

What is a Co-op?

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The purpose of a cooperative is to realize the economic, cultural and social needs of the organization's members and its surrounding community. Cooperatives often have a strong commitment to their community and a focus on strengthening the community they exist in or serve.

A Cooperative is a business owned and democratically controlled by the people who use its services.

- **Member-owner**
- **Member-control**
- **Member-benefit**

Cooperation dates back as far as human beings have been organizing for mutual benefits. Tribes were organized as cooperative structures, allocating jobs and resources

among each other, only trading with the external communities.

The Rochdale Society of Equitable Pioneers, founded in 1844, is usually considered the first successful cooperative enterprise, used as a model for modern coops, following the 'Rochdale Principles'. A group of 28 weavers and other artisans in Rochdale, England set up the society to open their own store selling food items they could not otherwise afford. Within ten years there were over a thousand cooperative societies in the United Kingdom.

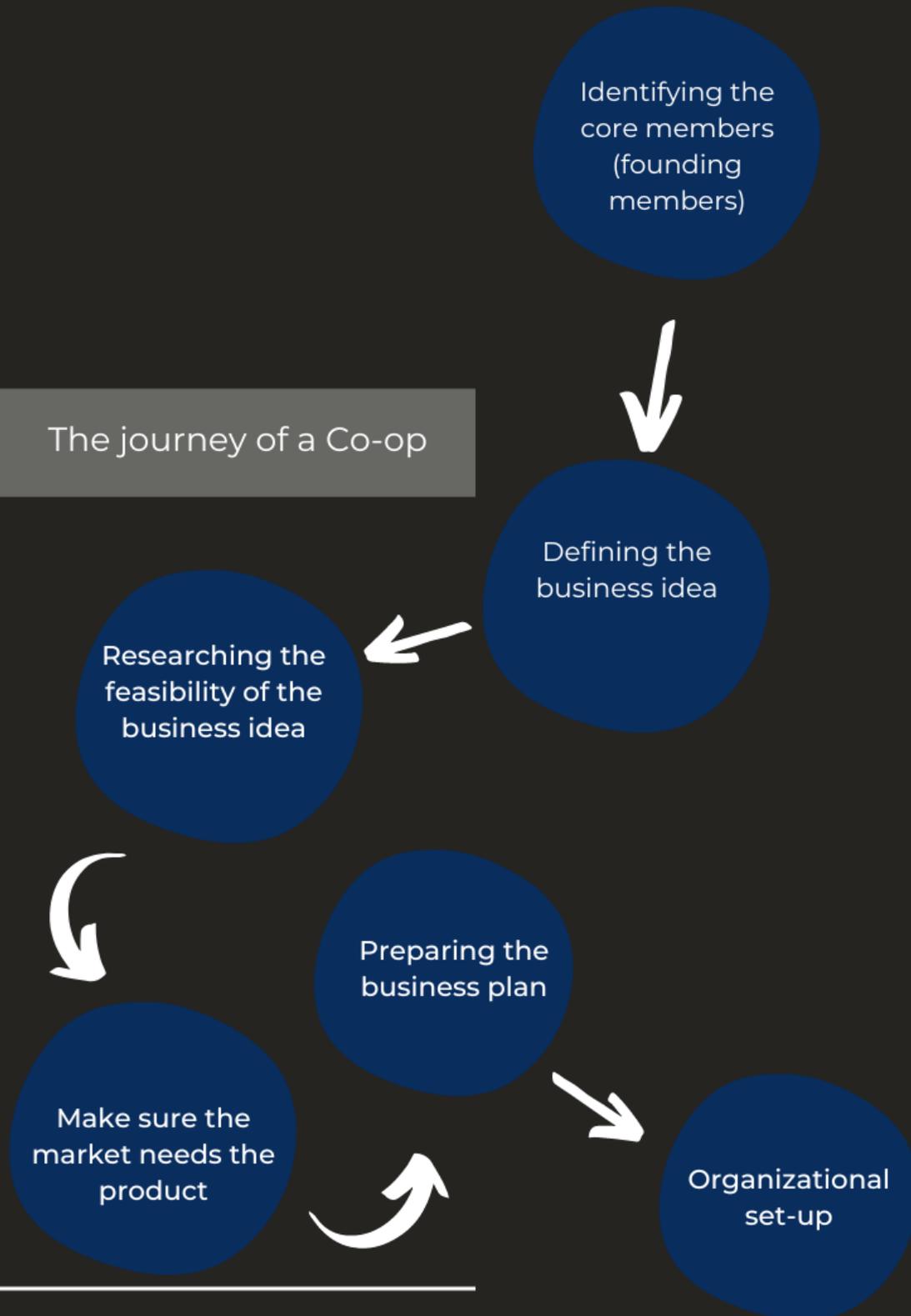
1. Identifying the core members (founding members):

Forming a core group of potential member-owners which should consist of people who have similar ideas and interests and a mutual need or problem to address is the first step. Their commitment and skills and how well they work together are crucial. In addition, it is important for the core members to learn about and understand each other (identification of synergies among potential member-owners).

2. Defining the business idea:

The problem faced by the founding member-owners is something that is difficult to address on their own and thus, there is a need for a collaborative solution. So, the business idea is derived from or is a response to the shared problem or opportunity.

The journey of a Co-op



3. Researching the feasibility of the business idea:

In order to examine the feasibility of the business idea, the members need to answer some questions such as:

- How many members are expected to join? The cooperative must be assured that there are sufficient numbers of individuals who will participate in its activities. A producers' cooperative, for example, must ensure that it has enough members to provide the stocks.
- How much are members willing to invest in the cooperative? The cooperative must have sufficient financial commitment from its potential members to organize (start-up costs) and successfully operate (initial operating costs).
- What is the anticipated business volume from the members?

4. Make sure the market needs the product:

The members need to implement a market analysis to have a better picture of the response they will get from the customers by trying to find an answer to such questions:

- Who are your target customers?
- Assessing the target customers or market.
- Assessing the competitors.
- Understanding price trends.

5. Preparing the business plan.

A business plan is a document that defines in detail a company's objectives and how it plans to achieve its goals. A business plan lays out a written roadmap for the firm from marketing, financial, and operational standpoints. So, a business plan includes all the following:

- **Executive Summary**
- **Business Profile**
- **Marketing Plan**
- **Operations Plan**
- **Management Plan**
- **Financial Plan**

6. Organizational set-up:

An organizational set-up is a system that outlines how certain activities are directed in order to achieve the goals of an organization. These activities can include rules, roles, and responsibilities.

References

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