

## **WHAT IS A COOPERATIVE?**

A cooperative is a distinct type of organization, collectively owned and democratically controlled by the members of the cooperative to satisfy their common economic, social or cultural needs.

### **1st Principle: Voluntary and Open Membership**

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### **2nd Principle: Democratic Member Control**

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary Cooperatives, members have equal voting rights (one member, one vote) and Cooperatives at other levels are organized in a democratic manner.

### **3rd Principle: Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes:

- developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible;
- benefiting members in proportion to their transactions with the cooperative; and
- supporting other activities approved by the membership.

### **4th Principle: Autonomy and Independence**

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

### **5th Principle: Education, Training and Information**

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their Cooperatives. They also inform the general public - young people in particular - and opinion leaders about the nature and benefits of co-operation.

### **6th Principle: Cooperation among Cooperatives**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, regional, national, and international structures.

## **7th Principle: Concern for Community**

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

## **TYPES OF COOPERATIVES**

There is a wide range of traditional cooperatives operating in Manitoba. Each provides different services to meet the varying needs of their members. Types of cooperatives include producer/marketing, retail supply, utilities, cable television, agricultural services, fish marketing, child care, farmers' markets and community service.

Workers' and housing cooperatives contain additional components that need to be recognized. Adding to the mix is a non-traditional cooperative that has emerged in recent years, called the New Generation Cooperative or NGC.

## **The business plan**

A business plan is a document providing a complete description of the proposed cooperative enterprise. The plan must include financial projections, marketing opportunities and other pertinent information about the venture. It must also address all issues relevant to the project.

Once a decision is made to proceed, present the business plan to the potential membership. The member owners require the information to help them decide if they are willing to risk investing equity in the new business.

After securing the members' support, present the plan to the individuals or organizations from whom the cooperative is seeking financial support. It is important that the business plan explain:

- why they should invest in the enterprise you're proposing;
- the seriousness of the enterprise; and
- the team's ability to launch and develop it successfully.

## **Prepare for business launch**

Once the business plan has been decided, identify leaders to run the equity drive. When the volumes of business and equity targets set out in the business plan have been agreed to by the members, and they are prepared to support and do business with the cooperative, the cooperative is ready to launch the business.

This will involve hiring management, acquiring or building facilities, hiring and training staff and opening for business.

## **ROLES**

### **1. Members**

Members have the overall responsibility to ensure that the new generation cooperative continues as a strong viable organization.

Members are expected to:

- patronize and support the cooperative;
- set broad objectives and bylaws;

- observe the bylaws and policies of the organization;
- participate in members meetings and keep informed;
- provide financing;
- elect a competent board of directors;
- appoint the auditor;
- participate on committees;
- approve any fundamental changes to the Articles of Incorporation;
- approve amendments to the bylaws;
- approve any major purchase or disposal of assets; and
- remove a director for cause.

## **2. Directors**

The directors are elected by the members to manage the cooperative and to provide leadership.

Directors are expected to:

- conduct the business and the affairs of the cooperative in the best interest of the membership;
- develop policies and provide general direction to management, committees and members;
- ensure that adequate financial records, membership list, minute book and other records are kept;
- obtain training required in their roles as directors;
- hire competent management;
- provide information and leadership to members and management;
- monitor performance of management and committees;
- ensure new members receive orientation regarding their rights and responsibilities; and
- approve new member applications and withdrawal or termination of memberships.

## **3. Management**

The directors may delegate responsibilities to management.

Management is expected to:

- manage the business operations according to board policies;
- hire and supervise staff;
- present operating reports to the board and recommend policy changes; and
- promote good public and member relations.

## **4. Committees**

Directors may establish various committees to perform specific tasks.

Committees:

- usually consist of directors, members and sometimes staff;
- act only under the authority of the board;
- should have a specific purpose and written terms of reference; and
- should report to the directors.

Some typical committees established by cooperatives are fundraising, nominating, finance, member relations, special events, building and audit.