CURRICULUM AND STUDY MATERIAL
MODULES 1-3

Sigrún Lilja Einarsson
Emil Bjarni Karlsson

CENTRE FOR RETAIL STUDIES
BIFROST UNIVERSITY – DEPARTMENT OF LIFELONG LEARNING
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Introduction

This study booklet is a result of the project Conventus – Learning Model for Cooperatives and its aim is to provide study material for groups and individuals who aim at starting up a new cooperative and also for members of existing cooperatives.

This booklet is a teacher’s copy and includes descriptions of 3 different modules, learning outcomes, suggested target groups, study material and assessment tools for each module.

The modules presented in this study material are:

- Module 1 – History, ideology and status of the cooperative movement
- Module 2 – Being a cooperative member
- Module 3 – Establishing a new cooperative business

The Conventus project is also developing 2 more modules (Module 4 – Managing a cooperative and Module 5 – Developing existing cooperatives) and for Iceland, these modules will be developed on a later stage since the first two modules fit the Icelandic scenery at the moment. There are very few cooperatives in Iceland in the present day, no public debate existing on the cooperative form and few experts in cooperatives at present.

The study material is designed from a pragmatic perspective, aimed at individuals with a diverse background and education, based on material from partner countries in the Conventus project. Further description of each module (module description, learning outcomes, target groups, study material and assessment) can be found in each chapter.
1 Module 1: History, ideology and status of the cooperative movement

1.1 Module description

This module aims at introducing highlights of the history, background and ideology of the cooperative movement, specifically the origin of the movement on European level and the history and development on national level in every partner country. The aim is also targeted at increasing members’ understanding on how cooperatives are a different kind of business and how to put cooperative principles and values into action. This module can be used as an introductory part along with one or more of the following modules.

Special focus will be put on creating cooperative attitudes. Cooperative values and principles are discussed and introduced with the purpose of making cooperative members, workers, managers, board members, co-operators to-be and other target groups aware of the ideology of the cooperative thinking and how to incorporate this philosophy into their work and everyday life.

The status of the cooperative movement, both on EU/world level and on national level (of partner countries) will be introduced and finally, the general attitudes towards cooperatives and the future of the cooperative movement will be discussed and debated.

1.2 Learning outcomes

Knowledge / attitudes

After this module, student should ...

• have acquired basic knowledge of the origins of the cooperative movement
• be aware of the historical context of the cooperative movement both EU/worldwide and the historical development of the cooperative movement in their home country
• have increased awareness about how cooperatives are a different kind of business
• Evaluate his/her own perceptions and perspectives towards the cooperative ideology

Skills / useful tools

After this module, students should ...

• Be able to define a cooperative
• Be able to incorporate the cooperative ideology into their work and everyday life
• Be able to use the cooperative ideology as a guiding light in their work / to be active members in the cooperative

1.3 Target groups

This module can be aimed at different target groups whereas it is important for every person associated with a cooperative to be aware of the origins and ideology of the cooperative movement:

• Cooperative members
• Cooperative workers
• Cooperative managers
• Cooperative board members
• Employees, managers and board members at cooperative unions
• Co-operators to-be
• Cooperative trainers and advisors
1.4 Module 1 - Reading material for students

1.4.1 What is a cooperative?

A cooperative is like any other business but it is owned and run by its members, who share fundamental values that have been formulated in the seven cooperative principles (see further in section 1.4.4.). Members can be either the customers themselves, employees or simply users (like in housing cooperatives). The idea is that every member of a cooperative has an equal say about how the cooperative is run and they get an equal share in the profits. The key is one member = one vote – it doesn’t matter how many shares this individual owns, he/she only gets one vote. That is the one of the main characteristic of a cooperative that distinguishes it from other types of enterprises – the emphasis on democracy and social responsibility. Another important characteristics are the concepts of joint ownership – owning together – and the democratic control of cooperatives.¹

The cooperative identity can be described as such:

A cooperative 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.²

Cooperatives are business driven companies – however, as previously mentioned, they are driven by specific values and principles that are shared and internationally agreed. The main aim of these principles is to build a better world, emphasize on sustainable enterprises and generate jobs and prosperity.

To put things in perspective, next section will describe the origin of the cooperative movement and the cooperative values.

² See further here.
1.4.2 The origins of the cooperative movement – fulfilling a need

Why were cooperatives established in the first place? The overall aim of the cooperatives was to fight poverty and unstable working conditions of the general public in the latter part of the 19th Century, especially in Britain and France. In the late 18th Century, societies in Europe had undergone major societal changes. Factories emerged; all the labour force that used to work in agriculture moved to the cities to work in major enterprises where conditions were unstable and unsanitary.

Big growth of capital and hard competition between industrial enterprises caused cuts in workers’ salaries, which then caused poor conditions of labour workers. Men, women and even children had to work for long hours for low salaries. Unemployment rate increased and there was no job security since no labour unions existed (no cooperation between labour workers against their employers).

Due to these poor conditions, the ideology and the model of a cooperative emerged from a need – as an answer to poverty and in order to give the public better lives. Poverty among farmers and the working class was a consistent problem, particularly in rural areas where the public had difficulty of accessing affordable goods and services.

The major reasons of establishing cooperatives were numerous, e.g. to purchase in bulk to achieve lower prices, increase bargaining power, share common costs of new technology, add value to agricultural products for farmers, gain access to new markets, obtain new services and provide credit under reasonable terms. The aim was in a nutshell to achieve economy of size and reduce risks associated with new enterprise – thus to create a stable environment for the public to access service
and goods for reasonable prize and as well for farmers and small producers to get reasonable prices for their products and the possibility to have access to a stable market.³

Trentino area in Northern Italy is an example of an area with strong cooperative tradition. Primarily in one of the poorest areas in Italy in the 19th century, cooperatives were established in order to improve the lives and living conditions of its inhabitants. Now, cooperatives play an important role in the economy of Trentino and employment rate is low (see further in section 1.4.9).

In various countries, cooperatives have been strongly associated with political forces. In Iceland, for example, the cooperative movement was associated with the Progressive party. The movement was considerably widespread throughout Iceland in the 20th Century, until it collapsed in the 1990s. Since then, few cooperatives have survived and not many have been established (see further in section 0). According to CreditInfo, 31 cooperatives exist in Iceland at present (in June 2013). The general attitude towards cooperatives in Iceland seems to be associated with the old cooperative movement and is considered rather negative at the moment.

The Polish cooperative movement is another example where the cooperative movement in Poland has been associated with communism. Therefore, the general attitude as well as government perspective is rather negative towards the cooperative form in general (see further in section 1.4.10).

1.4.3 The first cooperatives – The Rochdale Pioneers⁴

The first company considered to use the cooperative ideology was founded in Fenwick, East Ayrshire in England in 1769, formerly as the Fenwick Weavers’ Society. This cooperative was a consumer co-operative where its aim was to practice collective purchasing for the benefit of members, like bulk food items and books. The Society was reconstituted and reconvened in 2008 as a cooperative in memory of the heritage of Fenwick weavers. The Rochdale Society of Equitable Pioneers established the

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³ See further here. For further insight into the history of the coop movement, see for example Shaffer, J. (1999). Historical Dictionary of the Cooperative Movement. Scarecrow Press.
Rochdale Principles in 1844, which formed a basis for development and growth of the modern cooperative movement. These principles were based on the values of self-help, self-responsibility, democracy and equality, equity and solidarity, honesty and openness, social responsibility and caring for others. These principles are perceived as guidelines on running a responsible business for the community.

1.4.4 The 7 Cooperative Principles

What distinguish cooperatives from other forms of enterprises are the shared ethical and yet practical values that form the basis for the organization and operation of a cooperative. These values have been implemented into 7 principles, originally presented by the Rochdale Pioneers. The principles highlight the ethical factor of the cooperative thinking, e.g. ethics as an essential aspect of the local economy:

1. **Voluntary and open membership:** Cooperatives are open for all who want to use the service of the cooperative and also accept the responsibilities of membership. There is no gender, social, racial, political or religious discrimination regarding membership.

2. **Democratic member control:** Cooperatives are democratic organizations that are run by their members. Members set policies, make decisions regarding the organization of the cooperative and voting rights are equal; one member, one vote (even though one member has more than one share).

3. **Member economic participation:** Contribution of members is equitable and the cooperative capital is common. Compensations of members are limited and the purpose of the use of capital is to develop the cooperative and supporting other activities approved by the membership. The members will benefit in accordance with their proportion of transactions with the cooperative.

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5 See for example here.
4. **Autonomy and independence:** Cooperatives are autonomous, self-help organizations, which are controlled by their members. External agreements and capital resources are depended on democratic decisions among members.

5. **Education, training and information:** Cooperatives provide education and training for members, elected representatives, managers and employees. The purpose of training, education and providing information about the cooperative form is to contribute to the development of the cooperative and to inform the general public on the nature and benefits of the cooperative. Special emphasis is on informing young people.

6. **Co-operation among cooperatives:** The emphasis is to strengthen the cooperative movement by cooperation, in order to create effective service for members and by establishing local, regional, national and international structures.

7. **Concern for community:** Cooperatives aim at supporting sustainable development of their communities through policies approved by members.

These principles serve as a guiding light in all aspects of the cooperatives. It is believed that cooperatives which implement and apply these principles to their operations usually have longer lifespan and refrain from risk-taking (which may diminish the danger of bankruptcy). In Trentino, Italy (as an example) the cooperative movement emphasizes the chart of cooperative values, mutuality and solidarity as ‘constitutional foundations’ of cooperation and care of common good; social responsibility as responsibility towards people who are directly involved in the cooperative, social effects of work and development and welfare in society. The Trentino cooperative movement also highlights the inheritance of Don Guetty, who was a priest who cared for the needs of his people; implementing the spirit of cooperation and thus establishing a relationship between church and the world of work in Trentino.  

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6 See Cooperazione Trentina – public documents
1.4.4.1 Case study - The principles in practice: The Cooperative Group Ltd., UK

The Cooperative Group in UK traces its roots to a small shop in Lancashire and to the Rochdale Pioneers. Since 1844, The Cooperative Group has emerged to one of the largest organization of its type in UK. This enterprise is an example of a cooperative that puts the values and principles into action. The values are:

- Self help – helping people to help themselves
- Self-responsibility – taking responsibility and answer for their actions
- Democracy – giving members a say in how the business is run
- Equality – no matter how much money a member invests in his/her share account, he/she still has one vote
- Equity – the business is carried out in a way that is fair and unbiased
- Solidarity – sharing interests and common purposes with members and other cooperatives

The Cooperative Group has specific ethical values:

- Openness – nobody is perfect and the cooperative will not hide that it isn’t perfect
- Honesty – the cooperative is honest about what it does and the way it is done
- Social responsibility – people are encouraged to take responsibility for their own community and work together to improve it
- Caring for others

This enterprise takes the principles of the Rochdale pioneers as a basis in their strategy and puts the values into action:

1. Membership is open to everyone (even when the author of this text was living for a short period of time in England, she was offered membership at the Cooperative group) (Voluntary and open membership)
2. All members have an equal voice in making policies and electing representatives (Democratic member control)
3. All profits are controlled democratically by members and for their benefit (Member economic participation)
4. Cooperatives are always independent even when they enter into agreements with the government and other organizations (Autonomy and independence)

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See further [here](#).
5. Cooperatives educate and develop their members as well as their staff (Education, training and information)
6. Cooperatives work together with other cooperatives to strengthen the cooperative movement as a whole (Cooperation amongst cooperatives)
7. Cooperatives also work to improve and develop the community, both locally and internationally (Concern for community)

As an example, The Cooperative Group has worked on tackling global climate change through cooperative values and actions. The Cooperative Group is one of the largest supporters of renewable energy programs where one of it’s objectives is to be one of the world’s leading businesses tackling global climate change. Over 5000 branches are powered by renewable energy and all big businesses report energy consumption and carbon emission on regular basis.

The cooperative has supported initiative projects in climate change, like installing photovoltaic panels at schools across the UK; building the UK’s largest solar panel project; supporting the construction of six new wind turbines and building the largest in-house office waste-recycling centre in the UK.

1.4.5 Different forms of cooperatives

There are four different mainstream forms of cooperative enterprises existing in today’s economy:

Firstly, there are consumer cooperatives which aim is to provide members with goods and services for their personal use. Examples of consumer cooperatives are food cooperatives, credit unions, housing cooperatives and insurance cooperatives.

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8 See further [here](#). For further insight into the history of the coop movement, see for example Shaffer, J. (1999). *Historical Dictionary of the Cooperative Movement*. Scarecrow Press.
Coop Italia Società Cooperativa was established in 1947, with 56.700 employees and 7.400.000 members. It consists of 115 consumer cooperatives and is the largest retail chain in Italy with about 18.8% market share and is one of the leading supermarket chains in Europe in terms of corporate social responsibility (according to global consumer watchdog Consumers International). In 1995, Coop Italia introduced its private label Fair Trade product (coffee) under the solidal brand. The company also established the Coop private label, which implemented the SA8000 (Social Accountability) certification in order to maintain ethical standards on topics like safety on workplace and anti-child labour practices.9

Secondly, producer / marketing cooperatives which market their members’ products and services directly. Some cooperatives may also sell the input necessary to their members’ economic activities. Examples of producer / marketing cooperatives are agriculture cooperatives, pooling of equipment, advisory services and negotiations of prices with buyers. Another characteristic of a producer / marketing cooperative is the way of assembling products from smaller units / producers into larger quantities to processors, wholesalers and retailers. Agricultural cooperatives are an example of producer / marketing cooperatives.10

First Milk, a dairy cooperative in UK is an example of a producer / marketing cooperative, with 700 employees and 2000 members. In their coop story, they emphasize that ‘through our members, partners and joint ventures, co-operation means working with like-minded who share our ambitions, passion and sustainability beliefs.’ First milk has five different strategic ‘drivers’: a) Driving returns for its farmer members; b) growing its brands; c) diversifying its product and customer base; d) lowering its cost to serve and e) seeking value in partnerships. Following this strategy, the company has grown over the last few years, expanded markets and resulted in robust business in the benefit for its members. The cooperative produces a large number of dairy products which are sold all over UK, every 1.5 seconds.11

9 See further here and here.
11 See further here and here.
Thirdly, **worker cooperatives** provide cooperative members with work by operating an enterprise owned by their employee members. Examples of worker cooperatives are forestry cooperatives, leisure cooperatives, production and manufacturing cooperatives, tourism cooperatives, social cooperatives (especially cooperatives established and communications cooperatives) and marketing cooperatives. Another form, **worker-shareholder cooperatives**, consists of incorporated cooperatives that hold partial ownership of the business in which the members are employed. Because of its share capital, the cooperative may participate in the management of the business and the workers may influence work organization.

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‘Kooperativet Lärkan’ in Sweden is an example of a worker cooperative. Lärkan has 36 members / owners and was established in 2005. This cooperative has various types of activities, for example a second hand store, gardening service, bike-repair garage and a café. The vision of the cooperative is to help as many people as possible to get a fulfilled life and empowerment. Everybody is of equal value and everyone deserves and also has the right to have a good life.12

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The fourth form, **purchasing and shared service cooperatives**, are multi-stakeholder cooperatives where membership is made of different categories of members who share a common interest in the organization. Those cooperatives belong to small, independent businesses and municipalities. Examples are home care service cooperatives, health cooperatives and community service cooperatives (or social cooperatives).

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The Robert-Cliche Health Co-operative is located in Beauce region, Quebec in Canada. It was established in 2008 with 10 employees and 4700 members. Its main role is to address concerns in its region; aging population, retiring doctors (causing it difficult to recruit young doctors), medical equipment out-of-date and no new physicians practice (since 1994). Today, The Robert-Cliche Health Co-operative’s membership number is increasing as it offers medical service to the inhabitants of the region.13

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12 See further [here](#).
13 See further [here](#) and [here](#).
Financial or credit cooperatives are another form of shared service cooperatives. Cooperative banks, for example, provide their members with a wide range of banking and financial services. Cooperative banks must respect banking regulations but what differs them from other banks are the values and principles that cooperative banks must implement in their everyday activities.14

POP Pankki Group is an association of 36 independent cooperative banks in Finland, founded in 1997 with 709 employees and 108,711 members. Cooperative banks are considered important in Finland and have one-third of bank-market share, which is one of the highest in Europe. Originally, these banks belonged to the Central Cooperative Banking Group (OP Group) but split from it in the 1990s. In general, cooperative banks in Finland came out stronger than other banks during the crisis. The managing director claims that ‘the POP Bank group has a very light central organization and operates in a modern and cost-effective way,’ he says. ‘We see that it is not wise to make everything by ourselves. We buy services from the best vendors or partners. We focus on customer relationships and have outsourced the production of many products like mutual funds, securities, life insurance and cards.’15

1.4.6 Cooperatives in Europe – Facts, figures and general attitudes

In 2005, there were 256,742 cooperative enterprises in Europe with 163 million members and provided 5.4 million jobs. In comparison, in 2009 the number of enterprises had reduced to 157,385 with 123 million members – however, they provided 5.3 million jobs. It may thus be assumed that even though the number of cooperatives has decreased as well as number of members, the amount of paid jobs has not decreased as significantly during that four-year period.16

General attitudes towards cooperatives seem to be twofold in a nutshell: People working in the cooperative sector, especially in strong cooperative areas are generally positive towards the cooperative form. However, people who have limited knowledge of the cooperative form seem to be more sceptical towards cooperatives in general. There are examples of public authorities, which acknowledge cooperatives but do not necessarily support cooperative business start-ups. Following the economic in 2008, there seems to be a growing interest in the cooperative form among young people, politicians and

14 See further information on cooperative banks here.
15 See further here and here.
16 See Cooperatives Europe Activity Review, 2006-2010
decision makers. However, Poland seems to be an exception whereas attitudes seem to be unfavourable in general, due to the connection of the Polish cooperative movement to the communist regime (based on findings of GAP analysis in the Conventus-project).

Main obstacles for establishing cooperatives are twofold: Firstly a lack of financing and secondly a limited knowledge of cooperatives as a business format. The economic downturn in Europe following the 2008 recession has prevented people and companies from investments in new businesses. This affects all sectors and all business formats. However the co-operative business format should attract risk averse investors. Therefore the two obstacles mentioned above could be overcome by increased awareness and business education in the regions. In order to put the general attitudes into perspectives, the state-of-the-art of five European countries will be described in next section (based on findings of GAP analysis in the Conventus-project).

1.4.7 The cooperative movement in Finland

The Finnish Cooperative movement emerged in 1900-1910. Retail cooperatives are the biggest branch and cooperatives play an important role in rural area’s sustainable development. Big cooperatives are important employers and service suppliers in rural regions and employee-owned cooperatives are growing in numbers and creating jobs. This development has been especially beneficial for young graduate professional in areas where sustainable cooperative development is practiced.

Attitudes towards cooperatives in Finland vary between different regions. Attitudes are positive in areas that have cooperative development organizations and cooperatives are now accepted as ‘real’ business forms. Attitudes are therefore twofold – general neutral reaction towards for example SOK, which is the biggest coop market and there seems to be little knowledge on the service cooperatives, which have a challenging role. At the moment, there is a grave discussion in Finland on using the cooperative form in the public health service.

Young people in Finland generally have positive attitudes towards entrepreneurship but the threshold to start own business seems to be reasonably high. Joint entrepreneurship, establishing a business together with friends/colleagues attracts younger generation and there has been growing trend to find cooperative model as a business solution in variety of areas, e.g. in community farms (farm/field cooperatives owned by usually urban people to produce fresh food) and knowledge intensive worker cooperatives.
However, there seem to be positive influences whereas the public is getting tired of marketing forces and a growing emphasis on sustainability of the communities. However, there is still a tendency of considering the cooperatives merely as ‘playgrounds’ instead of real enterprises, whereas main operations of cooperatives are based on the community and are non-profit.

In general, negative attitudes are linked to ignorance and bad experiences from cooperatives and could possibly be altered with more information and more visibility. It is also considered important to increase number of members of existing cooperatives, get more help from the government and make the cooperative laws more effective.

The case of Finland is ‘Pienkoti Akseliina’ located in the town of Kemi in South Lapland. The cooperative is working in Social and Health care branch by producing the intensive service of the habitation for elderly people suffering from dementia. The cooperative’s mission is to provide accommodation, which combines safety and home-like informality. The service includes medicine control and service of home care nurses and the staff takes care of shopping and other daily needs for the elderly. The cooperative was established in 1999 and it has 7 owners, 6 of them working with social and health care issues and most of them have basic, local or public health degrees, including one in social service. The annual revenue is 400 000 €.\(^\text{17}\)

**1.4.7.1 What can we learn from the cooperative movement in Finland?**

In Finland, the cooperative form has been used to some extent in social sector, mainly as worker cooperatives owned by social sector professionals. Cooperatives play an important role in the development of rural regions, whereas they support sustainable development and serve as a platform for young university graduates in order to utilize their expertise in their home area. Cooperatives could cover much more of social service needs and services now offered by municipalities or private companies. There is growing interest towards cooperative model in both the social and healthcare sector, and some research is done on cooperative potential in elderly care sector which covers also idea of user cooperatives (service cooperative owned by elderly people or their family).

\(^{17}\) See further [here](#).
1.4.8 The Cooperative movement in Iceland

The cooperative movement in Iceland emerged in the latter part of the 19\textsuperscript{th} century. At the time, Iceland was first and foremost a poor society of farmers who lived in poor conditions with little space for agriculture and little access for trading goods. Trade in Iceland had been monopolised by the Danish for over 200 years at the time, where Icelanders had to pay high prices for imported goods but received low prices for their exported goods. The Danish merchants had all the power regarding prices and while many Icelandic households were high in debts for merely buying bare necessities, the Danish merchants collected enormous amount of wealth. Poverty, along with natural disasters, such as volcanic eruptions and cold seasons had resulted in a large-scale immigration (14000 Icelanders) to USA and Canada in the period 1870 – 1914.

Therefore, the roots of the cooperative movement in Iceland emerged from a need. The first cooperatives were farmers’ cooperatives, established in 1882. Major part of Icelandic cooperatives were mixed cooperatives around the country, running groceries, dairy productions, butcheries, fisheries, garage repairs, carpentries and other operational units, formed the basis in the 20\textsuperscript{th} century Icelandic economy. However, the Cooperative Movement (SÍS) collapsed in the latter part of 1980s, causing cooperatives around the country to go bankrupt. This collapse resulted in rather negative attitudes towards cooperatives and the cooperative form, which was considered to be ‘monopoly-oriented’ and also due to the political association of the cooperatives with the Progressive Party. Cooperative managers were accused of corruption and the political debate was negative as well. After the collapse of the cooperative movement, there was an increased emphasis on privatisation and free-market capitalism.

However, following the economic collapse in 2008, there is a growing interest in sustainability and social responsibility of companies instead of a ‘free and independent, pure capitalism’, and thus there might be a basis for the cooperative form in Iceland. Still there is little public debate on the cooperative form and the general public is yet not aware of the real cooperative ideology and worldwide use of the cooperative form. The cooperative laws must be reviewed and more public discussion is needed, without the political connection in the past.

Main obstacles for cooperatives in Iceland are firstly a general lack of economic investments and low stimulus for investments. Secondly, the attitude seems to be still quite negative, especially among those who can remember the collapse of the cooperative movement in the 1980s. Thirdly, the existing cooperatives in Iceland (like Kaupfélag Skagfirðinga) are still linked to controvertible businessmen and a certain political movement (the Progressive Party) and there is a lack of renewal in membership in current cooperatives. The Icelandic cooperative laws can be found here.
NPA Centre is a non-profit, social cooperative operating in the social and health sector, owned and managed by people with disabilities in Iceland. This cooperative was founded in 2010 with 33 founding members and is one of the youngest cooperatives in Iceland. The main purpose of the cooperative is to provide personal services and assistance to people with disabilities by using direct municipal funding (which is provided by law) in order to recruit their own staff and thus influence how they arrange the assistance they need in everyday life. The second purpose is to provide short seminars and courses for disabled people and their family members. Assistants (hired by members themselves) work according to job description written by members themselves, according to their needs and wishes. The aim is to enable disabled people to live the life they want to live, to have same opportunities to live their life like non-disabled people and manage how the assistance is organized and tailor-made according to everyone’s personal needs and lifestyle. The ideology of the NPA Centre is based on the philosophy of independent living, which has its roots to the disability rights movement in the 70s and is today a worldwide movement of people with disabilities ‘working for self-determination, self-respect and equal opportunities. In order to become a member of NPA Centre, prospective members need to fulfil these terms (according to the regulations, paragraph 4): “Individuals, who have disabilities have access to accepted municipal payments can become members of NPA and use the service of the cooperative. Those individuals, who have disabilities and have not yet access to municipal payments, have the right to join the cooperative. Members must pay 10 000 ISK when joining the cooperative and become a member.”

1.4.8.1 What can we learn from the cooperative movement in Iceland?

As evident in the summary above, the cooperative movement in Iceland collapsed in 1990s and general attitudes in Iceland seem to be linked to the history, with special emphasis on the collapse of the movement, as previously mentioned. The cooperative movement in Iceland was also strongly associated with the Progressive Party – thus the cooperative debate was always been political. Thus the biggest challenge in Iceland will be to establish a new cooperative thinking, free of the political associations from the past.

18 See further here.
1.4.9 The Cooperative movement in Trentino, Italy

The province of Trentino is a mountain area located in the North of Italy, only 2% of Italy and 60% of the area is above 100 m altitude. This area used to be one of the poorest areas in Italy in the 19th century resulting in emigration of 24000 to America from 1870 to 1890. The first cooperatives were established in order to support the area and reduce poverty – in 1890s the first consumer cooperative and cooperative bank in Trentino were established.

The cooperatives play an important role in Trentino’s socio-economic framework and create both wealth and employment for the society with 2.6 billion Euros in income and provide work for 17.000 people. At the same time, unemployment rate is very low in the province of Trentino; 4,5% compared to 11,5% in Italy. The cooperatives support the wellbeing of members and the community, whereas 50% of inhabitants (500 000) are members. The cooperative system in Trentino is a both social and cultural movement in close relationship with the community and creates a large proportion of the local economy; 90% of local agriculture, 55% of the credit sector and 38% in the consumer sector. The cooperative system aims at resolving and improving welfare of its members and the community.

Attitudes towards cooperatives are quite positive among the public in Trentino, due to its historical context and in comparison with other forms of enterprises. There is a strong belief in the origins and traditions as a family heritage and this region is generally open for this kind of business model. Local authorities show interest in cooperatives, which is represented at a local level with a specific department for the development of cooperatives. However, public bodies still see cooperative enterprises only as SMEs, without emphasising their social role and characteristics. Local academic interest is also not as great as it could be considering the impact of cooperatives in the economy and territorial development.

There are no particular obstacles for establishing a cooperative in the province of Trentino – on the contrary, political and socio economic frameworks favour and support their development.
Risto3 is the biggest worker cooperative in Trentino with its over 30 years of experience, 380 members and 1.042 employees and a widespread presence throughout the local territory providing approximately 6 million meals a year from its 250 kitchens (catering and especially canteens in schools and for workers), with an annual revenue of about 45 millions euros.

Since its beginnings in 1979 (started with 5 women who had lost their jobs) it has become leader in the catering industry, thanks also to the professionalism of its workers and an entrepreneurial strategy that has always privileged high quality service and products. In fact, they are very rigorous in choosing local produce and suppliers, respecting the environment, actively recycling, and undergoing regular health and hygiene controls to assure maximum food safety.

Social cohesion and employment are important features of this coop as Risto3 is one of the few enterprises that responds especially to women’s needs for flexible working hours, and is an example of integration of different cultures employing women from 40 different countries. They are also very active in charities in less developed countries.  

1.4.9.1 What can we learn from the cooperative movement in Trentino?

Trentino is an example of a region with a strong cooperative culture, where cooperatives play an important social and economic role in the region. It is in fact one of the European regions with the highest density of cooperative enterprises in the greatest variety of economic sectors, some of which have been active since the end of the 19th century. Over the years, the cooperative experience in Trentino has further expanded from the traditional areas of credit, agriculture and consumers, to now encompass social services, environmental management, energy production, culture and education.

The cooperative system in Trentino is therefore a worthy case study for those studying social economics as it reflects many of the transformations in cooperation in Italy and in Europe. The experience of Trentino however does not claim to be exemplary compared to other models, although it is unique, and can be an inspiration when seeking new strategies to face modern day challenges of our societies.

The main characteristics of the cooperative model in Trentino are:

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19 See further here: http://www.risto3.it
1) Small cooperatives - cooperative enterprises are mostly small and medium size in Trentino, due to the geographic morphology of the territory characterized by mountainous areas and to the administrative subdivision into many valleys and small communities (only 2% of the 217 municipalities have 5,000 – 15,000 inhabitants, 30% between 500 – 1,000 and 22% less than 500 inhabitants). Smaller cooperatives have the advantage of being able to encourage a stronger sense of belonging with the territory and are closer to their members, allowing specific interventions and providing a better solution for community needs.

2) Consortia - are second level organizations whose members are cooperatives. This is one of the successful key elements of the cooperative model in Trentino, where consortia have a fundamental role in assisting and strengthening the small cooperative enterprises in facing the global market as the Consortia coordinate and integrate the activities of each sector, providing technical assistance, marketing services, consultancy, training and research for the cooperatives associated.

3) Central position of the Federation of Cooperation, which is horizontal and not a third level organization, as both cooperatives and consortia, can adhere and benefit from the services provided. The Federation legally acts as political representative of the system at local, national and international levels, carrying out accounting and bookkeeping services, supervisory boards and auditing services. The Federation is the only representative organisation of the cooperative system (a single system that groups together all sectors: consumer, credit, agriculture, labour, social, service and housing) as a result of the joining in 2000 of two different representative organisations: Confcooperative (of Catholic orientation or white cooperation) and Legacoop (social orientation or red cooperation).

1.4.10 The cooperative movement in Poland

In Poland, rural cooperatives were established in the 19th century – the first cooperative was established in 1816 for peasants and in the 1860s agricultural and trade cooperatives, dairy cooperatives and savings and loans cooperatives were established, but were oppressed by the authorities. In Poland, cooperatives have usually been associated with communism. After 1948, farmers were put under political, administrative and economic pressure to join cooperatives. However, in 1956, farmers began to abandon the cooperatives. From 1960 to the end of the communist era, the state intervened in the decision making in the cooperatives’ productions. However, after the end of the communism, the functioning of the cooperatives was abolished, their assets sold below value and the market was opened for foreign goods (Ilona Banaszak).
The attitude is unfavourable mostly due to the recent historic heritage and association with the communist era. Generally the cooperative business model is not perceived as an alternative business model and has been disregarded by the political elites of the country for the past 20 years. The result of which has been the diminishing number of cooperative societies – it has diminished by half since 1989. The second reason for unfavourable growth conditions is that the law give more privileges to commercial companies than cooperative societies, which pushes co-operators to seek the way out of the cooperative sector. Additionally, the government has been negative towards cooperatives, there is a lack of interest of Polish citizens in setting up new cooperatives and lack of renewal in membership.

In Poland, generally, the attitude is not favourable, both among the representatives of political powers and mass media, which translates into the same negative opinion of the majority of Polish people (apart from the persons connected with the cooperative sector). The reasons may be a certain lack of knowledge on the cooperative business model, its historical role in Poland and the association with the communist era. There is certain fascination with the liberal ideas and disapproval of all communal forms in favour of individualism.

However, there has been some positive change of the attitude. The cooperative ideas are becoming more and more attractive among certain youth-groups, the attitude of some politicians has been gradually improving. The President of Poland has expressed some positive opinion on the cooperative sector and has organized a cooperative forum.

On the other hand, as far as legal context is concerned, cooperatives in Poland are treated worse than commercial companies/private firms. What is missing is stable cooperative legislation, all legal initiatives tend to abolish or limit the scope of activity of the cooperative sector. It has a great impact on – alongside the already mentioned factors – the general attitude towards cooperatives and it certainly does not encourage people to set up new cooperatives.

The Polish cooperative sector has a substantial social influence. Polish cooperative sector translates into 9000 cooperative societies, 8 million members and around 300.000 employees. Members of the cooperative societies altogether with their families form almost half of the Polish population. Cooperative business model is associated with stability and social safety due to cooperative principles, which determine democracy, solidarity, self-help, co-operation etc. – all the features that the corporate world is deprived of.

1.4.10.1 What can we learn from the cooperative movement in Poland?
In the Polish context, it is first and foremost important to educate politicians, journalists and the youth to make them understand that the cooperative sector is not the relict of the old times; that cooperatives proved to be immune to the global crisis, that cooperatives are important for worldwide economies. The second thing would be to provide a good, stable cooperative legislation. Those sectors, which have succeeded lately, were provided with reasonable legal solutions. The third thing would be to support all initiatives, especially of the young people setting up new forms of cooperatives (social cooperatives for example) and forms resembling cooperatives, which may contribute to the attitude change.

Education should exemplify the advantages of choosing the cooperative business model by showing the best practices not only in other countries, but also in Poland. It would be worth underlining what problems – similar to those in Poland – have been solved with the help of cooperative sector, but also what kind of obstacles occurred while setting up and daily activities of cooperatives and how these problems were overcome. Cooperative values and principles should also be stressed as factors, which strongly differentiates the cooperative sector from the commercial one. It is also important to be reminded of the cooperative tradition and of all the great persons who have been connected with the cooperative sector throughout the history. It should be emphasized that being a co-operator is the reason to be proud, but not to be ashamed.

1.4.11 The cooperative movement in Sweden

The Swedish cooperate movement began to emerge in the 1890s, following the growth of Sweden’s industrial revolution. The working class grew rapidly in urban areas and in the era between 1896 and 1899, 200 new consumer cooperatives were established.

There is a general lack of knowledge of this specific form of enterprise in Sweden. Cooperatives are not considered an important part of the economy and are considered rare, even sometimes regarded as an old and out-of-date way of running a business; often confused with voluntary associations. However, attitudes among young people tend to be more positive and there is a growing interest among politicians and decision makers towards cooperative entrepreneurship in social enterprises. What seems to be the main problem is the lack of visibility, which is a result of lack of resources for marketing purposes. Therefore, more visibility is needed in order to make the public aware of the cooperative form.

It is necessary to increase the number of social enterprises and include them as a part of community development. New cooperatives in the field of renewable energy (wind, power, biogas) have emerged and also in the fields of health care, social care and household services. Small-scale collaboration in local foods are a growing area within the cooperative movement in rural areas, like Skaraborg.
Main obstacles that cooperatives in Sweden are facing are lack of financing and a general lack of knowledge about the cooperative movement and the cooperative as a form of enterprise.

‘Kooperativet Lärkan’ in Sweden is an example of a worker cooperative. Lärkan has 36 members / owners and was established in 2005. This cooperative has various types of activities, for example a second hand store, gardening service, bike-repair garage and a café. The vision of the cooperative is to help as many people as possible to get a fulfilled life and empowerment. Everybody is of equal value and everyone deserves and also has the right to have a good life.  

1.4.11.1 What can we learn from the cooperative movement in Sweden?

The cooperative movement in Sweden has especially focused on social, health and community cooperatives, as well as housing cooperatives. The role of many social cooperatives is to fight poverty, help socially excluded people to find their own platforms in their lives (such as people with mental health problems and also with disabilities) and encourage people suffering from long-term unemployment to establish their own businesses. This form of enterprise also plays an important role in regional development, especially in regions like Skaraborg.

The cooperative movement in Sweden has a long tradition of pursuing activities in housing, insurance, agriculture and consumer cooperatives. These organizations have become very strong with a large number of members.

Today there is a new way of working within the co-operative movement; we call it the “new cooperation”. Today we can see new cooperative enterprises in the sectors of: culture, renewable energy, infrastructure, schools /day care centres, health/social care and social cooperatives. There is a great interest concerning the social enterprises from both society and the public sector. These companies allow individuals who do not fit into the labour market or for those who, for various reasons, need a platform to be able to go on to studies or work.

The Swedish form *Cooperative economic association* is tailor-made for cooperation. Cooperative companies can be run under a variety of different corporate structures. A cooperative economic

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20 See further [here](#).
association is often ideal, because the relevant legislation is designed to handle a democratic approach to ownership. All joint owners/members of the association have a vote and they decide jointly on how to allocate a surplus. A cooperative economic association (in common with a limited company) is a legal entity. It must comprise at least three people or companies and the members must decide jointly on the size of the start-up capital.

The cooperative movement has taken place in society by creating sustainable businesses that create growth, locally, regionally and nationally.

1.5 Assignments and exercises

1.5.1 Surveys and questionnaires

• A story of Cooperative Principles (survey from Skills): Log into your online teaching system and finish the survey

1.5.2 Discussions

• What is a coop in your opinion?
• What is your first memory of a cooperative?
• In your opinion, which one of the cooperative principles is the most important? Least important? Why?
• Can you recognise the implementation of the coop principles in a coop you know?
• Describe the ideal cooperative – what kind of cooperative would you like to establish and why?

1.5.3 Tools / Writing assignments

• Write 1000 words about your experience with cooperatives, as a cooperative member etc.
2 Module 2: Being a cooperative member

2.1 Module description

This module aims at making cooperative members aware of what it means to be a member in a cooperative and to enable them to become more active as members. Before undergoing this module, it is essential for students to finish module 1 (history and ideology of the cooperative movement).

The focus is directed towards the role, duties and rights of the cooperative member within the cooperative laws and legislations (national level), highlight the benefits of being a cooperative member and make members aware of the social responsibility of the membership, joint ownership and democratic control.

Special focus will be on success stories (best practice – case studies) of cooperatives characterized by the active participation of its members.

2.2 Learning outcomes

Knowledge / attitudes

After this module, student should be aware of their ...

• Status as cooperative members
• Benefits and responsibilities as members
• Role, duties and rights within cooperative laws (as stated in the civil code)

Skills / useful tools

After this module, students should have the ability to ...

• Evaluate possible membership, consider personal situation and aims
• Identify issues concerning memberships in statutes and coop legislation
• Work and make decisions and becoming more active as members
• Put cooperative values and principles into action, while being active members
• Identify the ways in which different coop organisations involve their members
• Identify strategies to improve members participation
• Identify the role of members in the governance process of your cooperative
2.3 Target groups

This module is especially aimed at cooperative members and cooperative workers. This can also be targeted at cooperative managers and board members, as well as co-operators to-be.

- Cooperative members
- Cooperative workers (if they are members of cooperatives)
- Cooperative managers
- Cooperative board members
- Co-operators to-be
- Cooperative trainers and advisors

2.4 Module 2 - Reading material for students

According to the Green Paper on Corporate Social Responsibility\(^{21}\) companies are increasingly promoting their ‘corporate social responsibility strategies as a response to a variety of social, environmental and economic pressures’.\(^{22}\) In this case, companies have in many cases put their focus on social development, environmental issues and protection and the respect on fundamental rights, supporting sustainability and regional development. This ideology on corporate social responsibility is one of the guiding lights of the cooperative movement in general – to direct the focus on democratic issues and taking responsibility for the society and the environment.

2.4.1 Being a cooperative member – what does it mean?

General and open membership is the core of what makes cooperatives different from other businesses. But what is a cooperative membership all about?

When you are a member of a cooperative, you are a member of a community of people who share the same goals and have a say in how the cooperative is run.

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\(^{21}\) Commission of the European Communities, 2001

\(^{22}\) Commission of the European Communities, 2001, p. 3
As an example, The Cooperative Group in UK\textsuperscript{23} build their membership on four main pillars:

1. **Sharing the profits** – when a member buys something from one of the cooperative businesses, the member earns points, which are added up twice a year and the member receives his/her share of the profits as cash, plus all kinds of special offers.

2. **Supporting your community** – included in the membership is an involvement in the Cooperative Membership Community Fund, which supports all kinds of projects within local communities and members can donate a share of their profits if they so wish.

3. **Changing the world** – The Cooperative Group runs a global campaign, which aims at tackling important issues like climate change and human rights. As an example, members can go to movie premiers which are organised to highlight the issue being supported, or members can sign up for regular support.

4. **Having your say** – members have a say in how the business is run. The Cooperative Group has member representatives across all regions that speak on behalf of local people. Any member can become a representative.

In a nutshell, being a cooperative member means that you have a say in how the company is run. Usually members elect their representatives who work closely with the management of the cooperative, making sure that views of members are heard and that cooperatives stick to the cooperative principles.\textsuperscript{24}

### 2.4.2 What do the 7 principles of cooperatives say about cooperative membership?

In order to highlight the cooperative principles from module 1, they highlight and emphasize the rights and obligations of cooperative members.

- Firstly, cooperatives are open for all who want to use the service of the cooperative (1 – Voluntary and open membership).

\textsuperscript{23} See further [here](#).
\textsuperscript{24} See as an example [membership in the Cooperative Group UK](#).
• Secondly, the keyword of cooperatives is democracy – the cooperatives are independent run by their members (4 – Autonomy and independence) who set the policies and make all major decisions regarding the organisation of the cooperative. The key is one member = one vote, regardless of how many shares one member has (2 – Democratic member control).

• Thirdly, the cooperative capital is common and contribution of members is equitable. Furthermore, compensations of members are limited and the purpose of the use of the capital is to develop the cooperative and support activities approved by members, so the members will benefit in accordance with their proportion of transactions with the cooperative (3 – Member economic participation).

• Fourthly, members of cooperatives can enjoy education and training provided by cooperatives in order to contribute to the development of the cooperative and inform the public on the nature and benefits of the cooperative (5 – Education and training).

• Fifthly, by becoming a member, an individual is therefore a part of a larger community of cooperatives and participates in activities that support sustainable development of their communities (6 – Co-operation among cooperatives and 7 – Concern for community).

2.4.3 Being a cooperative member in Iceland

Iceland

In 1991, the current laws on cooperatives (1991, no. 22, 27th March) were agreed in the Icelandic Parliament.

According to the 1st paragraph, the purpose of the law is to highlight the aim of the cooperatives to improve lives of members with their active business participation in the cooperative. There are no limits on how many members can join a cooperative and the amount of start-up funding not centrally decided by law. Members are also not financially responsible for the cooperative.

In the 2nd paragraph, the aims of cooperatives are described in three different, but interrelated pillars:

• Firstly to provide members and other customers with goods, products and services for their own use
• Secondly, to process and sell products provided by members in their own private businesses (like farmers and other small producers)
• Thirdly to provide services that aim at supporting members and for the benefit of members

Membership in a cooperative in Iceland is open to all individuals who are willing to participate directly in the cooperative’s activities or businesses (15th paragraph). If an individual wants to become a member, he/she must turn to the Cooperative board and send a request for membership (16th paragraph).

However, according to 17th paragraph, membership and membership rights are not inheritable, cannot be sold to another individual by the member and membership share cannot be collected if the member is in debt.

General member meetings are a venue for decision-making – further details on the rights of members and laws on Icelandic cooperatives can be found here.

2.4.3.1 Examples of cooperative membership in Iceland

As an example of a membership in an Icelandic cooperative, membership in the NPA-centre (an Icelandic social cooperative for disabled individuals) is based on the ideology of independent living for people with disabilities.

The core of the ideology is that every person can make his/her own decision regarding his/her life, choose their own support and assistance and shape their own lifestyle. Every disabled person has the right of controlling his/her own life and participates in the society on his/her own terms. Thus the power of deciding what kind of service they receive goes from the public authorities to the individuals themselves.  

25 See further www.npa.is
2.4.4   Becoming an active cooperative member

Being a board member in a cooperative means being able to make decisions advantageous to members of cooperatives. However, often there is no time taken to think about who the members actually are, what interests they may have, how they can be part of the coop, and what their rights and duties may be. It is therefore important to understand the different ways of concretizing the coop’s relationships with their members.

One of the concerns of board members is to encourage cooperative members to become more active in their membership.

As an example, The Cooperative Group in UK provides members with various ways or methods of becoming more active as members. Many consumer coops within the Group have staff whose role is to support and communicate with the local community, members and representatives. Members can thus firstly contact their local membership team.

2.4.4.1   Case: Active membership in The Cooperative Group UK

As an example, the cooperative group in UK has various ways of including members in the activities of the cooperatives and how to make members more active. Thus they work with membership and cooperation in the community on regular basis.

For example, members are often involved in organising community events – the cooperative encourages members to work together on such events and check if the cooperative can support the event or other activities by offering vouchers, funding or advice.

The co-operators (or cooperative management) are thus encouraged to establish a working relationship with local membership teams, who for example are in a working relationship with local membership teams.
Cooperatives often establish community funds or other funds on supporting good cause in the community where members can donate a part of the profit that the cooperative gives back to its members.\(^{26}\)

### 2.5 Assignments and exercises

#### 2.5.1 Surveys and questionnaires

- **Being a cooperative member – Rights and duties of a member of a cooperative**: Go to your online teaching system and complete the survey

#### 2.5.2 Discussions

- Are you a member of a cooperative? Which cooperative/s and why?
- What is the benefit of joining a coop?
- Describe your contribution to your cooperative/s
- How would you increase members’ activities in your cooperative?
- How do members participate? (customers / members ...)
- Why do coops need members?
- Why do people join coops?
- Compare membership in coops to being a member in other organizations – what is the difference?
- What motivates members to take part in activities?
- Describe the current position in relation to membership in their coop and movement

#### 2.5.3 Tools / Writing assignments

- Write 1000 words about your rights and duties as a cooperative member

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3  Module 3: Establishing a new cooperative business

3.1  Module description

This module aims at people who are interesting in establishing their own business (who may or may not have large amount of capital) and are open for using the cooperative form. The cooperative laws and regulations are introduced (in every partner country, for different sectors) and students will also learn about the difference between a private company and a cooperative.

However, the main emphasis of this module will be to introduce and teach co-operators to-be to develop a cooperative business plan; e.g. how to get members, how to develop the structure and strategy of their cooperatives, doing a feasibility study, defining target groups, making a marketing analysis and a financial plan. By using success stories, the main aim is to raise awareness among future co-operators on the possibilities

It is recommended for students that are enrolled in this module that they undergo module 1 prior to this module.

3.2  Learning outcomes

Knowledge / attitudes
After this module, student should ...

• Be aware of the fundamental factors and issues in making a cooperative business plan
• Be aware of the cooperative principles and values in the process of developing a cooperative business plan
• Be aware of the differences between a cooperative and other business models; i.e. their potential and flexibility of the cooperative enterprise model

Skills / useful tools
After this module, students should have the ability to ...

• Create, evaluate and further develop a business idea
• Make a marketing / need analysis in order to check the feasibility of the business idea
• Create a business plan by using business plan templates
• Establish a cooperative business start-up

3.3 Target groups

This module is primarily targeted at co-operators to-be and also prospective cooperative members and workers (who can be used as focus groups during the development of the cooperative business plan).

• Co-operators to-be
• Cooperative trainers and advisors
• Prospective cooperative members and workers (focus group?)
3.4 Module 3 - Reading material for students

3.4.1 Starting a cooperative – what do you need to keep in mind?

A cooperative is a real business – there is a general misunderstanding that cooperatives are more like charities or public, social bodies. No, a cooperative is a form of real business.

Before deciding on establishing a cooperative, here are few questions that individuals, who are considering establishing a cooperative, must have in mind:

- What is the cooperative going to do?
- Is there a need for the cooperative? Is there a gap / place in the market for the cooperative?
- Is there a demand for the product(s) / service(s) that the cooperative provides?
- Is it possible for you to supply the need, product or service on a competitive basis?
- Who will own and control the cooperative?
- Who will be involved in the cooperative and how?
- Who are likely to be cooperative members (e.g. a target group) and which mutual benefits are present (both for the cooperative and the cooperative members)?
- What is their motivation to join a cooperative? Do they have different needs and if so, how can the cooperative fulfil different set of needs?
- How will you finance the cooperative, especially?27

Considering these questions will help you whether the business idea is a realistic option, whether it needs more consideration and refinement or whether the idea is more linked to suit better to be a subject for a voluntary or community group work organization, instead of a cooperative business.

27 See further http://www.uk.coop/start-co-op and http://www.uk.coop/form/quiz-co-operative-right-me
3.4.2 Setting up a cooperative in 7 steps

In order to ‘frame’ the working process of establishing a cooperative, it is essential to have the following 7 steps in mind (based on material from Coompanion, Skaraborg).28

3.4.2.1 1 - Idea

To begin with, everything starts with an idea. The idea must be tested and evaluated and there are few things that need to be considered in the process of forming the idea:

• You need to know the needs of the market – is there a space for your idea?
• You need to keep up with the evolution of the market where new products / services are in demand
• You need to know what the ‘problem’ is and how to solve it (which is the core of innovation)
• You need to be able to demonstrate that customers are willing to pay for the products / service that you are offering
• You need to be able to identify and analyse future threats and opportunities, which is a key to create a successful business

3.4.2.2 2 - Vision

In order to establish a business, you need to have a vision, something that drives you to the idea. If you are in a group of like-minded people, it is good to have a shared vision – why?

• The group needs to be able to pursue the same objectives
• Different set of goals can be difficult to fulfil
• If you have a clear picture on the cooperative’s objectives, then it is more likely that everyone is going in the same direction and it is more likely that you will achieve success under these conditions

The group of individuals who have the goal of establishing a cooperative must make it clear from the very start of the process why they are fit to work together. There are two main reasons for this:

28 Based on material from Coompanion Skaraborg, Sweden
Firstly, to avoid unnecessary work and prevent unnecessary conflict
Secondly, if everyone has a clear picture of what to do in the cooperative, then it is more likely that the group will go together in the same direction, which is more successful in the long run.

3.4.2.3 3 - Mission

There is no idea and vision without a mission and you must ask yourself why it is so important to formulate a clear and distinct business idea? The fact is that the business concept talks about the benefits for the clients and offers guidance and control when it comes to define target groups, prices, types of products and more.

Furthermore, can a business change once you, or your group have decided on what you will focus on? It must be taken into account that every business is subject to change as it is developed in order to adapt and to meet external threats and opportunities. Therefore, a key to success in business is to identify future threats and opportunities and change the business idea to fit these criteria may be critical for the sustainability of the business itself.

Thus, a well-formulated business idea should answer the following questions:

- Which needs should the company meet?
- Which service / product(s) will satisfy the customer’s needs?
- Who is the customer? This is a critical question whereas a product or a service cannot satisfy everyone – thus important to identify target group(s)
- Why should the customer choose to buy the product or service from you and not from any other company?

3.4.2.4 4 - The Business Plan

Having a vision, a mission and an idea, then it is time to go to the drawing board and make a business plan. But why is a business plan so important?

Firstly, a business plan is a helpful tool to make the idea more concrete and to get a clear picture on how the company will be organized.

Secondly, a business plan is a strategy tool where you will identify the company’s strengths, weaknesses, threats and opportunities (SWOT-analysis).
Thirdly, a part of making a business plan is to plan how to fund the company’s start-up and also demonstrate how the budget will be controlled and whether the income will support the sustainability of the company. These information are important both for banks and investors who are willing to provide funding into the business.

Fourthly, the business plan will describe the function of the business idea; it provides an overview of the company, whether it will be profitable, which goals are set and how to measure them.

Fifth, the business plan will demonstrate the amount of start-up capital and in general, the business plan provides customers, employees, insurers, accountants and other stakeholders to have an overview of the objectives and goals of the business.

What is also a key factor when making a business plan is how to implement the cooperative ideology and principles into the business plan, the key strategy, structure and operation of the future cooperative. It must be taken into account how cooperation could and should be a part of the business plan. Is it visible or hidden or does it give competitive advantage compared to other businesses.? In summation: Is the business idea “cooperative,’ a result of collaboration of same/different branch professionals? Does membership attract customers, have positive effects on the mutual strength of members and does the cooperation have positive effect on issues like risk management? These are all factors that need to be taken into account through the whole process of writing a cooperative business plan.

3.4.2.5 5 - Financial planning

As in any other business, financial planning is usually considered one of the most complicated parts of the business plan. It is important to estimate a start-up budget, realistic cash flow estimation and estimated profit in order to estimate the company’s economic sustainability.

But can the estimate be changed along the way?

Well, estimate is just an estimate. A lot can happen on the road to success, both events that will negatively affect the company’s structure, income, management etc., and (of course) positive events, such as how you react when demand is far greater the supply of your product / service. When financial statement are made, it must be taken into account what kind of results they have achieved. The budget should therefore be in line with the outcome on quarterly records (or even more frequent records)
A start-up budget is an estimate of the necessary costs to start up a company (investments, machinery, office furnitures, register costs etc.). The estimated amount of start-up budget indicates whether there is a sufficient amount of capital available (from investors, for example) or whether you need to take a bank loan for the start-up.

Cash budget refers to monthly payments and incomes and indicates whether there is enough income to pay for expenses and necessary bills. It also evaluates the viability of the company and therefore it is important to make an estimate on potential income and expenses for at least a year ahead (some companies make estimates 3 years ahead). Thus revenues will cover the costs and bridge the time needed to produce a surplus, which can partly be used for development of the company and its employees.

### 3.4.2.6 6 – Planning of activities

A good and thorough project planning and project management is essential when establishing a new business. Good planning will help you to go through what needs to be done until you start your business:

- Make a schedule – put dates and deadlines on when various activities need to be completed
- Distribute tasks among group members – make sure that group members share the workload
- Carry out a continuous monitoring on the process of the schedule
- Review agreements and contracts that need to be established, such as general supplier agreements
- Make sure that you are aware of the laws that cover your particular form of company (such as Competition Act, Sale of Goods Act, Environmental Act etc.)
- Make sure that partnership agreements are made between group members and/or other investors / stakeholders
- Be aware of employer´s role if you have employees (especially if they are members too)
- Make sure you have all the insurance you need and what kind of insurance is needed (safety, property, liability, business interruption and legal expenses insurance)

Which issues are important when it comes to planning of the organization of the company?

- How should the company be managed?
- Which role does every individual have within the company?
• What is the role of the board and how often should it meet?
• Which principles (in terms of decision process) should be the guiding light of this particular company?
• How should the daily work within the company be allocated and how should daily routines be organised?
• In what way should responsibilities be shared?

In a nutshell, it is vital to determine major priorities and make sure that everyone is involved in decision-making and who has the responsibilities to act in accordance to these decisions.

3.4.2.7 7 - Registration

Like any other company, you need to register your cooperative with the public authorities. This needs to be prepared and here are major factors that you need to consider in this process:

• Firstly, you need to be aware of the laws and regulations, especially regarding cooperatives. Then you have to draw bylaws for your cooperative.
• Secondly, you need to hold a formal meeting where the statutes are adapted and agreed upon; where decisions are made to form the association, where board of at least three individuals are appointed and also an appointment of an auditor (organisational meetings).
• Thirdly, the elected board must hold its first meeting, which appoints the authorized signatories. Note that therefore the two meetings with two different protocols and can both be held one after the other (this may differ between countries). They can of course be held directly after the other.
• Fourthly, you need to pay the registration fee for registration and company registration.

Every company needs to maintain accounting, which is the system used to keep the company's finances under control.
• All operating companies are required to maintain accounts
• It's always the one who runs the company who is responsible for accurate accounts
• It is important to have some knowledge in accounting
• Accounting shows the cash flow both in and out of the company – therefore you need a system to manage your money
• Your preferred bank can help you to open bank accounts and credit transfer
3.5 Assignments and exercises

3.5.1 The Wheel (and other tools from Coompanion Skaraborg)

Management

Methods:

- Leadership – board of direction, mentor/trainer, managing director
- Membership (to be a cooperative member)
- Purpose/vision

Entrepreneurship

- Business plan
- Marketing
- Budget plan

The cooperative/group

Group processes/teambuilding (tools and information)

Methods:

- democratic decisions
- common decisions
- common vision
- the group's overall knowledge and experience

Tools:

- Four field model
- Cooperative Quality
- OPERA
- Open Space

Information

- Cooperative principles and values
- Tax, laws and legislation
- Historical background
- CSR
3.5.2 Making a business plan

Learning material from Innovation Centre Iceland (in Icelandic):
http://www.nmi.is/media/4533/GerdVidskiptaa%C3%A6tlana.pdf

Business plan template (Icelandic Innovation Centre):
http://www.nmi.is/studningur/ad-hefjast-handa/vidskiptaaetlun/
4 Further readings

General ideology of the cooperative movement

Books


Articles


The cooperative movement in Finland

Books online


**The cooperative movement in Sweden**

*Articles*


**The cooperative movement in Iceland**

*Books in Icelandic*

  [http://www.sogufelag.is/efni/samvinnuhreyfingin_%C3%AD_s%C3%B6gu_%C3%ADslands_0](http://www.sogufelag.is/efni/samvinnuhreyfingin_%C3%AD_s%C3%B6gu_%C3%ADslands_0)


*Books in English*


The cooperative movement in Poland

**Articles**


The cooperative movement in Trentino (Italy)

**Articles**


• *The Chart of Values of the Trentino cooperative system* - an analysis of the values and principles that lay the foundations for the ethical reasons behind the cooperative movement is essential to understand the history of the cooperative movement in Trentino and it importance at international level. This is a summary of the evolution of cooperative ethics that pays particular attention to the indications given in the Chart of Values (file Coop Principles & Values – in Italian);

• Working papers - Euricse - *Cooperatives: The Italian experiences* di Carlo Borzaga, Sara Depedri, Riccardo Bodini – (in English);

• *Principi cooperativi per il ventunesimo secolo (Cooperative principles in the XXI century)* by Ian MacPherson

• Books- only titles:
  - *Le cooperative* by Alberto Ianes,
  - *COOP- Il future dell’impresa cooperativa* by Giulio Sapelli,
La Cooperazione, tra mercato e democrazie by Stefano Zamagni and Vera Zamagni.

Useful websites

- www.stories.coop
- www.co-opstudies.org
- http://www.euricse.eu/
- www.euricse.eu