Nova Scotia Co-operative Council
Understanding the Co-operative Business Model

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What do you think of when you hear the word “Co-op”?
School / Work Placement?
What factors come into play when trying to pick a business model?

Why does it matter which one we choose?
Non-ownership Business Enterprise Models

Not-for-profit Societies

Charities

Nova Scotia Co-operative Council
Business Enterprise Models

- Sole Proprietorship
- Co-operative
- Partnership
- Corporation

Nova Scotia Co-operative Council
# of Owners

Values + Principals

Governance

Liability

Profit Sharing

Taxation

Control
So you decide on the co-op model...
DEFINITION
A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

VALUES
Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.
7 Co-op Principals

1. Voluntary & Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy & Independence
5. Education, Training & Information
6. Co-operation Among Co-operatives
7. Concern for Community
For profit Co-ops vs. Non profit co-ops

• Non profits
  – Wider social/community mandate.
  – Surplus reinvested into co-operative.
  – Members do not share in profits.

• For profit
  – Members able to share in profits.
  – Must pay income tax.
Profit Sharing: Patronage Dividends

- Dividend size depends on each members financial activity with the co-op
  - i.e – Credit Union Loans + Rebate
- Those contributing the most have a larger financial reward.
- Board of directors determines.
Our Communities Benefit

- Local ownership & decision making.
- Local wealth retention.
- Local job creation.
- Positive community impacts.
Strength of Co-ops

- Twice as likely as companies to survive past first 10 years.
- Co-operatives credited for helping Canada through economic turbulence.
- Flexible and scalable.
TYPES OF CO-OPS
It’s all about the membership!

1. Co-ops exist to meet the needs of its members.
2. Who are the members of the co-op?
3. This determines the type of co-op.
The co-op is owned by its customers/users.

- Sells a product/service to its members.
- Staff not necessarily members
- i.e – Co-op grocery stores, credit unions.
Credit Unions

- Financial co-operatives.
- Member owned & governed.
- Dividends based on usage.
- Only option for financial services in many areas.
- Rated #1 in customer service of all financial institutions in Canada for 8 years in a row.
Producer Co-operatives

The co-op is owned by the producers.

- Members produce goods/services and sell them to the co-operative.
- Co-op packages, markets, & processes goods and gets them to market.
- Scotsburn Dairy Co-operative
Worker Co-ops

The employees own the co-op.

- Workers paid fairly for their position and also share in profits.
- Members control workplace and decisions.
  - Just Us! Coffee Roasters Co-operative
  - Curl Up & Dye Hairdresser Co-operative
  - Mondragon
Different classes of members own the co-op.

- Each class of members has a different type of relationship with the co-op
  - Consumers, employees, producers, etc.
- Local food movement: Farmers & consumers are members (CSA or CSF).
- Health Care: Home care & health care providers are members, consumers of services are also members.
Global Impact of Co-ops

- 1 billion+ members
- 100 million+ jobs, 20% more than M.N.C’s
- 3x more co-op members than shareholders.
- Top 300 co-ops generated $1.6 trillion USD in 2008
  - 8 of these are in Canada
Co-ops provide stability in turbulent global economy

"I want to build our relationship on instability, self interest, fluctuations and greed. OK?"

"No, lets build our economy on it."

Master of Management – Co-operatives and Co-operatives
2012 International Year of Co-operatives

CO-OPERATIVE ENTERPRISES BUILD A BETTER WORLD
What is “IYC”? 

• United Nations has declared 2012 as the International Year of Co-operatives 
• Recognizing the diversity of the co-operative movement around the world. 
• UN is urging governments to create a supportive environment for the development of co-operatives.
“The International Year of Cooperatives is intended to raise public awareness of the invaluable contributions of cooperative enterprises to poverty reduction, employment generation and social integration.”
Government Support of IYC

"Cooperatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility. ” - United Nations Secretary-General Ban Ki-moon

“Canada’s co-operatives play an important role in our nation’s economic prosperity. The health of our co-operative enterprises has been a critical factor in helping Canada weather the global economic crisis and emerge relatively unscathed.” - Prime Minister of Canada, Stephen Harper
"Coops and credit unions strengthen and build communities and make life better for people. That’s why this movement has always been such an integral part of Nova Scotia and such an important part of our fabric.” – Premier Darrell Dexter

Co-operative organizations help build and sustain healthy communities, they; promote jobs, stem the outflow of capital, and enhance the quality of life for those in our province, throughout the country and the world. – Outgoing CBRM Mayor John Morgan
THANK YOU!

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