

## **Co-operative Business**

### **Why Form a Co-operative Business?**

Co-operatives are organisations for mutual benefit, where members equally control and benefit from the operation.

It is their objective to first and foremost serve members' interests, rather than that of capital invested. This is one of the main distinctions between co-operatives and other forms of business.

Co-operatives are based around the concepts of self-help, self-responsibility, and self-organisation.

A co-operative business may be the most appropriate form where:

- The business will trade for a social purpose over and above the profit motive.
- People want to determine for themselves what makes a business successful
- There is a joint need that cannot be met by outside providers
- People's particular needs are unlikely to be met through conventional business structures eg people who want to work in a certain way or certain hours.
- Collaboration will strengthen the ability of the business to succeed or continue, eg by pooling purchasing power, or employees purchasing assets from a company closure.
- You want to protect the business for the future – members managing the business can be seen as managing it on trust for future members.

### **Advantages of a Co-operative Business**

- They are usually more stable, caring and responsible employers
- They can give greater job satisfaction and variety, and encourage a strong work commitment
- They are more responsible to the customer and the community in which they operate
- If incorporated as a company or IPS will provide limited liability for individuals involved
- Co-operatives can be highly innovative and very competitive businesses - a fact that is now being recognised by the mainstream business world.

## **A Framework for a Successful Co-operative Business**

- The desire to establish a business must precede the desire to set up a co-operative
- Ensure that if you need finance you get it when needed, and know when that is in advance
- Share a common idea or goal
- Everyone should be actively involved in the formation and strategy of the co-operative
- Clearly define the management structure
- Working practices should be clearly established
- Define roles and responsibilities at an early stage
- Have a clear system for generating business
- Maintain close contact between members and customers
- Ensure that internal communication is clear and good
- Have a disciplined approach to meetings – especially if there are a lot of members
- Have a formal process for generating ideas – involve as many members as possible
- Create a strong image for the co-operative
- Have an induction period for new members which clearly explains co-operative principles. Have regular training for all members
- Create an awareness of management and business practices throughout the business
- Have concern for the quality of the product or service that you provide from a customer's point of view.

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