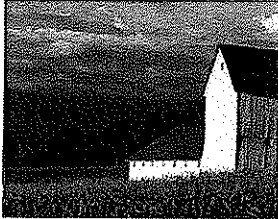


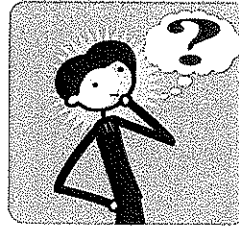
**When you say  
“Cooperatives” – think  
“Shared Entrepreneurship”**



**Vernon County**  
*Inventors & Entrepreneurs Club*  
October 14, 2009

**Margaret Bau**  
*Cooperative Development Specialist*  
USDA Rural Development - Wisconsin

**When you think “cooperative”**



**What comes  
to mind?**

**What is a Co-op?**

- A cooperative is a business owned and democratically controlled by the people who use its services.
  - *Member - owner*
  - *Member - control*
  - *Member - benefits*



**Various types of co-ops**

Defined by who owns the organization



*Consumer Co-ops*



*Producer Co-ops*

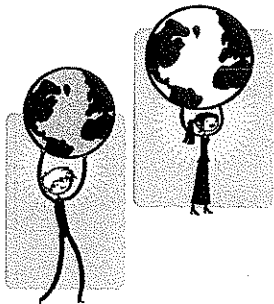


*Shared Services Co-ops*



*Worker Co-ops*

**Co-ops – Powerful Community  
Economic Development Tool**



- **Ownership**
  - Real stake in your livelihood
  - Co-ops are locally rooted
  - Takes longer to organize, but business is stronger and lasts longer
- **Reduced personal risk**
  - Economies of scale
  - Synergy of ideas
  - “Enterprisers” vs. Entrepreneurs

**Co-ops & Economic Development**

Quebec	5 Year Business Survival Rate	10 Year Business Survival Rate
Co-op survival rate	62%	44%
Private sector survival rate	35%	20%

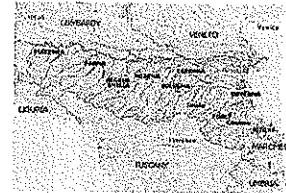
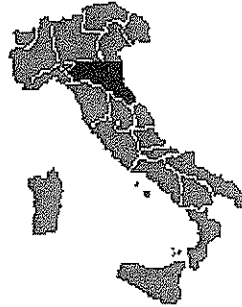
2008 data from the Quebec Ministry of Economic Development, Innovation and Export  
Data tracked since 1990

## Examples of Cooperatives

*On far off shores*



## Emilia-Romagna, Italy



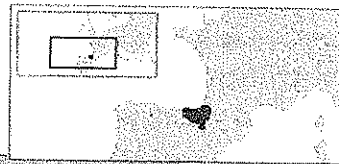
4 million people in Emilia-Romagna;  
40% the land mass of Wisconsin

## Co-ops & Entrepreneurship

- 15,000 co-ops in Emilia-Romagna
  - Retail, construction, agriculture, housing, large scale manufacturing, social services
- Flexible Manufacturing Networks
  - Average firm size = 3.5 people
  - Reciprocal relationships among small firms
  - Industry specific service centers
    - R&D, marketing, training, workplace safety



## Mondragon



## Mondragon



- Basque region in northern Spain
  - Humble start in 1956
- 100+ member co-ops
- 100,000 worker-owners
- 7<sup>th</sup> largest industrial manufacturer in Spain
  - Self financed
  - Huge investment in R&D, new idea incubation, training, management

## Social Enterprise Co-ops

*Right here in Wisconsin*



## Cooperative Care



- Waushara County worker co-op to improve caregiver wages and client quality of care
- Services to elderly, disabled
  - Personal care at home
  - House cleaning, errands
- Caregivers own the agency
  - \$2/hour higher pay, benefits
  - Set policies
  - Leadership development
- 95 members, started in 2001



## Fond du Lac Synergy Co-op

- People living with mental illness
  - Blemished work records
  - High desire to work
- Creating work
  - "Get the job done" services
  - Mutual support
- 2 membership levels
  - Employee-owners
  - Support members
- PACE in Canada



## A Business Retention Idea

*What do you think?*



## Succession Planning for Small Business Owners

- What will happen to family business?
  - 15% of businesses pass onto 2<sup>nd</sup> generation
  - 5% of businesses pass onto 3<sup>rd</sup> generation



### Competitor buy-out

- Raid customer list, cherry pick equipment, jobs lost in shut down
- Why not sell business to employees?
  - Know the business
  - Motivated to keep their livelihoods
  - Owner legacy



## Select Machine Cooperative

- Succession planning
- Custom parts manufacturer in small northeast Ohio town
- 2 retiring owners
  - Family not interested, buyers would close the plant
- Sold biz to the 9 employees
  - Machinists learn how to read financials, marketing, management, thinking like an owner
- 1042 capital gains tax rollover
  - ESOPs or worker co-ops



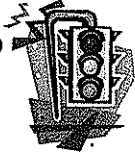
## How Do We Get Started?

*Steps in forming a co-op and resources*



## Steps to Organizing a Co-op

- **Identify local leaders in your field**
  - Personally invite individuals to participate
- **Facilitate exploratory discussions**
  - What are your values?
  - What would a values-based organization look like?
- **Learn about other co-ops**
  - What tasks must happen within a co-op business?
  - What skills do we have?
  - What skills must we hire?
- **Write a business plan (is this idea viable?)**
  - Go/No Go decision point
  - If not viable - STOP!



## If viable idea, then...

- **Co-op development**
  - Co-op training, trust building
  - Agree upon bylaws and policies
  - Set up committees, who will do what tasks
  - Incorporate, elect board
- **Raise equity, seek financing**
- **Hire staff, set up administrative systems**
- **Open for business**
  - Ongoing board, membership training
  - Seek outside advice, network



## Wisconsin Co-op Resources



In WI since 1998, assistance previously DC based  
 Federally funded; services free to rural clients.  
 Hands on help to educate and organize new co-ops.  
 Staff of 1



Nonprofit, founded in 1985, based in WI & MN  
 Fee for service, grants, RCDG  
 National expertise in natural foods  
 Staff of 5; consultants for specific projects



University based, founded in 1962  
 Funding from UW Extension, grants, fees  
 Research, premier website, education  
 Staff of 4; student assistants



WI & MN statewide association, 600 member co-ops  
 Founded in 1945; funded by membership dues  
 Co-op lobby to state legislatures; WI electric co-ops, health insurance co-ops  
 Staff of 23

## For More Information

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