



How to build a co-op

Notes from the Co-operative Innovation Project — September 2015

A co-op is a business model built by – and for – a group of people working together. The creation of a co-operative requires a clearly identified need, available business know-how, people who can work together, and strong and innovative knowledge of co-operatives and how they work.

In a co-op business, the owners are the members who use the services provided by the business. Member-owned and community-based co-ops often have a greater social impact within a community than most businesses.

Building a co-op requires four components:

- A clearly-identified need (often with shared urgency among a group of people)
- Available business know-how
- Willingness to work together
- Strong and innovative knowledge of the co-operative model

A community with these four core pieces has the ability to build a co-op.

The Co-operative Innovation Project

From 2014-2015, the Centre for the Study of Co-operatives at the University of Saskatchewan led the Co-operative Innovation Project, looking into the possibilities of co-operative development in rural and Aboriginal communities in western Canada.

Through on-line and telephone surveys and open events in rural and Aboriginal communities in Manitoba, Saskatchewan, Alberta and British Columbia, the Co-operative Innovation Project asked: what are the needs in your community? And, what do you know about co-ops?

The Co-operative Innovation Project found that communities had different needs, depending on their geography, local economics, size, distance from a large centre, demographics, and other community characteristics. The co-op model, which is built from the ground up, by a community, is a great solution if and when all four pieces – need, business know-how, willingness to work together, and co-operative knowledge – are present.

What is a need?

A 'need' is anything that a community believes is missing or inadequate. Filling that need would make life better.

But there are differences between needs. Some can be big and even undefined, such as 'more jobs' or 'less crime'. Other needs are well-defined, sharp, somewhat more urgent, and potentially solvable, such as a local grocery store, a daycare, a farmers' market, or an oilseed crush plant. Only a community can decide which needs can and must be addressed, when, and how.

The second part of 'need' is *opportunity*. What is the business potential of this need? Will there be community support and uptake? Will the business turn a profit and be viable, or in other ways give back to the community? Is it sustainable? In other words, will the business last over the long term?

Not every need can be solved. Some needs may have social or cultural aspects that require careful thought and sensitivity. Other needs are large and complex and, while solvable, may require the co-ordinated effort of many parties over a longer period of time.

One final thought on need: as a community grows and changes, its needs change as well. A young and growing community, with lots of children, may have needs around childcare, education, and youth recreation. As that community ages, its needs may shift to health care, senior's activities, home care or long term care. Co-op businesses should grow and change, as community needs change.

What is business know-how?

Business know-how can come from a variety of sources: education and training, employment, current businesses in a community, and volunteering. All of these backgrounds are indicators of business capacity and strength.

Doing books for the local church is financial management; running a bake sale is marketing and sales; chairing a committee is administration and human resource management. All of these skills can be learned, and become better with practice. When a community has a range of people with business experience, its business capacity is likely to be quite strong.

A co-operative business, like any business, requires business skills relating to planning, feasibility, operations, marketing, organization, sustainability, logistics, accounting, personnel, and management. No one person has skills in all areas. A co-operative business model harnesses skills and abilities across many people, to work together toward the same goal.

Is your community willing to work together?

A community joins a group of people together. People feel welcome and included, valued and cared for. Are the members of your community willing to – and are they *allowed to* – work together effectively? Is there a history or culture of coming together to solve problems, such as building a skating rink or a museum or a food bank or finding a doctor? Are there volunteer groups that offer local services? If there is an emergency, do people help out? Being willing and able to work together well is critical in a co-op.

What we learned about need, business know-how and working together

In talking with people from all kinds of rural and Aboriginal communities across western Canada, we learned that communities that have good business know-how and a willingness to work together had the fewest needs that they could clearly identify or explain. In other words, they already worked together to address and solve local needs, so they had a hard time identifying what was left to do.

In our findings, western Canadian Aboriginal respondents reported that Aboriginal communities showed somewhat less willingness to work together than rural communities. Yet, community connection, longevity, and belonging are high in Aboriginal communities. Rural communities, many with aging populations, have a high sense of belonging and willingness to work together, but the aging volunteer base is thin and stretched.

Business capacity in both rural and Aboriginal communities can be lacking as many individuals with the most developed business skills either move to larger centres, or commute for employment, and may not have the energy to devote to building co-ops.

A co-op must have all the building blocks: a clearly identified need, business know-how, social capacity and co-operative knowledge. If one component is weak, then the group looking to build the co-op must identify which area to work on.

What is missing?

Three of the building blocks required for good co-operative enterprises exist to varying degrees in rural and Aboriginal western Canada: clearly-defined community need, business know-how and social capacity.

However, it was also clear that communities had a distinct lack – even absence – of knowledge about the co-operative business model at the community level, and how to innovatively apply this model to address different community needs.

When a need is identified, communities and entrepreneurs tend to turn first to traditional business models (for-profit business and not-for profit enterprises). Yet, we know that co-op businesses can and often do succeed where a private business or government intervention cannot.

What appears to be missing is strong knowledge of the co-operative model. Co-op knowledge was once strong through community extension agents, co-op developers and, most importantly, community members with a deep knowledge of co-operatives and how they worked. Getting this knowledge back will not be easy, in large part because, since it is absent, people don't know it is missing.

Developing this knowledge is key to the development of strong co-operative businesses in rural and Aboriginal communities in western Canada. This knowledge will set the path for innovative, community-driven solutions to community needs that use the strengths at hand: the people within each community.



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