



# COOPERATIVES & COMMUNITY

*Foundations for thinking, planning & starting your new Cooperative business*

**Presenting the 1worker/1vote & LKS Team**



**MICHAEL PECK**



**WILLIAM GENERETT**



**CARMEN HUERTAS**



**KRISTIN BARKER**



**IBON ZUGASTI**



**CHRIS COOPER**

**TUESDAY, DECEMBER 4<sup>TH</sup>**  
*6pm to 8:30pm at  
St. Paul's Centennial Hall*

**WEDNESDAY, DECEMBER 5<sup>TH</sup>**  
*6pm to 8:30pm at  
St. Paul's Centennial Hall*

**A Bermuda Cooperative Development Resource Guide No. 2**

# AGENDA

## Tuesday, December 4

### Co-Moderators

**William Spriggs**

*Director of Economic & Cooperative Development, BEDC*

**Michael Peck**

*1worker/1vote Co-Founder/Executive Director*

### Cooperative Foundational Knowledge / Cincinnati Cooperative Ecosystem

**Chris Cooper & Kristen Barker**

*1worker/1vote Co-Founders*

### The Mondragon Experience

**Ibon Zugasti**

*International Projects Manager*

*LKS, Mondragon Corp.*

### Cooperative Platform & The Inclusive Economy

**Bill Generett**

*VP for Community Engagement*

*Duquesne University*

### Legal Structures / Polices That Make Hybrid Models Work

**Carmen Huertas**

*1 worker/1vote Co-Founder*

### Panel Discussion

## Wednesday, December 5

### Tuesday Evening Recap

### Preston - Mondragon Connection

**Michael Peck**

### Cincinnati Cooperative Ecosystem

**Chris Cooper & Kristen Barker**

### Legal Structuring

**Carmen Huertas**

### Inclusive Economy

**Bill Generett**

### Governance

**Chris Cooper & Kristen Barker**

Key Governance questions:

- How do I become a member?
- How do we elect the Board of Directors?
- What are the processes and procedures for amending by-laws
- How do we share decision making powers and profits?

### Financing Your Cooperative

Traditional sources

Direct public offerings (DPO's)

**Chris Cooper & Kristen Barker**

### Panel Discussion

## BEDC Economic & Cooperative Development Unit

### Vision

To brand Bermuda as a progressive, cutting edge cooperative development ecosystem experiment that contracts short and long-term resource inputs from world class practitioners for iterative gold standard gains to be valued and adopted by the wider cooperative world.

### 2018/19 Over-Arching Goals

1. Community Engagement / Knowledge Centre
2. Partnering / Strategic Alliances
3. Best Practice Model
4. Cooperative Ecosystem Developers
5. Sustainable Funding
6. Success Measurement

### Developing Partnerships / Strategic Alliances

National Cooperative Business Association (NCBA), Washington, DC



Dr. Julian Manley FRSA &  
The University of Central Lancashire,  
Preston, UK



1worker1vote is building a national network of hybrid, shared ownership, regional and municipal ecosystems starting with unionized worker-owned cooperative businesses to overcome structural inequalities of opportunity, mobility, and income. Building pathways out of poverty leading to pathways toward prosperity.



Everything Co-op, is a radio show that airs on WOL, Radio One's premiere talk show station out of Washington, DC.



**Michael Alden Peck** is a co-founder/executive director of the 1worker1vote movement ([www.1worker1vote.org](http://www.1worker1vote.org); [www.facebook.com/1worker1vote](http://www.facebook.com/1worker1vote)), a NY registered 501c3 dedicated to co-launching and co-scaling profitable hybrid worker ownership enterprises and projects with local stakeholders, inspired by sixty plus years of the Mondragon cooperative ecosystem experience. As movement co-founders, the Cincinnati Union Cooperative Initiative ([www.cincinnatiunioncoop.org](http://www.cincinnatiunioncoop.org)), operates as the prototyping “living lab” for the 1worker1vote movement while CUNY Law School’s Community Economic

Development Clinic (<http://www.law.cuny.edu/academics/clinics/ced.html>) leads 1worker1vote’s pedagogic and alliance structuring work. Michael has served as Mondragon’s first and only USA delegate (Mondragon fields four global delegates) since 1999 ([www.mondragon-corporation.com](http://www.mondragon-corporation.com)), and is also a board member of the American Sustainable Business Council ([www.asbcouncil.org](http://www.asbcouncil.org)) with over 250,000 triple bottom-line (people, planet, profit) business members, a Blue Green Alliance corporate advisory board member ([www.bluegreenalliance.org](http://www.bluegreenalliance.org)) since its founding in 2006, and founded the MAPA Group mission-driven, business development consultancy in 1994 ([www.mapagroup.net](http://www.mapagroup.net)). Michael is dedicated to societal transformation beyond borders starting with overcoming structural inequalities of wealth, mobility and opportunity through bottom-up, hybrid shared ownership models that allow local worker-owners and their hosting communities to localize the structure that’s best for them.



**Carmen Huertas** is a Tenured Professor of Law and is the founding director of the Community & Economic Development Clinic (CEDC) at CUNY School of Law.

Prof. Huertas-Noble and the CEDC have played a leading role in providing transactional legal and policy support to some of the most innovative and grassroots organizations creating and supporting worker cooperatives. The CEDC was also instrumental in securing a \$12million investment from the New York City Council to develop and sustain a citywide ecosystem to grow and support the worker cooperative movement. The CEDC also continues to strengthen the cooperative ecosystem by partnering with 1 Worker 1 Vote, Inc. and Mondragon USA’s Delegate to develop the legal framework for the union-coop hybrid model and to help launch a community college certificate program on the solidarity economy and cooperative enterprise.

Prof. Huertas-Noble’s nationally and internationally recognized scholarship focuses on promoting cooperatives and emphasizes client-centered lawyering.

PASSIONATE  
ABOUT  
COMMUNITY



**Chris Cooper** is a founding member and advisor to 1worker1vote movement and a co-author of “Sustainable Jobs, Sustainable Communities: The Union Co-op Model”. He has also edited and coordinated the publication of two Center publications: *An Owner’s Guide to Business Succession Planning*; and *Selling Your Business to Your Employees: Employee Stock Ownership Plans (ESOPs) and Worker-Owned Cooperatives*. Chris has assisted and advised more than 125 business owner/management groups exploring employee ownership (worker cooperative and ESOPs) as a transition or succession option. Chris has also assisted

and advised more than 24 worker cooperative transitions and start-ups, resulting in the creation or sustaining of 12 worker-owned businesses; services included initial technical assistance, feasibility studies, business plans, financial projections, governance and culture training, and more. He manages a 77-member company network of employee-owned businesses, providing training, education programs and workshops in individual and multi-company settings. Chris has trained and educated more than 2500 worker owners on worker ownership structures and governance, business literacy, team problem-solving, management techniques and other related areas. Additionally, Chris has advised, educated, and consulted with economic and community development professionals, public and private organizations and associations, political entities and others on succession planning, community development and employee ownership.



**William (Bill) Generett Jr., Esq.** currently serves as the Vice President for Community Engagement at Duquesne University. In this role, he provides leadership in support of the University's mission of service and its commitment to the city of Pittsburgh, Western Pennsylvania, the nation and Duquesne's outreach to the world. Bill facilitates and develops relationships with local and national community organizations, governments and civic organizations, strengthening the University's partnerships with its neighbors and oversees the University's government affairs function. Bill most recently served as the inaugural President and CEO of Urban Innovation21, a regional public-private economic development partnership that links successful innovation economy clusters with the needs and assets of underserved, inner city communities to produce local, living and sustainable economies. Under Bill's leadership, Urban Innovation21 has been recognized nationally and internationally for its work to connect Pittsburgh's underserved communities and their residents to the greater metropolitan Pittsburgh region's most successful innovation ecosystems. Bill has a lifelong commitment to rectifying America's embedded structural inequalities of wealth aggregation, mobility and opportunity, serving as Pro Bono Counsel for the MAPA Group's ([www.mapagroup.net](http://www.mapagroup.net)) non-profit initiatives as well as being a co-founder of the 1worker1vote movement. . In 2014, Bill was appointed by President Barack Obama to the U.S. Department of Commerce's National Advisory Council on Innovation and Entrepreneurship. In 2016, he was selected as a BALLE (Business Alliance for Local Living Economies) fellow. In 2017, Bill was awarded an honorary doctorate from Carlow University. In 2018, he was appointed by Governor Tom Wolf to the Benjamin Franklin Technology Development Authority Board.



**Kristen Barker** is a passionate social entrepreneur committed to building an economy that works for all. To date she is Co-Founder and Executive Director of the Cincinnati Union Co-op Initiative (CUCI). Under Kristen's leadership, the CUCI have launched 4 worker-owned businesses, 1 non-profit, leveraged \$6 Million+ in grants & loans for co-ops, hosted 3 international conferences & serve as the pilot site for Mondragon North America/1worker1vote.org. As a 1worker1vote.org-Co-Founder & Board Member with Mondragon International North America, Kristen is helping to building a national network of unionized worker-owned cooperative businesses to overcome inequality of opportunity, mobility, and income. In 2016 Kristen was celebrated with the BALLE Local Economy Fellow Award.



**Ibon Zugasti** is an International Projects Manager at LKS, MONDRAGON Corp. ([www.lks.es](http://www.lks.es)), Partner/Director at PROSPEKTIKER ([www.prospektiker.es](http://www.prospektiker.es)), Chairman of the Millennium Project in Spain ([www.proyectomilenio.org](http://www.proyectomilenio.org)) and Deputy Director of the Iberoamerican Foresight Network – RIBER ([www.riber.info](http://www.riber.info)).

Since 1999, Ibon has led several transformation and research projects in fields like strategic foresight, social innovation, entrepreneurship, urban & regional development, sustainability, labour & training and energy for different Governments (Colombia, Uruguay...) and Corporations worldwide (Repsol, Telefonica, Iberdrola, Guggenheim, MONDRAGON...). He has also been advisor for the European Commission, the Committee of the Regions of the EU, the World Bank and different national Governments (Colombia, Uruguay...).

Ibon is a co-author of different publications such as Latin America 2030: Delphi Survey and Scenarios (The Millennium Project), An initial assessment of territorial forward planning/foresight projects in the European Union (EU Committee of the Regions), The water-energy-food nexus – Foresight for research and innovation in the context of climate change (European Commission) and also contributes to the yearly publication State of the Future by the Millennium Project. Ibon has been teaching strategic management and foresight in many Universities and conferences at the international level.

### Our Inspiration: The Mondragon Model

Over the past 60 years the Mondragon Cooperative network has transformed a war-torn, devastated region of Spain rife with poverty and unemployment into thriving, vibrant prosperous communities. Mondragon is one of the world's most successful networks of worker-owned industrial cooperatives.

#### FORCES THAT SHAPED MONDRAGON

At the end of the Spanish civil war, the Basque country in the northern part of Spain was left in ruins. Its citizens faced widespread hunger, persecution, illness, extreme poverty, and deplorable living conditions. It was under these conditions that Father Jose Maria Arizmendiarieta, a visionary Catholic priest, developed the Mondragon cooperative concept.

In 1941, Fr. Jose Maria Arizmendiarieta (Arizmendi) was assigned to a parish in Mondragon, a town of 8,500 inhabitants in the Basque Country. He found the town still suffering from the aftermath of the Civil War and struggling with severe unemployment.

Father Arizmendi was determined to find a way to assist his community. He realized that economic development—namely, the creation of jobs—was the key to tackling the town's problems. After a period of time of meeting and reflecting on the challenges and the society they wanted to see, Fr. Arizmendi and community members decided that cooperatives were the best tools for the type of economic development to meet their goals. Both consumer and worker cooperatives and self-help organizations had a long tradition in the Basque Country but had collapsed as a result of war. Arizmendi believed that **participatory humanism**, developing technical skills, and building knowledge were crucial to transformative change in the region.



Fr. Arizmendi with his bicycle in 1955 from [canonizacionarizmendiarieta.com/es/fotos/](http://canonizacionarizmendiarieta.com/es/fotos/)

**Participatory Humanism:**  
Working together, without exclusion for the common good of the human race

#### FATHER JOSE MARIA ARIZMENDIARRIETA

Arizmendiarieta, whose name is often shortened to "Arizmendi," was the oldest son of a middle class family. He lost an eye in a childhood accident, so he could not join the Basque Army in the fight against

## 1.2 MONDRAGON

Francisco Franco's troops. Instead, he became a journalist for Basque language newspapers. His views and actions led him to be arrested. Once released, he went on to become a priest.

To learn more about Father Arizmendi, you can read the "Arizmendi" issue of *TUankide*, the magazine of Mondragon, available on CUCI's resource page. ([cincinnatiunioncoop.org/resources](http://cincinnatiunioncoop.org/resources))

### THE EARLY YEARS

Before the first cooperative was launched, Fr. Arizmendi set up a soccer team to rebuild personal relationships among people in the Basque region. He organized a medical clinic to aid the sick and encouraged cooperative community living.

During these early years, the focus was on training, education, and literacy. Arizmendi recognized that socializing knowledge led to democratized power. In other words, distributing knowledge equally would facilitate democratic decision-making.

Arizmendi opened the Escuela Profesional (technical college) in 1943. Its goal was to expand educational opportunities for anyone in the community. The school would prepare future technicians and a skilled workforce. Arizmendi would engage students in conversations about cooperative values and concern for others.

Eventually the Escuela Profesional became the engineering college of the present-day Mondragon University.

Today, over 70 years since Fr. Arizmendi set out to better the lives of his congregation and community, Mondragon continues to highly value training and education.

### THE FIRST MONDRAGON COOPERATIVE

Fr. Arizmendi encouraged five young men to continue their higher education while they worked. He provided space at the Escuela Profesional while the students continued their university studies.



Fagor creators. From [www.mondraberry.com](http://www.mondraberry.com) article "Over half a century of history."

In 1956 these five young men formed Talleres Ulgor. Recognized as the first Mondragon cooperative, the business manufactured

kerosene stoves. Eventually, the cooperative expanded and began manufacturing other household appliances.

In 1959, the cooperative was registered and branded as Fagor. In the following years, many more cooperatives emerged. This was also the year Mondragon's bank, Caja Laboral (now called Laboral Kutxa) was formed.<sup>1</sup>

# 02 The start

- 1956 Father José María Arizmendiarieta was blessing the **foundation stone of ULGOR**.
- 1957 Ministry Education and Science **official recognition** of "Escuela Profesional".
- 1958 At the end of the year, by order of the Ministry of Labour, members of cooperatives were excluded from the General Social Security System. It was decisive in setting in motion the actions to create what is today **Lagun Aro**, a Voluntary Mutual Benefit Organisation
- 1959 Father José María Arizmendiarieta initiated **Caja Laboral Popular**. What makes Caja Laboral different from the grassroots co-operatives is the **mixed composition of its social bodies**, based on both **worker-members** and representatives from the **associate co-operatives**

- 1960 **Fagor Arrasate**
- 1963 In 1963 the following theory was put forward regarding **Democracy**: "Democracy is one of the rules of the game for the co-operative movement. Democracy has to be conceived as the method and procedure for **combining the interests of the individual with those of the group**... You have to **socialise knowledge** to be able to democratise power effectively"
- 1985- On 1st March the co-operatives' Group Council was set up, which was the historical embryo of **Mondragon Corporación Cooperativa**, what is now **MONDRAGON**.
- 1987- At the **1st Congress of the Mondragon Co-operative Group** the **Basic Principles of the Co-operative Experience** were approved together with the bases for setting up the Inter-co-operative **Solidarity Funds**.



**KNOWLEDGE**  
VOCATIONAL TRAINING  
CENTRE TO  
DEMOCRATISE ACCESS  
TO QUALIFICATIONS

1943



**INITIATIVE**  
STARTS THE  
CO-OPERATIVE  
EXPERIENCE

1956



**EVOLUTION**  
COMPLEMENTS THE  
STRUCTURE CREATING  
AND INTEGRATING  
NEW CO-OPERATIVE  
ENTERPRISES

1960



**DEVELOPMENT**  
CONSOLIDATION AND  
INTERNATIONAL  
EXPANSION

1991

"Mondragon & the UN Millennium Project" presented by Ibon Zugasti, LKS, Mondragon's cooperative consultancy, to the Social Innovation Summer University (SUMSIC) in Bologna, July 2017.

*"Those who have faith and hope in the possibilities of humankind are those who will push it forward."*

– Fr. Arizmendi,

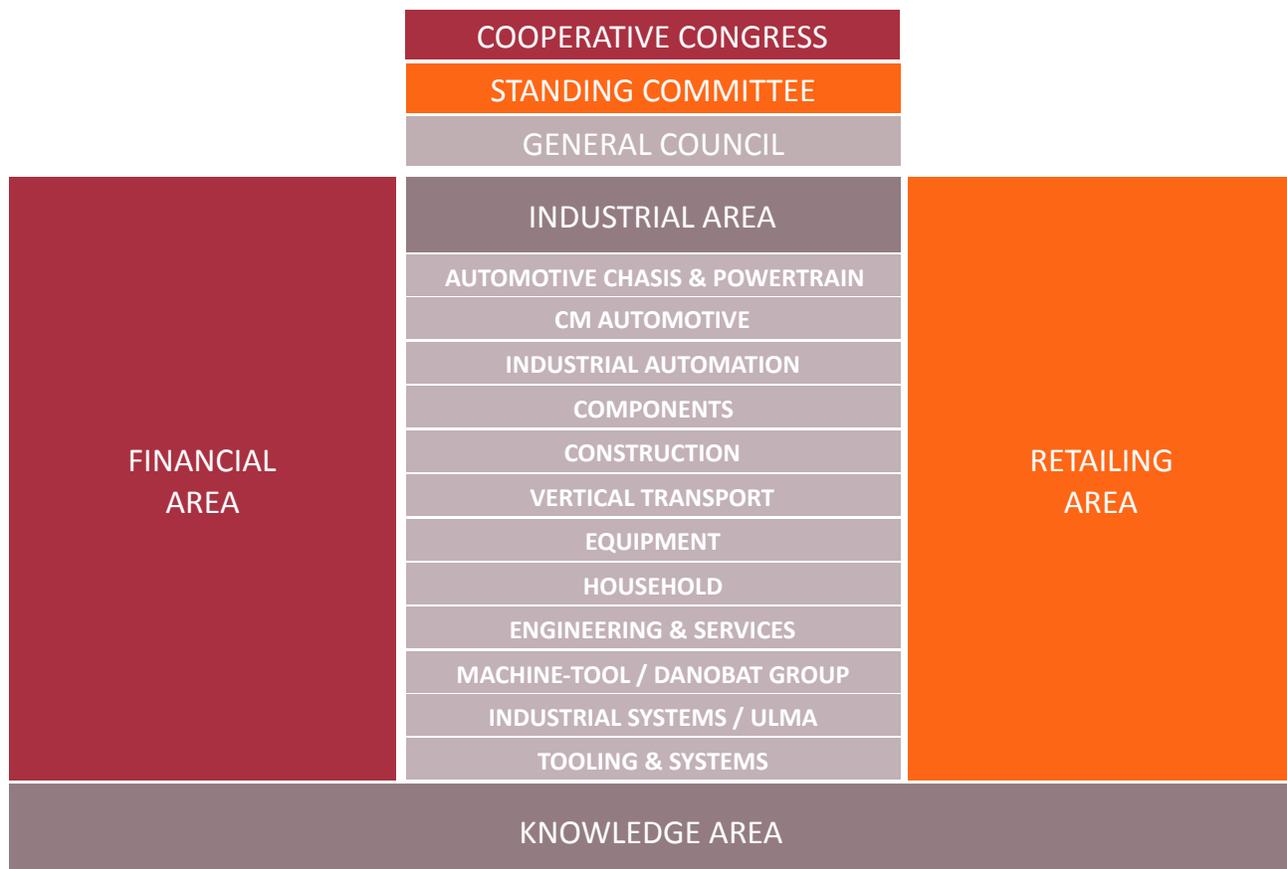
from Reflections of Don Jose Maria Arizmendiarieta (Pensamientos)

## 1.2 MONDRAGON

### Mondragon Today

As of 2016, Mondragon has over 100 cooperatives on five continents that own 140 subsidiary companies. It is the largest industrial cooperative group in the world and the tenth largest business group in Spain, with over 70,000 employees and 12 billion euros in total revenue. Mondragon has nine corporate offices, 15 research and development centers, and over 450 patents. The keys to their success include:

1. Democratic workplace ownership
2. Commitment to the ten Mondragon Principles
3. Development of a network of economically integrated cooperatives, schools, support organizations, research institutions, and financial institutions (a co-op of co-ops)<sup>2</sup>
4. Redundant structures that help the co-ops grow and scale while maintaining their values



DeLanda, Fernando. 2013. "Mondragon Corporation Democratic Organization." Powerpoint presentation at the 1st biennial Union Co-op Symposium, Cincinnati, Ohio, Fall 2013.

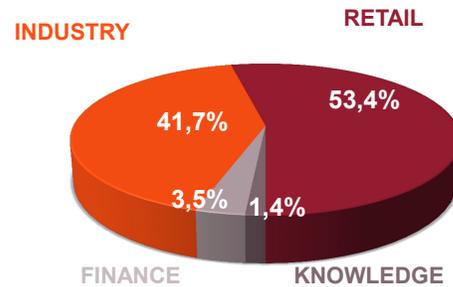
## 1.2 MONDRAGON

### IMPORTANCE OF INDUSTRIAL SECTOR

Mondragon is considered/know as the world's biggest workers co-operative. The industrial sector is the driver of raising the standard of living for all employees:

- » Industry creates values and jobs.
- » Industry (helps) provide above-average wages (have inherently higher profit margins), especially for skilled positions
- » plays a critical role in generating economic growth and employment opportunities
- » manufacturing usually is the sector with higher investment capacity, usually for long-term investment, for the creation of quality employment and innovation.

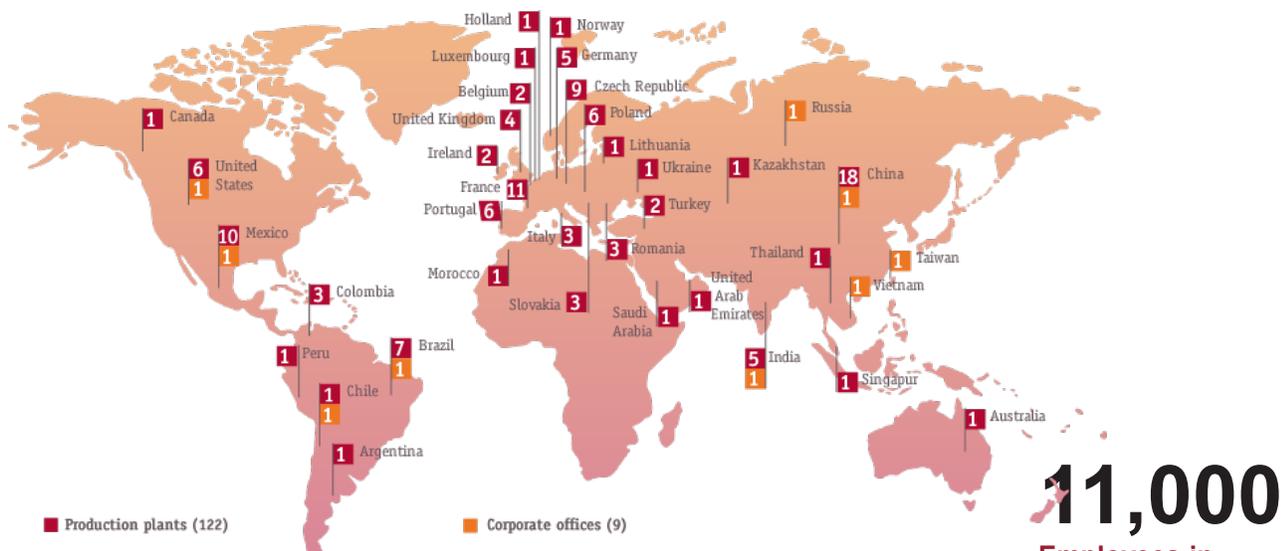
DISTRIBUTION OF EMPLOYMENT BY AREAS



"Mondragon & the UN Millennium Project" presented by Ibon Zugasti, LKS, Mondragon's cooperative consultancy, to the Social Innovation Summer University (SUMSIC) in Bologna, July 2017.

# 07 On the global stage

## NATIONAL AND INTERNATIONAL PRESENCE



**11,000**

Employees in subsidiaries and international offices

"Mondragon & the UN Millennium Project" presented by Ibon Zugasti, LKS, Mondragon's cooperative consultancy, to the Social Innovation Summer University (SUMSIC) in Bologna, July 2017.

Note: The workers outside of Spain are not co-op members.

## 10 Mondragon Principles

The basic principles of the Mondragon Cooperative Experience are below:

10 MONDRAGON PRINCIPLES	
Open Admission	Anyone who can do the work and supports these 10 principles can become a worker-owner. There will be no discrimination.
Democratic Organization	Our co-ops are democratically organized companies governed by a General Assembly through one-worker one-vote. The General Assembly has the highest power in the company, elects the Board of Directors, and collaborates with managerial personnel.
Sovereignty of Labor	Labor has been the driving force behind every major change to society and the natural world throughout human history. The co-op is centered around labor, the people doing the work. The wealth created is distributed in terms of the labor provided and there is a firm commitment to the creation of new jobs. Worker-owners receive competitive and just salaries and dividends based on the profitability of the cooperative.
Instrumental and Subordinate Nature of Capital	Capital, money invested, is a necessary tool for creating businesses that provide jobs. External investors are to be compensated fairly for their investment, but not in a manner that drains the business of value or prioritizes investors over workers. Profits are to be invested to ensure the long term survival and success of the co-op, with a focus on creating more jobs.
Participation in Management	"Ownership" must become more than just the value of a share. Workers have a meaningful role in decision-making based on full access to information about the business. Systems for participation, including training, internal promotion and transparent sharing of information, must be created. Workers take full responsibility for the health of the co-op.
Wage Solidarity	Wage solidarity means there is less disparity among workers and the communities in which they live, reinforcing the equality and quality of ownership. In most cases, the highest paid worker in the Mondragon co-operative network makes no more than 6 times the lowest paid worker. The Mondragon Cooperative Experience declares sufficient payment based on solidarity to be a basic principle of its management. Solidarity is manifested both internally and externally, as well as at the corporate level.
Intercooperation	An interdependent network of co-ops promotes solidarity and business efficiency by facilitating the sharing of common resources (finances, research and development, training, etc...) and enables co-ops to succeed by supporting each other during downturns and upturns in local and global markets. Our co-ops will engage and share resources with other businesses in the cooperative movement nationally and internationally.

Adapted from "Sustainable Jobs, Sustainable Communities: The Union Co-op Model" by: Rob Witherell, Chris Cooper, & Michael Peck.

## 1.2 MONDRAGON

10 MONDRAGON PRINCIPLES	
Social Transformation	The co-op Movement is more than just creating cooperative businesses. It is about partnering with others to bring about a freer, fairer and more caring society.
Universality (Solidarity)	Co-op members stand in solidarity with those who work for economic democracy, justice, and peace. Solidarity means recognizing that whatever happens to one directly, happens to all indirectly.
Education	To promote the establishment of these 10 principles it is essential to set aside sufficient human and financial resources for cooperative, professional, and youth education. Education and lifelong learning provide the tools for worker-owners to adapt and improve the cooperative so that it endures and inspires.

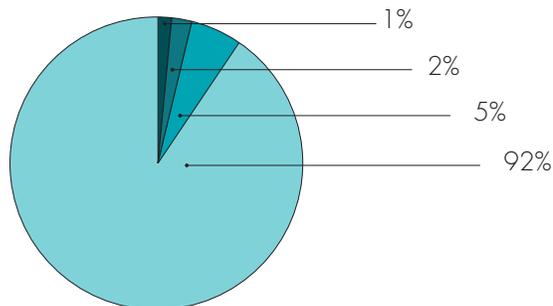
### SUMMARY TABLE OF PRINCIPLES

10 Mondragon Cooperative Principles	
<b>Open Admission</b>	Co-ops will not discriminate in hiring
<b>Democratic Organization</b>	One worker, one vote
<b>Sovereignty of Labor</b>	Workers run the cooperative
<b>Participation in Management</b>	Development of adequate systems for participation, transparency, consultation, and negotiation
<b>Instrumental &amp; Subordinate Nature of Capital</b>	Providing and creating jobs is prioritized over increasing the marginal return on investments
<b>Wage Solidarity</b>	Highest paid workers earn no more than 5-7 times more than lowest paid workers
<b>Inter-Cooperation</b>	Working cooperatively with other co-ops is valued and essential
<b>Universality</b>	Solidarity with all those who work for economic democracy
<b>Social Transformation</b>	Support and invest in social change
<b>Education</b>	To promote establishment of these principles

Adapted from "Sustainable Jobs, Sustainable Communities: The Union Co-op Model" by: Rob Witherell, Chris Cooper, & Michael Peck.

# 1.1 CO-OPS

## 5 TYPES OF CO-OPS



1%



Arizmendi Bakery by Will (flickr) with Creative Commons license SA 2.0.

### Worker:

- » Owned and democratically governed by employees who become co-op members, worker co-ops create or maintain employment and provide workers with opportunities seldom available in conventional business settings. There are about 400. The members are the workers.
- » Examples: Cooperative Healthcare Associates, Mondragon Cooperative Corporation, Equal Exchange, Union Cab of Madison Cooperative

92%



Mountain View REI by Coolcaesar at the English language Wikipedia (CC BY-SA 3.0).

### Consumer:

- » Owned by consumers, consumer co-ops sell a wide variety of products and services with all profits shared equitably among consumer members. The members are the consumers.
- » Examples: REI, credit unions, rural electric co-ops, Nationwide Insurance

2%



Ace Hardware HQ by Scott Lewis (flickr) with Creative Commons license SA 2.0.

### Purchasing:

- » Owned by independent businesses, municipalities, or other like organizations that band together to improve their purchasing power. The members are the purchasers.
- » Examples: Ace Hardware, True Value, Best Western, NAPA Auto Parts



Hiper Eroski Leioa supermarket in Leioa by Javierme Javier Mediavilla Ezquibela (CC BY 3.0).

### Multi-Stakeholder\* (included in the co-op percentages above)

- » A combination of co-op types, where people with common interests (e.g. workers and consumers) band together. For example, in Mondragon's Eroski grocery chain, store workers are members and shoppers may also become members. Workers and consumers enjoy different levels of ownership and both groups participate in the responsibilities and benefits of business ownership.
- » Examples: Apple Street Market, Weaver

5%



Two Organic Valley dairy producers at the 2017 NCBA Co-op Festival by the USDA (public domain).

### Producer:

- » Owned by producers of commodities or crafts who have joined forces to process and market their products. Producer co-ops provide income opportunities for these small producers and help increase their leverage in the market. The members are the producers.
- » Examples: Ocean Spray, Organic Valley, Cabot Creamery

Language adapted from Van Gelder, Sarah. "How Cooperatives Are Driving the New Economy." YES! Magazine, Spring 2013, p. 26-28.

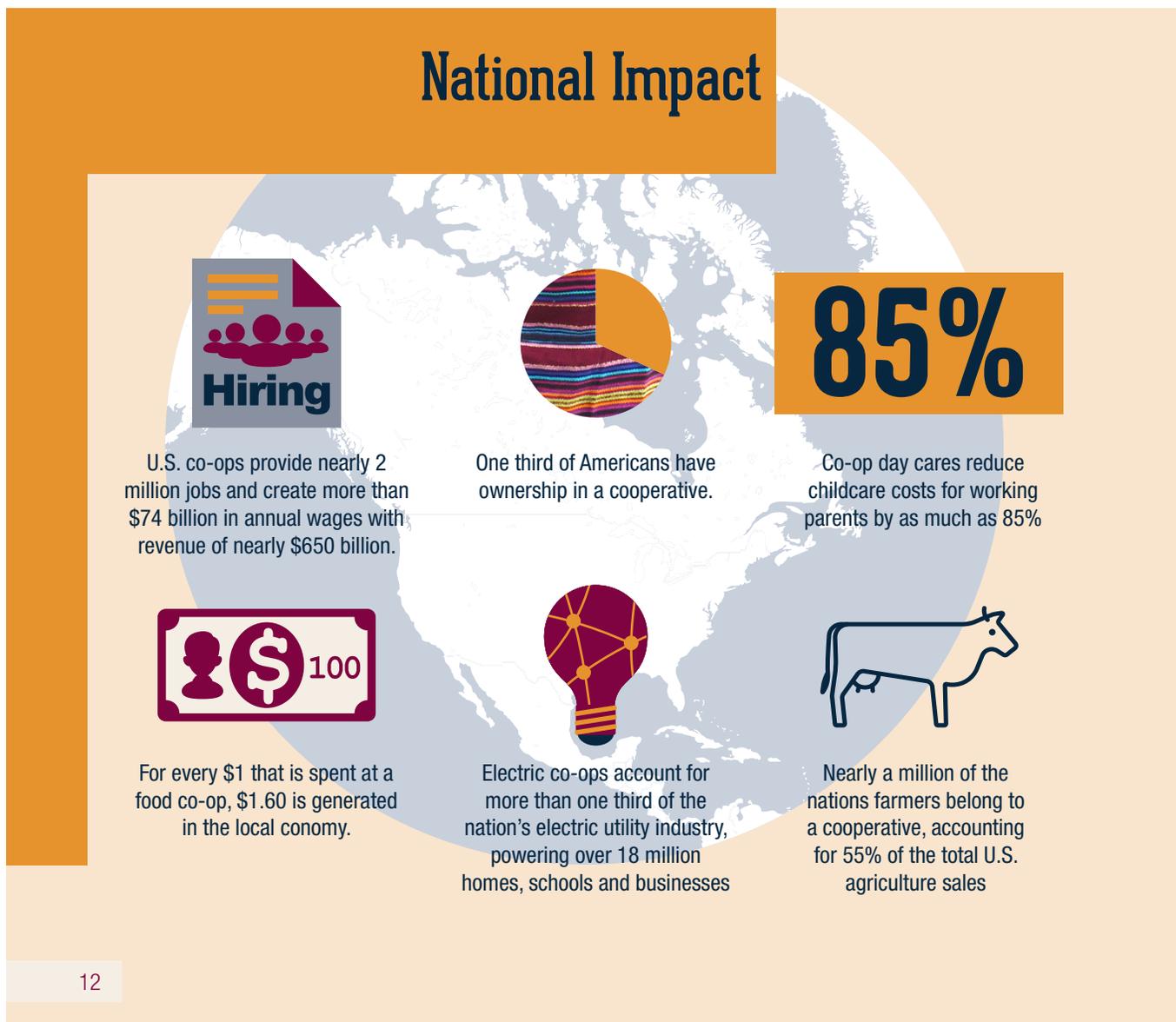
## 1.1 CO-OPS

### CO-OP IMPACT IN THE UNITED STATES

According to the National Cooperative Business Association, as of 2015:

- » There are an estimated 40,000 cooperative businesses in the United States
- » One third of Americans have ownership in a cooperative
- » U.S. co-ops provide 2.1 million jobs and create more than \$74 billion in annual wages with revenue of nearly \$650 billion

The following graphics show a snapshot of the extent of various kinds of co-ops by sector of the U.S. economy and the relative scale of worker co-ops.



Annual Report 2015: Cooperatives Build a Better World. PDF. Reprinted by permission from National Cooperative Business Association 3/24/2017. For additional resources please visit <http://ncba.coop>.

## By Sector



### Utility Co-ops

More than **900 electric co-ops** provide power in nearly **every state** (47) in America

**Account for 42% of the nation's electric distribution** lines and **cover 75% of the nation's land mass**

More than **18 million homes, schools, and businesses are powered by co-ops**

With **\$140 billion** in assets, electric co-ops account for more than **one third** of the US electric utility industry

About **1.2 million** rural Americans in **31 states** are served by the **260 telephone cooperatives**



For every **\$1,000** a shopper spends at their local food co-op, **\$1,604 in economic activity** is generated in their local economy, **15% more than a conventional grocer**

**Generates more than 1.4 billion in annual revenue**

Food co-ops generate a combined **annual sales of nearly \$2 billion**



### Food Co-ops

### Credit Unions



More than **100 million** Americans belong to a credit union, **one third** of the total population

Credit unions can be **found in every state** and nearly every congressional district

As cooperatives, credit unions add over **275,000 jobs**

### Agriculture



The majority of American farmers are members of the nearly **3,000 farmer-owned cooperatives**.

Co-op farmers provide over **190,000 jobs** and annual wages of over **\$8 billion**

Agriculture co-ops account for **\$246 billion (62%)** of the U.S. total agriculture sales of **\$395 billion**

### Housing



More than **1.5 million families** live in cooperative housing

Seven states have between **10,000 and 50,000 co-op** housing units

**23 universities** have housing co-ops on campus or nearby

Co-op student housing saves students an average of **50% of room and board** costs per year, making college more affordable for more families.



### Insurance

About **233 million** people are served by insurance companies owned by or closely affiliated with co-ops

Nationwide Insurance, a cooperative, is the **#1 provider** of public-sector retirement plans



There are more than **400 worker co-ops** in **17 industries**

Worker co-ops provide employment stability, **reducing the turnover rate from 60% to 15%**

Total annual revenues generated by worker cooperatives: **\$400 million**

Largest worker co-op: Cooperative Home Care Associates (CHCA) with over **2,300 workers**

**26% of worker cooperatives** began as traditional for-profit businesses



### Worker

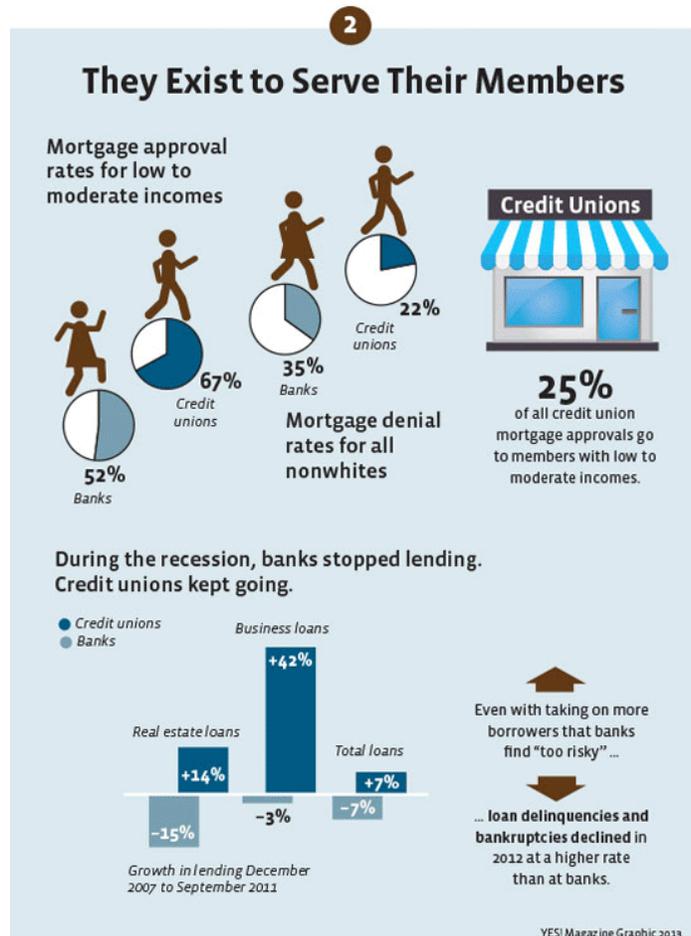
## Benefits of Cooperatives

- » **Involvement:** "Because worker co-operatives are owned and run by them, their employees have far more say in the business, from day-to-day concerns through to major strategic issues."
- » **Productivity:** "Because the employees are the owners with a stake in the future of the business, worker co-operatives are more productive than conventional businesses, with staff working harder and the organization harnessing their skills more effectively."
- » **Job security.** "Because the employees themselves are in control, when there is a downturn in the economy or the market, worker co-operatives have consistently taken the decision to drop wages rather than lose jobs."<sup>4</sup>



Reprinted with permission from Van Gelder, Sarah 3/15/2017. "How Cooperatives Are Driving the New Economy." YES! Magazine, Spring 2013.

- » Profits do not go to distant investors, but instead go directly to the workers; stimulating the local economy and building community wealth.<sup>5</sup>
- » Create meaningful change for underserved populations: “More than half of worker cooperatives in the United States today were designed to improve low-wage jobs and build wealth in communities most directly affected by inequality, helping vulnerable workers build skills and earning potential, household income and assets.”<sup>6</sup>
- » Create quality jobs: “Workers have a meaningful role in the business, as they contribute to and benefit from the success of a company they co-own. Jobs at worker cooperatives tend to be longer-term, offer extensive skills training, and provide better wages than similar jobs in conventional companies.”<sup>7</sup>



Reprinted with permission from Van Gelder, Sarah 3/15/2017. “How Cooperatives Are Driving the New Economy.” YES! Magazine, Spring 2013.

### Challenges Co-ops Face

In the United States, there are an estimated 40,000 cooperative businesses, with 2 million workers. However, worker-owned co-ops are a small part of this picture with only 7,000 total workers in 400 co-ops. Why is this form of cooperative so rare in our country?

#### BARRIERS FOR CO-OPS

Barriers to the formation of co-ops account for their scarcity in the U.S. Several factors discourage the formation of new businesses as worker-owned co-ops.



1. **Capital is hard to come by.** Co-ops generally do not offer outside investors an equity position in the co-op, and bank loans are difficult to obtain for any startup business.<sup>8</sup>



2. **Business management expertise,** usually obtained by working in conventional businesses, is **generally lacking** in the non-profit world that aspires to create co-op enterprises.<sup>9</sup>



3. **Underlying factors in American society** also account for the absence of worker-owned co-ops. **Individualism, capitalism** and the **profit motive** are dominant American characteristics.
  - a. The American Dream—hard work and persistence leading to financial success—is typically envisioned as an individual achievement, the result of competition, not collaboration. Material success and accumulation of wealth are highly valued in the U.S. ethos, more commonly aspired to than broader goals of job creation, employment stability and community enhancement.<sup>10</sup>



4. Historically, **large corporations have actively opposed** the growth of co-ops. Worker-owned businesses formed after the Civil War were considered a threat to big corporations, and were driven out of business.

## LACK OF A NETWORK

External support can greatly boost the likelihood of success for new worker-owned businesses. As you will read about in the next chapter, the Mondragon Cooperative Corporation, a network of co-ops can help to nurture new co-ops. Established co-ops can provide training in participatory management skills, help newer co-ops locate financing, and help worker-owners fulfill their new responsibilities. Once established, co-ops have a better survival rate than conventional businesses, according to studies of Canadian and European firms.



Created by the Cincinnati Union Co-op Initiative.

Participation in a network of co-ops, rather than operating as a standalone entity, can greatly enhance a worker-owned co-op's likelihood of success. The Mondragon experience is one example of this. Research on worker co-ops in the United States has identified **five success factors: ongoing training/cultivation of cooperative culture; long-term support; "patient" capital; strong management; and good governance.**<sup>11</sup>The institutional knowledge and longevity of a network



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of cooperatives can offer several of these factors to its constituents. Interconnected co-ops can readily provide guidance in establishing effective training programs and can demonstrate cooperative culture. Ongoing businesses within the network have the longevity to share business expertise and management experience. Established enterprises may be able to provide capital or share their experience in accessing external sources. Experienced managers in sister co-ops can be a resource to startups.

# Call to Action!



*Love the Cooperative space and want to learn to facilitate educational seminars and be a part of our 2019 Train-the-Trainer workshops?*

*State your interest on the information sheet this evening.*



*Ready to move forward with your Cooperative business idea? Contact BEDC to set up a confidential meeting to discuss.*



*Want to receive the quarterly Bermuda Cooperative Development E-News, starting Feb. 2019? Simply tick the box.*

## Statement of Purpose

The maintenance of a strong and vibrant small business sector is critical for a successful economy in any country. This sector is a significant employer of Bermuda's population and a primary driver of innovation and creativity in the provision of goods and services. Thus, for Bermuda to maintain its position as an innovative and successful business jurisdiction, it is vital for the island's economy to be supported and cultivated.

The BEDC prides itself in serving that purpose.

Discover Our Services

- General Business and Technical Advice
- Multi-Week Entrepreneurship Educational Courses
  - Quarterly Industry Related Seminars
    - Lunch & Learns
    - Loan Guarantee Programme
  - Economic Empowerment Zone (EEZ)
    - Micro Loans
- Vendor Licensing and Management

Yours in cooperation,

**Economic & Cooperative Development Unit  
The Bermuda Economic Development Corporation (BEDC)**

441.292.5570  
reception@bedc.bm  
www.bedc.bm