



## CO-OP BASICS

Cooperation is a simple idea—two or more people join forces to accomplish something they can't do alone. By combining their efforts, by sharing responsibilities, people working together can accomplish more than those working alone.

### What is a co-op?

A co-op is an organization that takes the idea of working together and puts it into a business structure. A cooperative is a business voluntarily owned and controlled by the people who use it – its members. Unlike traditional businesses, the goal of a co-op is not to surpass the competition and maximize profits, but to serve its community. **A co-op is operated solely for the benefit of its members, to meet their mutual needs.**

At its core, a co-op is a business. It is subject to the same needs and demands of any business, and must concern itself with the market and economic forces. But in several important ways, co-ops are unique. **Most distinctly, a cooperative business is owned by the people who use its services – the members.** Co-ops may resemble other businesses outwardly, but the fact that they are owned by members makes them rare and noteworthy.

Although definitions of co-ops vary, they all contain the following elements:

- Co-ops are owned and controlled by those who use their services (the members).
- Co-ops are democratically governed.
- Co-ops are businesses, not clubs or associations.
- Co-ops adhere to internationally recognized principles.

### Types of Co-ops

#### Hybrids are Possible

1. **Producer co-ops** - provide goods or services to members who are involved in producing products, such as farmers or artists.
2. **Worker co-ops** - are owned and controlled by their employees.
3. **Consumer co-ops** - provide goods or services used primarily for personal consumption, such as grocery co-ops.

**Mayu is a consumer-worker hybrid co-op.**

## Values and Principles Common to all Co-ops

Co-ops worldwide share a common creed. All co-ops share a fundamental respect for all human beings and believe that people can improve themselves economically and socially through mutual help. This basic philosophy has been developed into a list of seven principles that serve as guidelines for how cooperatives do business. The principles were originally developed in 1844 by groups struggling to provide quality food at fair prices. The “Statement on the Cooperative Identity” begins with a values statement that describes the beliefs common to all cooperatives:

In addition to their common values, all co-ops share seven basic principles (The Rochdale Principles). These principles outline a democratic structure that can be adapted to businesses providing many different kinds of services and products.

### The Seven Co-op Principles

#### 1<sup>st</sup> Principle: VOLUNTARY & OPEN MEMBERSHIP

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept responsibilities of membership, without gender, social, racial, political or religious discrimination.

#### 2<sup>nd</sup> Principle: DEMOCRATIC MEMBER CONTROL

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In cooperatives members have equal voting rights (one member, one vote.)

#### 3<sup>rd</sup> Principle: MEMBER ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

#### 4<sup>th</sup> Principle: AUTONOMY & INDEPENDENCE

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

#### 5<sup>th</sup> Principle: EDUCATION, TRAINING & INFORMATION

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

#### 6<sup>th</sup> Principle: CONCERN FOR COMMUNITY

Cooperatives work for the sustainable development of their communities through policies approved by their members.

#### 7<sup>th</sup> Principle: COOPERATION AMONG COOPERATIVES

Cooperatives serve their members most effectively and strengthen the Cooperative Movement by working together through local, national, regional and international structures.

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity.

Cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.