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# Models for Worker-owned Cooperatives:

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*Multi-stakeholder Cooperatives*

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# Worker Co-ops in the U.S.

- 300+ democratic workplaces in the U.S.
  - 3,500 employees
  - \$400+ million in revenue
  - Most are quite small
  - Largest in the U.S. is Cooperative Home Care Associates, Bronx, NY with 1,750 employees, 1,000 members and \$60 million USD in revenue
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# U.S. worker co-ops are . . .

- Geographically diverse
  - Operate in many industries and sectors
  - A small but growing part of the U.S. cooperative scene
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# What is a multi-stakeholder co-op?

- Co-op with at least **two** different membership classes
    - Users
    - Workers
    - Supporters
  - Consciously built on common mission but heterogeneous base
  - “solidarity co-ops” are the fastest growing kind of co-op in Quebec
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# Different potential classes of members

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- USER membership classes
    - Consumers
    - Clients
    - Families of clients
    - Institutional purchasers
    - Producers
    - Groups of producers
    - Intermediaries – processors, distributors etc.
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# Different potential classes of members

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## ■ WORKER membership classes

- Workers
- Professional employees (social workers, physicians, managers etc.)

## ■ SUPPORTER membership classes

- Community members
  - investors
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# Balancing Interests . . .

- Allocation of governance rights
  - Distribution of surplus
  - Transfer rights
  - Dissolution
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# Transformational vs. Transactional

- Built upon relationships
  - Dependent upon transparency, free flow of information
  - Striving for mutual best long term interests as much as short term gains – alignment of interests at a higher level
  - Systemic perspective – allows for joint consideration of supply and demand
  - Patient
  - Inclusive
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# What does the research say? . . . (not that much but perhaps some surprises)

- Theory – high transaction costs, inefficient decision-making, ultimately unstable
    - No real data to support this view
    - But . . . *the jury is out on institutional partners*
  - Alternate theory – highly evolved mechanisms for the collection and coordination of disparate information in the pursuit of common objectives – + trust relationships = lower transaction costs
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# What does the research say?

- Theory – membership classes will compete for resources (“zero sum” game)
    - Data --- Italian study of 300 social co-ops found addition of supporter class did not take a way from ability of worker class to achieve goals on pay and meaningful employment
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# What does the research say?

- Theory: differences = conflict
    - Data – survey of 79 MSC in Quebec found high level of satisfaction with governance
    - MSCs in Quebec do not use mediation services more than any other kind of co-op
    - Ostrom research – face-to-face communication increases the level of cooperation
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# What does the research say?

- Robert Putnam – “Bonding” and “Bridging” social capital
  - Both are important
  - Bridging is the harder one to do, absolutely vital to keeping a diverse democracy vigorous and inclusive
  - MSC are a natural ground for building bridges

*“social capital represents not a comfortable alternative to social conflict but a way of making controversy productive”*

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# Examples of MSCs in Sustainable foods . .

- Oklahoma Food Co-op – producers and consumers
  - Producers & Buyers – producers, buyers, processors, distributors, community supporters
  - Fifth Season – producers, producer groups, processors, distributors, buyers, workers
  - Weavers Street Market – workers, consumers
  - Maple Valley Co-op – producers, buyers, workers, community supporters/investors
  - Black Star Co-op Pub and Brewery – workers, community supporters
  - Eastern Carolina Organics – producers, managers
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# Weaver Street Market

Carborro, NC

- Worker-consumer hybrid retail founded 1988
- Cost per share workers \$500, consumers \$75 - \$175
- About half workers choose to join; patronage adds about \$1 per hour in good years
- Seven member board – 2-2-2-1
- Mix of tenure, experience
- Use trained facilitator



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# 5<sup>th</sup> Season Cooperative,

Viroqua, WI

- Started in 2010
- Area with lots of small farms, 220 organic farms in Vernon county alone
- 6 membership classes span the whole supply chain – producers, groups of producers, distributors, processors, buyers, workers
- Committed to rebuilding Local food system



# Penticton and Area Cooperative Enterprise(PACE), British Columbia

- Started in 2005 to provide work opportunities for mentally ill, hard-to-employ
- Worker (clients) and supporter member classes; workers control 70% of board
- Have created 11 businesses including a café, cleaning service and web design firm averaging 8 employees each
- All businesses started as ideas of clients
- “we want to operate as a business” not charity



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# Something to ponder . . .

***“Co-ops reflect the triumph and struggle of democracy. . . . Disagreement and conflict are as much a part of democracy as the power of collective action. Managing disagreement and resolving conflict in a productive fashion are part of crafting an effective democracy.***

***While everyone knows the consequences of destructive conflict, the advantages of constructively managed conflict include greater understanding, enlightenment, and consensus”.***

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# “Solidarity as a Business Model: A Multi-stakeholder Cooperative Manual”

<http://oeockent.org/index.php/library/category/46/cooperatives> Publication # 20 on the list

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