



MONDRAGON

HUMANITY
AT WORK

Finanzas
Industria
Distribución
Conocimiento

MONDRAGON
corporation

Humanityatwork



01. Who we are
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- New economics & the future of work/tech 2050**
MONDRAGON as social innovation



The Millennium Project

01 Who we are

- **THE BIGGEST BUSINESS GROUP** IN THE BASQUE COUNTRY
- **10th IN THE RANKING OF SPANISH COMPANIES.**
- **WORLDWIDE BENCHMARK IN WORK IN CO-OPERATION:**
74,000 PEOPLE SHARING A BUSINESS IDEA



01 Who we are

- **A VERY DIVERSIFIED GROUP:**
257 COMPANIES AND ENTITIES OPERATING IN 4 ÁREAS:
FINANCIAL, INDUSTRIAL, RETAIL AND KNOWLEDGE
- **PRESENT IN THE 5 CONTINENTS:**
WITH 122 PRODUCTION PLANTS AND 9 CORPORATE OFFICES
- **WITH TECHNOLOGICAL INNOVATION AND INTEGRATION AS THE DRIVING FORCES BEHIND ITS DEVELOPMENT**
15 RESEARCH AND DEVELOPMENT CENTRES OF ITS OWN;
467 INVENTION PATENT FAMILIES
- **COMMITTED TO SOCIETY AND THE COMMUNITY**
SOLIDARITY AND SOCIAL RESPONSIBILITY WITH THE COMMUNITY AS AN ESSENTIAL PART OF THE CORPORATION'S IDENTIFYING FEATURES



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 invented **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** (transfer lines),.....
- 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

03 Our **essence** mission

We are a socio-economic reality of a business nature

- With deep cultural roots in the Basque Country
- **Created by and for people**
- Inspired by the **Basic Principles of our Co-operative Experience**
- Committed to the community, competitive improvement and customer satisfaction, to **generate wealth in society, through business development and job creation**



04 The keys

corporate values



CO-OPERATION

Owners and protagonists

PARTICIPATION

Commitment to management

SOCIAL RESPONSIBILITY

Distribution of wealth based on solidarity, and involvement in the community

INNOVATION

Constant renewal

04 The keys

our principles



OPEN

The MONDRAGON co-operative experience is open to all men and women who accept these **Basic Principles** without any type of discrimination.

DEMOCRATIC

The **basic equality of worker-members** in terms of their rights to be, possess and know, which implies acceptance of a democratically organised company based on the **sovereignty of the General Assembly, electing governing bodies and collaborating with managerial bodies.**

SOVEREIGNTY

Labour is the main factor for transforming nature, society and human beings themselves. As a result, the systematic recruitment of salaried workers has been abandoned, **full sovereignty is attached to labour**, the wealth created is distributed in terms of the labour provided and there is a will to extend the job options available to all members of society.

04 The keys

our principles



INSTRUMENTAL

Capital is considered to be an **instrument subordinate to labour**, which is necessary for business development. Therefore it is understood to be worthy of fair and suitable remuneration, which is limited and not directly linked to the profits obtained, and availability subordinate to the continuity and development of the co-operative.

PARTICIPATORY

The steady development of **self-management** and, consequently, of member participation in the area of company management which, in turn, requires the development of **adequate mechanisms for participation, transparent information, consultation and negotiation**, the application of training plans and internal promotion.

PAYMENT

Sufficient and fair pay for work as a basic principle of its management, based on the permanent vocation for sufficient collective social promotion **in accordance with the real possibilities the co-operative** has, and fair on an internal, external and MCC level.

04 The keys

our principles



INTER-COOPERATION

As the specific application of **solidarity** and as a requirement for **business efficiency**, the Principle of Inter-cooperation should be evident: between **individual co-operatives**, **between subgroups** and **between the Mondragon co-operative** experience and Basque co-operative organisations, and co-operative movements in Spain, Europe and the rest of the world.

SOCIAL

The willingness to ensure **fair social transformation** with other peoples by being involved in an **expansion process that helps towards their economic and social reconstruction** and with the construction of a freer, fairer and more caring Basque society.

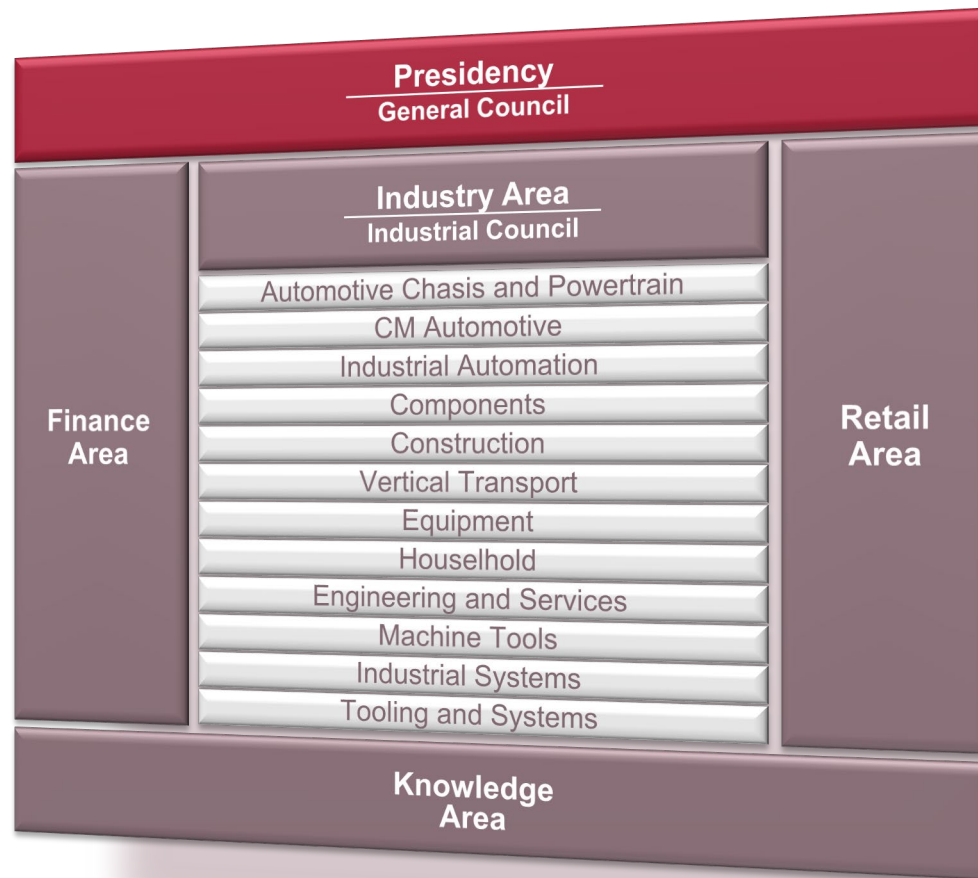
UNIVERSALITY

Its solidarity with all those who work for economic democracy in the area of the Social Economy by adopting the objectives of **Peace**, **Justice** and **Development** which are inherent to the International Co-operative Movement.

EDUCATION

To promote the establishment of the principles stated above, it is essential to set aside sufficient human and financial resources **for co-operative, professional and youth education**.

05 Our organisation

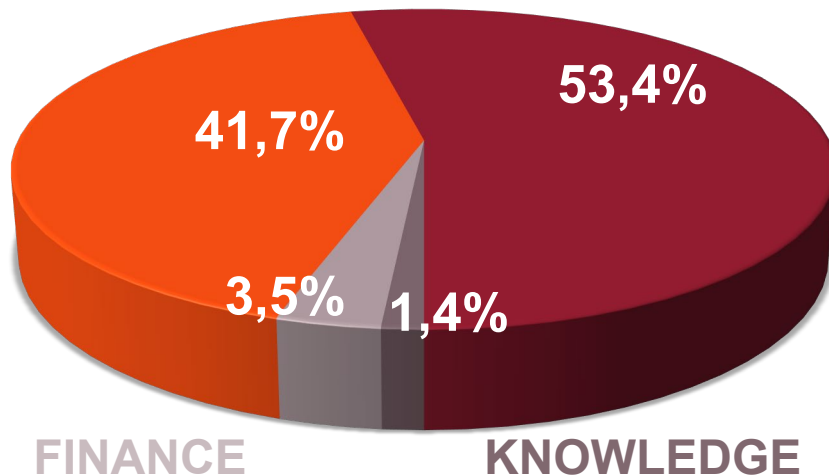


05 Prioritising people & employment

DISTRIBUTION OF EMPLOYMENT BY AREAS

INDUSTRY

RETAIL

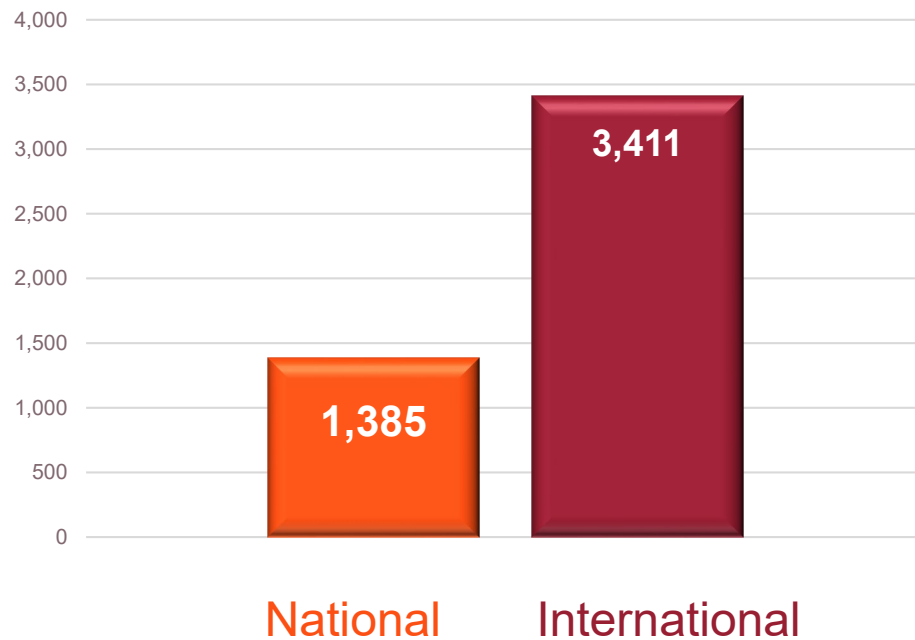


74.000

jobs in average



06 With a consolidated project



INDUSTRY AREA
TOTAL SALES

€4,796 millions

Data in millions of €

07 Integrated in every community



63,011

Total employees
in Spain

07 On the global stage

NATIONAL AND INTERNATIONAL PRESENCE



11,000
Employees in
subsidiaries and
international offices

08 With leading brands

ULMA
Fagor MONDRAGON UNIBERTSITATEA Orbea
IKERLAN Lagun Aro Eroski Orkli
KIDE Orona DANOBAT GROUP MAIER
Ondoan LKS Laboral Kutxa
URSSA COPRECI



09 Committed to the future



● Our commitment to innovation:

- 136 million euros invested in 2013.
- The Industry Area earmarked a budget of 8,4% of the added value to R&D.
- In the Industry Area, 628 million euros in products and services that did not exist five years ago.

● Strengthening international development:

New production plants opened in 2013 and a consolidated international presence, with over 11,000 employees working in our 122 subsidiaries

● Maintaining the values that make the Corporation stand out as the driving force behind our development.

COOPERATION + PARTICIPATION + SOCIAL RESPONSIBILITY + INNOVATION

10 Business Policy

5 Strategies

A

B

Dimensioning and **internationalisation**, for appropriate and competitive sizing in a global market.

C

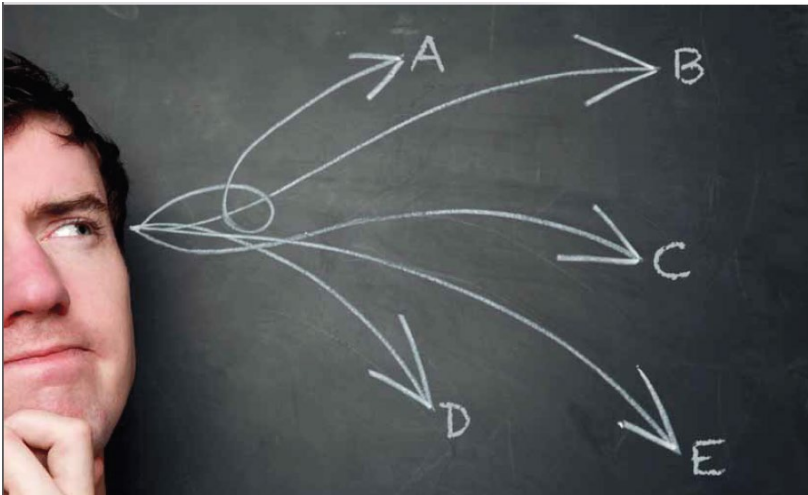
Innovation, which together with Development and Knowledge should pave the way for the permanent review of our business models and the promotion of operations in the sectors of the future.

D

Intercooperation, between cooperatives and with outside partners in order to maximise market opportunities and provide comprehensive solutions and value added services.

E

Cooperative Identity and Commitment, reinforcing the hallmarks of cooperativism, as expressed through attitudes and conduct that are consistent with our Values and Principles and our Management Mode.



10 Business Policy

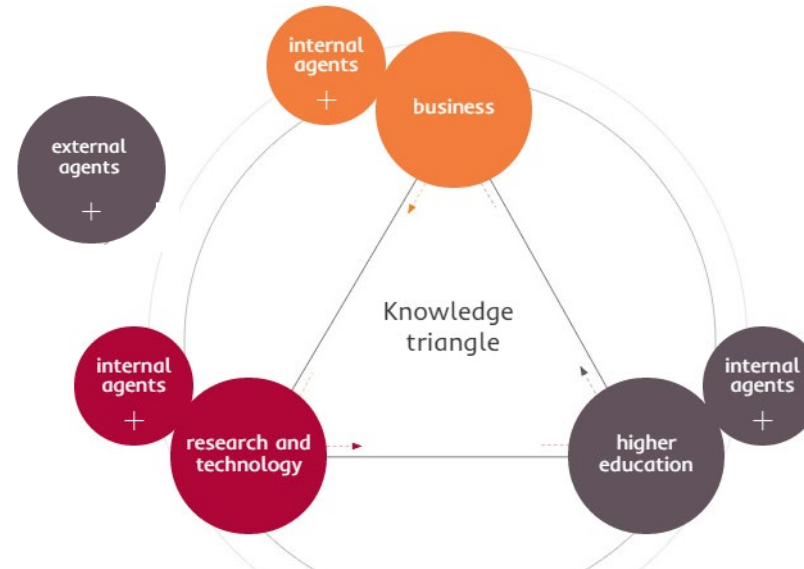
Innovation



The model encourages participation and relationships between the agents involved in different areas, applying the **three sides of the triangle of knowledge: Business, Research and Tecnology and Higer Education**

BUSINESS INTERNAL AGENTS:

MONDRAGON incorporates within its organisation cooperatives and companies with a presence in the industrial, financial and distribution sectors, with commercial and production offices around the world.



RESEARCH AND TECHNOLOGY INTERNAL AGENTS:

In addition to the resources invested by these cooperatives in technological development, MONDRAGON also has a network of business R&D units and technology centres that focus on research in fields that are strategic to the business sector.

HIGHER EDUCATION INTERNAL AGENTS:

MONDRAGON has its own university and a Management and Corporate Development Centre. Both are characterised by the formal and continuous training they offer, which is always adapted to companies and institutions within an international context. Furthermore, the university carries out important research and dissemination activity.

10 Business Policy

Innovation



Strategic areas

Each strategic area focuses corporate business activity around these future sectors. Continuous work on research and innovation helps us to develop new products, services and business models in different strategic segments.

R&D+i Figures. 2013

Total R&D costs	% of total R&D spending over total sales	% of total R&D spending over added value
€ 136 m	2.85%	8.48%
Total number of patent families valid at year end	Sales of new products/services (inexistent 5 years ago)	
467	€ 628 m	



10 Business Policy

Intercooperation between cooperatives

Some Rules

- Relocation of staff among cooperatives.
- Restructuring results (from the gross profits).
 - Within the sectorial groups (>15% - <40%)
 - Within corporative funds in MONDRAGON (Investment Fund 10%) (Education Fund 2%) (Solidarity Fund 2% for compensation in case of losses).
- Solidarity in profit distribution (net profit of each coop)
 - 10% Fund of Education (Law 10%)
 - 45% Fund of Reserve of Co-op (Law 20%)
 - 45% Returns to workers → Capitalize → Interest <7,5% in cash
- Solidarity in compensation
- Reporting of data to MONDRAGON Headquarters.
- Not internal competition between coops within MONDRAGON

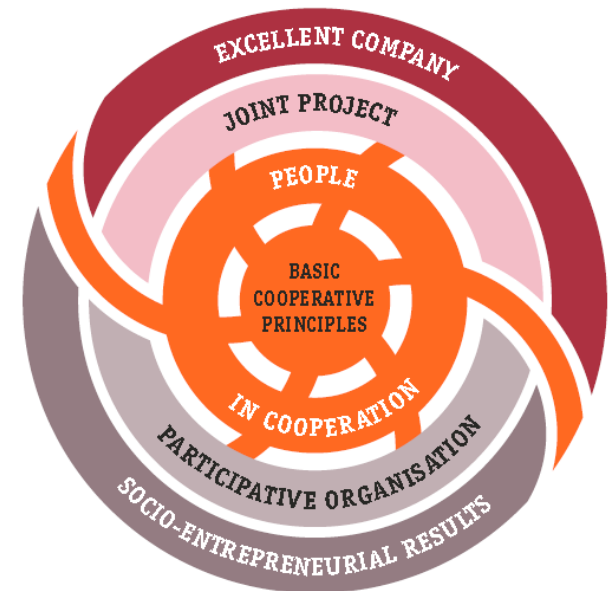
10 Business Policy

Cooperative Identity and Commitment

Why do we need a Corporate Management Model?

- To foster the development of **business management dynamics consistent with the Basic Cooperative Principles**.
- To help increase the **business competitiveness** of the Cooperatives.
- To make our **cooperative management style a mark of identity** that generates a **feeling of belonging**, paving the way for **intercooperation** and helping to **optimise synergies at corporate level**.

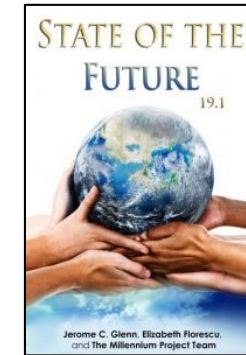
The Corporate Management Model (CMM) can be explained by means of a **constantly rotating circular graphic**, which aims to express the **interrelation between the different concepts** it brings together and the **dynamism required** for it to be put into practice and continually adapted.



Inevitability of New Economics



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GLOBAL FUTURES STUDIES & RESEARCH



- Concentration of wealth is increasing
- Income gaps are widening
- Employmentless economic growth seems the new norm
- Return on Investment in capital and technology is usually better than labor
- Future technologies can replace much of human labor
- Long-term structural unemployment is a “business as usual” surprise free forecast
- What can we do about this?

Future Work/Technology 2050 Study



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GLOBAL FUTURES STUDIES & RESEARCH

1. Literature and Related Research Review
2. Real-Time Delphi
3. Global Scenario Drafts to 2050
4. RTDelphi Feedback on the Scenarios
5. Final Scenarios, Policy issues, and workshop considerations
6. **National Workshops**
7. Collect results of the national planning workshops, analyze & synthesize results
8. Final report for public discussion

Next Technologies (NT) = all together



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GLOBAL FUTURES STUDIES & RESEARCH

- Artificial Intelligence
- Robotics
- Synthetic Biology & Genomics
- Computational Science
- Cloud & Big Data Analytics
- Artificial & Augmented Reality
- Nanotechnology
- IoT, Tele-Everything & Tele-Everybody, the Semantic Web
- Quantum computing
- Tele-Presence, Holographic Communications
- Intelligence augmentation
- Collective Intelligence
- 3D/4D Printing of Materials and Biology
- Drones, Driverless Cars (and other autonomous vehicles)
- Conscious-Technology
- **Synergies Among These**

Global Work/Tech Scenarios 2050



1. It's Complicated - A Mixed Bag
2. Political/Economic Turmoil – Future Despair
3. If Humans Were Free – The Self-Actualizing Economy



Global Employment Assumptions

Workforce 3 billion 2000; 6 billion 2015



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GLOBAL FUTURES STUDIES & RESEARCH

	Scenario 1 Business as Usual	Scenario 2 Political Turmoil	Scenario 3 Self-Actualization
Employed	2 Billion	1 Billion	1 Billion
Self-Employed	2 Billion	1 Billion	3 Billion
Unemployed or in transition	1 Billion	2 Billion	1 Billion
Informal Economy	1 Billion	2 Billion	1 Billion

Is this the right answer?...

Humanity at work

MONDRAGON, a social
innovation ecosystem
case study

THE
YOUNG
FOUNDATION

PUTTING PEOPLE
AT THE HEART OF
SOCIAL CHANGE



Humanity at work

<https://youngfoundation.org/publications/humanity-work-mondragon-social-innovation-ecosystem-case-study/>

 **THE
YOUNG
FOUNDATION**

**PUTTING PEOPLE
AT THE HEART OF
SOCIAL CHANGE**

MONDRAGON as social innovation

Social in ends

Aims to change and contribute to surrounding environment

Broader benefits of its way of working to the society around it

Aim of wealth creation for wealth distribution

Facilitating participation of others by introducing them to model and training them

Social in means

Wealth sharing – 1:6 salary ratios

Participatory – vocational education

Democratic - 1 person, 1 vote

Intra co-operation – solidarity between people

Inter co-operation – co-operating with other co-operatives

Non-competition between co-operatives

Key social values/ narratives

Auzolan – common good

Community ‘can do it’

Joining forces in a difficult environment

Sacrifice and generosity

What you give up to contribute to your community

Relational value – between people

Self responsibility

People are protagonists in their own project

Responsible for success

Democracy and participation

Each worker can participate fully

“1 person 1 vote”

Focus on providing opportunities for people to participate fully in the project

Learning by doing

Learning & labour participation possible with appropriate support and training

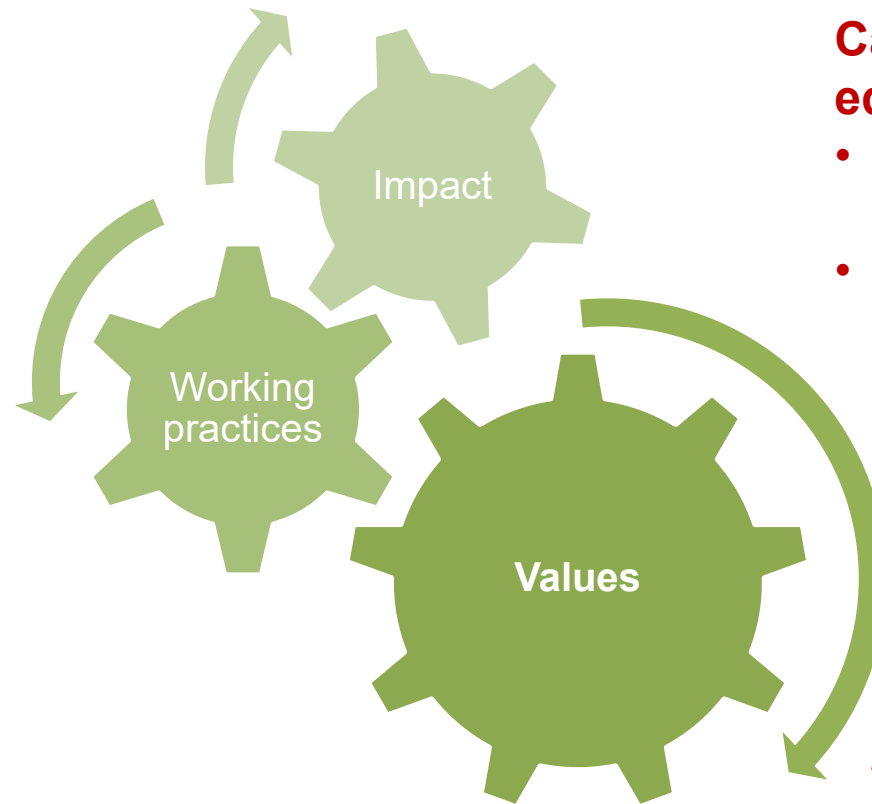
‘learning on the job’

Innovation principle: trial and reflection

Values into practice – wealth sharing

Examples

1 person 1 vote
Shared ownership
Vocational training
Wealth re-investment

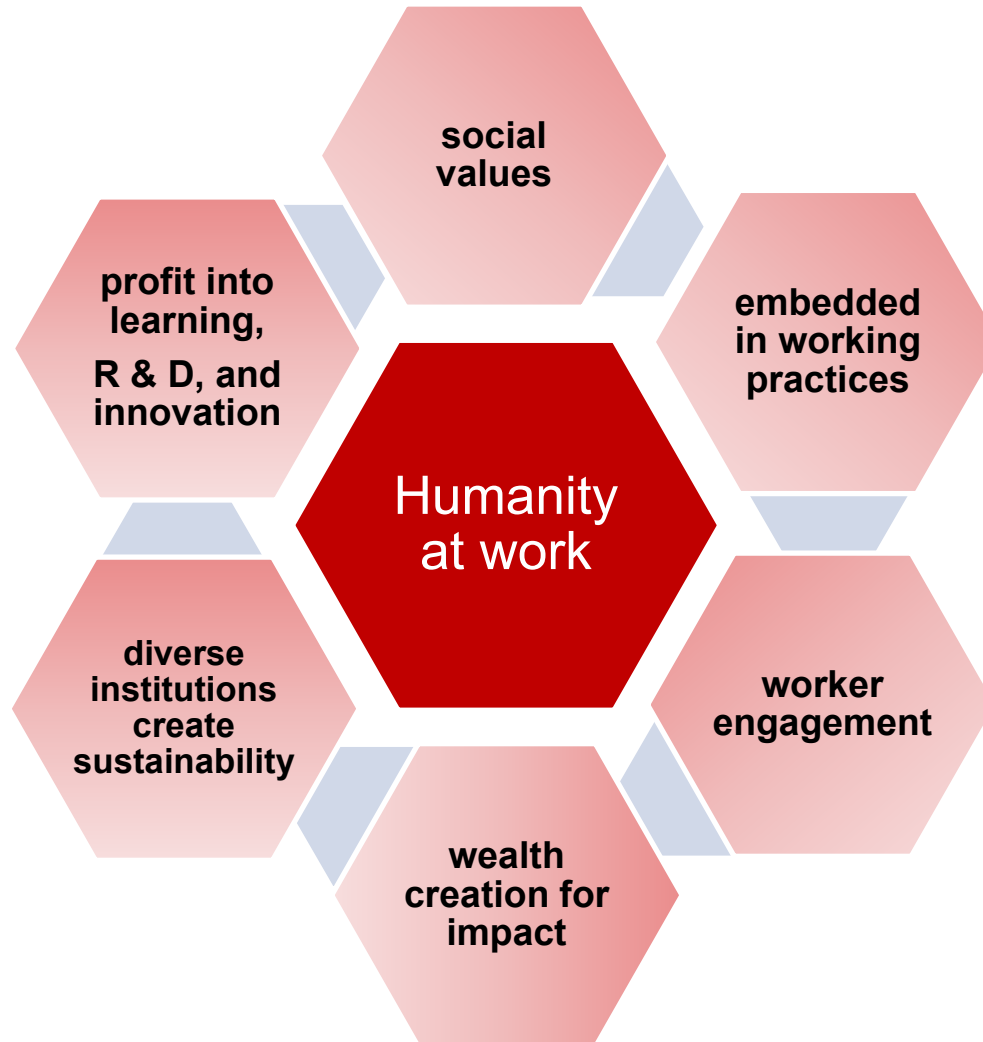


Capital as an equality tool

- Creates employment
- Generates impact (through success)

“We don’t exist only to accumulate capital... we want to leave future generations something better than what we found.”

Ecosystem





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