

Finance
Industry
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Knowledge



HUMANITY
AT WORK

MONDRAGON



MONDRAGON

HUMANITY AT WORK

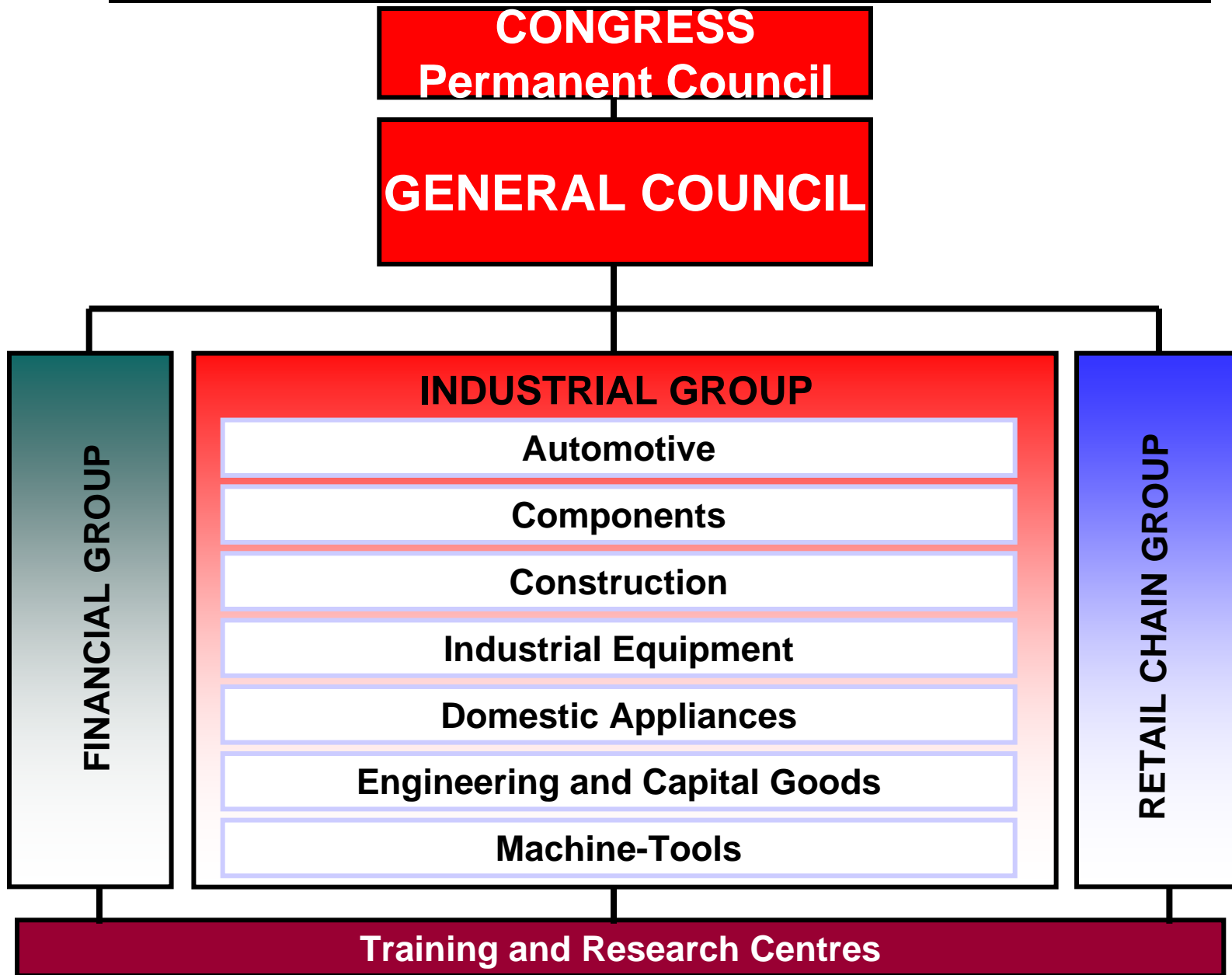




COOPERATIVES WITHIN MONDRAGON

•INDUSTRIAL	<u>87</u>
•CREDIT	<u>1</u>
•CONSUMER	<u>1</u>
•AGRICULTURAL	4
•EDUCATION	<u>8</u>
•RESEARCH	13
•SERVICES	6
•TOTAL	120 cooperatives

Structure in MONDRAGON



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MONDRAGON CO-OPERATIVES

	2003	2004	2005	2006	2007
SALES	9.638M	10406M	11.859M	13.390 M euros	16.300 M euro
INTERNATIONAL SALES BY INDUSTRIES	2.555M	2.699M	54%	57%	58%
INVESTMENT	836M	784M	1.081M	1.243 M euros	2.800 M euro
PERSSONEL	68.625	70.884	78.455	83.601	100.000
NET PROFITS	411M	502M	545M	677 M euros	792 M euro

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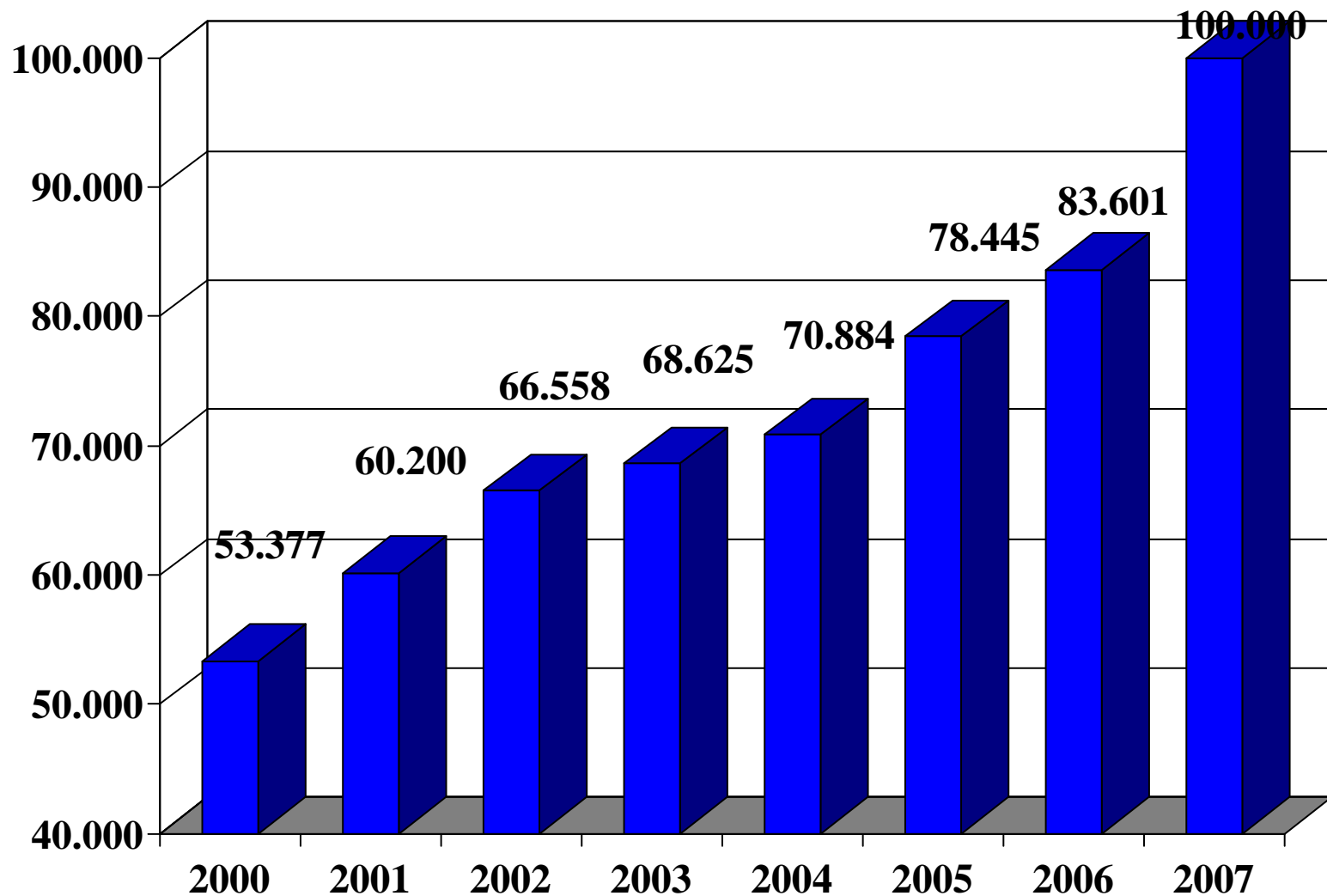


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PERSONNEL MONDRAGON





Mission (I)

Mondragón Co-operative Corporation (MCC) is an entrepreneurial socioeconomic entity with deep cultural roots in the Basque Country, created by and for the people, inspired by the Basic Principles of our Co-operative Experience, committed to the community, to the improvement of competitiveness and to the satisfaction of customers, to **create wealth within society through entrepreneurial development and job creation, preferably membership-jobs in co-operatives.**



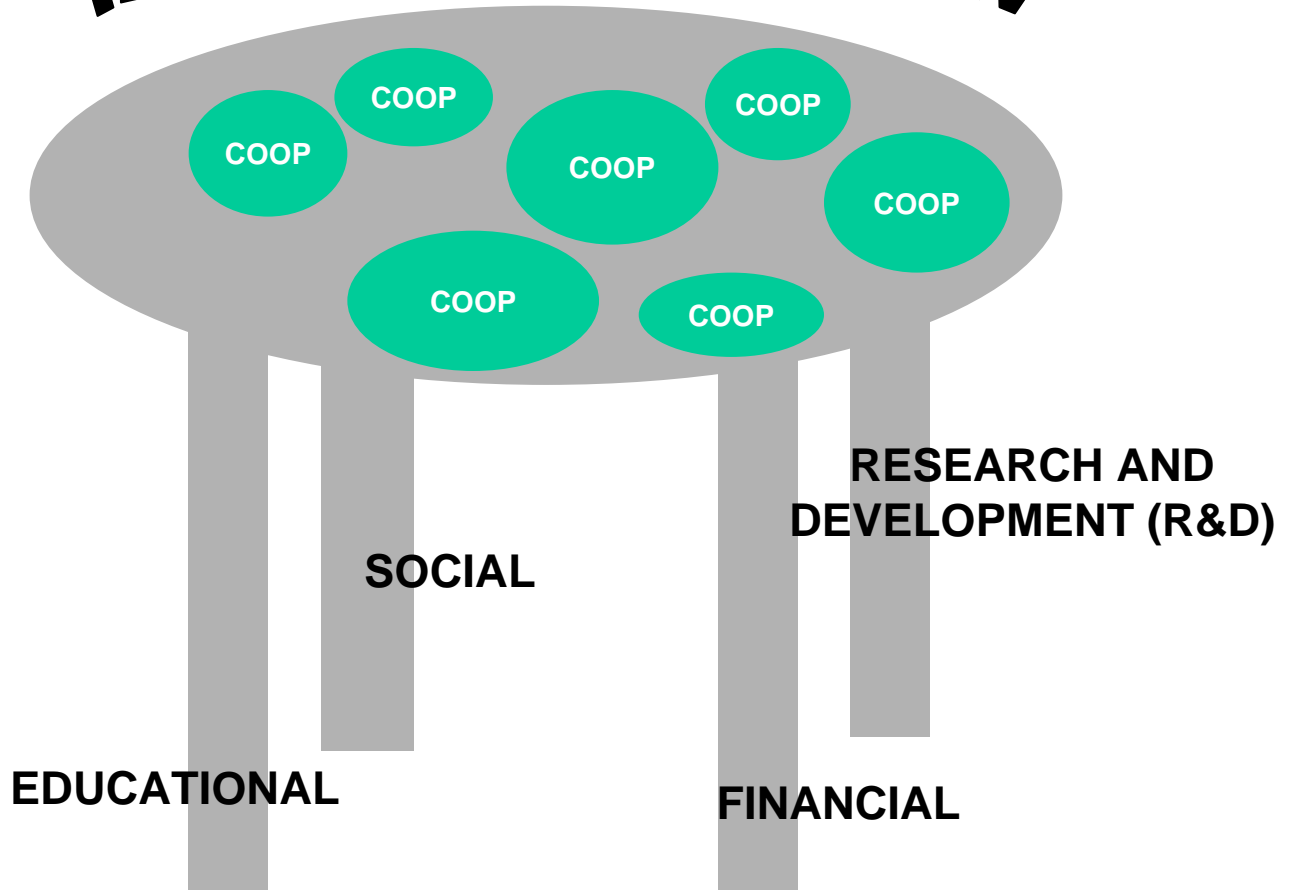
Misión (II)

- ❑ MCC is based on a commitment to solidarity and uses democratic methods for its organisation and management
- ❑ MCC encourages the participation and integration of people in management, profits and ownership of their companies, to develop a joint, harmonising project aimed at social, business and personal development.





INTERCO-OPERATION





MEMBERSHIP RULES TO ENTER MCC

- **Relocation of staff among cooperatives.**
- **Restructuring results.**
 - **Within the sectorial groups (>15%-<40%)**
 - **Within corporative funds in MCC (Investment 10%) (Education 2%) (Solidarity 2% - for compensation In Case of losses)**
- **Solidarity in profit distribution (net profit of each co-op)**
 - **10% Fund of Education (Law 10%)**
 - **45% Fund or Reserve of Co-op (Law 20%)**
 - **45% Returns to workers → Capitalize → Interest 7,5% in cash**
- **Initial capital (14.000 euros in 2008).**
- **Solidarity in remunerating managers.**
- **Reporting of data to MCC Headquarters.**
- **Not internal competition between co-ops within MCC.**

Basic Structure within a Co-operative

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SUPREME BOARD

MON
GON
RUNNING BOARD

EXECUTIVE BOARD

SUPREME BOARD

GENERAL ASSEMBLY

RUNNING BOARD

GOVERNING COUNCIL

EXECUTIVE BOARD

GENERAL MANAGER

ACCOUNTING AUDITORS

WATCHDOG COMMITTEE

SOCIAL COUNCIL

ADVISING BOARD

MANAGEMENT COUNCIL

DEPARTMENT MANAGER A

DEPARTMENT MANAGER B

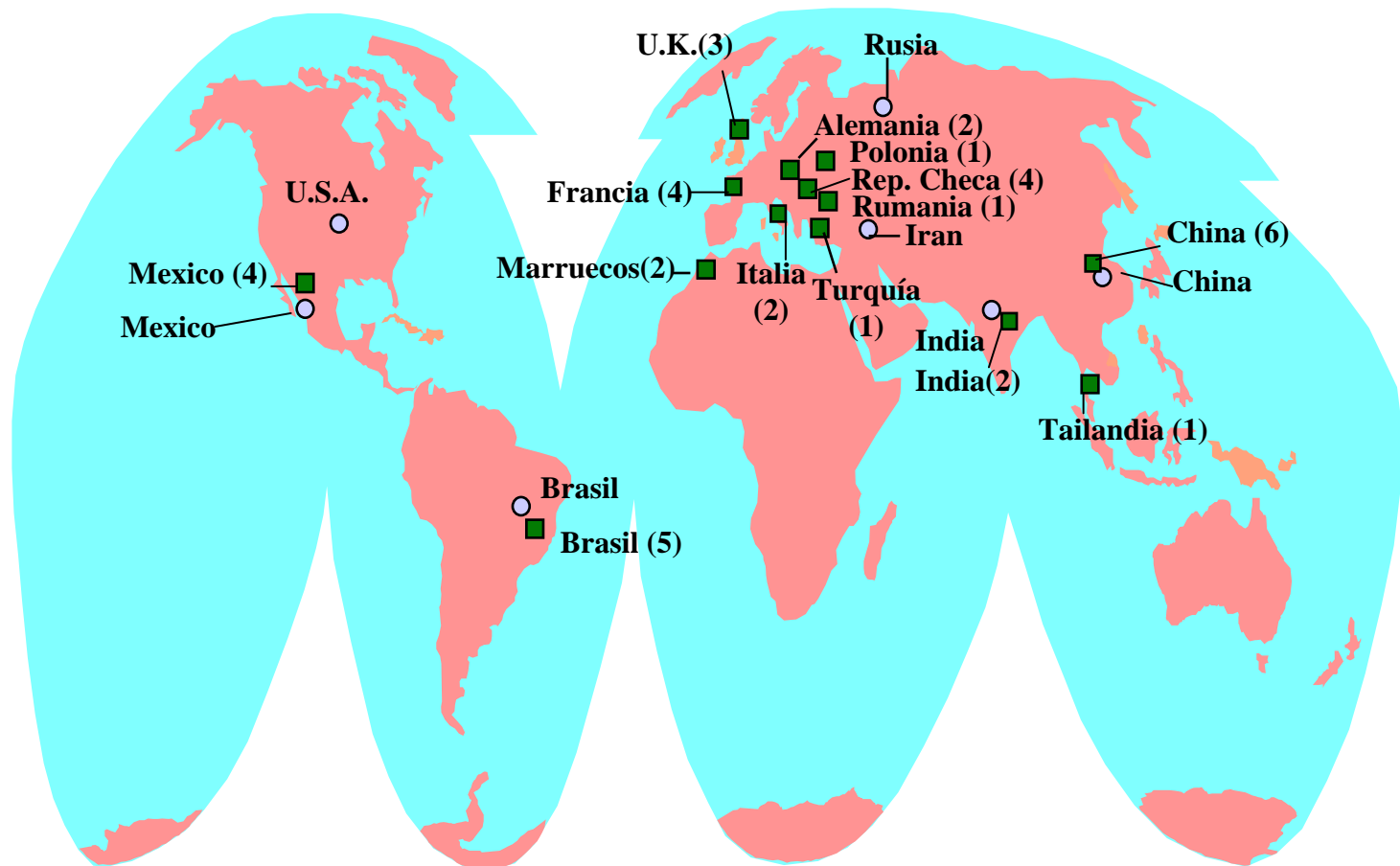
DEPARTMENT MANAGER C

DEPARTMENT MANAGER D

DEPARTMENT MANAGER E



MCC Worldwide



- Corporate Delegations (6)
- Production Plants (69)



EXPANSION MODEL OF MCC (2005-2008)

- INFORMATION TRANSPARENCY
- SAME STYLE OF MANAGEMENT
- 30% OF PROPERTY SHOULD BELONGS TO WORKER
- 5% OF RESULTS HAVE TO DEDICATE TO LOCAL DEVELOPMENT

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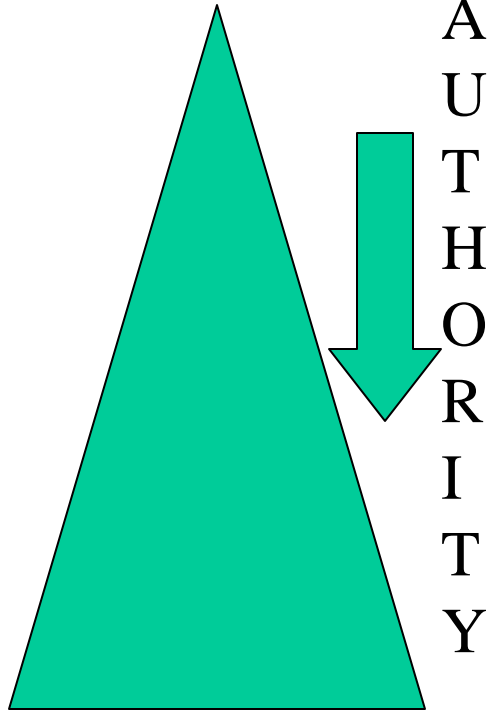


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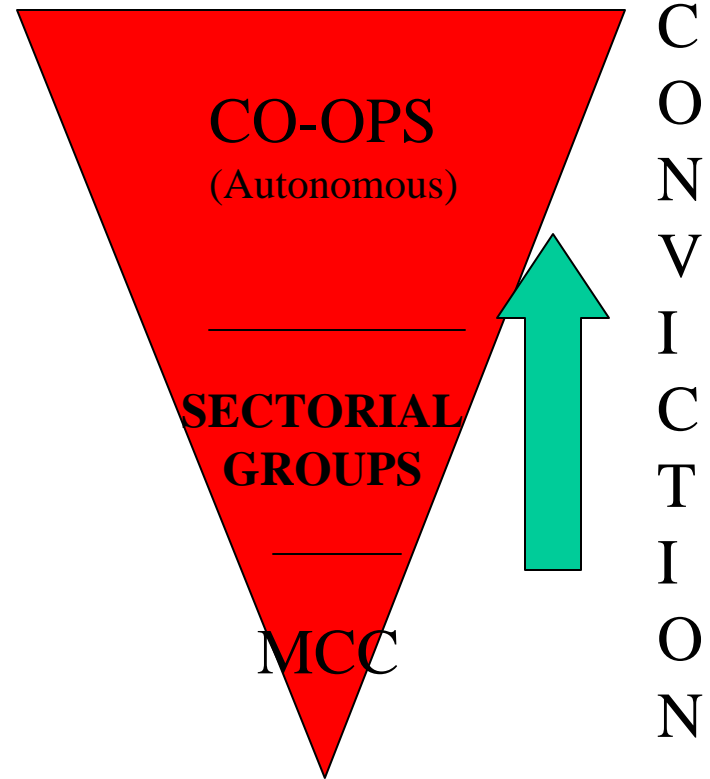
MONDRAGON



CONVENTIONAL CORPORATION



MCC





CORPORATE VALUES OF MCC

CO-OPERATION

- “Owners and protagonists”

PARTICIPATION

- “Commitment to management”

- **SOCIAL RESPONSIBILITY**

- “Distribution of wealth based on solidarity.
Involvement in the community”

INNOVATION

- “Constant renewal”



BASIC CO-OPERATIVE PRINCIPLES

- 1. Open Admission.**
- 2. Democratic Organization.**
- 3. Sovereignty of Labor.**
- 4. Instrumental and Subordinate Nature of Capital.**
- 5. Participatory Management.**
- 6. Wage Solidarity.**
- 7. INTERCO-OPERATION.**
- 8. Social Transformation.**
- 9. Universality.**
- 10. Education**



STRATEGY OF MONDRAGON

1. People are the mainstay of the enterprise (twenty-first century, century of knowledge)
2. We are all owners and protagonists
3. One person, one vote (democracy)
4. The involvement of everyone in: Management, Ownership and Results
5. Self-management
6. Decentralised organisation
7. Real inter-cooperation in funds and people
8. Reinvestment of surplus
9. Social responsibility
10. Innovation: Technical/Technological, Organisational, Financial, Social
11. Balance between job creation and financial profitability
12. Internationalization



HISTORY OF THE MCC “CO-OPERATIVE EXPERIENCE”

- * 1941 - DON JOSÉ M^a ARIZMENDIARRIETA ARRIVES IN MONDRAGÓN
- * 1943 - DON JOSÉ M^a SETS UP THE PROFESSIONAL POLYTECHNIC SCHOOL
- * 1956 – THE FIRST CO-OP IS CREATED: ULGOR (FAGOR)
- * 1959 - CAJA LABORAL (Bank + Entrepreneurial Division)
- * 1959 - LAGUN ARO (Own Social Welfare System)
- * 1964 –FIRST CO-OPERATIVE GROUP (ULARCO-FAGOR)
- * 1966 - ALECOP (Students working in a worker co-op)
- * 1974 - IKERLAN (Research Centre)
 - Designing and Production Technologies
 - Information Technologies
 - Energy
- * 1987 -I CONGRESS of co-ops: Creation of Mondragon Cooperative Group (GCM)
- * 1991 –III CONGRESS: MCC, AS A CORPORATION, IS CREATED

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