



# **Multistakeholder Co-operation**

**Vermont Co-op Summit  
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Erbin Crowell // Neighboring Food Co-op Association**

# Agenda



- Development of Co-op Forms
- Multistakeholder Models
- Some Examples
- Opportunities & Challenges
- Discussion



# New & Renewed Approaches

“Changing times make it critical to find new and renewed ways of understanding and expressing co-operative approaches to business and society. Such new and renewed approaches are best developed on the basis of a deep comprehension of past and present experience. At the same time, imagination is critical.”

Brett Fairbairn, Three Strategic Concepts for Co-operatives



# Evolution of Co-op Forms

- Holistic Vision of a Co-operative Economy
- Integrated Development of Co-op Enterprise
- “Co-Partnership” with Workers
- Shift to Single Stakeholder Focus:
  - Philosophical: Primacy of a Single Stakeholder
  - Pragmatic: Increasing Competition - Focus on Primary Activity
  - External Influence



# Development of Forms

- Food Co-ops
- Agricultural Co-ops
- Co-op Financial Organizations
- Worker Co-ops
- Fishery Co-ops
- Credit Unions
- Artisan Co-ops
- Housing Co-ops
- Utility Co-ops
- Health & Insurance Co-ops, etc.



# Stakeholder & “User”

- **Co-op as based on “User”:** A user-owned, user-controlled enterprise organized for the benefit of the user:
  - **The Producer or Supplier**
  - **The Consumer**
  - **The Worker**
  - **The Community Member**
- **A Stakeholder:** A person, organization or community that is affected by or has an interest in an organization.



# Single Stakeholder Co-ops

## Advantages

- Focus
- Articulate Stakeholder Interest
- Appropriate Systems
- Simple Structures
- \_\_\_\_\_ ?

## Disadvantages

- Isolation
- Divided Movement
- Limited Ability to Influence Systems
- Marginalization of other Stakeholders (Users)
- Diminished Difference
- \_\_\_\_\_ ?

# Why (Re)Consider Structure?

- Opportunity of the Moment
- Articulate Advantages of Co-op Model
- Address Question of Marginalized Stakeholders
- Engage Stakeholder Loyalty as Competitive Advantage for Co-ops
- Innovate!
- \_\_\_\_\_ ?





# Multistakeholder Approach

Some Combination of...

- The Consumer
- The Producer or Supplier
- The Worker
- The Community Member
- Other Co-ops or Organizations

# Multistakeholder Models



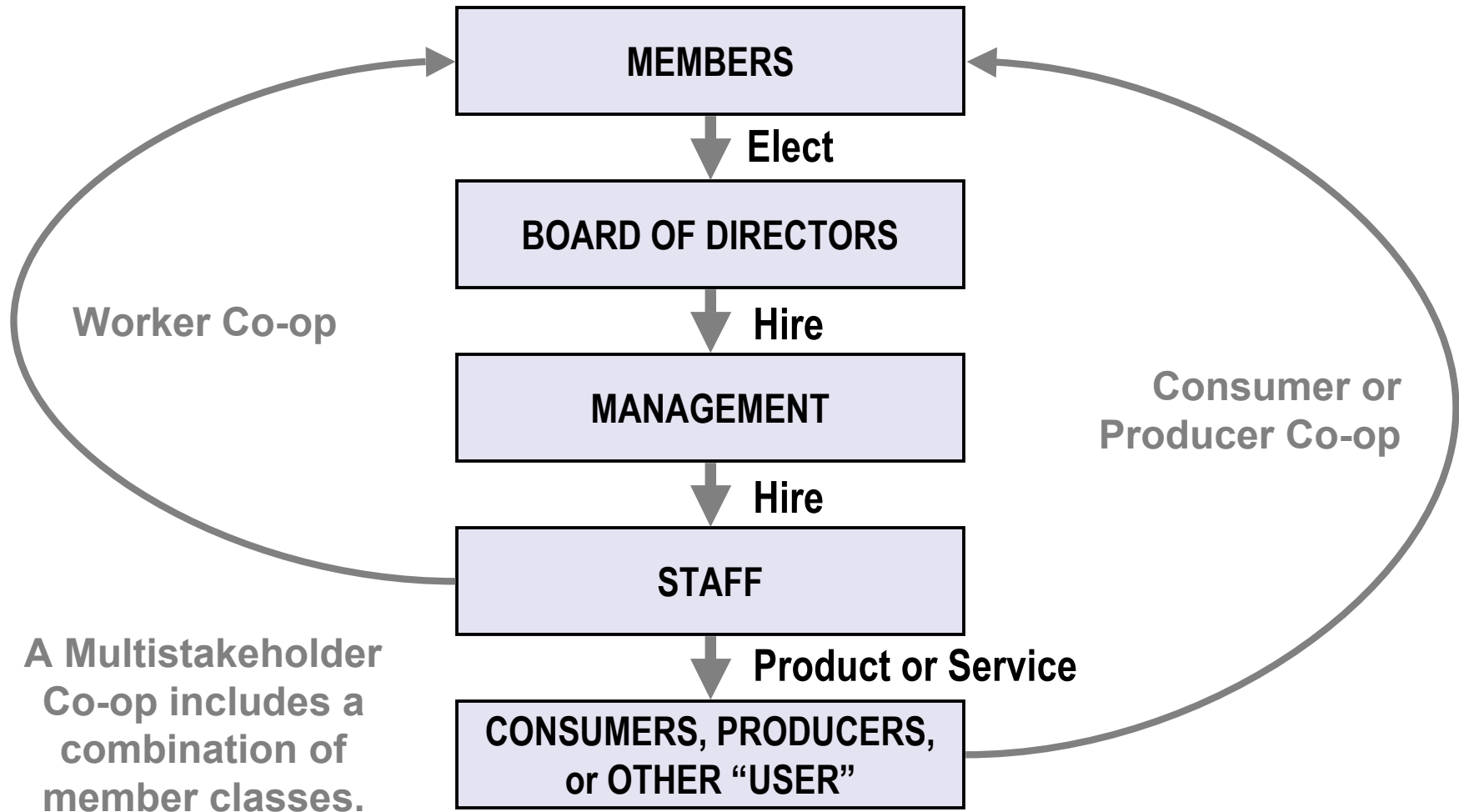
## Advantages

- Engage Stakeholder Interest(s)
- Loyalty of Core Stakeholders
- Access to Capital, Information
- Innovation & Flexibility

## Challenges

- Relative Power of Stakeholders
- Complex Structures
- Division of Patronage
- What if Interests Diverge?

# Multistakeholder Structures



# Mondragón, Spain

- Multisector Co-op Corporation
- Founded 1956
- 85,000 Employees
- 2009 Sales: \$20.54 billion
- Assets: \$45.87 billion
- 256 Co-ops & Subsidiaries
- Four Areas: Finance, Industry, Retail and Knowledge
- “Sovereignty of Labor” ...





# Multistakeholder Areas

Sovereignty of labor alongside other stakeholders:

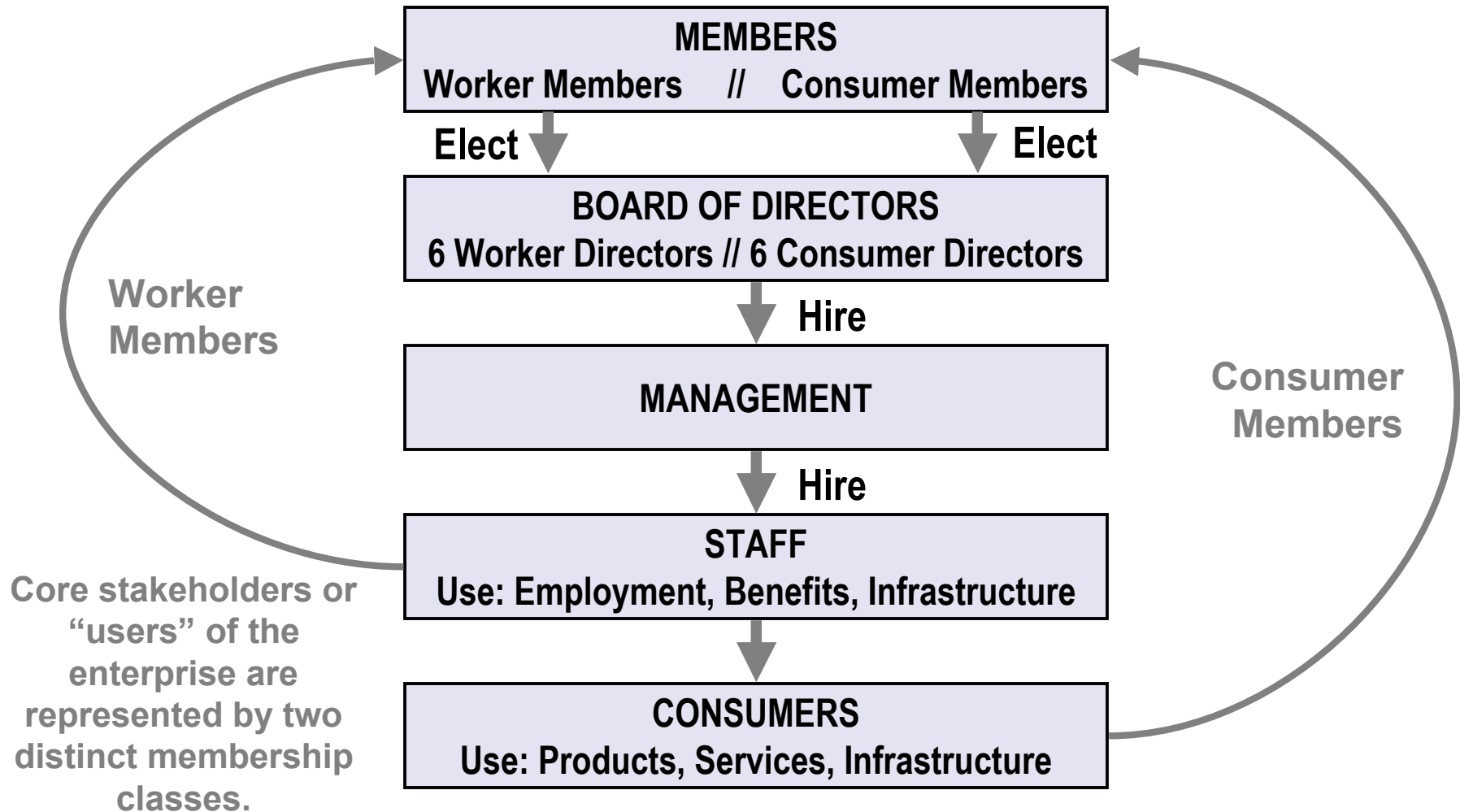
- Caja Laboral (Credit Co-op)
  - Workers, Account Holders, Co-ops
- Agricultural Co-ops
  - Farmers, Workers
- Mondragón University
  - Students, Workers, Co-ops
- Retail Sector
  - Consumers, Workers

# Eroski



- 2009 Sales: \$11.68 billion
- Largest Domestic Grocery Chain in Spain
- 2,400 Outlets
- 2004: 30,000+ Staff
- Consumer/Worker Co-op
- Board: 3 Consumers, 3 Workers
- President is a Consumer
- Extending model to subsidiaries

# Eroski Governance Structure



# Social Co-ops in Italy



- Provision of Social Services
- Type A: Healthy, Social Services or Education. B: Employment
- Members: Workers, Beneficiaries, Family Members, Volunteers, Other Co-ops, etc.
- Legally Formalized in 1990s - Dramatic Expansion in a decade
- 2001 Statistics:
  - 7,100 co-ops
  - 267,000 members
  - \$6.95 billion combined revenue



# Examples in the U.S.



- FEDCO Co-op Seeds, ME
- Weaver Street Market, NC
- Oklahoma Food Co-op, OK
- Fifth Season Co-op, WI

# Profile: Fedco Seeds



- Year founded: 1978
- 2 classes of members – worker and “customer” – but just one class of shares.
- Share price: \$1.
- Board: 7 members. 4 elected by customer members, 3 elected by worker members.
- Patronage: Customers (all, not just members) get 60% of patronage dividends; worker members get 40%, to be distributed in accordance with hours worked.
- Re-examination of structure now taking place.

# Profile: Weaver Street Market

- Year founded: 1988
- 2 classes of members: worker and consumer
- Share prices: \$500 for workers; consumer prices vary by HH size (\$75 for 1, \$135 for 2, \$175 for 3 or more).
- Board: 7 members. 2 elected by worker members, 2 elected by consumer members, 1 (the President) appointed by the above four, 2 appointed by the above five.
- Patronage: This has changed recently. Now allocated on basis of total hours worked (workers) or total amount of purchases (consumers). Board needs to set policy re: division.

# Profile: Oklahoma Food Co-op

- Year founded: 2003
- 2 classes of members – producer and consumer – but one class of shares
- Share price: par value (\$50) or actual value, whichever is greater.
- Board: Officers serve on the board. One VP for Producers and Customers is elected by each group. One board member is elected by employees. 5 or 6 at-large board members are elected by all members.
- Patronage: “the surplus from the member patronage business of the association shall be allocated to member-patrons in the proportion that the patronage of each member bears to the total patronage of all the members of the association.”

# Profile: Fifth Season Cooperative

- Year founded: 2010
- 6 classes of members: producers, producer groups, processors, distributors, buyers, workers.
- Two classes of shares: one for members, the other for investors. Different equity contributions required for the different member classes.
- Board: 7 members. 3 member classes (producer, buyer, worker) elect 1 each. 4 elected by all members.
- Patronage: distributed “in accordance with the ratio of each member’s patronage (business transactions) to the total patronage (business transactions) by all members.”

# Opportunities in the Economy

- Production and Distribution Co-ops
- Value-Added
- Social Services & Employment Co-ops
- Healthcare
- Shared Marketing
- \_\_\_\_\_ ?



# Discussion

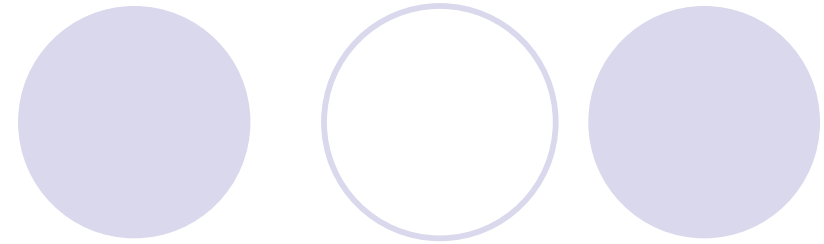
- Is the multistakeholder approach relevant to our opportunities and challenges?
- What are your concerns about such a model? What is most interesting?
- What are some opportunities you see for exploring the model?

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