



CO-OPERATIVES UK

THINK PIECE 1

The Formula for Co-operation

Harnessing the potential of co-operation in business and economic life

Ian McDermott, with Jason Miller and Ed Mayo

“Co-operation lies at the heart of all collaborative achievement. Three elements are essential for successful co-operation.”

Co-operation – it's everywhere!

We live in a world which takes co-operation for granted. In one way that's good news because it means it's so common we regard it as a given – which suggests that there's a lot of it about. (Imagine what driving would be like if you couldn't rely on the vast majority of your fellow motorists to co-operate and abide by the same rules!) But this is also a problem because so much of the time we don't really register how much co-operation is involved in our everyday living. And this can make co-operation become invisible.

Whether we're at work, or socialising, our ability to get pretty much anything done is dependent upon our ability to engage with others in such a way that we can get our needs met and they theirs. We swim in an ocean of co-operation but barely notice it. Every so often though we're brought up sharp by its absence. That's when you'll hear people say things like 'I'm afraid they're not being very co-operative'. But what's so striking is that most of the time this is the exception not the rule.

While a lot of emphasis has been placed on the stimulative effects of competition it's about time we also stressed the importance of co-operation. Too often competition and co-operation are seen as opposites. But consider this, sport, which is intensely competitive where there are always winners and losers, is only possible because players agree to co-operate in a myriad of ways. If this weren't true it would be possible to guarantee that a player or a team could win every time. Take tennis for example. All a player would need to do to win would be to select an opponent who they knew was inferior! But this isn't what happens because for the competitive element to be worth anything there has to be a real challenge. Only then does winning count. So even here there is a kind of co-operative agreement about who shall engage with who and on what terms – we co-operate in order to compete.

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Very often competition can only thrive when there is a shared agreement about how to play and what counts as winning. That means the parties are co-operating to achieve their outcome. The same is true within a business. You can pay people, give them a job description and keep tabs on what they do, but that counts for little if they don't care for what they do or if they won't collaborate to do more together.

Almost one in four workers in the UK (23%) say that they are not engaged in their workplace – a figure that is one third higher than in comparable countries such as Canada, USA, Germany and the Netherlands. The result, proven time

after time in research, is that these businesses lose out because they are less productive and they are less competitive. The annual economic costs of low co-operation in the UK now stand at £36bn.

But fortunately perhaps for the UK, there is a branch of business life that has been experimenting with different models of co-operation for over a hundred and fifty years. It's time to learn what has worked.¹

Co-operative enterprise – the invisible giant

The co-operative movement worldwide is vast.

There are eight hundred million people worldwide who are members of co-operative enterprises. In turn, they employ over 100 million people. That is more than all multinational companies put together. They range from helping with everyday needs, such as food and shelter, through to people banding together for savings and loans.

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It also has an illustrious history from its inception in Rochdale in 1844 through to new models of co-operation online today. There are not just co-operative shops, but also co-operatives in every sector of the economy – co-operative banks and credit unions, co-operatives in housing, farming and fishing, co-operative schools and new community co-operatives, owned by local people. And when times get tough sometimes co-operative innovation can make all the difference and save the day. In Salford, for example, in Autumn 2009, a notice went up at the Star Inn, in Back Hope Lane, that the pub was to close in three weeks. The Star was the only pub left in the area, after seven other pubs had closed. Local people like Margaret and Jim responded, raising the funds to buy the pub at auction and run it as a co-operative pub. What's more they're making a go of it.

However, what ultimately makes the co-operative approach important is that it's a way of doing things that makes it possible to harness the drive human beings have to achieve their goals by acting together.

Being able to do this effectively challenges those involved to be innovative and devise collaborative frameworks. This stimulates new ways of thinking and organising. To be successful these need to encourage and honour individual contributions, recognise the needs of various stakeholders while fostering team cohesiveness. The more we think in these terms the more we're likely to challenge our own preconceptions about what's possible.

Figuring how we can best co-operate to achieve mutually desired outcomes is not always easy – the most recent Nobel Prize for Economics was awarded to a team, including co-operative theorist, Elinor Ostrom, for discovering just how complex, and productive, that can be. It's helpful but not enough to devise a set of rules: we have to live being co-operative if it's really going to have the impact we know it could have. And that means it will be really useful to take stock of just how co-operative minded we are as individuals.

The co-operative model is a flexible one, and co-operatives come in all shapes and sizes. Some co-operatives, for example, are owned by their customers, some by staff, suppliers or the local community – sometimes a combination of any of these. But as they all sign up to seven 'principles of co-operation', it makes sense to use this to explore what they offer for business and organisations more widely.² Table 1 sets out a simplified version of these, together with what they imply in terms of pro-co-operative behaviour. This is where it gets personal.

Imagine working in an environment where you could say the following was true:

TABLE 1: The 7 Principles

The co-operative enterprise

The co-operative individual

1. People can join – and leave

I can find a common interest with others if I am open to their needs and if I behave in a way that enables them to co-operate with me.

2. Your voice will be heard

Because I have an equal say in what happens, I listen and I communicate openly and honestly.

3. You control the capital

I keep a close eye on what we are trying to do together and the decisions I make are guided by this.

4. Together, you are autonomous

I help others so that they can help themselves and they help me in the same way, so that together we are more in control of our future.

5. You can develop yourself and others

I am interested to learn from those around me so that I can behave in a more co-operative way.

6. You can be more successful by co-operating with others who know how to co-operate

I look for opportunities to co-operate with others in new settings.

7. You can do something for your community even as you keep succeeding

I am aware that I am part of a larger system and I am committed to doing what I can to make it better.

On the outside, co-operatives are businesses, trading like any other enterprise and, like them, working in a competitive market. It is what goes on inside that makes the difference.

If you apply values like mutual respect, openness and honesty in your dealings with others, then they start to trust you. When you have trust, you have a team. But we are used to thinking of teams as small clusters of people within an organisation. Can a whole organisation really be a team? Co-operatives come closer to this because the values of co-operation are embodied in the way co-operatives are set up and do business.

Of course, you do have different challenges when everyone has a stake in the business. You may not be answerable in the same way to outside investors, but you need to be no less accountable to members, for example through high quality governance, to keep on your toes.

There have been co-operatives in the past that have failed to do this, but the best co-operatives today have been able to innovate, to find new ways to build an inclusive enterprise.

What we believe is not that every business should be a co-operative but that every business could benefit by being more co-operative.

Co-operative enterprises have shown that they can succeed and although they remain a minority in terms of overall market share, it is the way that they succeed that has relevance beyond the boundaries of their own sector (Appendix 2 gives examples). Often overlooked, and often overshadowed by shareholder models of business, they are now enjoying a renaissance.

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So, drawing on these practical lessons and what we know from wider research on team work and collaboration, what is the formula for co-operation?

The Co-operative Formula

Co-operation lies at the heart of all collaborative achievement. Three elements are essential for successful co-operation. All three need to be lively if you're going to get the most that is possible. They relate as follows:

$$Sc * (Ci + Mt) = Co$$

Where: **Sc** = Shared commitment

Ci = Common interest

Mt = Mutual trust

Co = Co-operation

Having a common interest means you and others know what you want and that you can help each other. It's sometimes said that 'necessity is the mother of co-operation'. Anything that helps all concerned clarify what they're after is going to be really useful.

However, unless you are able to actually trust the parties involved – and they you – progress will be difficult and subject to stops and starts. So knowing how to build trust is an essential skill to successful co-operation.

Finally if you're going to make that intention happen you need to really care about it. Being committed to it is not enough. You need to share that commitment and be passionate enough about it to engage others and attract their support.

When all three elements are present something magical happens. You get what economists call a multiplier effect. That is to say the effect of each is compounded: each multiplies the effect of the other two. The resulting co-operation is an intensely rewarding experience for human beings whenever it happens and is remembered long after the moment of achievement has passed.

Equally, if any of the three parts is zero, then the whole equation changes: you do not have co-operation, but something else. For example, 'common interest' and 'shared commitment' will definitely get you a result but without mutual trust you may not even be able to achieve 'quick wins'.

Co-operation can be thought of as a matter of degree. Some relationships and organisations are more co-operative than others. Where are you – personally and organisationally – on the Co-operative Continuum?

A co-operation health check

Any group can employ a more co-operative approach whether or not they are formally organised as a co-operative.

Co-operation ultimately is a mindset. Constitutions, articles of association and rule books all have their place but ultimately it's how we relate to each other that is the hallmark of true co-operation.

When we're co-operating effectively expect to see some or all of the following:

Shared Commitment	<p>What gets agreed gets done.</p> <hr/> <p>Results are frequently tested against the original intent.</p>
Common Interest	<p>New possibilities emerge frequently because innovation is naturally fostered.</p> <hr/> <p>New parties want to join because they are attracted by what we do and how we do it.</p>
Mutual Trust	<p>Working relationships are energising both for those involved and those around them.</p> <hr/> <p>People readily express themselves even if it goes against the grain because they are empowered and able to challenge.</p>

How do you know if you're acting co-operatively? How could you co-operate more effectively?

You can test for co-operation by assessing on a scale of 1–5 just how true each of the above statements is for the enterprise you're engaged in.

Co-operation – the acid test

Being ready to co-operate comes down to three questions that emerge from the Co-operative Formula:

- 1 Do you care enough about this to take action with others?
- 2 Are you willing to trust the people you will collaborate with?
- 3 Are you prepared to do what it takes?

Adopting a co-operative approach – a learnable skill

Knowing how to create a co-operative working environment is an essential skill set for any successful organisation. People forget how co-operation is the oil that lubricates pretty much all our interactions.

Some people seem to be naturally better at it than others. But in the past thirty years research has shown that being co-operative is something that can be learned.³

In the past thirty years research has shown that being co-operative is a learnable skill.

Being able to foster co-operation is a talent which every team leader would do well to develop. Individuals too can benefit from seeing how being better able to co-operate can help them achieve what matters to them. The tools are now emerging to make this a practical reality for both individuals and teams.

From long-standing skills-based programmes around communication and co-operative values⁴ through to emerging work on distributed leadership and competences for building trust, we can now say with confidence that a co-operative approach is a learnable skill.

Your involvement

This paper is an exposure draft, which means we are looking for your views and involvement:

- Does the formula present key elements of co-operative behaviour in a clear way?
- Do you believe that co-operation in business pays off?
- Does open co-operation help to encourage a flow of innovation?
- What else helps to foster cultures of co-operation?

We want to explore opportunities over time for understanding and promoting co-operation, from practical toolkits to skills-based learning.

Learning how to adopt a more co-operative approach could be good for just about any enterprise. For more information:

info@cooperatives-uk.coop

or call Tinderbox on **01598 741218**

APPENDIX 1: Key literature on co-operation

- Argyle, M (1991) *Co-operation, the Basis of Sociability*, Routledge
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- Ostrom, E and Walker, J (eds) (2005) *Trust and Reciprocity*, Russell Sage
- Raymond, E S (2001) *The Cathedral & the Bazaar*, O'Reilly
- Tomasello, M (2009) *Why we co-operate*, Boston Review Books
- Zadek, S (2001) *The Civil Corporation: the new economy of corporate citizenship*, Earthscan

APPENDIX 2: Six findings from co-operative enterprises

As business more widely wakes up to the value of engaging staff, customers and stakeholders, these six findings from a number of co-operative enterprises can be valuable for all.

1. Behaviour-based competences

People often come to co-operation without much day-to-day experience of it. The ways of working, knowledge and skills have to be learned. If co-operation is to be a meeting of hearts and not just minds, then co-operative behaviour and competence becomes part of the performance and development systems you operate.

2. A culture of equality

Co-operation is a social culture, so it should feel different for those involved. This means being alert to signs of excluding or domineering behaviour, because they take away peoples' ability and desire to contribute. It means not excluding people who don't readily 'fit in', because co-operating with people who have different qualities and attributes can be more creative than working with people who are the same. It means being alert to even subtle kinds of institutional and cultural inequality.

3. Distributed leadership

When it comes to leadership, the dominant model in the business press is still of John Wayne style loners. In a co-operative, leadership means something different because it's a function of the intelligence and conscious direction of the all the people involved. Co-operators understand that no one can be a leader all of the time – and everyone has to be a leader some of the time.

4. A mandate for management

Co-operatives have learned the value of management, sometimes the hard way. What is different is that co-operatives look for ways to base it on consent rather than control, for example through representative models of governance. It requires a different style. As Bob Cannell of Suma Wholefoods puts it: "management is a function, not a status." But the benefit is clear. With a mandate, managers are equipped to act in the long-term interest of the business.

5. Ownership as stewardship

Co-operatives tend to have a different time horizon for ownership. In many co-operatives, those involved have control of assets that have been built up by past members. Their job is then to use it to make their co-operative more successful; to ensure that everyone who contributes to that success gets what they need in return; and keep some in trust for benefit of the co-operators of the future.

6. Open dialogue

The membership model for co-operatives makes it easier to build dialogue with customers or staff around complex and emerging issues of social responsibility. It also helps to make co-operatives a source of social innovation, as the encouragement of members has helped to develop new co-operative enterprise, for example around the needs of people with disabilities or in relation to a low-carbon economy.

Notes

1. This is a draft paper, intended to develop and promote understanding of co-operation. The paper was itself a piece of co-operation and was written by Ian McDermott and Jason Miller, with input from Ed Mayo of Co-operatives UK.

Ian and Jason co-operate together frequently to create ways for organisations to engage with and create enduring and lasting change. Their previous work includes published literature and conferences on individual and business 'Legacy'.

We are grateful for comments on an earlier working paper, Humanising the Co-operative Principles, from Jo White, Sion Whellens, Bob Cannell and Chris Herries.

Of course, the Rochdale Pioneers had also learned from the hundreds of earlier attempts at co-operative societies. What they came up with was the guiding values and principles that essentially provided a road map of how to marry that intrinsic co-operation with a business model that worked.

The core philosophy underpinning that road map was later described, in "Consumers Co-operation in Great Britain – an examination of the British Co-operative Movement" published by a panel of academics, in 1938, as a co-operative ideal that "is as old as human society. It is the idea of conflict and competition as a principle of economic progress that is new. The development of the idea of co-operation in the 19th Century can be best be understood as an attempt to make explicit a principle which is inherent in the constitution of society, but which had been forgotten in the turmoil and disintegration of rapid economic change."

2. The co-operative principles are:
 1. Voluntary and Open Membership
 2. Democratic Member Control
 3. Member Economic Participation
 4. Autonomy and Independence
 5. Education, Training and Information
 6. Co-operation Among Co-operatives
 7. Concern for Community

There is also a set of core values articulated for its members by the International Co-operative Alliance. The co-operative values are: self-help; self-responsibility; democracy; equality; equity; and solidarity. The co-operative ethical values are: honesty; openness; social responsibility; and caring for others.

3. As Geoff Mulgan of the Young Foundation sets out in his paper, Learning the skills of co-operation, prepared for Co-operatives Fortnight 2010: “we’re all born with the ability to co-operate, just as we’re all (or nearly all) born with the ability to sing or to run. But as with singing and running, our innate abilities also need to be cultivated and trained if we are to become good co-operators.”
4. See, for example, the long-standing work of the Co-operative College – www.co-op.ac.uk

THE AUTHORS

Tinder-Box is a boutique consultancy that equips organisations with the skills needed to achieve and sustain long term success.

The company combines strategic consultancy with team and leadership development and executive coaching. Formed in 2007, by Jason Miller, Tinder-Box clients include the Jamie Oliver inspired Fifteen, PepsiCo and Premier Foods. The consultancy specialises in organisational development, executive coaching, change management, transition coaching, leadership development, systems thinking, team coaching and continuous improvement. Contact Jason Miller at Tinder Box on 01598 741218.

Ian McDermott is the Founder of International Teaching Seminars (ITS) which celebrated its twentieth anniversary in 2008. ITS is a world leader in delivering NLP training and coaching and the primary resource for over 100 of the world’s top companies and organisation. Ian is the world’s foremost authority on NLP Coaching, he is the best selling author of *The NLP Coach* and the author of the chapter on NLP Coaching in the industry standard manual *Excellence in Coaching*. Named one of Britain’s Top 10 Coaches and described as “the Coaches’ Coach” (Independent), Ian is also a UKCP registered psychotherapist. Contact Ian McDermott at International Teaching Seminars on +44 (0)1268 777125.

Co-operatives UK

Co-operatives UK works to promote, develop and unite co-operative enterprises. It has a unique role as a trade association for co-operatives and its campaigns for co-operation, such as Co-operatives Fortnight, bring together all those with a passion and interest in co-operative action.

Any organisation supportive of co-operation and mutuality can join and there are many opportunities online for individuals to connect to the latest co-operative news, innovations and campaigns. All members benefit from specialist services and the chance to network with other co-operatives, whilst for new co-operatives, Co-operatives UK provides low cost registration, free membership and free advice on legal structures and governance.

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Co-operatives UK would like to thank the sponsors of the Fortnight:
The Co-operative Group, Midcounties Co-operative, Midlands Co-operative,
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Star Co-operative Society, Lincolnshire Co-operative Society, Channel Islands
Co-operative Society.

The Formula for Co-operation is an experimental paper. By bringing together the knowledge and experience of an NLP coaching expert, a business coach and a co-operative theorist it sets out, for the first time, the essential elements – the formula – for co-operation.



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