in Guelph, Ontario. The company paid all expenses for 180 Canadian students aged nineteen to twenty-four to attend. The next conference will take place in September 2011.

Ms. Turley-McIntyre bases the success of The Co-operators sustainability policies on a few key factors. First, she mentioned The Natural Step Leadership and its four sustainability principles. Second, the clear vision of senior management and the board of directors have created a situation that will ensure the ongoing development of sustainable strategies. Third, The Co-operators successful engagement of the majority of its five thousand employees — along with senior management and the board of directors — has established the framework for continued success. Fourth, communication has been extremely important, empowering staff and giving them the tools necessary to go forward, and also promoting e-learning. Measuring successes and promoting them publically ensures that the company's targets will be met. Ms. Turley-McIntyre concluded her presentation by noting that the insurance industry aspires to help its clients meet the environmental and human challenges that currently face Canadians.



Co-operative Identity: Differentiating and Positioning the Co-operative Retailing System

*Presenter: **Scott Banda** is the chief executive officer of Federated Co-operatives Limited (FCL), a position he has held since February 2010. He joined FCL in 2002 as the legal affairs manager and held the position of vice-president corporate and legal affairs from November 2004 until his appointment as CEO. Prior to joining FCL, Mr. Banda practiced law in Saskatoon and later served as the general counsel and corporate secretary of Saskatchewan Crown Investments Corporation and was the manager of legal affairs and corporate secretary with AREVA Resources Inc.*

Key Points

- ◆ It is important to establish a business identity on the basis of co-operation and values — particularly after the financial turmoil of the past few years. And owing to the financial crisis of 2008, there is the potential to promote the co-operative model to all segments of the population.
- ◆ The democratic values and membership functions of co-operatives can be the key marketing tools of co-operative retail. Ultimately, democratic/membership participation is an element that distinguishes co-operatives from other retailers in a very competitive market.
- ◆ Education is vital for the sustainability of co-operatives. Only through education is it possible to inform governments and the general public about the economic and social value of co-operatives.

Co-operation within the co-operative network is vital. Working together maximizes resources and information in order to drive a successful business

Federated Co-operatives Limited

IN THE EARLY TWENTIETH CENTURY, people worked together to create retail co-operatives in many towns in the four western Canadian provinces (Manitoba, Saskatchewan, Alberta, and British Columbia). In 1928 these retail co-ops joined together to form the Saskatchewan Co-operative Wholesale Society as a way to increase their buying power. The Saskatchewan Co-operative Wholesale Society and Consumers' Co-operative Refineries Limited in Regina eventually came

together to form Federated Co-operatives Limited. Later, the other three provincial wholesales joined. FCL is a multifaceted organization based on the principles of co-operation. The organisation provides central wholesaling, manufacturing, marketing, and administrative services to its member-owners (i.e., the independent retail co-ops that comprise the Co-operative Retailing System). Its mission is “to improve the economic position of its member-owners within a responsible democratic structure.”⁴

Summary of Presentation

MR. BANDA BEGAN HIS PRESENTATION by describing the role of Federated Co-operatives Limited. FCL is a wholesale manufacturer and goods distributor, a second-tier co-operative comprised of more than 250 retail co-operatives across western Canada. Together they form the Co-operative Retailing System (CRS). In spite of the common misconception that FCL is solely a grocer, the distribution and sale of food comprises only ten percent of its bottom-line results. The organisation is primarily involved in the manufacturing, distribution, and sale of fuel, which has generated 60–80 percent of its net savings over the past ten years. Within the CRS, there are two thousand facilities (grocery stores, agro centres, bulk plants, and so on) in more than five hundred communities. The Co-operative Retailing System has twenty thousand employees serving 1.3 million active members. In 2009, FCL achieved sales of over \$6.5 billion, with net-savings of \$492 million and \$3.8 billion in assets — and no debt.

FCL is currently dealing with a fluctuating, globalized business environment. The landscape in which it competes includes factors such as:

- ◆ increasing globalisation
- ◆ a diverse mobile workforce
- ◆ rapid technological advances
- ◆ increased regulation
- ◆ more rapid and diverse means of communication

The challenge before us is change at an ever-accelerating pace. The recent worldwide financial meltdown has shaken people’s confidence, challenged their values, and changed who they trust. Mr. Banda believes that as a wholesaler and a co-operative, FCL has an excellent opportunity to work with the CRS to promote co-operative values, since consumers are looking for someone to trust. He feels that the best possible response to these challenges is through people — e.g., supporting the workforce with the necessary technology and appropriate strategies and developing people’s potential and engaging their ideas. Further, the workforce and the technology have to promote co-operative identity in order to ensure the survival of the co-operative model. Co-operatives must also continue to evolve in order to ensure their survivability and competitiveness. The experience the co-operative movement has gained over its 175-year history — along with the seven co-operative principles — offer a well-established framework through which to deal with these changes and challenges.

The first co-operative principle is *voluntary and open membership*. The second is *democratic*

4. For more information on Federated Co-operatives Limited, see <https://xp1.fcl.ca>

member control. Combined, these two principles are the key marketing tools for FCL's consumer co-operatives. Ultimately, these are the factors that set co-operatives apart from other retailers in a very competitive market.

The third co-operative principle is *member economic participation*. Because members benefit from their association with co-operatives, they are generally loyal customers. Over the last ten years, FCL has returned \$1.2 billion to communities through patronage refunds to the member-owner retailers in the CRS.

The fourth principle is *autonomy and independence*. Retailers and co-operatives under FCL's umbrella exercise their autonomy and independence during the process of making managerial and operating decisions. This autonomy allows these co-operatives to better meet and serve the needs of their communities, as well as to operate on an independent, local level.

Mr. Banda stressed that the principle of *education, training, and information* is crucial for the future of the co-operative movement. Education makes it possible to inform governments and the general public about the value of co-operatives and why they offer advantages over the alternatives. Moreover, educated employees are capable of making broader contributions to their communities and co-operatives by sharing their ideas, which gives them a chance to make a difference. Mr. Banda believes that these informed individuals will move co-operatives forward, but for this to occur, there must be a distinct co-operative culture in which ideas are freely exchanged. This approach maximizes the contribution of every individual associated with FCL.

The sixth co-operative principle is *co-operation amongst co-operatives*. There is strength in co-operative unity; it is what allows FCL to compete with large retailers like Wal-Mart. In addition, there is enormous potential to share resources among the five hundred communities and the twenty thousand employees within FCL. Collaboration is crucial for the survival of co-operatives and also creates financial stability and opportunities in which profits can be utilised to expand the network.

The seventh and final co-operative principle is *concern for community*. FCL takes this principle very seriously — for instance, investing \$150 million in facility development in sparsely populated communities, which larger retailers tend to avoid. This physical infrastructure was designed for sustainability, with efficient heating, lighting, and refrigeration. Investment in environmental sustainability is also an advantageous business practice, which draws people to the co-operative's retail facilities.

The co-op principles serve as the cornerstone for FCL's development. They are also essential for differentiating the organisation from other retailers and need to be embraced — or as Mr. Banda put it, “trumpeted.” Moreover, these principles help establish a loyal clientele as concerned about the social impact of their consumer choices as they are with price. Mr. Banda concluded by challenging audience members to come up with an idea to improve their local co-op and community.



The Changing Financial Landscape: How Will Credit Union Mergers and Consolidation Impact Communities?

Presenter: Mary Beckett is executive vice-president and chief governance officer at Concentra Financial (formerly Co-operative Trust), where she has been employed for more than twenty-five years. She began her career in personal trust administration and has had administrative and management experience in the areas of personal and corporate trust and trustee registered plans. As chief governance officer, she serves as Concentra's corporate secretary and compliance/privacy officer. She also has executive responsibility for Concentra Trust, a wholly owned subsidiary of Concentra, as well as oversight and accountability for corporate communications.

Key Points

- ◆ Credit unions continue to have a positive impact on the communities they serve through direct financial investments, as well as by employing staff, paying taxes, and operating branches where larger banks fail to offer services.
- ◆ The financial landscape of credit unions is changing (i.e., they are becoming fewer, but the surviving credit unions are becoming larger).
- ◆ Over the past couple of years, the financial landscape — nationally and internationally — has been in a perpetual state of flux. For credit unions, the financial crisis will most likely lead to operations within an increasingly onerous and complex regulatory environment, with constant government intervention and a greater-than-before demand for transparency.

Concentra Financial

CONCENTRA FINANCIAL IS AN INTEGRAL PART of the Canadian co-operative financial system. Through leadership and partnership, Concentra seeks to advance the credit union system. Strong relationships, innovation, collaboration, and exceptional service connect the company to its partners. Service is tailored to meet business clients' unique needs and objectives.⁵

5. For more information on Concentra Financial, see http://www.concentrafinancial.ca/Pages/default.aspx?corp_profile=show

Summary of Presentation

MS. BECKETT OPENED HER PRESENTATION by discussing the establishment of the credit union system and quoting from Norman Bromberger's master's thesis:

Credit unions in Saskatchewan originated at a time when credit,... sources of credit and banking services were drying up or moving out.... Services were developed mainly to meet the needs of people in smaller farm communities.... Credit unions, in response to member needs, developed an orientation to service.... Their success was closely related to their local nature, where the member could participate directly ... and exercise control.... By the very nature of the services offered, they were seen as problem solvers in a local setting.

In the last few years, the credit union system has been affected by changes in the national and international financial landscape. Ms. Beckett raised the question: "Will it still be possible for credit unions — in an increasingly global world — to continue to focus on and contribute to their communities as they did in the past? And if the credit unions' financial focus is changing, how will this impact the communities they are serving?"

In order to answer these questions, Ms. Beckett spent some time discussing the history and development of the credit union movement. In 1937, following the passage of the original credit union legislation in Saskatchewan, there were five credit unions, with 286 members and assets of \$2,236. The average loan size was \$55. Sixty-three years later, in 2009, there are sixty-five credit unions in Saskatchewan, with 497,000 members and \$12.2 billion in assets.

The number of credit unions in Saskatchewan peaked at three hundred in 1966. But only four years later, the numbers began to decline, a trend that has continued unabated for the last forty years. This decline reflects wider demographic changes in the province: a decrease in the number and increase in the size of farms; the closure of rural elevators; changes in transportation; and the urbanisation and out-migration of Saskatchewan's population.

The decline in numbers of credit unions in Saskatchewan coincides with regional and national statistics. Nationally, there were 1,500 credit unions in 1985, a number that has declined to 419. By the end of 2012, this number is expected to drop to around 330. Every province has experienced similar reductions, with the largest drop in Ontario. All of these credit unions have undertaken some sort of merger, consolidation, and/or partnership, and the resulting organizations have become larger, stronger, and more complex institutions. While the number of credit unions has clearly declined, statistics point to their ongoing viability and vitality. For instance, these credit unions have a significant market share, with \$122 billion in assets and 5.1 million members. The profits generated by each of these 419 credit unions is key to how credit unions reinvest in their communities.

Currently, province-wide credit unions are emerging. Consequently, in some locations, credit unions are in direct competition with each other. In Alberta, Servus Credit Union — through the amalgamation of a number of smaller credit unions — holds 60 percent of the province's credit union assets. In most instances, the current economic and demographic trends support the growth

of fewer, albeit larger, credit unions. In Saskatchewan, for example, the potential merger of Conexus, Synergy, and Innovation credit unions could lead to the development of a single credit union with almost 50 percent of the province's credit union assets.

The next development will be inter-provincial credit unions. Under current rules, credit unions must operate under provincial legislation. However, the Valley First and Envision Credit Unions (in British Columbia) and First Calgary (in Alberta) have developed ways around this restrictive legislation. While they will maintain ties and commitments to their local communities, they will harness the strength of a larger asset base in order to diversify economically and geographically. This partnership will oversee assets of \$7.8 billion and employ 1,625 people in fifty-two branches, twenty-nine insurance offices, and thirty-nine financial planning centres — all of which serve 265,000 members.

In a recent development, the possibility of federal credit unions is emerging. An initiative referred to as the “Case for Progress” recommended the development of national regulations for cooperative financial institutions to permit extra-provincial co-ops. The federal government supported this regulation, which allowed for the establishment of federal credit unions under The Bank Act. This legislation will create a class of federal credit unions that will operate under very different rules from their provincial counterparts. These national credit unions, for instance, will be regulated by the Office of the Superintendent of Financial Institutions, the national regulator, as well as the Canada Deposit Insurance Corporation. Federal legislation addresses the factors that currently limit the growth of credit unions. However, the number of these institutions that will elect to operate under this legislation and the federal realm remains uncertain.

There are a number of second-tier consolidations underway as well. For example, Central 1 brought the British Columbia and Ontario Centrals into a single entity. The Prairie Centrals Initiative is working towards the consolidation of Alberta, Saskatchewan, and Manitoba Centrals. The Atlantic amalgamation will combine Nova Scotia, New Brunswick, and Prince Edward Island Centrals. These mergers will result in the creation of three regional centrals, replacing the original nine provincial organisations. They represent the need to reduce costs and ensure that central organisations are capable of supporting large credit unions within their regions. At the same time, the centrals will still need to allocate the resources necessary to maintain and serve the needs of the smaller credit unions. Some analysts believe that a single — central — organisation will eventually emerge, although opinion is varied on the time and the steps necessary to achieve this end.

Because of the recent financial crisis, the financial landscape — nationally and internationally — has been in a perpetual state of flux. For credit unions, as noted above, the crisis will most likely lead to operations within an increasingly complex regulatory environment, with constant government intervention and heightened demands for transparency. In addition, the G20 has determined to increasingly regulate the financial system in order to reduce the boom-and-bust cycles of the free-market system. For the credit unions, the cost of implementing and meeting these requirements on an on-going basis will impact efficiency, productivity, and profitability. There will be increased costs at every level within the credit union system, as well as pressure to find and develop measures to ensure they remain compliant and profitable.

How will these changes impact communities? Ms. Beckett noted that credit unions tend to develop in smaller communities and that their success is tied largely to membership participation and strong community involvement. To retain and build market share is of primary importance in an increasingly competitive environment. There is also pressure to become full-service institutions.

Credit unions that want to make this change need to make the necessary internal adjustments. Moreover, credit unions need to retain their existing membership while increasing their market share through a growing and diversified membership base, an issue that is affected by the fact that the average credit union member is older than the average bank client.

Credit unions are positive influences in their communities. The Biggar Credit Union, for instance, has been around for sixty years and has \$100 million in assets. This credit union has re-invested the significant sum of \$90,000 in the community, a town of only 2,033 inhabitants. Moreover, credit unions continue to operate branches in smaller centres that have been abandoned, for the most part, by the larger banks. To meet these challenges, Ms. Beckett asked, “Will the Biggar Credit Union need to change its structure? Does it need to proceed with changes or reconsolidation? If this happens, will the community still have access to its financial services and profits?”

Credit unions contribute to community simply by maintaining their presence. This is a commitment that leads to:

- ◆ employing staff
- ◆ paying taxes in the community
- ◆ fundraising
- ◆ awarding scholarships and bursaries
- ◆ creating credit union foundations
- ◆ making preferential financial arrangements for members

In 2008, 58 percent of credit unions in Canada reported that they contributed to the fundraising activities and charitable organisations in their communities. This included not only direct monetary contributions, but also staff participation. Ms. Beckett noted in plain language: “Credit unions continue to return their profits to their communities.”

Although mergers and amalgamations may mean that the name on the building and the scope of the operations may change, credit unions are committed to maintaining branch locations in communities. In fact, the number of branches has remained, by and large, intact. While larger banks continue to abandon small and remote communities, the credit unions’ *raison d’être* remains the service of their communities. Credit Union Central of Canada’s most recent report indicates that credit unions served communities by distributing donation/sponsorship dollars in the following areas:

- ◆ environmental causes and disaster relief
- ◆ international development
- ◆ economic development and housing
- ◆ health/long-term care
- ◆ arts, culture, and sports
- ◆ educational programs and facilities

Making a final point, Ms. Beckett suggested that credit unions — regardless of the changing financial landscape — will always be member-owned and member-based organisations that operate on the basis of co-operative principles. Members will continue to be the most critical drivers in determining the strategic direction of credit unions and their impact on communities.



Engaging Aboriginal Communities

Presenter: George Keter is CEO of Affinity Credit Union, based in Saskatoon. During his eleven years as CEO, Affinity has won a number of national, provincial, and local awards for its corporate social responsibility initiatives. Prior to joining Affinity, Mr. Keter was CEO of the Credit Union Deposit Guarantee Corporation of Manitoba for ten years. He also managed Evergreen Savings Credit Union of Vancouver Island during the 1980s. His credit union career began in 1978 with BC Central Credit Union. He is currently a director of SaskCentral and the Canadian Co-operative Association and sits on the management advisory board of the Centre for the Study of Co-operatives. Mr. Keter has also been active in community affairs in Saskatoon, serving on the board and cabinet of United Way, as a board member of the Saskatoon Community Foundation, and as a founding director of Abbeyfield Homes of Saskatoon.

Key Points

- ◆ Credit unions need to remain ideologically close to their co-operative roots.
- ◆ Affinity Credit Union continues to reach out to Aboriginal communities.
- ◆ Affinity's association with Aboriginal communities has created a tremendous amount of cross-fertilisation. However, when working with First Nations communities, it is necessary to be understanding and aware that these communities have suffered trauma and continue to function under enormous duress.
- ◆ Co-operative principles coincide and effectively correspond with the values of First Nations culture and philosophy.
- ◆ If respectable business ethics are maintained, there is great potential for growth through work with First Nations communities.

Affinity Credit Union

AFFINITY CREDIT UNION is a member-owned and -operated financial institution. It is progressive and socially responsible, committed to creating opportunities for its members, employees, and communities.⁶ Affinity has evolved over the past eighty years, the product of numerous credit union partnerships and mergers. It is now the second largest credit union in Saskatchewan.

6. For more information on Affinity Credit Union, see <http://www.affinitycu.ca/about-us/index.html>

Quick facts about Affinity Credit Union:

- ◆ thirty-six communities
- ◆ forty-four branches
- ◆ multiple ATMs across the province
- ◆ services through TeleService, telebanking, and online

Summary of Presentation

MR. KETER OPENED HIS PRESENTATION by suggesting that co-operatives, at a national level, are close to losing their traditional roots. He stressed that audience members interested in co-operative values and principles need to get involved in order to ensure that credit unions are not privatised and demutualised. He noted that while the credit union brand remains strong, work at the ground level is lacking and needs attention.

Currently, Affinity Credit Union has approximately \$2.5 billion in assets, forty-four branches, eight insurance agencies, six hundred employees, and one hundred thousand members. Affinity has been able to allocate 6 percent of its pre-tax earnings, the equivalent of \$1 million a year, to local communities. Half of this money is distributed directly to the district councils, which then determine how the money will be spent.

Affinity has a unique governance structure based on districts, which allows for the creative definition of communities. Mr. Keter hopes that other districts may eventually be established for people who share similar life experiences. The organisation continues to reach out to First Nations and attempts are being made to tie its branches and organisational structure to these communities. There are currently nine districts, eight of which are divided along geographical boundaries, as well as one district specifically for First Nations.

Created through a partnership with eight bands, the First Nations district, which encompasses the whole of Saskatchewan, has the same powers and responsibilities as the other districts. Band members elect eight district council delegates, from which two board members are chosen to represent the voice of First Nations peoples centrally.

About ten years ago, when Affinity first established ties with Aboriginal communities, it was a much smaller organisation — about one-fifth of its current size. Affinity's association with Aboriginal communities has created a tremendous amount of cross-fertilisation. Simply put, it has allowed for individuals who might otherwise not have had such an opportunity to meet and interact with each other. And as First Nations have come to know co-operative values, they have realized that these principles coincide effectively with the values of First Nations culture and philosophy. Mr. Keter stressed the importance of recognizing that First Nations communities have suffered trauma and continue to function under enormous duress, with many facing cascading problems associated with suicide and drug use. Consequently, the death or illness of one key person can quickly disrupt the daily life of an otherwise well-functioning community.

Mr. Keter made some suggestions about how to recognize these problems and maintain cultural sensitivity. First and foremost, an organisation needs strong and committed leadership if it intends

to work with First Nations. Second, employees should undergo cultural awareness training every couple of years. But even after this training, it takes actual engagement with people and groups to achieve lasting changes in perceptions and attitudes. Third, he suggested that organisations should hire and consult Aboriginal cultural attachés. These experts can make the necessary introductions and give guidance in otherwise foreign cultural patterns and traditions. This is of great assistance in helping businesses make the necessary cultural adjustments for working within First Nations communities. When providing banking services to Aboriginal members, for instance, Affinity has adapted its lending policies to meet their specific requirements. Mr. Keter described these adjustments as similar to dealing with a government rather than a business. Governments do not go bankrupt and it is the same for First Nations. Fourth, it takes a significant amount of emotional intelligence to work with First Nations owing to the high level of suffering some of these groups have endured. Mr. Keter noted that women seem to be particularly well suited for this type of work. Moreover, there is currently a large influx of well-educated First Nations people, among whom women are especially well represented. In conclusion, Mr. Keter stressed that it takes time to build trusting relationships with First Nations communities and other groups that have endured discrimination. And if one maintains proper respect and practises strong business ethics, there is great potential for growth through work among First Nations communities.



Building Healthier Communities

*Presenter: **Patrick Lapointe** is the administrator at the Saskatoon Community Clinic, a position he has held since 1994. He has been active in health system development in Saskatchewan for more than thirty years, a leader in the development of home care, long-term care, and health care co-ordination. Mr. Lapointe advocates for the needs of the vulnerable in our communities, such as the elderly, those with disabilities, the poor, and First Nations people. He has been a leader in several of Saskatchewan's health reform initiatives, and he is past president of the Canadian Alliance of Community Health Centre Associations.*

Key Points

- ◆ The Saskatoon Community Clinic's mission is to provide primary health care to its members.
- ◆ Co-operative community clinics — controlled and directed by their membership — are an ideal way to provide health-care services.
- ◆ The Saskatoon Community Clinic is especially concerned with having its membership involved in determining what services it provides to the community.

The Saskatoon Community Clinic

THE SASKATOON COMMUNITY CLINIC was one of the first health-care co-operatives in Saskatchewan. Besides offering care for the whole person, the clinic assists individuals in playing a role in their own health care, encouraging them to participate in health-promotion programs and to serve on its board of directors. In addition, the clinic advocates on social and economic issues that affect health, including:

- ◆ the effects of poverty
- ◆ support for publicly funded health care
- ◆ the community clinic model of primary health care
- ◆ environmental issues
- ◆ support for programs to improve the lives of people who are most at risk, including children, youth, Aboriginals, disabled persons, and seniors⁷

7. For more information on the Saskatoon Community Clinic, see http://www.saskatooncommunityclinic.ca/about_us.htm

Summary of Presentation

MR. LAPOINTE OPENED HIS PRESENTATION by stressing that the Saskatoon Community Clinic is concerned and engaged with the community. With an annual budget of \$11.5 million, it promotes sustainable development in servicing 33,000 clients, 11,000 members, 160 staff, and 104 full-time employees. The members' commitment to the clinic is motivated by involvement in the democratic structure of the organisation rather than monetary gain. The clinic's mission is to provide primary health care to its members, with the guiding principles and values of "inclusion," "engagement," and "concern for community." Specifically, the clinic's vision is a world in which communities, families, and individuals experience optimal conditions for health through all stages of life, where people actively pursue and manage their own health, and are supported by a publicly administered health-care system that offers high-quality primary health services provided by an integrated and innovative health-care team. The clinic strives for excellence in co-operative primary health care. It is especially concerned with having the membership involved in determining what services it provides to the community. This involvement is generally carried out through consultations, town hall meetings, questionnaires, and interviews, all of which help determine the direction of the clinic's services. This model allows the clinic to meet the specific needs of groups within the community. For example, seniors comprise 20 percent of the clinic's patients; accordingly, there is an advisory committee advocating for the needs of seniors. Believing that people who use their services should play a decisive role in determining the parameters and delivery of these services, Mr. Lapointe argued that people's health needs are best met by an active partnership between the people who use health services and the health-care providers.

Mr. Lapointe pointed out that "people have a responsibility and a right to support and control their own health. Our role is to support them to act on that responsibility and right." The clinic tries to avoid paternalistic attitudes towards its patients, empowering them with information so that they can control their own health through informed decision making. Co-operative community clinics — run by people from the community — are an ideal way to provide health services. These services should be universal, accessible, comprehensive, portable, and publicly administered. The Saskatoon Community Clinic, in partnership with other organizations such as the Saskatchewan and Canadian Health Care Coalitions is a national advocate for poverty reduction, as well as protection and expansion of our publicly funded health-care system.

To ensure continued provision of these fundamental services, Mr. Lapointe underlined the necessity of using membership funds effectively, economically, and efficiently. The clinic aims to have its membership involved in the following areas:

- ♦ planning
- ♦ participating on the board, sub-committees, and working groups
- ♦ engaging in social and political action
- ♦ volunteering
- ♦ facilitating leadership development

Social and economic factors such as racism and poverty can profoundly compromise not only the health of individuals and entire communities, but also impact the delivery of health-care services. Mr. Lapointe stressed the necessity to eliminate social and political factors that negatively impact the delivery of these services. The clinic's Political and Social Action Committee engages the board of directors and members in determining the key social and political factors that impact the health of vulnerable members of the community. At the moment, the clinic is confronting issues around poverty in Saskatoon's inner-city, assisting people to achieve the financial security to provide food and housing for their families, since these necessities have a profound impact upon health. To achieve some of these goals, the Saskatoon Community Clinic is involved in the following initiatives:

- ◆ Chronic Disease Prevention and Management Programs
- ◆ Aboriginal Diabetes Program
- ◆ Aboriginal Seniors Program
- ◆ Community Kitchen Program
- ◆ Health Information Centre
- ◆ Kids First Awasis Home Visiting Program
- ◆ SWITCH (Student Wellness Initiative toward Community Health)
- ◆ Seniors Group Program
- ◆ Client Member Advocacy

It is also partnered with a number of other community and educational organisations such as Food for Thought, the Saskatchewan Health Care Coalition, the Open Door Society, the Good Food Box, as well as the colleges of Medicine and Dentistry.

The Saskatoon Community Clinic has grown continuously over its forty-eight year history. It aims primarily to serve and promote healthy living to groups at risk. For example, the clinic seeks to help and care for refugees by being sensitive to their cultural needs, with the understanding that they may have endured physical and mental trauma. At the moment, the clinic is helping to combat the spread of AIDS in Saskatoon — particularly among the Aboriginal community. Mr. Lapointe concluded by noting that the Saskatoon Community Clinic is always searching for development opportunities in line with co-operative values.



Multistakeholder Co-ops: When Theory and Practice Collide

Presenter: Dr. Catherine Leviten-Reid at the time of the conference was an assistant professor at the Johnson-Shoyama Graduate School of Public Policy at the University of Saskatchewan. She is now an assistant professor at the Shannon School of Business at Cape Breton University, teaching in the Master's in Community Economic Development program. Her graduate and post-graduate research has focused on the role of nonprofit and co-operative organizations in service delivery, looking at their impact on family and community well-being as well as how these organizations innovate. She has studied the role of the social economy in home care, child care, and more recently, services for individuals with mental health disabilities. Dr. Leviten-Reid not only has a profound interest in social economy research, but also has hands-on experience working among community organizations. She has worked and volunteered within the nonprofit and co-operative sectors for over a decade, has just finished a term on the board of the Saskatoon Community Clinic, and is past president of the Canadian Association for Studies in Co-operation.

Key Points

- ◆ A multistakeholder co-operative has different groups participating in its governance.
- ◆ Although there are different interests involved, the emphasis is on shared goals.
- ◆ The majority of the current research on multistakeholder co-operatives suggests that this form of co-op should fail. Based on her research, however, Dr. Leviten-Reid concluded that multistakeholder co-operatives are an example of theory and practice colliding, and that this form of co-op is conducive to building community.

Summary of Presentation

DR. LEVITEN-REID OPENED HER PRESENTATION by acknowledging key contributors to her research, including Brett Fairbairn, the Social Sciences and Humanities Research Council of Canada, the Saskatoon Community Clinic, the Williamson Street Grocery Co-operative, the Co-operative Management Education Co-operative, and the Centre for the Study of Co-operatives at the University of Saskatchewan.

Dr. Leviten-Reid then focused her presentation on explaining the governance structure of multistakeholder co-ops, which can take different forms, including:

- ◆ organizations that are formally incorporated as multistakeholder co-operatives
- ◆ those where legislation allows for the participation of different stakeholder groups within certain kinds of co-operatives
- ◆ those that have by-laws or that formally identify different classes of members
- ◆ those in which by-laws acknowledge the dual roles of some members (for example, by-laws of a consumer co-operative may acknowledge that some directors may also be employed by the organization)

Although there are different groups involved in multistakeholder co-operatives, all the actors are focused on common goals. Some of these groups might include consumers, workers, volunteers, investors, or government representatives. Multistakeholder co-operatives in Québec are called solidarity co-operatives, while in France they are called co-operative companies of the collective interest. In France, consumers and workers must be represented; other actors may include volunteers, investors, and government representatives. In Québec, two of the following three groups must be represented: workers, consumers, and supporting members. In Ontario and Alberta, specific stakeholder groups are not identified in the legislation, which simply states that these groups are required to share a common interest or common geographical area.

Multistakeholder co-operatives tend to originate in situations in which social and economic problems are increasingly being conceptualized as affecting a wide range of actors. The home care sector in Québec features nonprofit co-operatives in which consumers and workers are on the boards of directors to oversee management and the allocation of resources. Such a model endeavours to ensure quality care for the consumer and a positive working environment for the employees. There is a growing interest in multistakeholder co-operatives among legislators and lawmakers, and co-op development practitioners play a large role in the creation of enabling legislation.

Dr. Leviten-Reid posed some questions to the audience: “Can multistakeholder co-operatives be successful? Can they contribute to building community? What does the literature say about the success of this co-operative form?” In general, the audience seemed to believe that it was possible for this co-op model to be successful.

Replying to the audience, Dr. Leviten-Reid pointed out that the majority of the literature suggests that multistakeholder co-operatives should fail. In other words, these organizations will revert back to single stakeholder groups or cease operating altogether. The current literature on the topic argues that transaction costs are likely to be “enormous” in multistakeholder organisations because different groups of actors have fundamentally divergent interests. This is exacerbated when there are stakeholder groups of different sizes or with different levels of engagement. With these scenarios, the process of achieving consensus becomes cumbersome and inefficient. The absence of large multistakeholder organizations has been used as evidence that transactions costs are too high.

Despite these negative comments, there is also literature that supports this model, which maintains that the failure of multistakeholder co-operatives is not related to their governance. This literature suggests, furthermore, that different stakeholder groups focus on the mission of the organisation, i.e., on the common goals. Other research, based on an investigation of focus groups in the UK, found that the participants spoke of both negative and positive dimensions associated with this form of governance. Another study, undertaken in Québec in 2004, found high levels of satisfaction

(as high as 90 percent) with the governance processes of multistakeholder co-operatives. In this case, members were able to achieve consensus at board meetings, and economic concerns generally outweighed governance issues. Other studies undertaken in Québec also found minimal conflict among directors of multistakeholder co-operatives. Dr. Leviten-Reid argued that if low numbers of large multistakeholder co-operatives are evidence of high transaction costs, then by the same logic, the growth of small organisations based on the multistakeholder model can be used as counter-evidence. She noted, finally, that the multistakeholder model is the legal form of choice for recently incorporated co-operatives in Québec.

Dr. Leviten-Reid's investigations have led her to believe that multistakeholder co-operatives offer examples of theory and practice colliding. While the research suggests that these co-ops should fail, in practice they often succeed. As a result, she concluded that this form of co-op seems viable as well as conducive to building community.



Saskatchewan's Co-operative Development Strategy

Presenter: Victoria Morris is the executive director of the Saskatchewan Co-operative Association, which she joined in 2006 as the youth programme co-ordinator. She became executive director in 2008. She has worked in community economic development since 1998 and serves as treasurer of the Canadian Community Economic Development Network. She is the former vice-president of the Core Neighbourhood Youth Co-op in Saskatoon and is currently completing a master's degree in business administration. A major paper for her MBA deals with engaging youth in co-operatives.

Key Points

- ◆ The Saskatchewan Co-operative Association (SCA) will continue to be involved in strategies for the development of co-operatives. These include the provision of advisory services, promotion of the co-operative model, and the development and maintenance of networks and partnerships.
- ◆ A primary long-term goal of the SCA is the increased sustainability of already existing co-operatives.

Saskatchewan Co-operative Association

THE SASKATCHEWAN CO-OPERATIVE ASSOCIATION is a provincial coalition of co-operatives and credit unions. It is incorporated as a community service co-operative working to support and promote the co-operative model for community and economic development. SCA implements various programmes including Co-operative Development; Community, Business, and Government Relations; Youth Education and Involvement; Member Services and Communications; and Sustainability and Accountability. SCA's vision is to become the recognized leader of an innovative, growth-oriented, and vibrant co-operative sector in Saskatchewan. Its mission is to maintain a strong and thriving co-op presence in Saskatchewan communities, while promoting the co-operative business model to government and the general public.⁸

8. For more details on the Saskatchewan Co-operative Association, see http://www.sask.coop/about_sca.html

Summary of Presentation

Ms. MORRIS BEGAN HER PRESENTATION by noting that the SCA, through its training events, provides general information about co-operatives and co-operative development as well as governance training. SCA also makes small contributions to co-operatives that are working on development initiatives. SCA's website makes co-operative education materials and links to other resources freely available to the public.⁹

The Saskatchewan Co-operative Association supports development projects by providing advisory services to struggling and emerging co-operatives. It also provides information to the public that highlights the usability and feasibility of the co-operative model, in hopes of positively impacting Saskatchewan's capacity to develop co-ops. In addition, SCA works to secure the financial support it needs to maintain, expand, and improve its operating capacity. The majority of these initiatives are intended to raise awareness of the co-operative model and ensure that the public becomes better informed about co-operative business practices.

Through the lobbying of the Canadian Co-operative Association, the federal Co-operative Development Initiative was renewed to 2013 and SCA has received some funding from this source. In addition, Enterprise Saskatchewan recently committed \$65,000 per year for two years to assist SCA in meeting its goals. These resources will allow SCA to hire a full-time employee dedicated to co-operative development.

SCA continues to support the establishment of new co-operatives and the increased sustainability of already existing co-operatives. The organisation is trying to secure more assistance from the provincial government in order to increase the viability and effectiveness of Saskatchewan's co-operative sector. It also seeks to increase the number of co-operatives developing and incorporating sustainable operating practices. Within the public and government spheres, SCA is aiming to become the leader in co-operative development service provision, education, and information in the province. Over the last few years, there has been a significant drop in the number of co-operative incorporations; SCA would like to reverse this trend. It also wants to raise the public's level of awareness of what it offers. Finally, it hopes to increase the capacity and collaboration of co-operative developers in Saskatchewan by establishing a developers' network.

Ms. Morris maintains that the success of these goals will depend upon supportive legislation, advisory services, and an extensive co-operative network. The main focus of SCA's development work is the provision of advisory services to co-ops that are considering incorporation. The organisation measures its success primarily through the development of new co-operatives, as well as the development and dissemination of educational resources, training courses, and other events.

9. For more detail on SCA's educational programs, see http://www.sask.co-op/training_and_education.html



Tales from the Battlefield: Lessons in Co-op Development — Creating Co-op Fever: The Hard Lessons Learned¹⁰

Presenter: Bill Patrie at the time of this presentation was the executive administrator of the Association of Cooperative Educators. He recently founded the Common Enterprise Development Corporation and prior to that served as the director of the North Dakota Economic Development Commission and the North Dakota Association of Rural Electric Cooperatives rural development program. He has also served as interim executive director for the Northcountry Cooperative Development Fund in Minneapolis. Mr. Patrie has specialized in co-operative and economic development in North Dakota and surrounding states for more than twenty years. He is credited with spearheading the formation of more than thirty co-operatives that have created hundreds of jobs.

Key Points

- ◆ Co-operative behaviour is instinctual.
- ◆ Greed and deception are anathema to co-operatives.
- ◆ The myth that free markets are the best way to distribute goods and services is perpetuated by those who intend to monopolize these markets.
- ◆ There is no easy “cookie cutter” approach to creating co-operatives. Furthermore, the establishment of co-operatives should only be initiated if there is capable and trustworthy leadership.

Summary of Presentation

MR. PATRIE OPENED HIS PRESENTATION by clarifying the phrase “co-op fever.” He explained that between 7 August 1990 and 1 July 2006 he had worked on 104 development projects, which resulted in the establishment of thirty enterprises that have created millions in

10. For various versions of this paper, see the following websites:

<http://www.rurdev.usda.gov/rbs/pub/jul09/jul09.pdf> (beginning on page 24);

<http://www.rurdev.usda.gov/rbs/pub/jul09/creating.htm>; http://cedc.coop/doc/Creating_Co-op_Fever_-_The_Hard_Lessons_Learned.doc; and

<http://www.ace.coop/portals/0/institute/09/mp3/power%20point%20presentations/Bill%20Patrie.ppt>

investment and equity, as well as jobs for several thousand workers. The media took note of this rapid growth in nonprofit organisations and its positive impact on farmers. This creation of new co-ops was so great, in fact, that “Co-op Fever” was the 1995 Associated Press story of the year in North Dakota. The Northern Plains Premium Beef Cooperative, which Mr. Patrie led as CEO, was a cover story in the *Wall Street Journal* in March 1997. And *Fortune Magazine* ran a story on Dakota Growers Pasta Co. and its board chair Jack Dalrymple titled “Getting the Middleman’s Share.”

In spite of these successes, Mr. Patrie warned that the number of co-operatives in America is actually declining while the number of for-profit enterprises is increasing. In order to combat these declining numbers, he stressed that groups concerned with the development of co-operatives need to work together to accomplish common goals.

Co-operative behaviour is instinctual in humans. Quoting research by evolutionary psychologist Robert Kurzban, Mr. Patrie explained that the majority of people (63 percent) would gladly join a co-operative organisation for the benefits of membership. This is the target group that co-operators need to recruit. Keeping these individuals interested, however, is difficult, given that they will stop co-operating if they feel they are being “free ridden” (i.e., cheated). Thirteen percent of people are motivated by the unselfish need to work co-operatively (i.e., these people see the world as their responsibility). The remaining 20 percent are the “free riders” — (4 percent could not be classified). The “free riders,” Mr. Patrie argues, should *not* be included in co-operative membership or administration. Greed and deception are common practice amongst this group and this can pose serious threats to the survival of co-operatives. Mr. Patrie also maintains that *co-operatives can be hijacked under the guise of demutualisation*. What makes co-operatives vulnerable is the drifting of intent from adding value to a commodity, or providing a needed member service, to adding value to investors’ money.

Mr. Patrie argued that *the belief that free markets are the best way to distribute goods is a myth perpetuated by those who intend to monopolize those markets*. He used the example of the American health-care system to support his argument that free markets often deliver disjointed and inefficient services. Mr. Patrie maintains that in order to overcome market-based competitors, co-operatives need to be smarter than their competition. People must overcome the tendency to simply accept the ups and downs of the free-market economy and learn to believe that they deserve to live in democratic communities with vibrant economies.

There is no easy “cookie cutter” approach to creating co-operatives. Mr. Patrie advised the audience not to start a co-operative unless there is trustworthy local leadership already in place. Based on his experience as an organiser, he warned the audience that if there is not trustworthy leadership to be found, then the project should be abandoned.

Without a compelling vision, co-operatives are not sustainable. A vision is the answer to the question “What do you want to create?” Visions matter and how you imagine the future is something that should inspire and promote community. If the vision is important to the people involved, then the project will most likely come to fruition. However, people often have a sense of unworthiness, which manifests itself in the expression “I don’t deserve something that nice.” This line of thinking can threaten the realisation of the goal and organisations that have a negative image of their own future cannibalize themselves. This certainly holds true for co-operatives. A co-operative needs a committee, a chairperson, and board members who share a clear image of how to achieve success;

otherwise it is unlikely that the co-operative will survive. Mr. Patrie maintains, in fact, that a positive image of the co-operative's future is a more important asset than the balance sheet.

The formation of a co-operative is cultural and parallels the cultural values of its community.

Communities that value social capital, for instance, typically have thriving co-operatives. As an aside, these communities also tend to have lower crime rates, better health, better education, higher incomes, and higher levels of civic engagement. Clearly, a single federal programme for co-operative development targeted to all rural areas will be ineffective since cultural resources that support co-operation are missing in some regions of the country and more abundant in others.

There is no surrogate for local leadership. This means that co-operative educators and developers must find ways to work at the local community level. *There are no perfect leaders*, although courage, intelligence, and honesty are more important traits than charisma. With the right training, a community member can be converted into a capable leader. It is essential, however, to have that leader in charge of projects that suit his or her style. And again, if local leaders are not available — stop.

In conclusion, Mr. Patrie argued that it is important for communities to develop an inspiring, viable vision for the future — to share a common dream. By looking beyond the immediate needs of the present, both the group and the individuals within it become increasingly disciplined. When the group vision is lost, however, egoism and self-indulgence tends to corrupt the community. If this occurs, the goals can be easily hijacked by egotists. The role of the co-operative educator is to rekindle the dream.



Conclusions — Co-operatives Building Community: Where are we? Where are we going? How do we get there?

DR. HAMMOND KETILSON CONCLUDED THE DAY by emphasising a few ways in which to continue to promote the conferences themes of building engaged, sustainable, inclusive, and enterprising communities. Revisiting these themes, Dr. Hammond Ketilson recognized the contributions of each speaker. Ms. Turley-McIntyre pointed out the excellent fit between the co-operative model and sustainability. Mr. Banda clearly demonstrated the resilience of the co-operative model, noting that its greatest strength is when it is closely linked with and paying attention to the needs of local communities. Ms. Beckett's presentation underlined the significant changes in the financial services sector but also reassured the audience that credit unions are still committed to their communities. Mr. Keter reminded us that credit unions need to improve their efforts in reaching out to communities that have previously been ill-served by the credit union system. Mr. Lapointe noted that the services of the Saskatoon Community Clinic correspond well with the conferences themes of building engaged, enterprising, inclusive, and sustainable communities. Dr. Leviten-Reid helped the audience understand multistakeholder co-ops, noting that they have been successful in certain provinces and countries. Ms. Morris discussed Saskatchewan's capacity to support co-op development. And Mr. Patrie shared some lessons on how to avoid the pitfalls that have befallen certain co-operatives.

Dr. Hammond Ketilson pointed out that the United Nations has declared 2012 as the International Year of the Co-operative. This commemorative year will provide an opportunity to spread co-operative values and to showcase the importance of co-ops and credit unions within communities.