Prepared for the Babson-Equal Exchange Cooperative Curriculum
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Multi-stakeholder Cooperatives

Learning Objectives:

- To learn what a multi-stakeholder cooperative is
- To understand the opportunities and challenges presented by this model
- To consider the circumstances under which a multi-stakeholder approach might be beneficial
- To identify commonalities and differences between multi-stakeholder cooperatives and other cooperatives
- To think about additional ways to engage a range of stakeholders in a co-op's success

OVERVIEW:

What is a multi-stakeholder cooperative?

Multi-stakeholder cooperatives are co-ops that formally allow for governance by representatives of two or more "stakeholder" groups within the same organization, including consumers, producers, workers, volunteers or general community supporters. Rather than being organized around a single class of members the way that most cooperatives are, multi-stakeholder cooperatives enjoy a heterogeneous membership base. The common mission that is the central organizing principle of a multi-stakeholder cooperative is also generally broader than the kind of mission statement needed to capture the interests and benefits of only a single stakeholder group, and will often reflect the interdependence of interests of each stakeholder group in its articulation.

Multi-stakeholder cooperatives are the fastest growing type of co-op in Quebec, which itself is home to one of the most productive and vibrant cooperative development areas in the world. There is also evidence of the increased use of this model in many European countries and growing interest in this form of co-op in the United States as well. While it is only in the last 20 years that this model has had formal legal recognition in various national or regional laws, the idea of involving a broader community in a cooperative venture is of course much older than that. Italy was the first country to adopt a multi-stakeholder statute in 1991 after two decades of experimentation on a local level.

In Europe and Canada, multi-stakeholder co-ops are typically formed to pursue primarily social objectives and are particularly (although by no means exclusively) strong in the areas of healthcare and social services. In the U.S. sustainable food systems has been a particular area of interest for multi-stakeholder cooperatives activity, although this kind of multi-member cooperative venture can also be found in childcare, healthcare and beer making. Most multi-stakeholder cooperatives that have been formed in the U.S. are quite small, but in Quebec some are larger enterprises and in the U.S. one nonprofit corporation governed by multi-stakeholder model has revenues of several billion dollars.

The simplicity of the definition --- two or more groups of different players coming together to travel a common path -- belies the complexity of the practice. Consciously choosing to focus on commonalities rather than differences does not necessarily come naturally to people, and there are few high profile accessible role models for this approach. Replacing competitive animosity or indifference with cooperative understanding and common purpose requires a set of communication and interpersonal skills that many of us may be unsure we possess. Because of this, some co-op observers have fretted about the high transaction costs of a multi-stakeholder approach and have predicted failure. Interestingly, however, recent research from Canada suggests that such conclusions are not supported by empirical evidence, and in many cases multi-stakeholder cooperatives are thriving because they sustain a commonly shared purpose.[1]

Even in the absence of legal constraints, some observers have questioned whether it is ever possible to reconcile the inherent conflict of interest between actors representing different ends of the supply and demand continuum – to unite producers, for example, who it could be assumed would want the highest prices to be paid for their product and consumers who would want the lowest price.

Such a simplistic analysis forgets, however, that even a single constituency cooperative model masks what may well be a lively set of differences between members of a common class. Large and small producers, for example, often have very different needs of their cooperative, and the services demanded by one set of members may be useless at best for another. And credit unions, one of the largest and strongest of cooperative sectors worldwide, necessarily embrace on a daily basis the conflicting interests of borrower-members who desire low interest rates and depositor-members who favor high interest rates.

A multi-stakeholder cooperative is one where such differences of perspective and experience are not only tolerated, but embraced. Multi-stakeholder or multi-membership cooperatives consciously chose to draw membership from two or more classes of constituents, be they producers, consumers, workers, or simply community supporters who may have little or no direct role in daily operations of the enterprise. Such cooperatives represent a diversity of interests, but a commonality of need or aspiration on the part of the stakeholders, capturing a range of types of

[1] See Levitan-Reid (2011)

interests and impacts that an organization has, while recognizing the interdependency between them. In Quebec, such cooperatives are called “Solidarity” cooperatives specifically to recognize their organizational basis to solidify commonalities rather than highlight differences. In fact, all multi-stakeholder cooperatives everywhere could be said to be practicing “Solidarity as a business model”.

Different classes of membership:

Multi-stakeholder cooperatives can allow for as many different classifications of membership as seems necessary, in practice as few as two or as many as eight. Unlike in many traditional cooperatives, differences will not only be tolerated but expected in the area of member contribution, with different kinds of members bringing their own unique set of knowledge, perspectives and resources to the table. Members may also have a varying stake in the outcome of the enterprise and so governance rights and/or economic returns may be parceled out in a manner that -- while equitable in the context of the cooperative and its objectives -- may not be equal to one another.

The varying membership classes possible in a multi-stakeholder cooperative may be grouped into three major categories – that of Cooperative User, Cooperative Worker, and Cooperative Supporter:

USER MEMBERSHIP CLASSES

Consumers:
Consumer cooperatives are perhaps the most common kind of cooperative in the world, reaching millions of members worldwide. Cooperatives that are typically organized along consumer lines include grocery stores, credit unions, healthcare and housing cooperatives. Consumer-focused cooperatives have the advantage of a potentially very broad reach (all of us are consumers to one degree or another) but the attendant disadvantage of an interest level or knowledge base among members that is potentially quite shallow (we can all belong to lots of different consumer co-ops operating in lots of different industries without actually knowing very much about how any of these businesses are run).

Clients:
Clients represent an important sub-set of consumers, that of recipients of vital services such as daycare, home health care or other (primarily) health or social services. Clients’ relationship to the cooperative is generally much more intense than that of mere consumers and their reliance on its services more marked

Families of Clients:

Given their need for social services, some direct clients are not able because of age (daycare) or ability to take on a direct governance role in a cooperative. In these cases, the viewpoint of the client is often represented by their family members.

Institutional Purchasers:
Another important sub-set of consumers is that of institutional purchasers. In some cases, such as hospitals, nursing homes, or even restaurants, the purchaser of food products is different from the person who will be ultimately consuming it. In these instances, it may be important to craft a membership category to represent the interests and perspective of institutional buyers because of the profound effect they may have on the chain of supply and demand.

Producers:
Another major class of traditional cooperative user-members is producers. Traditionally, producers' cooperatives have referred to agricultural producers, who band together to process and/or market their goods. Producer cooperatives can also be formed by groups of artisans, however, or anyone one else for that matter bringing a particular good to market. Similarly to the way consumers bring the perspective of the "demand" side of the market equation to the table, producers bring the "supply" perspective, including their intimate knowledge of sub-markets, supply channels, production parameters and the actual cost of taking something from idea to reality. Producers' commitment and investment in the cooperative can vary from intensive to fairly superficial, depending upon the number and ease of their alternative distribution and sales channels.

Groups of Producers:
Depending on the industry, some multi-stakeholder cooperatives create a different membership classification for groups of producers or aggregators of product as opposed to individual producers themselves.

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Intermediaries – Processors, Distributors etc.
Another group of players that may warrant a seat at the cooperative table are those individuals and businesses which help bring consumers and producers together by processing, distributing, or otherwise handling product in important intermediary stages.

WORKER MEMBERSHIP CLASSES

Workers:
In places like Quebec which has specific enabling legislation for multi-stakeholder cooperatives, workers are singled out as a special class of Stakeholder because of the central role they play in the execution of the co-op's vision and implementation of its strategy.

Professional Employees:
Certainly many conventional corporations have the CEO serve on the board of directors, and some companies, particularly smaller, privately-held ones, might also have other executive employees like the CFO or COO serve on the board. This arrangement is not generally practiced by cooperatives, however, which do not tend to favor such a concentration of power, even if it were permissible in the bylaws. Some multi-stakeholder cooperatives, however, were founded by a class of professional employees such as doctors or social workers, and may well have representatives of that professional class of worker serve in a governance role in addition to other stakeholders.

SUPPORTER MEMBER CLASSES

Community Members:
Many multi-stakeholder cooperatives make a place in their structure for supportive community members to participate. While they do not play a specific role in the day-to-day life of the cooperative the way that employees, consumers or producers do, these individuals are often willing and able to invest money, volunteer time and/or specific expertise to help the co-op succeed. The ability to attract additional start-up funds is the main reason that multi-stakeholder cooperatives chose to add a community supporter category to their membership classification. Another oft-cited reason for including community members is the social and political capital they can bring. Well-regarded local players can bring their existing networks and relationships to bear for the benefit of the cooperative, helping to raise the co-op's profile in a positive way and giving immediate credibility to the enterprise.

Bringing business or industry expertise to a new or struggling co-op is another advantage of a community membership class. Particularly if the other members of the co-op have limited business or governance experience, the addition to the board of one or two local community members with business acumen and discipline can add a dose of perspective, balance and reflection to a board that would otherwise be made up of a single class of members. Solidarity multi-stakeholder cooperatives in Quebec are the fastest growing kind of new cooperatives and many organizers specifically chose this structure in order to take advantage of the supporter membership classification.
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Investor Members:
In the last 10 years, several U.S. states have adopted special "limited cooperative association" statutes that allow for the creation of an investor class of cooperative member in addition to the primary class of producers or consumers. However, these statutes differ substantially from the multi-stakeholder cooperative statutes that exist in other countries in several key respects. While they do allow for one or perhaps more additional membership

classes, LCA statutes have a very different orientation from the European or Quebecois statutes in that the sole purpose for the addition of membership classes under LCAs is to attract investment capital. Thus the acknowledged "stake" of additional classes of members in the LCA-type co-op is limited to a financial one. In addition, most multi-stakeholder cooperatives elsewhere severely limit the ability of outside "supporter" members to participate in the economic gains from the co-op at all and some even forbid it entirely. LCA cooperatives on the other hand, specifically allow for the distribution of net earnings based upon investment contribution as well as patronage and place no limits on investor returns. LCA statutes continue to be controversial in the U.S. co-op community because of their apparent legitimization of a speculative investment motivation within the cooperative structure and for whatever the reason, they have not been widely used.

Table 1: Variations in Potential Multi-stakeholder Membership Classes

	Short Term Need	**Long Term Objective**	**Non-financial Contribution**	**Equity Contribution**	**Stake in Outcome**
Consumers	Accessible location and price	Access to specialized good or services; predictable pricing, supply	Purchasing power	Generally Low	Low-High depending on alternative supply sources
Producers	Production costs covered	Reduced risk; sustainable source of income; market development	Industry knowledge; specialized product	Medium – high	Low – High depending on alternate distribution channels
Workers	Reliable work; fair wage	Safe, respectful, gainful employment	Industry knowledge; firm specific knowledge	Low-medium	High
Community Members	Existence of resource in community	Healthy and vibrant local economy	Possible special expertise	Low – sometimes quite high	Low - Medium

Balancing interests:

In contrast to Canada and the European countries, which have clear and specific enabling (and limiting) legislation concerning multi-stakeholderism, the U.S. does not have any overarching and comprehensive federal co-op law, or even national guidance on how best to structure something as potentially complex as a multi-stakeholder cooperative. This means that each

American co-op of this type must make fundamental decisions for itself within the constraints of its incorporating statute regarding the balancing of important interests and functions amongst its difference classes of stakeholders (and likely pay for the requisite legal guidance). Amongst the most important decisions will be:

Allocation of Governance Rights:
One of the most fundamental decisions that members of a multi-stakeholder cooperative will make in writing their bylaws is the allocation of governance rights between difference classes of members. Traditional cooperatives abide by the "one member, one vote" rule, and with the exception of some secondary cooperatives (co-ops of co-ops) which may use proportional voting, generally all board seats are elected based upon the individual votes of all of the co-op members. Multi-stakeholder cooperatives also follow the "one member, one vote" rule, but they often do so within the confines of the number of board seats allocated to each class of members. So, for example, all producers will vote for the producer board seats and all consumers will vote for the consumer board seats, but the number of board seats allocated between those two classes of members will not necessarily be proportional to the number of members in each.

This structuring of voting rights can be a delicate question, but it is an important one and centers around the issue of what, exactly is the "stake" of each stakeholder in the cooperative. While it is important that all classes of members in the co-op be represented in some way, it is also necessary to acknowledge that some classes of members may have more to contribute and/or may have a more compelling interest in the success of the cooperative, and should therefore perhaps have a proportionately larger number of board seats. In Quebec, supporter members are limited to a maximum of one-third of board seats, no matter their number. Practice in this area varies widely and there is no single formula for success. A successful multi-stakeholder cooperative has inherent in its board structure the "checks and balances" that characterize any successful democracy.

Shaping an equitable board structure is thus only the first step in the process of effective multi-stakeholder governing. Just as it is often true when bringing groups with disparate interests together that "good fences make good neighbors" -- clear rules and boundaries help people feel secure -- these are really only a proxy for a trusting relationship that has not yet been established. Devising a balanced suite of board seats is just the first step to building a trusting relationship between different parties – it cannot be the only one.

Distribution of Surplus:
A related question to the allocation of governance rights is the distribution of surplus. In traditional cooperatives, distribution of any surplus is generally a function of patronage. Consumers who buy more from the cooperative or producers who sell more to the cooperatives will be allocated proportionate shares of any surplus. For multi-stakeholder cooperatives, this issue is more complex. Participation and patronage happen differently for different classes of

members, and rights to the distribution of any surplus in a multi-stakeholder cooperative may or may not correspond to the allocation of governance rights. A co-op may decide, for example, to pay community members who make a large financial contribution something akin to a preferred dividend (thus paying their share of surplus before everyone else's) but give them only limited governance rights. Alternately, a cooperative may decide that the bulk of any available surplus belongs first and foremost to those whose livelihood depends on the financial success of the cooperative, a class that would generally include the workers in an industrial or service enterprise and producers in a marketing or value-added production cooperative.

Dissolution and Transfer Rights:
While no founding board member wants to talk about the dissolution of their cooperative, it is a fact that not every cooperative succeeds. One of the most important decisions that a founding board will make is to decide under what conditions membership shares may be transferred during the life of the co-op, and how assets will be distributed in the event of dissolution. This is particularly important in the case of multi-stakeholder cooperatives that embrace different classes of members whose financial interests -- like consumers' interest in lower prices and producers' interest in higher ones -- do not always coincide in the short term. Limiting the ability of members to transfer their membership rights without the approval of the board will help the co-op ensure that all stockholders are also all stakeholders.

The Solidarity Difference: Comparing the Multi-stakeholder Model to Others Common Business Structures:

The multi-stakeholder cooperative model differs in a number of important respects from other commonly-used business forms:

Conventional Corporations:
Conventional stock corporations allocate both governance rights and profits based upon the amount of capital invested in the business – the more capital, the more control. While any stakeholder group including workers, consumers or community members may become stock holders by purchasing shares of stock in a publicly traded enterprise, their standing in the corporation in that case stems solely from their financial participation and not from their standing as members of any other group. Conventional corporations do not have a structural commitment to the well-being of any particular geographic community or group of people and in fact will often cite their commitment to" maximize shareholder return" as the reason for disinvestment in a particular plant or locality, transferring capital to other operations or ventures deemed more profitable.

Nonprofit Organizations:
Charitable nonprofit organizations may share many of the values and objectives of an emerging multi-stakeholder cooperative, including job creation, community development,

environmental stewardship, and improved care and facilities for children, the elderly, and those living with disabilities. While the mission of some nonprofits and cooperatives may be similar, their activities and the way they carry out that mission will likely differ significantly.

One of the most important differences between cooperatives and nonprofits is that a cooperative board is bound to pursue the interests of the general welfare with its activities, while a cooperative board is bound to pursue the interests if its own particular membership. Nonprofit organizations do not have mandated voting rights for different classes of stakeholders, and in fact, in the U.S. it is relatively rare for a nonprofit to be controlled by a board made up of service beneficiaries. Many nonprofits involve no beneficiaries in governance at all. Cooperatives, on the other hand, will always have cooperative beneficiaries or patrons not only on their board, but with a controlling interest. Nonprofits are also not permitted to distribute surplus or profits to beneficiaries directly, and in the event of dissolution, all remaining assets go to another nonprofit corporation. Cooperatives may choose to retain certain assets collectively, but that is a choice they make, and most cooperatives distribute at least some annual surplus to members directly. Finally, cooperatives are generally seen by their members as economic engines, business ventures that work for the economic benefit of their membership. Nonprofits generally rely on charitable contributions and grants from outside organizations and individuals rather than market-based business revenue to sustain their activities.

Other Kinds of Cooperatives:

As previously stated, the primary distinction between a multi-stakeholder cooperative and a traditional cooperative is literally the existence in the multi-stakeholder model of more than one membership class. Multi-stakeholder cooperatives may also differ from traditional cooperatives in that their missions will tend to be more broad-based (requiring the buy-in of multiple constituencies) and often involve an objective not limited to just more effective participation in the mainstream economic system, but rather systemic change.

Limited Liability Companies (LLCs):

Since the advent of limited liability company statutes (LLC), many producer groups in the United States that might previously have formed as cooperatives have formed instead as LLCs. LLC statutes differ by state, but in general they allow for the same beneficial taxation status as cooperatives (avoidance of the "double taxation" on dividends taxed at the corporate level and then once again at the individual investor level) while offering a great deal of flexibility in terms of the allocation of governance rights and distribution of surplus. What the LLC does not allow for, however, is the retention of any capital for the ongoing use of the enterprise as opposed to its members. In an LLC, all profits are fully distributed to members every year. While this works effectively for a group of individuals or organizations whose motivation to band together is essentially transactional, it does not work as well for a group with a more overarching long term aim, such as the retention of community jobs, transformation of patient care practices or re-building of the local food system. These kinds of objectives take patient capital, which is not something an LLC is designed to accommodate.

Transaction vs. transformation:
Another way to understand the multi-stakeholder cooperative model is to consider the different time horizon inherent in the solidarity approach. While a traditional price-driven business model (whether cooperative or not) may be seen as primarily transactional, the multi-stakeholder cooperative enterprise is often focused on being more transformational.

Early cooperatives focused on correcting blatant market failures – bringing electricity to rural America in the 1930's is one primary example in this country. Even bringing to market something as basic as safe, unadulterated food -- the need that spurred the formation of the original Rochdale Pioneers cooperative in 1849 and birthed the modern cooperative movement – can essentially being seen as correcting market failure. Multi-stakeholder cooperatives represent a more nuanced development. They have emerged recently not so much in response to the complete lack of availability of a particular good or service in the marketplace, but rather a rejection of the *quality* of an important good or service as it is presented in a conventional investor-driven or government-controlled marketplace.

Multi-stakeholder cooperators are not typically interested in single transaction or even season of transactions, but rather in building a long term relationship based upon on a stable foundation of fair pricing and fair treatment for all parties. It requires all members to look beyond their immediate short-term interests and join with their business partners to envision a system where everyone's interests will be met in different ways over the short-term and the long.

How well do multi-stakeholder cooperatives work?
It all sounds great in theory, but how well do multi-stakeholder cooperatives work in practice? Traditional economic theory would largely predict the downfall of something as unwieldy as a multi-stakeholder cooperative. Challenged with the high transaction costs necessitated by the involvement of so many parties, these theories would predict that multi-stakeholder organizations would soon revert to one dominated by a single stakeholder group, or else fall apart entirely under the weight of their own competing objectives. As Catherine Leviten-Reid deftly notes in a forthcoming paper (Levitan-Reid 2011), however, this just doesn't seem to have been the case. She posits an alternate theory, whereby instead of thinking of the high transaction costs of involving multiple parties, it may instead be more appropriate to think of multi-stakeholder enterprises as more highly evolved coordinating mechanisms for the collection and coordination of disparate information in the pursuit of common needs.

Other researchers agree, acknowledging the reduced transaction costs that will ultimately emerge through the increased levels of information, trust and involvement resulting from the multi-stakeholder approach [see for example, (Girard 2009)]. Nobel laureate Elinor Ostrom who has written extensively on the topic of self-governance of common resources also points out that in her research, simply enabling participants to engage in face-to-face communication (as members of a multi-stakeholder cooperatives would necessarily do at regular board and general membership meetings) enhances their degree of cooperative decision-making (Ostrom 2007).

Due to the emerging nature of the sector there is little empirical research on multi-stakeholder cooperatives specifically. A 2004 survey of 79 multi-stakeholder cooperatives in Quebec revealed a very high level of satisfaction with their cooperative's governance process, with co-ops reporting both a high level of engagement on the part of different members, and a clear ability to reach consensus in decision-making. When asked to identify future challenges, most members cited economic issues rather than problem with board governance (Levitan-Reid, 2011) indicating that the multi-stakeholder governance model did not present them with the insurmountable challenges that some theorists would fear.

Indeed, contrary to what cynics might suppose, there does not seem to be any evidence that multi-stakeholder cooperatives are any less efficient or more argumentative than single-constituency cooperatives and even a bit of evidence to the contrary. What little empirical evidence there is suggests that the well-being of different constituencies within a multi-stakeholder cooperative is not a zero-sum game – one set of members does not need to win at the expense of the others. In a large comparative study involving over 300 cooperatives, Borzaga and Depedri found that on both social and financial measures, workers fared equally well in cooperatives organized as multi-stakeholder and worker-only cooperatives – the addition of other stakeholder groups in this sample did not take away at all from the ability of co-op workers to achieve their aim of meaningful and remunerative employment (Borzaga and Depedri 2010).

Researchers in both Quebec and Italy stress the evolving nature of the sector, however, with a vigorous level of current interest and experimentation going on in both those countries.

Other ways to share information and invite participation from stakeholders:

Formally sharing governance rights in a multi-stakeholder cooperative is not the only way to engage a broader community in the pursuit of a common goal. Sometimes, after fruitful initial discussions, members of different stakeholder groups find that while there is some common ground between them, there is not sufficient common interest to contemplate going into business together. In these situations it is not necessary to give up on the idea of a shared vision just because a common enterprise seems unworkable. Some other ways of involving a variety of willing constituents include:

Preferred Stock:
Many U.S. cooperatives already involve outside community members in the success of their co-op by offering the sale of preferred shares. These shares offer no voting rights and pay below-market rates of interest, but offer a way for the co-op to raise flexible capital while giving community members a tangible way to literally "buy into" the co-op's articulated vision of fair trade, a sustainable local economy or whatever other community-minded mission they have chosen to pursue. Offering preferred shares is not a simple process. Offerings are usually limited to residents of a particular state, are more restricted for non-producer as opposed to producer cooperatives, and should never be attempted without the advice of sound local legal counsel with expertise in securities issues.

Advisory Boards:
Even if they are not allotted any formal governance rights, many organizations find it fruitful to convene regular meetings of key stakeholders to share information, gather input and build support for their activities. Many nonprofits in healthcare or social services for example, make use of an advisory board made up of patients, clients, and/or the family members of such to advise them on care issues. The benefit of an advisory board is, of course, that it allows for a relatively wide variety of input with very little risk. The downsides are the same – advisory board agendas are general limited to only certain issues so members never get a full understanding of the business, nor does the organization's board gain the advantage of hearing the perspective of patients or clients on a wider variety of issues. Participation on an advisory board may also be anemic since they have no real power to effect change.

Labor-Management Committees/Works Councils:
Companies that are reluctant for whatever reason to grant employees full ownership or governance rights might make use of a special internal committee which is given responsibility for dealing with certain shop floor issues. This is sometimes seen in unionized settings but could be successfully implemented anywhere.

Partnerships:
Sometimes two or more groups of stakeholders find they have some common interests, but that those interests are limited to a certain set of activities. In such cases, it may be wise for the parties to structure a way to come together in a partnership around a specific opportunity, but not to merge their business interests entirely.

Limited use of LLCs:
If the membership of a cooperative is interested in a more formal partnership with an outside party, but only under a limited set of circumstances or for a limited set of

activities, an LLC can also be useful. Rather than converting or forming the entire venture as a multi-member LLC however, in this case the single-member stakeholder group might opt instead to only form an LLC with other parties for that certain limited purpose. This strategy has been used by single-membership cooperatives, for example, when the members have wanted to bring an investor into partial ownership of a building or other expensive facility, yet not allow that investor influence over the members' core business. Other co-ops have also used this model to gain critical expertise in sophisticated business activities such as the marketing of a lucrative brand, while preserving the ultimate control of that brand for the producer-members alone.

Conclusion:

Information, dialogue and sunshine are three concepts that come up frequently in the discussion of successful multi-stakeholder cooperatives. Like the proverbial blind men and the elephant who each examined a different part of the elephant (ears, tail, trunk, limbs) and described the animal completely differently (and incorrectly) as as a fan, rope, snake or tree, if each party to a transaction can only describe and understand their own situation the probability for anyone having a comprehensive understanding of the entire system of supply and demand is slim.

Multi-stakeholder cooperatives by their nature seek out different information and new perspectives. But to be successful they also need to know how to share this information in ways that make it meaningful to members of the other groups. Information is important, but dialogue is just as key. Dialogue has a crucial role to play in building trust as well, as does sunshine or transparency around all transactions. Different constituencies who don't have natural networks of trust can build these over time through common objectives supported by clear, comprehensive and predictable information. Building social cohesion is incremental and cumulative – pacing yourself for the long haul is vital to avoid disappointment and burnout.

The key question in contemplating a multi-stakeholder approach is not "will it be perfect?" but rather "Can we do better than what we have right now? And if so "Can we do it alone?" If your answer to these questions is "yes", we can do better, but "no", we can't do it alone, then perhaps a multi-stakeholder approach is the way.

Background reading:

Girard, J-P (2004) "Solidarity Cooperatives in Quebec (Canada): an Overview" in: C. Borzaga and R. Spear (Eds.), *Trends and Challenges for Co-operatives and Social Enterprises in Developed and Transition Countries*, Edizioni 31, Trento, Italy.

Girard, J-P. (2009) "Solidarity Co-operatives (Quebec, Canada): How Social Enterprises can Combine Social and Economic Goals" in Noya, A. (Ed.), *The Changing Boundaries of Social Enterprises*. Paris: Organization for Economic Co-operation and Development (OECD).

Lund, M. (2010). *Solidarity as a Business Model: A Multi-stakeholder Cooperative Manual*. Kent, Ohio. Cooperative Development Center, Kent State University.

Required reading:

Leviten-Reid, C and Fairbairn, B. (2011) "Multi-stakeholder Governance in Co-operative Organizations: Towards a new Framework for Research". *Association for Nonprofit and Social Economy Research*, fall, 2011 (forthcoming).

Optional reading:

Borzaga, C. and Depedri, S. (2010), "The implications of Stakeholders' Participation on Goals' Achievement and on Performances: the case of Italian Social Cooperatives." Paper presented at the meeting of the International Association for the Economics of Participation (July). Paris, France.

Heckscher, Charles (2007). *The Collaborative Enterprise: Managing Speed and Complexity in a Knowledge-based Business.*

Heckscher, Charles (2006). *The Firm as Collaborative Community: Reconstructing Trust in the Knowledge Economy*. New York: Oxford University Press.

Hemmati, Minu (2002). *Multi-stakeholder Processes for Governance and Sustainability: Beyond Deadlock and Conflict.* London: Routeledge.

Lund, M (2011). "Multi-stakeholder Cooperatives: A New Tool for Building a Healthier Local Food System." Presentation at the meeting of the ICA Research Conference, Mikkeli, Finland

Ostrom, E. (2007). "A Disagnostic Approach for Going Beyond Panacea." *Proceedings of the National Academy of Sciences,* 104, 15181-15187.

Putnam, R. and Feldstein, L.(2003). *Better Together: Restoring the American Community*. New York: Simon and Schuster.

Exercise:

Have students participate in a group exercise about building a multi-stakeholder cooperative [this role play is based upon the Boisaco case study in the Lund (2010) manual]:

Students will be divided into three groups representing Producers, Workers, and Supporters. Each one will get one of the roles below randomly assigned to them by drawing lots or some similar means.

- The Producers group is made up of large and small landowners who generally work their own land, logging their own trees;
- The worker group is made up of mill workers and a few middle managers;

- The supporter group is made up of a credit union president, several local business owners, a social worker and the town librarian.

Each student must inhabit the role assigned to them – millworker, librarian, logger, whatever. Have them consider the following scenario:

> Imagine you live in a small, very remote rural town. The main industry is a lumber mill which uses wood from the surrounding forests. The mill has just gone into bankruptcy for the third time, and the assets are for sale by the bank at a very low price. With the mill closed, many in town, landowners, loggers and mill workers, will lose their livelihood. The local newspaper editor suggests forming this new kind of multi-stakeholder cooperative he read about to save the plant.

Have each of the three groups caucus and identify: 1) their fears/concerns about the current situation; and 2) what assets (knowledge, expertise, money, energy) they have to contribute to a positive turnaround.

Have the groups get together and share their assets; identify potential areas of conflict that might arise that would prevent the groups working effectively together; brainstorm about ways to mitigate or neutralize any potential conflicts. Take a vote on whether or not to move forward to form a multi-stakeholder cooperative (or some other enterprise) to buy the mill.