



# Co-operative Development: Building Strong Co-operatives

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\* Reference: Co-operative Innovation Project (January 2016), *Co-operative Development: Building Strong Co-operatives*. Part of Co-operative Innovation Project Final Report. Centre for the Study of Co-operatives, University of Saskatchewan.



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## Introduction and Aims

Co-operative development, as an activity, has multiple players and pieces. Co-operative developers are people who provide expertise to groups looking to form a co-operative. There can be several co-operative developers, all with different capabilities and training, working at different times with a growing, developing, or operating co-op.

Robust co-operative development in rural and Aboriginal<sup>†</sup> communities requires strong support from the community in which the co-op is being developed. There has to be a reason to develop a co-operative enterprise; there also must be initiative, leadership, drive, and community support.

The goal of co-operative development is to build co-operatives that start strong and become resilient, functioning enterprises that work to solve members' needs. This chapter provides some insight into what it takes to build and grow strong co-operatives. It is not comprehensive; co-operative development is a broad term that encompasses a multitude of activities. The text below offers, instead, a close-up view of what is required for successful co-operative development, from the perspective of co-op developers who have wide backgrounds and varied experience working with groups to develop and grow co-ops in western Canada.

## Methodology

Between March and June 2015, CIP researchers conducted seven interviews totalling more than four hundred pages of transcript. These interviews were with co-op developers from the four western Canadian provincial associations and one from a private co-op development company.

The interviews provide a direct window into on-the-ground co-op development activities at the community level in western Canada. The interviews were coded with NVivo, a qualitative program that allowed us to analyze the text in a number of ways, including looking for key words, top references, and ideas that received the most attention. The analysis helped us to develop themes and theories about co-operative development. All quotations used in this chapter are from the interviewees.

The following chapter considers what might be important in order to have a robust co-operative development environment that supports both growth of new co-operative enterprises and the health of existing co-operatives in rural and Aboriginal communities in western Canada.

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<sup>†</sup> The Co-operative Innovation Project uses the term “Aboriginal” to denote Canada’s First Nations, Métis, and Inuit communities. This usage reflects contemporary census and other documentation which provide source citations throughout this project. We honour and respect the identities of each of Canada’s communities.



## What Is Co-operative Development?

The CIP team drew heavily on responses from western Canada’s co-op developers as it sought to define the term “co-operative development.” We simply asked experts in the field: “What is co-operative development?” Following are the central themes and explanations brought forward during the interviews.

### *Conversation*

The clearest and strongest answer from the co-operative developers is that co-op development *is a conversation*. It’s a conversation about the co-op model, about whether or not it will be the right fit, and what it takes to put a solid co-operative together. Whether that conversation is happening amongst a group of people who are developing and growing a co-op, or between a group looking at the co-op model and a co-op developer who might be facilitating that process, co-operative development is a conversation.

Co-op developers are adamant that there is a significant difference between co-op development through phone calls or email *versus* co-op development in-person.

If I was talking to them, it would be easier for me to do an analysis of where their strengths are and where they need support, and be able to do that through dialogues. You have to talk with people to find out where they’re at, and ask questions about what would help them the most.

There is a fluidity, and an active, on-the-spot response to the co-operative conversation that is improved and strengthened when the conversation happens within a live group dynamic.

### *Starts with Existing Co-ops*

Co-op developers argue that robust co-op development starts with existing co-ops and grows out of support from the larger co-operative community. In part, there is a practical reality to this argument: Government-based co-operative development is related to the governing party and its priorities. If and when those priorities change, support for (or direct engagement with) co-op development can change. A stronger and more secure base for co-op development comes from the existing co-op community: “The best place for people to work on co-ops is where co-ops already exist.” A caveat to that point is a lingering concern: If co-op development comes from an existing thriving business co-operative, will co-op development focus more on business development or on “helping to bring a community together to meet needs and provide services in a co-operative method?”

The sticking point, co-op developers pointed out, is making a clear connection between co-op development (developing new co-ops and growing existing ones) and showing how those efforts support a larger and more robust co-operative community — “helping along that dialogue where existing co-ops ... recognize that supporting the development of other co-ops in the co-op sector, helps them.” That connection must be strongly understood.



## Process

Co-op development is, in large part, the process or steps involved in creating a co-operative. It combines business planning and group development.

When I work with groups, I like to tell them right up front that incorporating a co-op is the easy part. The hard part is everything that comes as a result of incorporation or before incorporation, which is really figuring out where you want to go and working together with other people, because in a co-op it's different from a business.

The technical stage of co-op development is about building a co-operative business — crafting a business plan, securing financing, facilities, and employees, creating marketing plans, incorporating, holding membership drives, structuring the governance and bylaws, and so forth. The process falls within the *Explore* and *Create* stages of the Plunkett model of co-operative development.

Co-op developers emphasize that co-op development is a *long-term* process. It takes time to build a co-op because it requires both group development and business development.

The rewards of developing a co-op can take a while to get there. People have to be able to delay that gratification. So it's challenging to find the right group of people to do that with, who are willing to put the work in and keep putting the work in until you get the benefit of it.

## Government Support

Some of the most productive periods of sustained co-operative development in Canadian history, and certainly in western Canada, took place when two factors combined: professional co-operative development capacity was available to groups interested in working with the co-operative model, and there was funding to support co-operative development. Program support through provincial or federal funding mechanisms played an important role. Where and when co-operatives are viewed as important actors in the broader economic environment, government includes co-operatives in the larger picture of economic and social development.<sup>‡</sup> These supports can include core financing or a conducive policy environment.

## Education

“There will always be a role for experienced people who are passionate about co-operatives, to help co-operatives develop,” one interviewee noted. “People will be asking questions about, what’s a co-operative, and would it help a community need we have, and where do we get information about how to start a co-operative? I think there will always be a need for that.” As long as co-operatives exist, there will be an ongoing need for good education around them, including their history,

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<sup>‡</sup> For a robust analysis of the connection between the state and co-operative development, see Brett Fairbairn, *Co-operative Development and the State: Case Studies and Analysis* (Parts One, Two, Three, and Four). Centre for the Study of Co-operatives, 2000.



present role, and future. Education is bound up within the co-op conversation: “It’s a bit of pushing and pulling,” an interactive back-and-forth that is part education and part outreach.

### *Attitude*

“Co-op development is a process, and co-op development is an attitude.” There is a certain ethos or movement identity that relates directly to the co-operative idea, and this is the landscape within which co-op development exists. In some cases, it can come from a sense of disillusionment or economic disconnection. In others, there is a sense of resistance and empowerment, of creating an alternative story. Co-operative enterprises sometimes become the go-to solution to a particular kind of problem. The idea then spreads from community to community, and co-operative development can use lessons from one place to streamline the process and build on the positive attitude in another.

### *Environment*

“It’s very important for us to develop the environment, because if we don’t, we are always going to be struggling. The stronger the sector gets, the more activity there is going to be.” Growing the environment — building the larger co-operative community and keeping that community connected — is a critical part of co-operative development. “Co-op development is very much about the greater picture and ensuring that co-operatives know that they’re part of a supportive community and that there are supports out there.”

### *Summary*

Co-operative developers don’t often spend time thinking about what it is that they do — but when asked, the responses are illuminating. Co-operative development, in the eyes of practitioners, is more about conversations, relationships, and attitude than about the technical aspects of putting together a co-op business. While facilitation and technical development remain critical, there is more to the story. Education and general co-operative knowledge, the role of other co-ops and community response to those co-ops, government support, and the health of the larger co-op environment are important parts of the overall picture.



## Community Characteristics

Co-operative developers know that some communities may be more conducive to co-op development, or more willing to develop co-ops, than others. For rural and Aboriginal communities, what might be the key ingredients for robust co-operative development? What are the characteristics of a community that builds a co-operative? Can those characteristics be changed or built upon?

### *Community Catalyst*

The most important factor in supporting co-operative development at the community level is the presence of a community catalyst. Co-op vitality and energy comes from someone “marketing the co-operative model.” “We need people on the floor. That’s the bottom line for me, we need to be able to send people out to communities to talk to them (about co-ops).”

The person “talking co-op” can be from outside the community, such as a co-op developer, or from the community itself. A community may have people who have already worked with the co-operative model and have some knowledge of its impact and success. These people often become community catalysts, initiating conversations and bringing the model into discussion. A community catalyst can also be described as a co-operative promoter, but with a more active role. The catalyst — whom some may call an animator — has the ability to host and run a community-level meeting to inspire the conversation around co-ops, and to forward the idea, actively engaging with community members, elevating the co-operative idea, and drawing together co-operative supporters.

### *Need*

The second characteristic of a community that may use the co-operative model is a clearly identified need. While established co-op developers note that robust co-ops are often built to capture an opportunity rather than a need, developers note that in rural and Aboriginal communities, co-operatives tend to arise in response to a need, often acute. Without a need or opportunity to be addressed or filled, there is less reason to build a co-operative business. In simple terms, there must be a demand that the co-operative can meet.

The discussion around need is what brings a group of people together to try and solve the problem co-operatively. That commitment often comes from a sense of crisis, of shared pain at the community level — the loss of a major business, school, or grocery store can be a significant turning point. Sufficient collective recognition of the magnitude of the problem can allow a large group to coalesce around the idea of a co-operative solution.

### *Commitment to Community-led Solutions*

Several of the co-op developers reported that co-operative development is stronger when community commitment is high. This connection often responds not just to community need, but to a real desire to address that need and solve it locally. “They just have a strong commitment to the



community. There's got to be a strong commitment to the community. People who want their community to survive and thrive."

The driver that activates community commitment is a sense of empowerment, of "ownership of the enterprise that they are putting energy into ..., that's turning into something they can be proud of in their community." Communities realize that "the cavalry isn't coming in." If a group is looking to make local change, then that change must come from the community. Empowering and embracing their own vision of the future — and actively working to create that future — is at the heart of co-operative development. It is a critical community characteristic.

### *Strong Social Capacity*

Co-op developers note that co-operative development is strong in communities with adequate social capacity. Social capacity is social capital in action: people (social capital) with a willingness to work together (social capacity). They have energy and strength that often comes from a history of working together, or a willingness to try. As an example, one co-op developer described a community-based initiative: "You can put an ad in a small local paper or send a letter in to the paper, and you'll get people talking about the idea the next day." At the very least, one developer noted, there is "interaction between community members." People talk to each other and build their neighbourhood through those ongoing conversations.

Social capacity can be a combination of cold reality, which identifies and targets specific potential local barriers to working together, and "a community meeting [with] lots of people showing up, having a good time and really looking at kind of a social aspect to it." Communities can move forward by combining enthusiasm with a certain open-eyed directness that recognizes internal politics, gatekeepers, and differences of opinion that, when addressed, can help to build a stronger co-operative business enterprise.

Communities often display good social capacity in visible ways. These are the communities with active groups already in existence, entities that are already working to solve local community needs. Examples can be museums, art or drama societies, reading circles, elder or youth sharing circles, informal networks of support, food banks, or sports teams.

An interesting point about co-operative enterprises, as opposed to conventional business models, is that a co-op can influence and grow local social capacity. Working together co-operatively to solve a particular need can bring together a diverse group and help them coalesce around a project. The social capital created during the project can then be brought forward to address other outstanding concerns within a community.

### *Vision and Identity*

Co-operative developers suggest that communities that tend to be more supportive of the co-operative model are those that have a vision for their future, and "want more than just the basic realities." There is a certain dynamism and charisma to looking forward, to having a unique identity.



In these cases, the vision and identity can help grow community planning and can be found in economic diversification planning or support, an active chamber of commerce, or community development committee. Regional co-operatives can be found in areas where there is a growing regional identity, a larger-than-local outlook, where communities develop ties and affinity to neighbouring towns. Such co-ops grow regional business capacity and social capital.

### *Politics*

Co-op developers have seen, first hand, the importance of politics in co-operative development. Those politics range from the local view, to the political spectrum of right and left, to the democratic act of creating or joining a co-operative.

Larger-scale political factors are of primary importance during the development process. The most important is the role of government relations and public policy. The legal, taxation, accounting, and other rules and regulations around co-operatives form the primary landscape for co-operative development. Related challenges including education could be viewed as a political issue — if co-ops are not taught at school or business school, or aided by policy, there is a political aspect to that absence.

Community dynamics or politics that do not support co-ops can derail co-op development, while supportive politics are critical. At times, co-operative development relies on municipal support — for zoning, permits, or other support. Co-operative development must be aware of small-p politics, or the “politics of the people around the table.” While these differences can often be managed by direct negotiation, sometimes a co-operative initiative can find itself struggling, torn apart by internal politics. In other cases, the co-operative enterprise is viewed as a threat, either to conventional business development or to community politics. The one-member, one-vote model creates an intentional political and democratic expectation that can cascade across multiple political viewpoints.

### *Other Factors*

Other factors that may influence the growth of a co-operative in a rural or Aboriginal community may relate to size, distance from an urban centre, or other geographic isolation. If it becomes inconvenient or impossible to access that service or good by travelling, then the push to create a local solution gains momentum.

Past local positive experience with a co-op, or a local affinity towards a co-operative model or alternative ways of doing business, can also aid co-operative development. Communities that are rich in co-operative history can provide a good environment for co-operative development: “Once somebody starts a co-op and people actually see some activity around that, you will get other co-ops starting. I call them hotspots.” On the other end, a negative experience with a co-operative that demutualized or closed, or whose legacy left a problem for a community, can derail new co-op development.



## Co-operative Leadership

Leadership in developing a new co-op or growing an existing one comes primarily from within the co-op membership, and often from its founding board or ongoing board members as the co-operative grows and operates over the long term. Co-op developers, who have watched co-ops grow from idea to incorporation and beyond, point to the critical role of leadership: “In many cases, individuals within this core group carry the development process forward between consultations with developers.”

Co-operative leaders are different from conventional business leaders. While they may still need to have, or at least have access to, good business capacity, co-operative leaders have a few fundamental characteristics that make them stand out.

### *Commitment to Community*

Co-operative leadership requires a visible commitment to community. It’s a strong pull. By placing their energy and ability into creating a co-operative rather than a conventional business, co-operative leaders embody a fundamentally different perspective. As one developer phrased it, “Find their primary motivation to get the co-op going and it’s not just to have a co-op, it’s to meet a real community need.”

There is a collective commitment to make their community better in a specific way, using a co-operative model: “There’s a personal connection to the community, and they talk community very strongly. It’s ‘our community,’ ‘our business,’ it’s ‘we.’ There’s a strong sense of collectiveness around that.” Another developer noted: “They [co-operative leaders] just have a strong commitment to the community. There’s got to be a strong commitment to the community. People who want their community to survive and thrive.”

### *Shared Leadership*

A second characteristic of co-op leadership, which is closely related to community commitment, is a fundamental commitment to shared leadership. A co-op leader “leads from the middle” instead of leading by command and control. A co-operative leader values the democratic aspects of a co-op, where every member is equal. Leadership responsibilities, successes, and failures are shared: “Because it’s a model, it’s a shared ownership, a shared leadership piece. You have to feel part of it.” Co-operative leaders believe that there is strength in numbers, and that they will “by working together ... have much better success.”

Part of the shared leadership model is learning to be comfortable with not knowing the answer — the shared answer might be different from what any one individual thinks. Moreover, a co-op leader must be comfortable accepting opinions and direction from the whole co-op membership: “It’s a different kind of leadership, because you’re ... giving up some of your power as leader to those on the ground.”



## *Working Together*

Co-operative leaders have specific skills related to people, and to getting people to work together. These skills are about people management and building and maintaining relationships.

In a co-op setting, you know you don't try and be the person in the room that everybody looks at. What you do is if you are going to be successful in that setting is you get people talking together. You get people animated and having conversations all around you in which you're included.

Facilitating group activity, keeping meetings moving forward, and managing the multiple different personalities and pasts in a room are critical skills for co-op leaders. Typically, good co-op leaders are able to identify and match roles and responsibilities to the people in the room — matching skillsets and interests to the tasks required to build and grow a co-op.

Co-op leadership is also a matter of shared respect.

Probably most key is that they have to have a lot of respect for people, in the sense that they have respect for the players at the table.... They have to have the quality of getting people to speak up and stand up. They can't be doing all the talking. They have to be able to encourage and support, particularly in co-operatives, the perspectives of all the people around the table.

## *Business Acumen*

Another critical piece of co-operative leadership relates to business acumen. It's not necessarily about being a major business owner — almost any kind of business experience counts, from farming to running a non-profit to owning a retail or other kind of business. The acumen is, rather, a certain kind of entrepreneurial spirit, a desire to create something new that meets a need.

When a co-op leader has some business background, it builds personal credibility and may give community members a higher level of trust in the co-operative idea: "If you don't have that business background and can't speak intelligently and with confidence about the business plan, then it's very hard for you to represent, and convince people to go the next step." Yet, business skills are learned skills. In some cases, the co-operative enterprise might be the first place a co-op leader flexes those muscles.

## *Shared Vision*

Vision, or having a clear idea of what the co-operative will do and what issues it will solve, is a key driver in co-operative leadership. Vision is closely tied with related attributes such as passion, drive, and commitment. Potential co-op member-owners should all be on the same page for what the co-operative is going to do, be, and accomplish. Without that shared vision, a co-op can lose direction and sometimes dissolve, either before it ever gets to incorporation, or soon after.

Co-op developers also cite cases where a growing or established co-operative loses its way. It may be a viable business, but its identity and growth as a co-op fall apart if the membership loses its



shared vision and starts to build competing or alternate ideas for the co-op. While co-ops must grow and change to reflect the will of their membership, a radical change can break a co-op.

If co-operative leaders have a strong vision and commitment to an idea, they will often use their charisma and influence to bring others alongside. While such leaders are integral to co-op development as a source of energy, drive, and passion, a co-op can be derailed if that leader withdraws. On the flip side, a true co-op leader accepts that a growing or changing co-op membership may develop a different shared vision.

### *Quiet Leadership*

Co-op leadership is often quieter than other kinds of leadership. “They’re often the quiet ones who are in the background, they’ve seen the work, they’re not there for the ego; co-ops are not the best [places] for ego leaders.” Personal characteristics related to a quieter style of leadership are calmness, thoughtfulness, and empathy. There is charisma and ambition and energy, but it’s dedicated to the project, not to personal gain.

There is a sense that co-operative leadership goes against our cultural norms and understanding of leadership — of a person standing at the front of the room driving others to their will. In fact, co-op developers are on the lookout for groups where one person is dominating the decision making and the ideas — that’s not a co-op.

### *Project over Politics*

Co-op leaders come from all points on the classic political spectrum, from left to right: “Co-ops are never a right-wing solution or a left-wing solution, it’s an *up* solution.” There isn’t a direct connection between co-operatives and any one political party. Co-op leaders prioritize project over politics. That said, co-op leaders know community dynamics and barriers, and address them. They “want to work behind the scenes, they just want to make it happen in the community.”

Politics *does* come into play in a certain sense. Some co-op developers suggest that the act of joining a co-operative, grounded in democratic values, is a political act. A co-operative uses democracy in an explicit way. Those who want to form or join co-operatives tend to believe in democracy, and as a result, are more likely to vote in elections, pay attention to platforms and policies, and voice concerns. There is a connection on a broader political level to a democratic ideal that respects and supports the individual right to have a say.

### *Social Awareness*

A co-op leader is often aware of larger societal issues such as poverty, injustice, or inequality. Often, co-ops grow “in an underserved community or potentially a marginalized community in some way.” Whether the co-op is being developed to serve a particular neighbourhood within a city, or in a rural, remote, or Aboriginal community, it may have a connection to absence, to a recognition that something important is missing or inadequate. Issues of fairness, equity, and balance may push the co-op leader to initiate change.



Yet, co-op developers urge caution: Too much idealism can derail a co-op. As a business enterprise, a co-op must be built with an eye to practicality, level-headed business practices, and pragmatism. Those characteristics inspire confidence and investment, which is critical.

### *Controlled Energy*

A co-operative can take a long time to move from idea to incorporation, from incorporation to launch, and from launch to sustainable success. A co-op leader requires a deep well of strength and energy to be able to commit to a project from concept to operation. Identifying clear targets, celebrating milestones, making decisions, and moving a project forward are all part of the controlled energy required by co-op leaders. They also need confidence, self-motivation, independence, persistence, patience, and adaptability.

### *Summary*

Active co-operative developers have worked with a broad variety of leaders looking to develop co-operatives. They clearly identified some key characteristics of co-operative leadership that may be somewhat different from conventional leadership styles. These include a significant and noticeable commitment to community, a dedication to a shared leadership style, the ability to work with others and support others to work together, a sense of credible business acumen, a shared vision for the co-operative business, a quiet leadership style, a commitment to the co-operative project over any sense of political or personal gain, a somewhat more heightened social awareness, and the ability to harness controlled energy to sustain co-operative development through time. Co-operative developers look for these indicators when working with nascent, new, or existing co-operatives, as a way to identify and target ways to support leadership as part of the development process.



## Co-operatives That Thrive

While co-operative development is primarily focused on helping new co-operatives to build and grow, co-op development must also focus on helping existing co-operatives to thrive. In order to consider what is necessary to host robust co-operative development, we asked co-op developers, “What are the characteristics of a co-operative that thrives?”

### *Member Engagement*

Co-op developers unconditionally said: “Keeping member engagement vibrant is really key to maintaining health in your co-op.” A vibrant membership leads to a diverse and energetic board of directors, volunteers, input, activities, new ideas, continual change to meet new community needs, and a clear sense of ownership. One developer went on to note:

Those co-ops that talk about member-ownership do the best. They’ve identified member-owners, as opposed to members. You can be a member of any club, but being a member-owner, that’s only really co-ops. So that’s a key piece.

One of the paths to sustaining and increasing member engagement is to continually recreate and promote the story of the co-operative. Telling its story of development and growth and reason for being will continually define and show how and why it addresses the need it was created to meet. Another way to sustain member engagement is to find avenues for two-way communication. Once a co-op is in operation, communication often becomes one-way. Creating interaction, not promotion, increases member engagement.

A critical piece of member engagement is initial and ongoing member education. “I think everything comes back to how much you know when you start your co-operative.” For a thriving co-op, member-owners know what a co-op is, how it works, and why it is the model used to solve that local need. Commitment, energy, and investment from the co-operative into the purpose of the co-op, its mission and values, is also critical for member education.

### *Community Connection*

A strong interaction between a co-operative and the community it serves is critical if the co-op is to thrive over the long term. In some cases, there is an ebb and flow of ideas and commitment through generations, which can be cyclical in its ability to grow or sustain a co-operative. In other cases, a strong co-op is one that knows what need it meets, and does it well, over the long term. These co-ops are proud of their place and role in a community and commit to fulfilling that role. The community commitment to local ownership is high. In this sense, the co-operative has a strong business side that is well run and successful in meeting its goals.

Other co-op developers noted that a co-op that maintains community connection is one that is willing and able to change and innovate as the community and economy changes. Generational change can mean that a co-op goes from meeting a need and solving a major local problem in the first generation, to being just a local service: “By the third generation, this need’s been met all their lives. They don’t recognize it. It’s just a service.” A co-op that can re-energize and grow into the



third or successive generations is one that uses innovation and change, responding well to how a community changes. Part of that community connection is deliberate succession planning and being mindful and responsive to the needs of new members.

In other cases, a co-operative such as a housing co-op or a community service co-op can actually build a sense of community. In many rural regions, the co-op is the only remaining business in town and operates the post office, liquor store, grocery store, and gas bar, and also supplies hardware, farm services, and community meeting space.

### *Governance*

Co-operatives have a strong interest in governance, in the processes of decision making, voting, and leadership. Through the development process, they can control and create a governance structure that suits member needs and the needs of the business. Finding a balance between deep member engagement in issues and a nimble governance structure that responds well to challenges and opportunities is one of the secrets of a successful co-op. “The social side [of a co-op] flows into the governance, the democracy and the ownership, which is what makes the co-op different than a company.”

A committed and effective board of directors is a critical component of the governance structure: “They need to be able to set aside their personal visions and their personal wishes in order to make the thing work as a co-op and work collectively.” Another respondent noted:

I think a lot of times co-ops cease to thrive when you’re not really paying attention about who you’re recruiting to the board of directors. You have to have an inventory of what skills and abilities you need to have on that board of directors, and how do we make sure this happens over time.

Board retreats, strategic planning, and visioning sessions can all play a role in creating and maintaining strong boards.

Although it may seem counterintuitive, encouraging tension and opposition can contribute positively to board governance and vitality. Co-ops can fail if board members all have the same mindset or background. The board will be stronger if it is comprised of people with different viewpoints.

With co-ops that *are* in operation over the long term, a key element to ongoing success is governance training for new members and new directors on the board. If the co-op also has a management structure that runs the day-to-day operations, maintaining good connections between board and management can make the difference. In such a case, co-operative education of the management plays a major role. Larger co-operatives may hire people into management positions who do not understand co-ops; governance training and education then become lynchpins in understanding how the co-op business model is different. The connection between the co-operative model and the management and decision-making process can make or break the success of a co-operative if there are long- or short-term decisions that go against the larger purpose of the business.



### *Sector Connection*

A co-op that is connected to the larger co-operative sector, or connected to other co-ops, has a better chance at surviving and thriving. “A co-op will fail for the darndest things.... But if they’ve connected in, they know to ask the questions. That kind of co-operation amongst co-ops leads to higher levels of success.” A joint study done by the BC-Alberta Social Economy Research Alliance revealed that connected co-ops showed greater sustainability over the long term. Finding and connecting to mentors who have had co-op or similar business experience are also noted as key factors in helping a co-op to thrive.

### *Balance*

A co-op business model is different because it requires a balance between the social/governance side and the business side of the model. Working to make sure that both pieces are strong and that they work well together is what makes for a successful and thriving co-operative. As one developer noted:

There’s co-ops that are ripe in their markets, that they’ve got an excellent business model, they’ve got significant business opportunities, and they fail because there’s an internal breakdown in the co-operative. Members lose trust with each other, or there’s a significant roadblock to continued success and then despite the strength of the business model, the governance model and the ownership model fails.

If the co-operative becomes unbalanced, if one side is working but the other is not, the co-operative could fly apart, or demutualize, and no longer operate as a co-operative.

### *Resilience, Proximity, and Energy*

A co-operative that thinks ahead through different potential scenarios has a better chance at survival over the long term. The co-op plans for, and can withstand or even benefit from, challenges and changes in its environment. Developers also note that proximity and regional co-operative energy can play a role. Energy, understanding, and support for the co-operative model and idea usually correspond with places that have a high number of co-ops, or a place where new co-op development is taking off. There is an energy to concentration and success that can help co-ops to connect and thrive.



## Co-operative Development Culture

Developing or growing a co-operative is an activity performed within a larger environment. Another way to look at it is to think about the pieces and players of this larger picture. A co-op must find a way to “fit” in with different cultures: co-operative, community, politics, and business. If the growing co-op does not fit well within these cultures, it may not grow and develop as a co-operative — or, it must specifically address when and where it does not fit, and try to change that. The following are drawn from the interviews with co-op developers.

### *Co-operative Culture*

Co-operative development that is connected to the existing co-op sector has a more intuitive understanding of the co-operative model. If this is the case, co-op development becomes community based and responsive to changing needs. Mentorship from the larger co-op culture is important to a new or growing co-operative. Connecting to other co-ops significantly enhances success.

A word of caution: Co-op development should not be a self-replicating process. Co-op developers, even when armed with a toolbox of specific examples and a template that has been proven to work in other communities, know that true co-op development must build a co-op that suits local circumstances. Nonetheless, the larger co-operative culture is a critical piece of the co-op development environment.

### *Community Culture*

A rural or rural Aboriginal co-operative is closely linked with community, and there are community characteristics in play that can support or derail a co-op initiative or enterprise. A strong link between a healthy and supportive community and its co-op is necessary if it is to grow and thrive.

Certain characteristics, such as a willingness to work together (social capacity), local business knowledge, and a clearly identified need are key, as is knowledge of the co-op model and the presence of co-operatively minded, community-based leadership.

### *Political Culture*

Co-op developers recognize that there are multiple political aspects at play in co-op development, from the local to the national level. The most important are government relations and public policy, or the legal and policy framework within which a co-operative operates. Lobbying efforts to create policy changes happen within a larger political framework that may or may not support co-operative business efforts and must recognize the role of the political spectrum.

Local politics, from band councils to municipalities, are an important piece of the political culture. Co-operatives represent both economic power and collective democratic power, and have the potential to grow or oppose local power. Interestingly, co-op developers suggest that co-op leadership comes from across the political spectrum, and that their efforts focus more on project than politics.



### *Business Culture*

Co-operatives operate not only within the co-operative culture but also within a business culture. They require a clear connection to the larger business and economic development environment — those that do not, soon fail. A sense of entrepreneurialism and ambition, often typical of investor-owned businesses, is part of the mix.

Co-operatives will sometimes form as an alternative to, and sometimes as a statement against, capitalism. But co-op developers are clear to note that few co-ops formed purely by ideology have the business capacity to survive or thrive. Developers noted the need to alert economic developers versed in traditional business models to the possibilities of the co-operative model. Without knowledge of the model, they will not support it.

### *Summary*

A growing co-operative requires a strong relationship with each of the four cultures — co-operative, community, political, and business. If a co-op is cut off from the larger co-operative community, it can face significant challenges. If it is not well connected to its community and able to respond to its needs, a co-op can lose its purpose. A co-op needs a strong connection to its business community in order to ensure stability and find opportunity. Finally, a co-operative must know its political environment (from the micro local level to the macro level) and work within it to grow and develop.



## Co-op Development Activities

If co-operative development is a conversation, it is one that takes place both within a group working to develop a co-operative, and within and between parts of a larger environment that draws from co-operative, community, political, and business culture.

The co-operative development conversation is comprised of a variety of activities. These activities can be classified as both “active” and “passive.” Following is the Co-operative Innovation Project’s opening outline.

### *Passive Co-operative Development* (services a healthy sector)

- a. Responds to outside requests
- b. Develops websites, brochures, books, modules
- c. Operates as a clearinghouse of information
- d. Operates as a connector (between developing groups and developers, between sector groups, between levels and scales of actor influence)
- e. Operates as a lobby group for sector interests
- f. Advocates for changes in policy, taxation, laws
- g. Offers education and leadership learning opportunities to future co-operators
- h. Provides training about co-operatives as needed and as requested
- i. Establishes oversight and standards for co-operative development protocol and practice

### *Active Co-operative Development* (strengthens a growing sector)

- a. Inspires others to think about the co-operative solution
- b. Demonstrates the co-operative model in action
- c. Facilitates co-operative development steps
- d. Co-ordinates planned promotion campaigns
- e. Activates opportunities and spaces for adult education
- f. Hosts and supports community outreach
- g. Facilitates open community meetings framed around needs
- h. Identifies and inserts itself into opportunities
- i. Measures/takes the pulse of the co-operative sector through active research programs
- j. Funds co-operative development
- k. Identifies gaps and ways to improve
- l. Extends co-operative development into underserved sectors, regions, or marginalized groups



## Conclusion

Co-operative development, as explained by co-op developers with extensive experience, is a complex, multi-level set of nested activities and players within a larger environment. Co-operative development is both an activity — such as conversations, technical aspects of building a business, the process of helping a co-operative group to coalesce, and work towards co-operative education — and an environment, which can include government and policy support, co-operative knowledge, connections to existing co-ops, and a co-operative attitude.

The Co-operative Innovation Project noted several key points that are critical across most or all co-op development experiences.

The term “catalyst” can describe anyone who is at the heart of co-op development, providing much of its motive force and energy. From the community perspective, a catalyst can be a co-operative promoter or animator who shepherds the idea and helps insert it into the community conversation. Other catalysts could be co-operative leaders, those working to create the new co-operative or build and grow one already in existence. A catalyst could also be a community economic developer or other official who believes that a co-operative model may provide the best solution to fill a local need. From outside a community, a catalyst could be co-operative developers working at the community level to inspire or explore the co-op model. Other catalysts working towards a more robust co-op development environment could be found in universities, policymaking, law, accounting, taxation, regulatory or registrar groups, or other government agencies. These catalysts can identify areas and places where change would benefit growth within the larger environment.

Another key general point is the importance of connection. Whether speaking of group coalescence and cohesion around an individual co-operative business, or of connecting co-ops to other co-ops or to the larger cultures within which they operate, developers spoke clearly about the need for co-ops, and co-operative development, to be open, inclusive, and connected in order to grow.

The picture of co-operative development must include the four cultures within which co-operative development operates (co-operative, community, political, and business). These ideas will be brought forward to help build a model of a robust co-operative development environment.