

Co-operative Commons

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Outline

- What would people like to get out of this session?
- What I'd like to get out of this session.
- Current plan for and purpose of United Diversity.
- Backstory – how we got here
 - Commons
 - Co-operative Networks
 - Open Co-ops
- Feedback and discussion

United Diversity

Plan

Individuals and organisations pool 1%+ of their income/ revenue and then decide together how best to invest it in order to...

Purpose

*empower people, build community,
develop co-operatives and create commons.*

Commons

Although back in March 2005 the stated purpose of United Diversity was:

To Self-organise and Share to Protect and Grow the Global Commons, improve Quality of Life on Earth, and reduce Ecological Footprint

It wasn't really until I read David Bollier's excellent recent book *Think Like A Commoner* that what a commons is really became clear...

Commons - defined

Commons = Resource + Community + Rules

"a commons is = a resource + a community + a set of social protocols. The three are an integrated, interdependent whole" p15

"commons = resources + community + the rules and norms for managing them"
p141

"a commons arises whenever a given community decides it wishes to manage a resource in a collective manner, with special regard to equitable access, use and sustainability." p175

Ostrom's 8 Principles for Managing a Commons

- 1) Define clear group boundaries.
- 2) Match rules governing use of common goods to local needs and conditions.
- 3) Ensure that those affected by the rules can participate in modifying the rules.
- 4) Make sure the rule-making rights of community members are respected by outside authorities.
- 5) Develop a system, carried out by community members, for monitoring members' behavior.
- 6) Use graduated sanctions for rule violators.
- 7) Provide accessible, low-cost means for dispute resolution.
- 8) Build responsibility for governing the common resource in nested tiers from the lowest level up to the entire interconnected system.

Mondragon

Started life as a small vocational school in 1943 the first Mondragon Co-op made up of 5 of it's students was founded in 1956.

Now complex network of 289 business (of which 110 are co-ops), has a turnover of over €14 billion and provides a livelihood for over 80,000 people (at present just under one third of these are owner members but is due to rise to over 75% in the next 3 years).

They have their own bank, 15 technology centres and a university.

Wages ratios between the highest and lowest paid members are democratically agreed upon and average 5:1 with low paid workers earning on average 13% more than they would elsewhere.

Individual co-ops are federated into four sector-wide co-ops: Industry, Knowledge, Finance and Retail.

Member co-ops contribute between 15-40% of their profits to these sector co-ops in order to fund joint marketing, branding, and research projects etc. These contributions also help smooth out and share the losses and gains made by individual co-ops - losses made by one co-op can be partially offset (up to 40%) against profits from another.

10% of sector profits are paid to MCC Investments to fund co-operative development.

In addition to this, individual co-ops contribute 10% of their profits to the MCC Foundation, 2% into an education fund and 2% into a solidarity fund.

About £20 million a year is invested in educational and social projects.

The Mondragon Team Academy system (originally a Finnish innovation), has recently begun to gain traction here in the UK too, with two universities (UWE and Northumbria) now running a degree programme which puts running a real company at the heart of the learning experience, and a third (Westminster) due to start soon.

Arizmendi Association

The Arizmendi Association of Cooperatives is a Californian cooperative network made up of seven member businesses: six cooperative bakeries and a co-op development and support collective.

The first business The Cheese Board opened as a small cheese store in 1967. In 1971, the two original owners sold their business to their employees and created a 100% worker owned business of which they remained a part.

In 1995 the Cheese Board funded the Association's part-time staff cooperative.

New businesses, all named "Arizmendi" after Arizmendiarieta (the founder of Mondragon) opened in 1997, 2000, 2003, and two in 2010.

Together they have about 100 worker owners.

The co-ops share a common mission, share ongoing accounting, legal, educational and other support services, and support the development of new member cooperatives by the Association by pooling the lower of 4% revenue or 25% of profit.

Older more established co-ops pay the equivalent of 1 full time wage per 20 full time equivalent members.

Valley Alliance of Worker Co-operatives

Founded in 2005, VAWC is dedicated to building a sustainable local economy by facilitating the growth and development of worker cooperatives in Connecticut River Valley of Western Massachusetts and Southern Vermont.

They currently have 9 member co-ops (including 6 privately owned businesses who converted into co-ops) with a combined annual revenue of over \$7.2 million operating in several industries: solar power, recycling, printing, body care, reusable and compostable nappies, etc.

Members pay dues of 1/8 of 1% (i.e. 0.00125%) of their revenue to cover the association's operating expenses - staff, advertising, etc.

They also pool 5% of their profits into a co-operative development fund used to support the development of new or existing co-ops of their choice.

More Co-op Networks

- Radical Routes - incl meta co-op plan
- Worker Co-op Solidarity Fund
- Japanese networks (Seikatsu)
- Italian networks

Open Co-ops

In 2002 I described United Diversity as “**a member owned and stakeholder governed network of mutual advantage**”. In truth, it was aspirational. At the time, the flexible offtheshelf legal structures and open source tools needed to make such a network a reality simply didn't exist. Now they do. Coops that combine best practices from the international cooperative movement with best practices from the open source software and hardware communities are now possible. Soon anyone will be able to set up an Open Coop and invite all their stakeholders to help finance, govern and organise the coop online.

Imagine transparent, democratic and decentralised organising for everyone. A society in which anyone can become a co-owner of the organisations on which they, their family and their community depend. A world where everyone can participate in all the decisions that affect them. This is the world United Diversity and the emerging network of people working on the legal structures and open source tools that enable Open Coops are working towards.

Open Co-ops

- The Open Co-op – founded 2004
 - Gary Alexander from the Open University, Tom Salfield and Josef Davies-Coates from United Diversity, and Oliver Sylvester-Bradley from Defacto Design
 - Described ourselves as a Co-operative Open Organisation, i.e. Open Organization + Co-operative Principles
 - People went separate ways
 - A little before it's time
- 2014:
 - Ed Mayo's Number 1 trend for co-operatives in 2014 is:
“The emergence of ‘open co-operative’ models”
 - Michel Bauwens ends his reflections on 2013 by mentioning the P2P Foundation's:
“strategic priority around open cooperativism“

Open Organizations

Processes

1) Decision-making

Within each working group, decisions are made by rough consensus.

2) Accountability

Those who are affected by a decision can participate in making that decision.

3) Transparency

Working groups publish summaries of their work and of knowledge gained from that work.

4) Coordinating

Working groups need to keep track of work being done, proposals and discussions.

5) Excluding

An individual or group can be excluded if they repeatedly do not fulfil commitments.

6) Inter-Working Groups

Technically facilitate working group tasks and inter-working group communication and cooperation. Facilitate resolution when disagreements and problems occur, and analyse patterns of interactions to identify potential problems and ways processes can be improved.

Open Organizations

Functional rules

1) Charter

A public charter sets an organization's processes and values. Working groups are formed with measurable goals defined and agreed upon by the organization as a whole.

2) Open participation

Anyone who agrees to the charter and has the necessary skills can participate.

3) Self-management

People decide amongst themselves what work is to be done and how.

4) Best practices

With expertise comes knowledge of best practice.

5) Respect for skill

Acknowledge and give proportional attention and weight to expertise.

6) **Public ownership of knowledge**

Make all knowledge produced publicly accessible so everyone can benefit from it.

7) Diversity

Coexistence of different approaches increased learning and probability of success, speeds discovery of new practices, and allows for best practices to be challenged and improved.

8) Affirmative terms

Always define what an open organization and its working groups are for (not against).

Open Co-ops

P2P Foundation recommendations for the new era of open cooperativism:

- 1) That coops need to be statutorily (internally) oriented towards the common good.
- 2) That coops need to have governance models including all stakeholders.
- 3) That coops need to actively co-produce the creation of immaterial and material commons.
- 4) That coops need to be organized socially and politically on a global basis, even as they produce locally.

Somerset Rules

These rules have certain advantages over existing model rules provided by Co-ops UK and others:

- they enable a co-operative enterprise to be 'shared' by more than one group of stakeholders - for example, a community supported agriculture scheme could be 50% controlled by producers, and 50% by consumers. Or a business could be 60% controlled by its workers, and 40% by the local community.
- they are designed to enable the widest range of options for financing your co-op by issuing shares to members, and to outside investors.
- they closely follow co-op principles - even those like education and sustainable development that are often not referred to in rulebooks.
- they are 'social accounting ready', so that future co-operators must evaluate their success at achieving the co-operative's stated mission.
- In 2012 and 2014 rules fully revised and overhauled the, developed a version for use as a Community Interest Company limited by guarantee, and another for Community Benefit Societies. Looking at the use of the rules with Social Enterprise Mark accreditation, and FairShares principles - see below.

FairShares

Definition of social enterprise established by Social Enterprise Europe Ltd:

- Specifying the social purpose(s) and evaluating the social impact(s) of trading activities;
 - Conducting ethical reviews of product/service choices and production/consumption practices;
 - Promoting socialised and democratic ownership, governance and management by primary stakeholders.
- Central to the brand is the FairShares approach to power and wealth sharing through organisation design and intellectual property management.

Brand Principles (Values)

- wealth and power sharing with primary stakeholders;
- ethical review of the choice of goods/services offered;
- ethical review of production and retailing processes;
- specification of social purpose(s) and auditing of social impact(s);
- a social democratic model for the ownership, governance and management of capital.

FairShares

Ownership, Governance and Management

A FairShares association / company / co-operative society / consultancy or educator will:

- recognise founder members and enfranchise them through **Founder Shares** (or equivalent share/member type)
- recognise providers of Labour and enfranchise them through **Labour Shares** (or equivalent share/member type)
- recognise users/customers and enfranchise them through **User Shares** (or equivalent share/member type)
- recognise creators and providers of financial capital and enfranchise them through **Investor Shares** (or equivalent)

FairShares

Intellectual Property (IP)

A FairShares Enterprise will:

- give individual and group recognition to members who create IP
- agree a Creative Commons licence for the use of members' IP
- prevent the transfer of IP ownership from members to the Company or Co-op Society except where this is the express wish of the IP creator(s).
- manage members IP as an Intellectual Commons (on behalf of members)

The Enspiral Network

Enspiral is made up of 3 parts: The Enspiral Foundation, Enspiral Services and Startup Ventures. I'd say they're the best current example of an Open Coop, but how they actually describe themselves is as:

“a virtual and physical network of companies and professionals working together to create a thriving society”

and an

“experiment to create a collaborative network that helps people do meaningful work”

A core part of their strategy is to open source their model.

The Enspiral Network

Enspiral Foundation

The Enspiral Foundation is the charitable company at the heart of the Enspiral network. It's the legal custodian of assets held collectively by the network, and the entity with which companies and individuals have a formal relationship. Decisions are made using Loomio and budgets are set using Cobudget.

Enspiral Services

A network of professionals who work together in teams to offer a range of business services under one roof. By default members pool 20% of their invoices into a collective bucket, 25% of which goes the Foundation. Loomio and Cobudget are used to decide how to spend the rest.

Startup Ventures

Enspiral works with social entrepreneurs to launch startups who then support the work of the Foundation and Enspiral as a whole through flexible revenue share agreements: ventures choose their own contribution rate, usually around 5% of revenue.

Platform Co-ops

Platform Co-ops (from a Directory of other commons-based type project compiled by Nathan Schneider at <http://open.therowboat.com/commons/doku.php/enterprise>)

- Banyan Project - “to help seed independent community news cooperatives, then support them with mentorship and educational and administrative tools”
- Cooperative Networks - “A distributed cooperative innovation organisation”
- Fairmarket - “a global community of ethical producers and consumers connected by a cooperatively owned online marketplace” (see also FairCoop, FairCoin etc)
- Fairmondo - “a global, decentralised online marketplace owned by its local users”
- Mass Mosaic, a crowd trading platform that transitioned to multi-stakeholder ownership through FairShares.
- Loconomics - Connecting service providers with customers. Ownership structure? “We’re readying for our launch this winter as a freelancer-owned cooperative” Said, Carolyn. “Cooperatives give new meaning to sharing economy.” SFGate. May 24, 2014.
- Member's Media
- Percloud - a personal cloud stack project
- Stocksy, a stock photography co-op founded in 2013.

<http://platformcoop.net/> <https://twitter.com/platformcoop>