

BALTA

The BC-Alberta Social Economy Research Alliance



Co-op Survival Rates in Alberta

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2 Executive Summary

Agencies with an interest in co-operative development would benefit from better understanding of the patterns and causes of co-op formation and dissolution in Alberta. The research aims were to establish:

- a) The number and variety of co-ops incorporated in Alberta over the last ten years;
- b) The conditions that gave rise to the incorporation of these co-ops;
- c) The survival rate of incorporated co-ops;
- d) The reasons for a co-op's discontinuance;
- e) The ways in which a co-op's early development and incorporation might be assisted; and
- f) The ways by which a co-op's demise might have been averted.

Incorporation and dissolution data was examined for 127 co-operatives incorporated from 2000 to 2009. An online survey was conducted with respondents from 29 co-operatives of 134 incorporated in the period 2000 to 2010. Eight (8) of those co-ops were represented in telephone interviews.

From 2000 to 2009, 127 new co-operatives were incorporated in Alberta excluding mergers of pre-existing co-operatives and registration of extra-provincial co-operatives. A spike occurred in new co-operative incorporations in 2002, possibly a result of the new Alberta legislation and its enabling clauses. The fewest number of incorporations took place in 2008, possibly due to a global economic slowdown.

Dissolution data provided for Alberta co-ops incorporated between 2000 and 2004 does not appear to be reliable. More recent data shows that three year survival rates for co-ops incorporated in 2005 and 2006 was 81.5% compared to 48% for conventional firms in Alberta. Co-ops operating in the same field as other co-ops (e.g., housing, water and sewage) generally had better survival rates than those which are more innovative.

Capital and hired staff were both considered important to the success of those co-operatives which used either or both of those resources. The majority of capital was from member shares and loans. Securing financing from the lending sector was considered challenging for more than half of respondents. However, neither lack of capital nor having paid staff were reported as problems which led to the dissolution of co-ops.

Partnerships and networks were generally valued by those that used them.

Coordinating with different regulatory organizations was one of the most significant challenges for co-ops in terms of maintaining their momentum, optimism and financial viability. Similarly, keeping up with administrative paperwork was overwhelming for volunteers who were also trying to develop and run their co-ops.

Each of the respondents from dissolved co-ops indicated that their groups had used external expertise prior to incorporation. 71% of the operating co-ops had done so.

At least 42% of operating co-ops had used consultants prior to incorporation and generally rated their helpfulness as higher than any other type of external expertise. 29% of operating co-ops used consultants after incorporation, and generally did not value their helpfulness as strongly as prior to incorporation. In contrast, none of the dissolved co-ops used consultants prior to incorporation and, most likely, after incorporation.

Reasons for failure of co-ops were most often cited as being rooted in external factors, particularly shifting markets and regulatory requirements. Internal factors were cited less often, but included lack of a united vision and dishonesty among members.

Key success factors identified by participants were:

- Boards with the right skill sets which worked effectively together
- Effective communications between board, staff, and members.
- Realistic business plans
- Engaged membership
- Start-up and development capitalization
- Acquiring needed expertise
- Coordination of the multitude of developmental tasks
- Mentorship

The top three **resources that respondents felt they had lacked**, and that would have contributed to co-operative success were:

- Someone to provide mentorship and/or co-ordination of activities
- Start-up capital / Venture Capital Fund
- A package of available resources upon incorporation

The following are the study **recommendations** :

1. Consider who is falling through the cracks both in regards to awareness of existing resources and lack of access to resources;
2. Centralize and coordinate access to resources to minimize the time needed to search for various resources needed.
3. Improve communications to clarify the roles different agencies play in co-operative development and to build trust in relationships.
4. Advocate on behalf of developing co-operatives to address their challenges regarding regulations that they do not have time or resources to address.
5. Enhance access to start-up capital with tools such as a venture capital fund and an innovations fund focused at co-operatives.
6. Develop capital and membership relations vehicles which are better suited to the needs of housing co-ops.

3 Purpose of the Research

There is a significant gap in knowledge of survival rate of co-operatives in Alberta and what contributes to their successes and failures. Policy and planning from agencies with an interest in co-operative development would benefit from better understanding of the patterns and causes of co-op formation and dissolution in Alberta over the last ten years.

The research aims were to establish:

- a) The number and variety of co-ops incorporated in Alberta over the last ten years;
- b) The conditions that gave rise to the incorporation of these co-ops;
- c) The survival rate of incorporated co-ops;
- d) The reasons for a co-op's discontinuance;
- e) The ways in which a co-op's early development and incorporation might be assisted; and
- f) The ways by which a co-op's demise might have been averted.

4 Methodology

The research was conducted in three parts:

- a) Online survey of respondents representing co-operatives which were incorporated in the period January 1, 2000 to June 20, 2010. Survey questions are presented in Appendix 1.
- b) Follow up telephone interviews with representatives of co-operatives incorporated during the period January 1, 2000 to December 31, 2010. Survey questions are presented in Appendix 2.
- c) Analysis of the data provided by the Director of Cooperatives, Service Alberta regarding incorporations and dissolutions for co-operatives incorporated January 1, 2000 to December 31, 2010.

134 new co-operatives were incorporated in Alberta from January 1, 2000 to June 30, 2010. This was the base from which online and telephone survey respondents were drawn.

Of that number, 127 new co-operatives were incorporated from 2000 to 2009 which acted as the data base for calculating rates of survival of new co-operatives.

5 Survey Response Rates

29 of the potential 134 co-operatives were represented in the online survey. Only eight (8) participated in the telephone interviews.

Table 1: Survey Response Rates for Operating and Dissolved Co-operatives

Incorporations from Jan. 1, 2000 to June 30, 2010	Operating at the Time of the Surveys	Dissolved at the time of the surveys
New Co-operatives	116	18
Represented in Online Survey	24	5
Represented in Telephone Interviews	6	2

Those who declined participation in this research did so for a number of reasons. For many agricultural co-ops, the research coincided with harvesting season. Others did not have time, felt overloaded with paperwork, did not feel confident answering questions (especially if they were new to the co-op), or did not specify a reason.

6 Limitations of the Research

The online surveys and telephone interviews were with representatives of co-operatives which had been incorporated. Although many of the questions focused on the process leading to incorporation and the impact on achieving incorporation, representatives from groups which had attempted to develop co-operatives, but did not achieve co-operative incorporation, were not polled. Consequently, their perspectives are not included.

Although the data for survival of co-operatives was compared to that of incorporations of conventional businesses, there were no specific attempt to understand the distinctions between the causes of failure and survival rates for co-operatives versus conventional businesses.

The survey and interview questions did not distinguish between types within the same category of resources. For example, for questions examining the role of government, there was no attempt to distinguish between different levels of government (municipal, provincial, federal). Neither was there distinction between different departments of the same level of government. These distinctions were more apparent in telephone interviews, but were not pursued by the interviewer. Similarly, respondents rating the value of consultants were not asked to distinguish between those who specialized in co-operative development versus those who focus on technical areas related to the co-op's specific business.

The lens through which respondents view the value of various components was, as expected, based upon their other experiences. For example, one manager was most appreciative of a board which another observer might consider too operational in its approach.

Respondents covered the spectrum from 2000 to 2010. The memories of those who had more recently experienced incorporation were likely fresher. However, they had less experience with what enabled their co-op to survive. Also, surveys and telephone interviews dealt with respondents who were there during the co-operative's incorporation and those who came on board sometime afterward.

A potential bias observed in telephone interviews was that respondents likely spent more time talking about successes and challenges with which they dealt directly, simply because they were more knowledgeable about them. Tasks and factors dealt with by others (consultants, employees, etc.) may have been perceived as less important, particularly when these tasks were achieved with apparent ease, but would have required little thought and involvement by the respondents. Most participants, however, seemed quite cognizant of the contributions made by others, particularly if they had had past experience with collaborative projects.

Co-operative development services may have changed over the period examined. Accordingly, earlier experiences may differ from later experiences.

Not all sources of expertise and assistance intend on providing all services related to co-operative development. However, the survey was not designed to differentiate between services an agency intended to provide in comparison to the expectations and experiences of groups developing co-operatives.

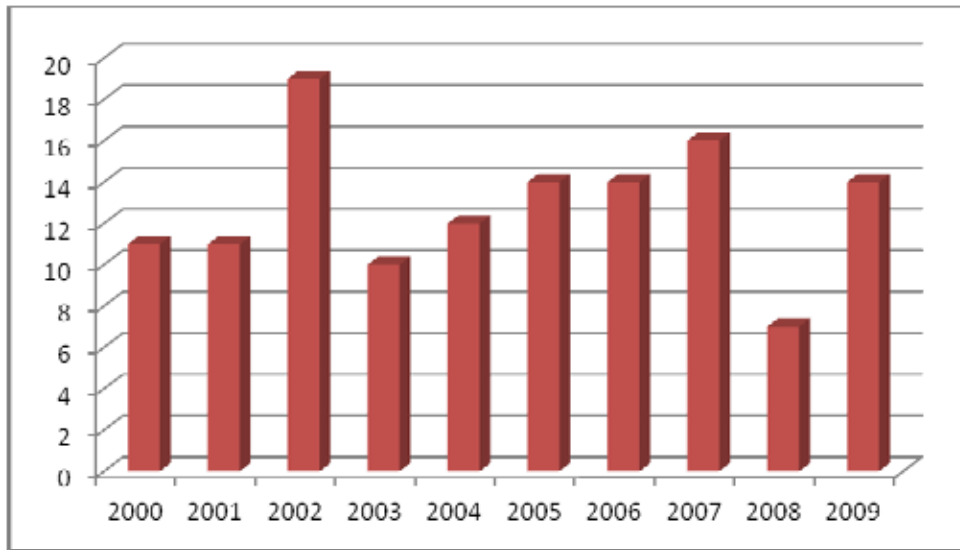
Instructions for some survey questions asked respondents to rate the helpfulness of various sources of expertise "on a scale of 1 to 5 with 1 being the least...". For those sources not used, respondents were asked to leave the answer blank. However, on the basis of comments, it became obvious that at least one respondent used the rating of "1" for services that they had not used. It is not clear as to how many others did not follow the instructions.

7 Incorporation Rates

Rates of incorporation of co-operatives in Alberta for the period 2000 to 2009 are based upon data provided by the provincial government through the office of the Director of Cooperatives with Service Alberta. As the intent of the research was to examine new co-operatives, incorporations were excluded which reported changes in pre-existing co-operatives (e.g., registration of mergers of existing co-ops and registration of Alberta operations for extra-provincial co-ops). However, the conversions of pre-existing non-cooperative businesses to co-operatives were included in the results.

Over the ten year period, 127 new co-operatives were registered in Alberta ranging from a low of seven in 2008 to a high of nineteen in 2002. (Figure 1)

Figure 1: Numbers of new co-operative incorporations in Alberta from 2000 to 2009



32% of new co-operatives incorporated in the ten years examined were water utility co-operatives (Figure 2 and Table 1). 13% were involved in the marketing and processing of primary products, the vast majority of which were new generation co-operatives, representing 12% of all new co-op incorporations. Breeder co-ops represented 10% of new incorporations and were as high as 55% (6/11) of new co-operative incorporations in 2000; however, only one was incorporated after 2002.

2002, the year of the highest numbers of new incorporations, was also the year that the new Co-operatives Act and Regulations for Alberta came into force. This may explain the surge in new generation co-operatives in that year (Table 2) as the new legislation enabled more member and non-member investment alternatives.

Another spike occurred in new generation co-operatives in 2004, possibly in response to the first discovery of an Alberta cow with Bovine Spongiform Encephalopathy (BSE) in May 2003 as producers in several species of livestock were impacted by closed borders, depressed farm-gate prices, and the frustration of watching meatpackers substantially increase their profit per head. The concept of taking ownership in the value added chain made new generation co-operatives an attractive alternative to an audience who had not been so motivated in the past.

Figure 2: Total Incorporations of Co-operatives in Alberta According to Activity Types for 2000 to 2009

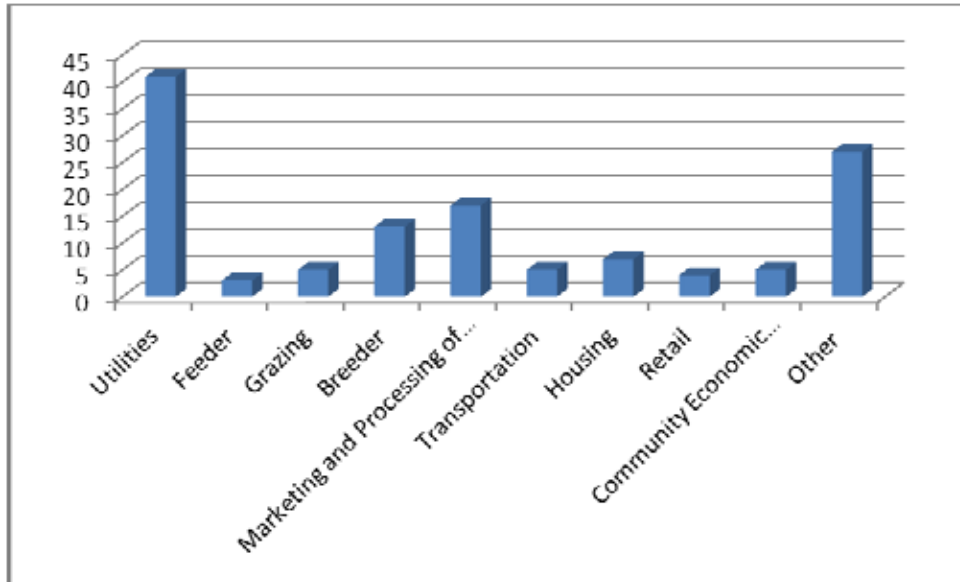


Table 2: Annual Rates of Co-operative Incorporations in Alberta According to Types for 2000 to 2009

Year of Incorporations	Main Activity Types										Annual Totals	NGC	Worker or multi-stakeholder owned
	Water and/or Sewage Utilities	Feeder	Grazing	Breeder	Marketing and/or Processing of Primary Products	Transportation	Housing	Retail	Community Economic Development	Other			
2000	4			6				1			11		
2001	4	1		2	1		1			2	11	1	1
2002	3		1	4	4	1	1	1	1	3	19	3	
2003	4		1		1		2		1	1	10	1	1
2004	1	1			5		1		1	3	12	4	1
2005	3		1		2	3	1		1	2	13	1	2
2006	6		1		1				1	5	14	1	1
2007	8				2					6	16	2	1
2008	2		1				1	1		2	7		

2009	6	1		1	1	1		1		3	14	2	
Totals	41	3	5	13	17	5	7	4	5	27	127	15	7
%	32.3	2.4	3.9	10.2	13.4	3.9	5.5	3.1	3.9	21.3		11.8	5.5

Reasons for the significant drop in numbers of incorporations in 2008 are less obvious. The global economic slowdown may have been a key factor. It is interesting to note that a similar drop in co-operative incorporations took place in BC in 2008 (Murray, 2010).

8 Survival Rates

Again, data provided by the Director of Cooperatives with Service Alberta was examined for those co-operatives incorporated in the years 2000 to 2009.¹

Data for co-operatives incorporated during the period 2000 to 2004 was used to identify survival rates for co-operatives after five years of operations (Table 3). The results are substantially higher (92.1%) than comparisons to a recent BC study (65.8%) and a 2008 Quebec study (64%) (Murray, 2010). The results are even more remarkable in comparison to Statistics Canada's 1993 figure of 35% for five year survival of conventional businesses in Alberta (Baldwin, Bian, Dupuy, & Gellatly, 2000).

Table 3: Survival Rates after Five Years for Co-ops Incorporated Between 2000 and 2004

Year of incorporation	% survival after 5 years
2000	90.9%
2001	90.9%
2002	89.5%
2003	90.0%

¹ During the survey and interview processes (mid-way through 2010), it became apparent that some of the co-operatives listed as active, had either dissolved or were in the dissolution process. However, this situation would likely be similar to other business registries where the process of dissolution may not be reported immediately, but would in due course become listed with the respective registrar. Accordingly, for consistency, registry data for these co-operatives was used as listed in the registry; however, survey and interview responses from a respondent who voluntarily advised that their co-op was dissolved or in the process of dissolution, was considered dissolved for those parts of this report in which online survey and telephone interviews were used.

2004	100.0%
Total for 2000 to 2004	92.1%

However, none of the co-operatives incorporated between 2000 and 2004 are reported to have dissolved prior to completing two years of operation, whereas, 16.3% (7/43) of co-operatives incorporated in the years 2005 to 2007 dissolved before completing two years of operations (Table 4). The difference in results may be due to a significant change in the manner in which the office of the Director of Cooperatives with Service Alberta monitors and records those co-operatives which are no longer actively reporting on an annual basis. If that is the case, then the data for the period 2000 to 2004 which was used to determine five year survival rates may be less accurate than more recent data will prove to be as dissolutions may have been reported later than they would be in today's system of monitoring.

Table 4: Rates of Dissolution and Length of Survival prior to Dissolution for Years 2000 to 2009

Year of incorporation	co-ops incorporated	Numbers of new	Numbers of subsequently dissolved co-operatives from respective year of incorporation with number of years of operation prior to dissolution									Number currently active		
			Less than 1 yr	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	6 yrs	7 yrs	8 yrs		9 yrs	
2000	11						1					1		9
2001	11					1						1		9
2002	19					1	1							17
2003	10					1		2						7
2004	12							1						11
5 year Totals	63					3	2	3				2		53
2005	13					2		1						10
2006	14					2	1							11
2007	16		1			1								14

2008	7											7
2009	14											14
TOTAL S	124	1	2	4	3	3	3			2		106

Comparing survival rates for co-operatives incorporated in a period when dissolution data appears to have been produced in a more timely (and hence, more accurate) manner can be compared to data from conventional businesses for Alberta, albeit drawn from a much more limited sample size and using data collected in a different manner² (Table 5).

Table 5: Comparison of Survival Rates for Co-operative versus Conventional Incorporations after 1, 2, and 3 Years of Operations

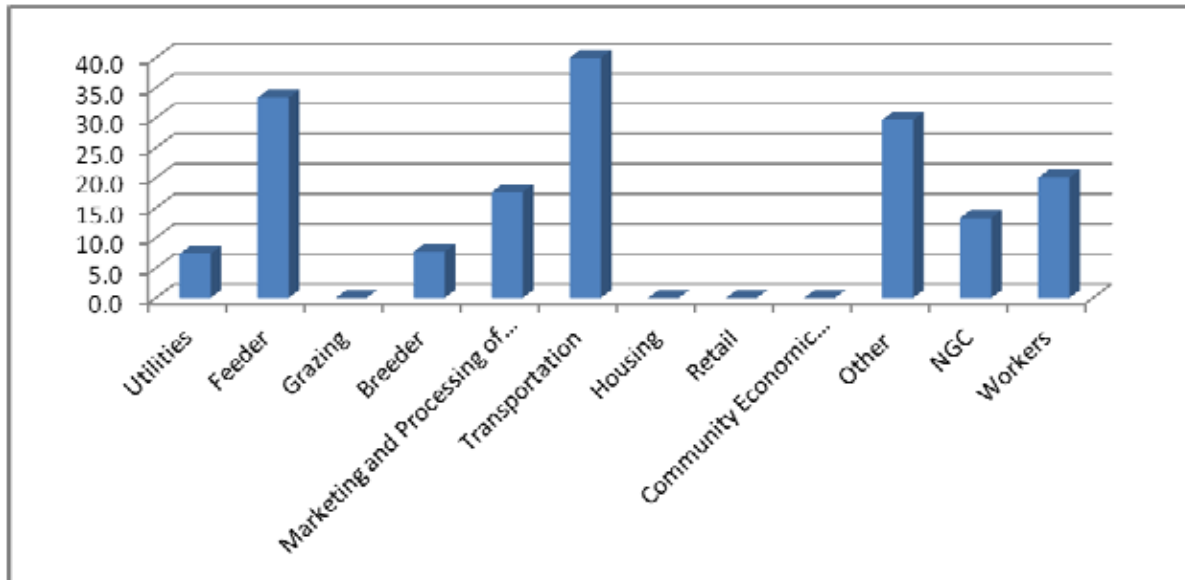
Year of incorporation	% survival after 3 years	% survival after 2 years	% survival after 1 year
2005	84.6	84.6	100
2006	78.6	78.6	85.7
2007	N/A	87.5	93.75
2008	N/A	N/A	100
Total	81.5	83.7	94.0
Conventional Firms in Alberta ³⁴	48	59	75

Figure 3: Percentages of Co-ops Dissolved by Type for Co-ops Incorporated Between 2000 and 2009

² The Statistics Canada report draws its data from the LEAP Database.

³ (Baldwin, Bian, Dupuy, & Gellatly, 2000)

⁴ Based upon data from 1984 to 1994



Dissolutions appear to be less frequent in some types of co-operatives than others when compared across the 2000 to 2009 period. For example, none of the seven housing co-ops and 7.3% of utility co-ops incorporated from 2000 to 2009 had been dissolved at the time of the study which is substantially less than the average of 14.5% dissolutions for all types for the same period.

The low numbers of co-ops incorporated for some types such as feeder (3), grazing (5), transportation (5), retail (4), and community economic development (5) make it difficult to determine if the rate of dissolutions was representative or an anomaly.

Dissolution of marketing and processing co-operatives was slightly worse than average (17.6%), while new generation co-operatives were dissolved at a rate very near to average (13.3%).

Dissolutions for the catch-all category of other, representing 27 co-operatives were significantly higher than the average at 29.6%. This raises the question as to whether there are types within that category which are much more likely to dissolve, or if, co-operatives which are more innovative in purpose, market, and/or structure are less likely to succeed than co-ops which are effectively replications in large part of existing co-ops (e.g., water utility co-ops and housing co-ops).

9 Online Survey Results

9.1 Co-op Success Factors

9.1.1 Capital

As shown in Table 6, 71% (15/21) of respondents for co-ops operating at the time of the survey indicated that initial capital was important or extremely important in their success, and 48% (10/21) felt that additional capital was important or extremely important.

Similarly, respondents for dissolved co-operatives indicated that initial capital was considered by all but one (4/5) as important or extremely important, while additional capital was seen as important or extremely important by less than half of respondents (2/5).

Table 6: Importance of Initial and Additional Capital to Dissolved and Operating Co-ops

		Unimportant	Doesn't matter much	Neutral	Important	Extremely Important
Initial Capital	Currently operating (21)	14.3%	9.5%	4.8%	14.3%	57.1%
	Dissolved (5)	0%	0%	20%	60%	20%
Additional capital	Currently operating (21)	14.3%	23.8%	14.3%	9.5%	38.1%
	Dissolved (5)	0%	40%	20%	20%	20%

As shown in Table 7, the most substantial source of capital for both operating and dissolved co-ops was member contributions. For operating co-ops, this was followed by grants, banks and credit unions, and personal loans. Other sources of funds included a local county loan, a developer, the Association Canadienne-Française de l'Alberta (ACFA), the Mortgage Outreach Corporation, and loans from "other" organizations.

Table 7: Sources of funds contributing the majority of raised capital

Source of Capital	Operating Co-ops	Dissolved Co-ops
Members	71.4%	60%
Personal Loans	9.5%	20%
Bank/Credit Union	23.8%	20%
Grants	38.1%	20%

As expected, the amounts of start-up and additional capital used ranged widely depending on the activities co-ops pursued⁵. Several operating co-ops required no initial capital, such as one new generation co-operative created to jointly market the outputs produced by collaborating private businesses. On the other hand, a housing co-operative, constructing new buildings, raised \$5 million in initial capital and members felt they should have raised even more. Similarly, a co-operative purchasing and developing a railway raised \$3.5 million, and its respondent stated that it would have been better off with more, particularly given the legal and consulting costs associated with innovating and negotiating across several governmental agencies. The costs associated with innovation (including formal R&D and informal “learning-while-doing”) were also cited as substantial by one of the dissolved co-ops.

Most of the respondents for **water co-ops** (4/5) reported start-up costs ranging from \$10,000 to \$1.85 million. Only one water co-op respondent reported significant additional capital costs (\$100,000). **Housing co-ops** tended to find additional capital more important, primarily to address construction, renovation and mortgage costs, with half (3/6) reporting significant additional costs.

9.1.2 Staff

83% (15/18), of the operating co-ops were volunteer-run upon incorporation. Three co-ops had sub-contracted out some work, and one was in the process of hiring a property management company. Respondents for operating co-ops that had hired General Managers and Financial Controllers emphasized that these individuals had contributed immensely to their success.

Most of the dissolved co-ops had staff at incorporation (4/5) and upon dissolution (3/5), including a retail co-op with eight employees. Hiring staff was not, however, reported as being related to the failure of these co-ops.

9.1.3 Partnerships

Just over half of respondents (13/22) from co-ops which were currently operating indicated that their organizations made use of potential partnerships or support networks; while each of the respondents for the dissolved co-ops (4/4) indicated that their co-op had entered into such relationships

Table 8: Numbers of Co-ops which Entered into Partnerships or Support Networks and Rating of Helpfulness re Respective Relationships

	Numbers of co-ops which entered into partnerships or memberships	Average score for helpfulness where 1 = not helpful at all and 5 = very helpful
--	---	--

⁵ For dissolved co-ops, initial capital ranged from \$2000-\$3 million and additional capital from \$0-\$2million. For operating co-ops, initial capital ranged from \$0-\$5 million and additional from \$0-\$3.5 million.

	Current	Dissolved	Current	Dissolved
ACCA	4/16	1/3	3.25	2+
CCA	2/15	0/2	4	N/A
Trade associations	0/13	1/2	n/a	3
Co-op sector federations	5/17	2/3	4.6	3.5
Other co-ops	4/15	1/2	3.75	4+
Other enterprises or organizations	2/14	1/2	5	2+

9.1.4 External Expertise

Sources of external expertise appear to have been used more by operating co-ops during the process preceding incorporation than after incorporation.

9.1.4.1 Pre-Incorporation External Services

The survey revealed the following about external expertise used leading to incorporation:

Table 9: Rating of Value of External Types of Agencies and Numbers Which Used the Services Prior to Incorporation

What external expertise did you draw upon for each of the following functions? On a scale of 1-5, with 1 being the least, and 5 being the most, how helpful was the expertise to the success of the co-op? (For the chart below, use the drop down menu for any of the items that apply to your co-op. Leave the items blank that don't apply to your co-op)

Note: 17 responded from active co-operatives and 5 responded from dissolved co-operatives.

	Consultants ⁶		Co-op Development Initiative Program		Alberta Community and Co-operative Association or BC Co-operative Association		Government		Other Co-ops	
	Active (9)	Dissolved (0)	Active (8)	Dissolved (2)	Active (6)	Dissolved (4)	Active (11)	Dissolved (3)	Active (9)	Dissolved (4)
Feasibility study	4.6 (5)	(0)	3.2 (5)	2.5 (2)	2.5 (4)	3.5 (2)	2.3 (10)	2.0 (2)	2.2 (5)	2.5 (2)
Business plan	3.7 (4)	(0)	2.6 (5)	2.0 (2)	2.5 (2)	2.0 (2)	2.3 (8)	1.5 (2)	1.8 (4)	2.0 (2)
Accessing capital	4.0 (6)	(0)	3.0 (6)	2.0 (2)	1.0 (1)	3.3 (2)	2.7 (11)	3.0 (2)	2.0 (3)	1.5 (2)
Developing bylaws	4.0 (9)	(0)	2.8 (4)	2.5 (2)	2.3 (3)	3.7 (4)	3.0 (11)	3.7 (3)	3.1 (7)	2.7 (3)
Determining the governance approach and structure	4.0 (6)	(0)	3.0 (4)	2.0 (2)	1.0 (1)	3.0 (3)	3.1 (9)	3.0 (3)	2.6 (5)	2.5 (4)
Determining the operational structure	4.0 (6)	(0)	2.0 (3)	1.5 (2)	2.5 (2)	2.3 (3)	2.3 (7)	2.7 (3)	2.3 (6)	3.0 (3)

⁶ In error, the survey omitted “Consultants” for this question. An email was sent to those who had responded to the survey asking them to respond via email. 15 respondents from co-ops operating at the time of the survey responded in the follow-up email regarding consultants, while 17 responded to the question about other sources in the online survey. Three (3) respondents from dissolved co-ops responded in the follow-up email regarding consultants while five (5) had responded to the question about other sources in the survey.

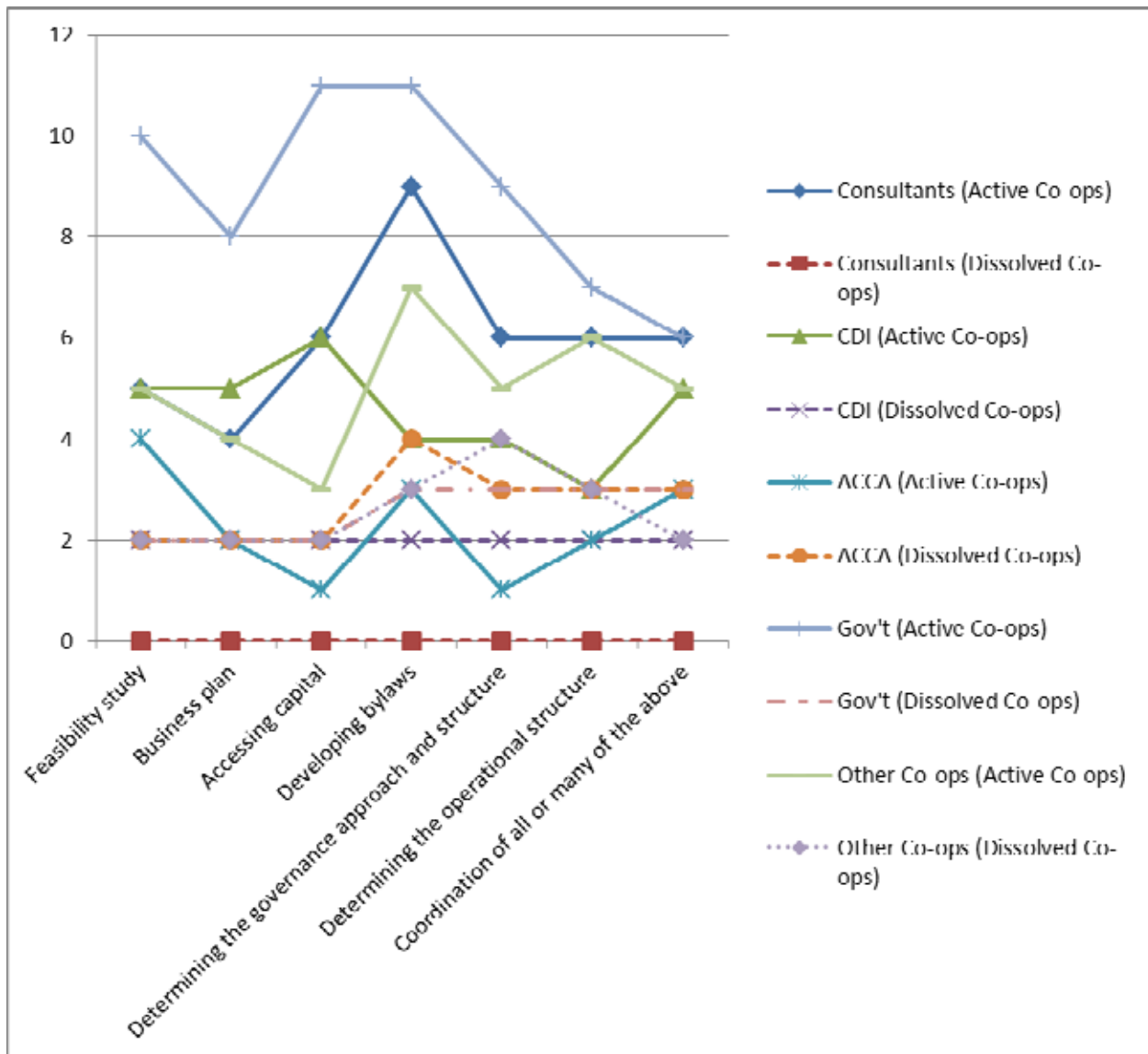
	Consultants ⁶		Co-op Development Initiative Program		Alberta Community and Co-operative Association or BC Co-operative Association		Government		Other Co-ops	
	Active (9)	Dissolved (0)	Active (8)	Dissolved (2)	Active (6)	Dissolved (4)	Active (11)	Dissolved (3)	Active (9)	Dissolved (4)
Coordination of all or many of the above	4.2 (6)	(0)	2.0 (5)	2.5 (2)	2.0 (3)	3.3 (3)	1.8 (6)	2.7 (3)	1.4 (5)	2.0 (2)

Of 24 potential respondents for co-operatives which were operational at the time of the survey, 71% (17) indicated that they had used some form of external expertise prior to incorporation. Government was the most frequently used source of external expertise by this group and provincial associations (e.g., ACCA were the least used).

Each of the respondents for co-operatives which were dissolved at the time of the survey indicated that some form of external expertise was used prior to incorporation. More frequently, this group used external expertise from other co-operatives.

None of the respondents from dissolved co-ops indicated that they had used consultants while 60% (9) of operating co-ops responding to the question (or equivalent to 42% of all participating operating co-ops) were reported to have used consultants.

Figure 4: Comparison of Use of Service Types Prior to Incorporation

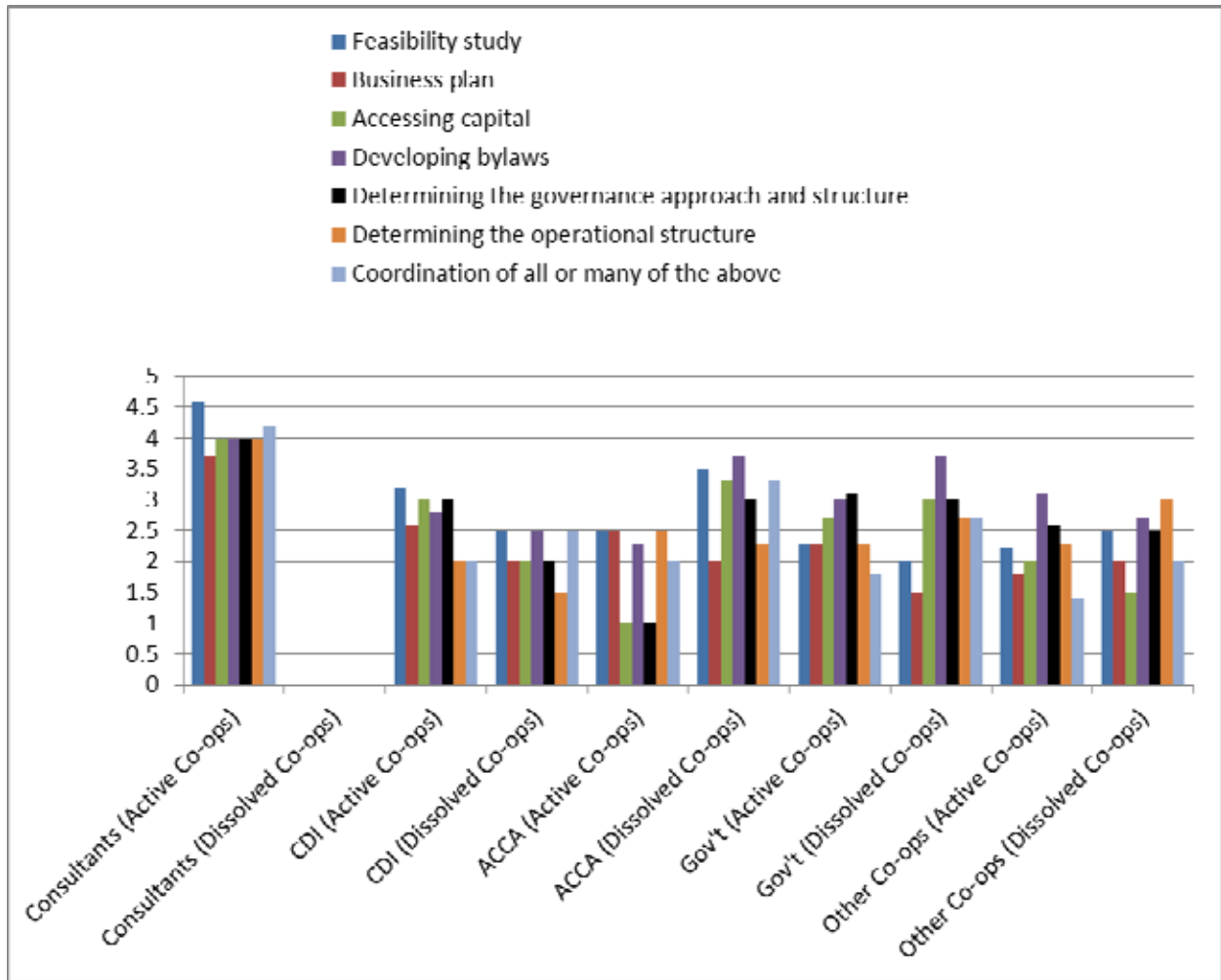


On average, for each listed area, consultants were rated as providing greater value than any other source of expertise. A co-operative housing consultant cited by two thirds of respondents from housing co-ops (4/6) was especially given high ratings and comments also reflected high praise.

Government was helpful in developing bylaws and determining the governance approach and structure. Other co-ops were most helpful in developing bylaws.

Provincial associations (e.g., ACCA) scored higher with respondents from dissolved co-operatives in most areas than from those which were operational at the time of the survey.

Figure 5 Perceived Value of Helpfulness for Services Prior to Incorporation



9.1.4.2 Post-Incorporation External Services

The survey suggested that sources of external expertise were used less frequently after incorporation, and revealed the following:

Table 10: Rating of Value of External Types of Agencies and Numbers which Used the Services Post-Incorporation

Expertise used after the incorporation phase to the present day: What external expertise did you draw upon for each of the following functions? On a scale of 1-5, with 1 being the least, and 5 being the most, how helpful was the expertise to the success of the co-op? (For the chart below, use the drop down menu for any of the items that apply to your co-op. Leave the items blank that don't apply to your co-op.)

	Consultants		Co-op Development Initiative Program		Provincial Association (i.e., ACCA, BCCA) ⁷		Government		Other Co-ops	
	Active (7)	Dissolved ⁸ (2)	Active (3)	Dissolved (2)	Active (3)	Dissolved (2)	Active (4)	Dissolved (3)	Active (6)	Dissolved (3)
Board Governance	3.5 (6)	1.0 (2)	(0)	2.0 (2)	5.0 (1)	2.5 (2)	2.5 (2)	2.3 (3)	3.0 (4)	2.0 (2)
Financial Management	4.5 (4)	1.0 (2)	(0)	2.0 (2)	(0)	2.0 (2)	2.0 (1)	2.0 (2)	3.0 (3)	2.0 (3)
Member Relations	2.5 (2)	1.0 (2)	4.0 (1)	2.0 (2)	3.0 (2)	1.5 (2)	(0)	1.7 (3)	3.0 (1)	2.7 (3)
Human Resources	3.0 (1)	1.0 (2)	4.0 (1)	2.0 (2)	5.0 (1)	1.0 (2)	(0)	1.0 (2)	(0)	1.5 (2)
Marketing	2.5 (4)	1.0 (2)	(0)	1.5 (2)	(0)	1.5 (2)	4.0 (1)	2.0 (3)	3.0 (1)	2.7 (3)
Operations Management	3.6 (5)	1.0 (2)	2.0 (1)	2.0 (2)	4.0 (2)	2.0 (2)	2.0 (2)	2.3 (3)	2.7 (3)	2.0 (3)

Respondents from co-operatives which were still operational indicated that their co-ops used consultants more frequently than any other source after incorporation. A total of 29% of operational co-ops used consultants after incorporation. However, when used, consultants were generally valued slightly less than they had been prior to incorporation. Other co-ops were the next most frequently used

⁷ As this type of external expertise was stated in a different way in the pre and post questions, respondents who had used the services of provincial association: Le Conseil de développement économique de l'Alberta included them as "other" in the prior to incorporation question while including them under Provincial Association in the post-incorporation question.

⁸ Responses from respondents for dissolved co-ops in this area may have been equating a "1 = not helpful at all" to mean that the co-op did not use the services of the agent for the respective areas. If that is so, then it is possible that none of the dissolved co-ops used consultants after incorporation.

source of expertise by this group. For dissolved co-ops, government and other co-ops were the most frequently used sources of external expertise.

Figure 6: Comparison of Use of Service Types Post Incorporation

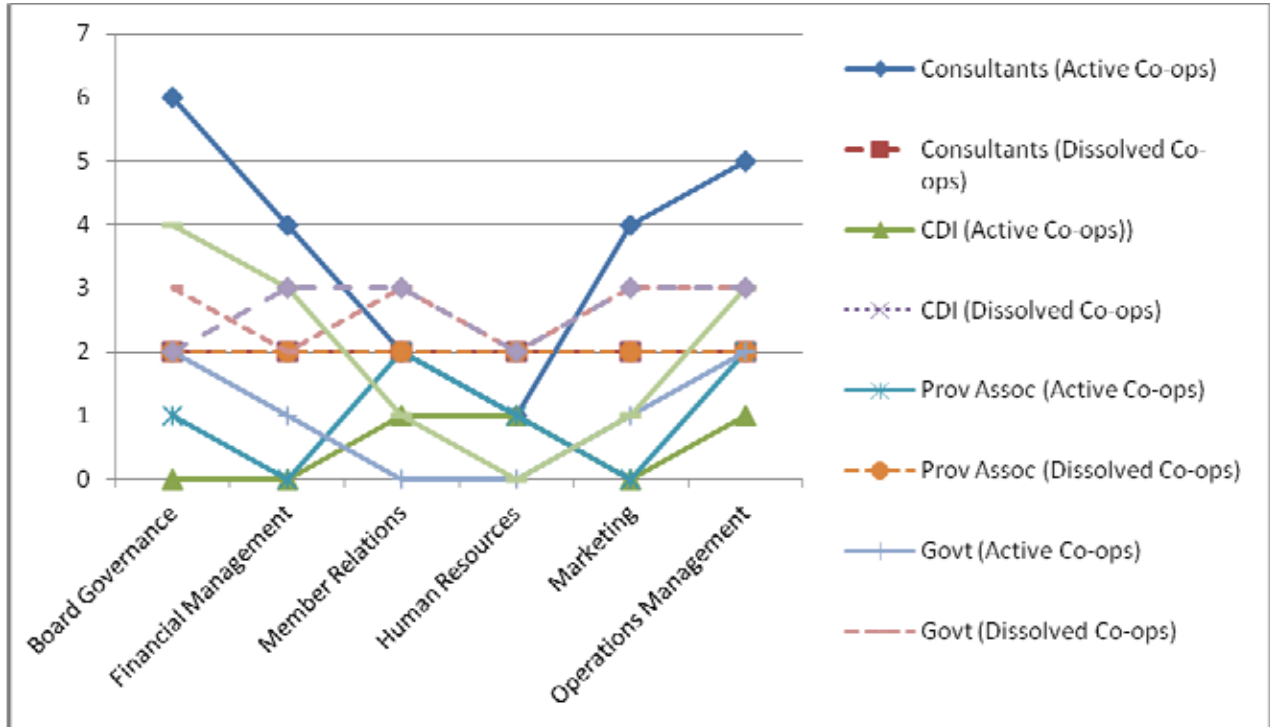
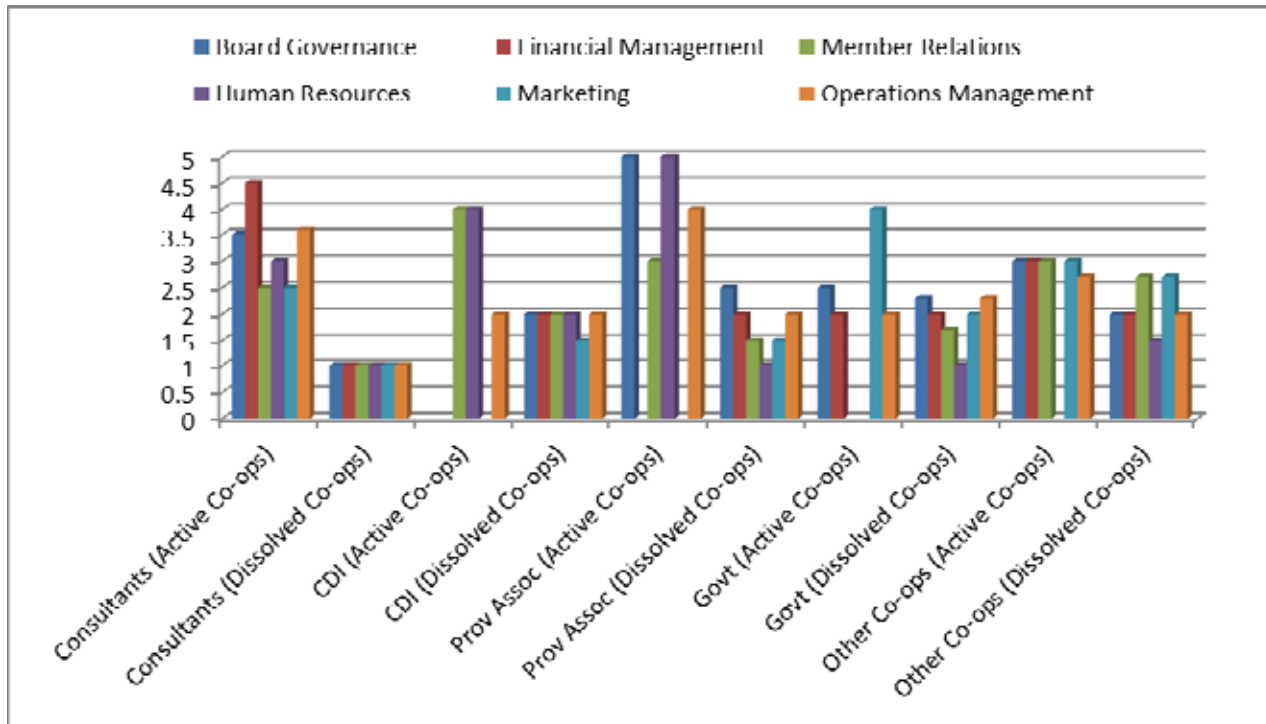


Figure 7: Perceived Value of Helpfulness for Post Incorporation Services



In their comments, two co-ops noted that they drew a lot of expertise from their own membership, two specified getting help from ATB Financial, one noted that it did not yet require further expertise as it is a recently incorporated co-op, and two noted that the housing co-op consultancy was crucial to their success. This same consultancy was credited for its help in other areas of the survey as well and noted as crucial to co-op success in participant interviews.

9.2 Major Challenges

A variety of major challenges were identified by respondents from the currently operating co-operatives.

9.2.1 Financing

The most common challenge by far was securing financing, cited by 56% of the respondents (13/23). Being dismissed as risky investments by most major banks during the *start-up* period was frustrating, especially since co-operative development activities could be capital-intensive.

For housing co-operatives, *solidifying mortgages* was specified as a financial challenge, as well as financing *construction/renovations* – particularly given the unpredictability of such costs. Unexpected building issues were not uncommon and could easily put housing co-ops over-budget.

9.2.2 Costs of Development

Legal fees were also described as obstacles, both in the online surveys and interviews. Several participants felt the costs were worthwhile, while another thought they were too steep, and another felt they were unmanageable without further financing.

9.2.3 Ongoing Operational Costs

Managing costs and revenue was a challenge for water co-ops, wherein one respondent noted that a water co-op couldn't expect to be viable if it had less than 25 members. This was something the respondent thought should be communicated by the government to new water co-ops.

9.2.4 Co-ordinating with Other Groups

Co-ordinating with groups that regulated the structure and activities of co-ops or offered resources to co-ops was a challenge cited by nine respondents. In conjunction with data from interviews, this seemed to be one of the most significant challenges for co-ops in terms of maintaining their momentum, optimism and financial viability. It was frustrating to respondents that some bureaucracies seemed to work so slowly, such as Alberta Environment on approving water rights; that they required co-ops to "jump through many hoops", as was described by a respondent managing several government ministries at the same time; or that they had competing interests, as was described of one co-op's municipality. Co-ordinating with other organizations was more frustrating as more organizations became involved and particularly if the objectives of the co-op and other organizations were not aligned. For water co-ops in particular, getting water rights, land easements, and environmental approval were major co-ordination challenges.

9.2.5 Administrative Resources and Knowledge

Filling out forms and legal paperwork was cited as a major challenge by five respondents. It was unclear whether this reflected a lack of knowledge necessary to complete the paperwork correctly or whether the sheer amount of paperwork was perceived as onerous. Certainly, the latter was expressed in interviews. Several felt that it was "nearly impossible" to keep up with running and developing their co-op, as well as filling out forms and reports. While reflecting on this, two interviewees mentioned having "lost years of their lives" to their co-ops.

Respondents also described difficulties developing knowledge of and familiarity with the processes involved in setting up a co-op. As well as filling out forms, this included developing knowledge of legalities (one respondent) and incorporation rules (one respondent), and developing co-operative bylaws (two respondents).

9.2.6 Member Issues

Member commitment was cited by four operating co-operatives and one dissolved co-operative.

Finding members was described as difficult by two housing co-ops. In an interview, one respondent noted that this was because its housing became unaffordable when lower income caps were set for housing co-ops, at a time when the economy was plummeting.

9.2.7 Organizational Challenges

Challenges associated with setting up a board, organizing members and running a co-op were cited by four respondents

9.2.8 Marketing

Developing markets for products and/or services was cited by three respondents.

9.3 Reasons for Failure

Dissolved co-operatives were not asked what their major challenges were, but what their reasons for failure were.

9.3.1 External Factors

For all but one respondent (4/5), reasons cited for dissolution were primarily external to the co-operative. BSE was a blow to an already faltering cattle market. A plummeting industry also inspired the formation of the dissolved retail co-op, as well as several operating co-ops. The retail co-op began as a private enterprise and became a co-op both to improve its finances and to develop local social capital – these goals were seen as mutually beneficial. The executive director and former owner of the enterprise stated that the store likely lasted one year longer than it would have otherwise, due to its co-operative structure. However, the co-op lacked the capital to compete in the rapidly restructuring industry which became dominated by just a few very large players with online sales systems and very large stores. The costs for water co-ops to comply with increasing government standards, was too difficult, particularly for co-ops with small numbers of memberships.

9.3.2 Internal Factors

In one dissolved co-op, lack of honesty among members of a producers' co-op may have contributed to its financial demise, along with the provision of too many loans to members.

Internal factors were cited as primarily responsible for the failure of the fifth dissolved co-operative. The respondent stated that its members held entirely different perspectives on what the co-op was intended to achieve. The co-op had neither developed a common vision, nor a business plan to realistically enact this vision and its leadership was divided. There was also some unwillingness on the part of members to devote time and labour to the co-op, or to sit on the board. This may have been fostered by a lack of communication regarding what was expected of co-op members.

9.4 Resources co-operatives wished they had had at incorporation

Resources cited by respondents were quite varied in topic and scope:

- Co-ordination of incorporation activities and moral support
- Somebody to talk to
- Financing and co-op development capital
- Board training
- Help with bylaws from experienced people
- Lists of competent contractors/technical experts
- More help from co-op associations

- More online help
- Legal/business experts
- Knowledge of incorporation rules
- Board with more directly relevant experience
- Development of common goals

Specific to Housing Co-ops:

- Centralised member referral system for housing co-ops
- Knowledge of co-op sector RRSPs available through CWCF
- Better connections for housing co-ops with development processes of municipal bodies

9.4.1 Co-ordinator and Sounding Board

A few co-operatives (two operating, one dissolved) wanted somebody to talk to who could show their co-operatives “the way”. This seemed related to the co-op’s desire to have co-op activities, resources and bureaucracies more co-ordinated and was re-iterated in interviews: several interview respondents wished they had someone available to co-ordinate the huge scope of their multiple activities.

Respondents both in the online survey and in interviews suggested that this co-ordinator would also provide moral support: bolster confidence, reassure, encourage, offer perspective, maintain momentum and “cheerlead”. For example, one respondent stated that a government official had “held their hand” during the incorporation phase, and another spoke animatedly about the co-op’s “amazing” consultant that had helped “lead [them] through the process and motivate [them]”.

9.4.2 Resource Co-ordination

Other respondents addressed the challenge of co-ordination in different ways. One respondent from a dissolved co-op wished they could have accessed all or most of the needed resources from one source – a sentiment echoed by interviewed respondents. Another respondent from an operating co-op suggested that organizations and governments develop their online resources further.

9.4.3 Unsure

Three co-ops were not sure what they would have needed to further their success. This included a very young and innovative co-operative co-ordinating amongst many different government organizations. It was described as having many bureaucratic challenges, but also as being full of very competent, knowledgeable, hard-working people. This particular case suggests that innovating co-ops may require a different kind of assistance: assistance identifying the scope of their needs, which may be unprecedented given their innovative activities; or financial assistance while they are identifying their needs and developing new procedures, such that they do not fold in the meantime. In essence, innovating co-ops may need more help with R&D costs and expertise.

9.4.4 Other

Other identified resources were fairly straightforward. Financing and co-op development capital was cited by six respondents (four operating, two dissolved); and a centralized housing co-op listing was suggested to help potential members find available housing co-ops⁹.

Five respondents did not feel they had lacked resources, several of which cited organizations that had been particularly helpful – including a housing co-op consultancy, Northern Alberta Co-operative Housing Association, government workers in providing guidance and in one case, a lawyer.

9.5 What Could have Enhanced Success After Incorporation?

Again, responses were quite diverse and specific to each co-op. Among operating co-ops, eight participants responded that no other resources could have enhanced their success, one specifying that it had been very happy with its consultant and another that funding from the Agriculture Opportunity Fund and a good board had been sufficient.

Funding to hire staff or consultants in the development stages was cited by three co-ops, with specific reference to paying the housing co-op consultancy, hiring a book-keeper and hiring organizational staff. One respondent noted that an Agriculture Opportunity Fund (AOF) grant had been very helpful in allowing it to hire staff.

Several responses were specific to **housing co-ops**, whose respondents stated they could have benefited from:

- Advocacy or a “vouch” from outside organizations regarding the financial soundness of the co-op model. Specific mention was made of the CMHC, which did not provide mortgage insurance for two participating co-ops;
- Templates or advice on design choices;
- A step-by-step workbook on starting a housing co-op; and
- More courses through NACHA.

Others were specific to **water co-ops**, which would have appreciated:

- Quicker approval by Alberta Environment;
- Financial access to technical expertise (building expertise and help reading engineering plans);
- Advice from other water co-ops that had done similar projects; and
- A greatly expanded membership base.

Various other responses included:

⁹ Both the Southern Alberta Co-operative Housing Association and the Northern Alberta Co-operative Housing Associations have listings of existing member housing co-ops on their websites. !!!CHECK WITH SACHA AND NACHA RE POLICIES FOR DEVELOPING CO-OPS!!!

- More publicity to help bring people on board their project;
- More help from their local Alberta Treasury Branch;
- More help from co-operative associations;
- More local community support¹⁰; and
- Increased use of all sources of external expertise would have benefitted its operation.

9.6 What Co-ops Would Have Done in Hindsight

There was a range of responses with regard to what participants would have done differently in hindsight. Many (7/16) would not have done anything differently. Others would have changed a range of internal and external factors. Among *internal factors*, operating co-ops would have:

- Stayed on top of their reporting;
- Hired a consultant to move a project along faster;
- Advertised better to encourage community investment and/or membership; and
- Developed more resiliency in their business plan (in this case, increased housing unit costs to protect against unexpected construction costs).

Dissolved co-ops would have:

- Developed a strong business plan;
- Contracted out portions of the work;
- Developed their marketing and publicity; and
- Ensured they had someone with strong, applied business skills on the board.

In several cases, participants would have liked to influence *external factors* – primarily regulations. For example, they would have fought changing income caps in a housing co-op, as well as regulations that discouraged entrepreneurship in an animal products industry. Finding time for advocacy, however, is likely quite challenging for co-op members struggling to establish their enterprise.

Several co-ops wished they had had help finding competent technical expertise in construction and inspection, as well as help paying for it; and one water co-op respondent emphasized that the government should advise on the appropriate size for a water co-op, which the respondent cited as likely not cost-effective if membership is under 25.

¹⁰ Neither specified what kind of local community support. Based on other comments made by the co-ops, this likely referred to financial and labour investments. It may also have referred to local solidarity on these projects – moral support, non-interference, and no direct attempts at competition.

10 Interview Results

Respondents interviewed represented six co-operatives which were active at the time of the interviews and two which were dissolved or in the process of dissolution. A summary of responses to key interview questions is presented in Appendix 3.

10.1 Success Factors

10.1.1 Capital

Respondents for two-thirds of the operating co-ops (4/6) described their co-ops as either financially stable or very healthy. The other two described their co-ops as vulnerable.

Raising capital was described as challenging and as an important success factor. It was not, however, cited by dissolved co-ops as a core reason for failure.

Successful strategies for attracting capital included:

- Developing an appropriate share structure to attract investment
- Establishing/identifying healthy markets prior to incorporation
- Building shared vision, trust, and enthusiasm among community members to attract investment
- Continually seeking out resources, asking for help, and developing networks to develop a resource-base
- Working with co-op consultants, such as the housing co-op consultancy

10.1.1.1 Start-up Capital

Despite the strategies listed above, start-up financing/funding was a major challenge for all but one interviewed co-op. Mainstream banks were reluctant to finance co-operatives with no corporate history, which applied to all but one of the co-operatives represented in the interviews. This was particularly difficult for capital-intensive co-ops that had to purchase businesses, equipment, land, inventory, and building materials, and pay for labour and consultants. More research, time and creativity were then required to secure funds from credit unions, government agencies and non-governmental organizations.

Several co-ops stated that even after raising significant amounts of start-up capital, as requested by larger banking institutions, they were declined funding. As such, one participant voiced his strong support for a venture capital type of fund for co-operatives in Alberta.

Difficulties in accessing capital had a significant impact on a co-op's ability to access development opportunities, such as legal services and consulting. Indeed, receiving essentially free consulting and a free feasibility study, both covered by a grant, was key to the success of one operating co-op.

Of course, access to capital on its own does not create success. Indeed, one of the dissolved co-operatives appears to have had both ample investment from the community plus a product

development grant, but lacked the know-how to create a revenue stream from the innovative product they were developing.

10.1.1.2 Additional capital

Additional costs were described as easier to finance than initial costs if a co-operative had developed a relatively good financial profile. On the other hand, funding unexpected building costs at the housing co-op, which had not yet had the chance to prove its financial viability, was seen as risky. Furthermore, securing mortgages was cited as very challenging given the hierarchy on foreclosing properties in its specific situation: properties were first turned over to the co-op, then to the city, and lastly to the bank.

10.1.1.3 Cost of Innovation

Costs associated with innovation were cited as significant by several respondents. Four of the co-ops interviewed were innovating with regard to policy and financial structure, which incurred additional legal and consulting costs. In two cases, policy innovations were designed to decrease the time and expense of incorporation, such that the overall time and cost was significantly diminished. As noted earlier, one of these co-ops also received a grant for a feasibility study, which was cited as critical to the co-op's development. The respondent stated that members would never have paid this sum out of their own pockets, and that the project would never have gotten off the ground without the grant. In another case, innovations involving regulations across several governmental agencies not only increased consulting fees, they stalled the development process, costing them potential revenues, and required much more volunteer time and effort from the board to complete paperwork and negotiate. This was not considered financially or psychologically sustainable by board members, who felt their lives were being consumed by their work.

10.1.1.4 Dissolved co-ops

The dissolved co-ops did not isolate capitalization as pivotal to their demise. Rather, one co-op emphasized financial *management* as a pivotal issue, and the lack of a clear business plan. The other dissolved co-op stated it was "over-capitalized", but its major financial challenge was external: the industry's flagging ability to support small and medium-sized businesses. More funding/financing might have helped, but likely would not have provided a long-term solution.

10.1.2 Training and Support

Outside training and support were cited as very helpful by four co-ops. Those considered invaluable to the success of these co-ops included a housing co-op consultancy, financial and organizational consultants, a Community Futures worker, lawyers and a marketer. Workers at Alberta Agriculture and Rural Development were described as very hands-on, very helpful, and very trustworthy in two cases, but not pivotal to the success of one of these co-ops. With regard to housing co-ops, associations were considered helpful, but the work of a housing co-op consultancy much more so; and one co-op expressed disappointment that the Canada Mortgage and Housing Corporation had not provided assistance.

The role of the **ACCA** was considered invaluable in one circumstance, where through special project funding received from the Rural Alberta Development Fund it funded a full range of development services performed by a private consultant. Another respondent was quite emphatic that she had never heard of the ACCA or the CCA or any co-op development programs. She felt her co-op had done quite well without it, but added that it may have taken a more expensive route by relying primarily on its lawyer, with additional help from the AARD. A third respondent felt that the ACCA's role in his/her co-op was "fuzzy". The co-op's executive director knew the association had been involved somehow, but not what role it had fulfilled, and this was described as confusing.

The ***Co-operative Development Initiative*** (CDI) was used by two participants and considered somewhat helpful by one and very essential by another. One participant noted the serendipitous nature of the co-op's connection with the CDI, and went on to note that most connections made by the co-op were quite serendipitous. Overall, it was not very aware of available resources. This was echoed by several other co-ops. Serendipity worked better for some than others, usually depending on the co-op's social network or on the existence of local support resources. For example, one co-operative had a Community Futures office in town and quite naturally made a connection with it; in another case, members of a co-op had personal connections to a lawyer with extensive experience in the co-op sector and developed a good working relationship with this person. On the other hand, two respondents felt that there was a marked disconnect between help and resources and the groups that needed them. One stated that she had put in time researching available resources, but it was hard to know which resources would be useful and figuring that out took a lot of energy. "Help isn't help if it's not close enough at hand", she remarked. In addition to their needs leading up to incorporation, respondents recognized development needs post incorporation. Three co-ops suggested that new co-ops receive an information package on available resources upon incorporation.

Another respondent felt that the biggest hurdle for most people who need help is asking for help and support and stressed that you "have to keep asking." He noted that there is a lot of money available in corporations and organizations, if it can be accessed.

One respondent mentioned feeling that there was a divide among bureaucrats/consultants and rural people, where rural people were sometimes treated as less intelligent, or as not knowing what was in their best interests. He felt that his co-op's consultant was unwilling to listen to the needs of the co-op as expressed by board members, or to use their expertise to fill in the gaps in his/her own knowledge. To help their clients, the participant felt that consultants must listen to the needs, aspirations and goals of co-op members.

Based on qualitative interviews, the helpfulness of training and support initiatives did not seem to hinge on the organization providing the help; rather, the qualities of the individuals providing help were described as critical. These included commitment, willingness to listen and learn, willingness to interact face-to-face and/or over the phone, knowledge of co-ops and/or of the given industry, willingness to work hard, ability to motivate, and ability to co-ordinate. The major significance of the organizations

with which these individuals were associated was the limitations they imposed on who could access help.

10.1.3 Partnerships

Partnerships were not emphasized overall in the interviews as contributing to co-operatives' success. Several co-ops did not pursue associations and thus were unsure of whether they would have been helpful. A German tradeshow was used to great advantage and NACHA was cited as helpful but not pivotal to the success of the housing co-op.

In the online survey, partnerships were emphasized somewhat more in some sectors. Partnerships with other co-operatives, for example, were sometimes found helpful; housing co-ops and water co-ops found their federations to be quite useful. This may indicate a lack of organizations specific enough to respond to the needs of several of the interviewed co-ops.

10.1.4 Management

Managerial tasks and roles, whether performed by paid managers or by board members, were considered crucial to the success of all co-ops, and considered successful by all but the dissolved co-ops. Only a small number of co-ops were able to hire paid management, but in each case they were very happy that they had. Hiring management was strongly recommended by several respondents, and particularly for large co-ops. It was acknowledged, however, that this was not always financially feasible.

Managerial attributes cited included:

- Experience working in collaborative environments
- Experience with bureaucracy
- Business expertise
- Experience in the co-op's industry
- Leadership skills, particularly the ability to garner trust

None of the hired managers in interviewed co-ops had had previous co-op experience and this was not considered detrimental to their work. These managers had experience working in collaborative environments, they were well acquainted with bureaucracy and working within a given set of rules, and they had the business sense/expertise to help co-operatives thrive. In the case of one dissolved co-op, lack of knowledge of co-operatives on the part of the unpaid and over-worked executive director/manager *may have been* detrimental to the co-op. The manager, who had previously been the sole proprietor owner of the business, was at a loss as to what to expect from and how to proceed with a board of directors which was not providing the strategic plan she sought from the board. Of course, had the board been effective in providing that direction, the manager's lack of co-op experience might not have been so detrimental.

Co-operatives that did not hire managers generally had boards that were well-equipped to manage themselves. They had business experience, experience in their given industry, many years of experience collaborating, and were very hard workers.

10.1.5 Direction and Plans

Along with managerial capacity, more than half of the respondents emphasized the importance of a **good business plan**. A good business plan had:

- A focused and doable mission statement;
- A realistic strategy to carry it out; and
- A board that supported and promoted the plan.

Having a focused mission statement and clear business plan could evolve in different ways. In some cases, co-operatives were formed based on well-defined pre-existing needs and clear advantages to co-operating. Developing consensus on a mission statement and business plan developed naturally in responding to a clear and well-understood problem. The respondent from one such co-op commented that it would be very difficult to put together a co-op without having these things in place: it may be too much to expect co-op members to agree and share a vision without first having a significant and shared stake in a specific outcome.

This is, however, the dilemma some innovating co-operatives have to cope with. Some respondents indicated that their co-ops experienced difficulty agreeing on a specific direction, without precedents to help guide those decisions. The interviews revealed ways to facilitate this process, however. Firstly, they emphasized the importance of maintaining open and honest communication among board members, and of ensuring the commitment of board members. Secondly, they emphasized the importance of balancing “dreaming”, which is so crucial to innovating, with pragmatism. Planning and criticizing constructively were cited as crucial to developing a realistic plan for a co-operative, and consultants and feasibility studies were described as particularly helpful in this regard. Indeed, a respondent from one of the dissolved co-ops noted having too many “dreamers” on her board, and cited this as one barrier to developing well-defined and realistic goals in the co-op, eventually leading to the co-op’s demise.

Some respondents emphasized the importance of solidifying member and board member *stake* in the co-op, as well as defining the parameters of “success”. This contributed to a co-op’s momentum and productivity, and ultimately, to its viability. Indeed, both dissolved co-ops experienced quite variable levels of commitment across their board and membership, as well as conflicting aims.

Another respondent suggested starting out small when innovating, so as to stay focused with regard to the enterprise’s primary activity and to minimize risk. Certainly, this may be useful for some co-ops; starting small is not always an option, however, for capital-intensive co-operatives, such as grain terminals or railways.

10.1.6 Governance

The quality of the board was unanimously described as pivotal to the success of co-ops. Attributes of a successful board cited by respondents included:

- A shared vision
- A clear stake in the success of the co-op
- The chemistry to work together
- The competencies to pull off the project
- The willingness to work hard

With regard to chemistry, mutual trust, amiability, enthusiasm, and good communication, prompt, clear and gracious communications were emphasized as crucial among board members.

Specific competencies varied according to the co-operative and how much work was given to hired staff or contracted consultants. Previous experience with co-ops was not seen as essential, although an ability to work well with others, work hard, stay motivated, and engage in co-operative decision-making was important. One respondent emphasized how tremendously energetic and enthusiastic board members tended to be, and how crucial this was to co-operative success. When putting together his board, he referred to seeking out the “spark plugs” in the community.

Boards also had to have some entrepreneurial skill or instinct, which usually boiled down to “knowing what you don’t know”, and seeking out resources and/or external expertise accordingly. If co-ops could not afford hired management and/or consultants, board members had to have business savvy and exhibit attention to detail.

Successful boards also seemed to rely on their individuals having a substantial stake in the success of the co-operative, so as to maintain motivation. Indeed, in one dissolved co-op, several board members may have viewed their work as more of a hobby, treating its financial problems with relative apathy and, by not addressing critical issues in a timely manner, possibly contributing to its demise.

As a group, boards had to share a common vision, common goals, and a commonly negotiated business plan. They also had to trust and respect each other, and know to put the interests of the co-operative ahead of any personal disagreements.

10.1.7 Policy

Policy was not an area of focus for many of the respondents and did not seem to be well understood in terms of its contributions to success. While there was an acknowledgement that policies were important, there was little elaboration on *how* they were important. There were some exceptions. Share structure was mentioned as a crucial marketing and investment tool; bylaws were viewed as lubricating social relationships in the housing co-op; and health and safety policies were viewed as critical to running a smooth operation. In the case of one new generation co-op, policies were

described as quite limited because their member businesses were mostly autonomous. Co-operation was limited to marketing efforts, and sometimes production quotas. Some participants stated that they were not familiar with their policies, and some skirted the question.

11 Summary of Co-op Success Factors

Success factors frequently cited included:

An Effective Board: The importance of the board was emphasized time and time again as crucial to the initial and on-going success of co-ops. As expected, it is clear that some boards are more engaged in the operations of the co-operative than others, as some of the co-operatives do not have resources to hire paid management. Even so, it is also apparent from the interviews, that some boards of successful co-operatives with a hired manager are also quite engaged in management decisions. Nonetheless, these boards have found a working balance between the board's level of participation and that of the staff. Key board-related success factors that arose repeatedly were shared vision, clear stake in the success of the co-op, the "chemistry" to be able to work together, and the competencies to pull off the project.

Communication: Frequent, prompt, and gracious communication among board and staff members and the general membership/potential membership was noted as critical to the success of a co-op. This can be a greater challenge for voluntary groups in which participants are already addressing a multitude of tasks.

A Realistic Business Plan: Having a shared vision and a mutually negotiated, realistic business plan was emphasized just as much as having a good board. A good business plan set achievable goals and clear steps on how to achieve them, and developed incentives to commit for all those involved – members, board members, investors, etc.

An Engaged Membership: The membership was often cited in the survey as contributing to co-op success. Key qualities of a good membership included a good work ethic, commitment, optimism, enthusiasm, communication skills, sharing a common vision and being able to work together. Some of these qualities are more applicable to co-ops in which members need to contribute labour in lieu of paid staff.

Start-up and Development Capitalization:

Most business development occurs with higher risk for capital invested on the front end. Until business plans crystalize and the board and, where applicable, management demonstrate the capacity to implement the plan and, in reasonable time, create a positive bottom line, the business is at greater risk than an existing business with a successful track record. Add to that, the distinct and often less understood nature of co-operatives, financial institutions have proven generally reluctant to finance co-operative enterprises until the co-op has a proven track record.

Initial capitalization is often a blend of investment and loan, and from time to time, grants. Those groups which received substantial grants and/or loans described them as critical to their success.

Share offerings raised the capital needed to provide a foundation of shareholder equity. To attract investment by members and, in some instances, the broader community, groups examined the investors' options and designed share offerings which appropriately reward the shareholder.

Acquiring Needed Expertise: Expertise was often recruited for the needs of the particular sector or industry the co-op operated within (e.g., housing, forestry, water services), or the business needs (e.g., marketing, business plans, internal operations), or the co-operative structure needs (e.g., bylaws, governance structures). Expertise may have been internal (i.e., hired management or volunteers, including board members) or it may have been external in the form of both human and non-human resources. Several of the successful co-operatives found and used expertise, not always with complete success as they occasionally engaged a few less useful resources. In contrast, at least some of the dissolved co-operatives did not find the right expertise, either because they did not recognize the need until too late, or because they did not know where to find it within their limited resources, if indeed they could find it. As the interviewed respondent of one currently operating co-op stated, "you have to keep asking".

Generally, but not exclusively, the use of consultants was more satisfactory than other sources, presumably because they had the specific expertise needed, whereas other agencies (intentionally or otherwise) did not have the capacity to provide the needed help.

Co-ordination: The process of developing a co-operative typically involves a multitude of tasks. While some of these are similar to other types of businesses (e.g., feasibility studies), others are distinct to co-operatives (e.g., share offerings, bylaws). Co-ordination of development tasks and co-ordination among assisting as well as regulatory organizations were cited by many respondents as something they lacked and that would have contributed to smoother development of their co-operatives. Having someone provide individualized help to the group developing the co-operative was cited as potentially helpful. Indeed, some groups had hired co-operative development consultants who filled that role.

Mentorship: The challenges involved in developing a co-operative can exhaust the most dedicated leaders. Several respondents expressed that more mentorship would not only have contributed to their success, it would have contributed to their mental and physical well-being. Where practiced this role is often filled by co-operative development consultants who are also providing coordination services or by supportive agencies (e.g., a Community Futures staff member was cited in one case). Leaders who were the pathfinders in developing other co-ops could also play this role, as well as actors within existing co-ops. Those who received high quality mentorship emphasized mentor attributes such as: willingness to listen and learn, ability to co-ordinate, and ability to motivate.

Some success factors were likely inter-dependent. For example, a clearly outlined, mutually developed vision and business plan likely helps board members get along with each other as there is less room for bickering if parameters are already clearly defined. Furthermore, if board members all have a clear stake in the success of the co-op, and define success in the same way, they are more likely to prioritize the same things, to co-operate and to pursue goals with similar intensity.

The top three resources that respondents felt they had lacked, and that would have contributed to co-operative success were:

- Someone to provide mentorship and/or co-ordination of activities
- Start-up capital / Venture Capital Fund
- A package of available resources upon incorporation

12 Summary of Challenges Faced by Developing Co-operatives

The major challenges perceived by interview participants varied widely, and depended upon the individual needs of the co-ops. They included:

- Accessing sufficient start-up capital,
- Co-ordinating all tasks and activities,
- Co-ordinating with agencies upon which they depend,
- Identifying and accessing resources/information,
- Industry specific external economic factors , and
- Public policy favouring conventional models of business.

With regard to **start-up capital**, financial institutions were often unwilling to finance groups with neither corporate history nor substantive securable assets. Finding lending sources required a lot of investigation and negotiation by individuals that were usually busy with the other tasks of setting up a co-operative, on top of their day-to-day income-earning activities.

Dissolved co-ops also faced financial difficulties, but those surveyed and interviewed described these as rooted in issues with **financial management**, **co-op governance**, and **major industry shifts including market collapse**.

Developing an awareness of available resources and accessing them was described as a major challenge in establishing and developing co-ops, as well as **co-ordinating the multiple tasks**.

Participants felt that the delivery of information and resources to groups developing co-operatives could be more stream-lined, and made several suggestions to this end.

Several organizations were cited as providing significant **regulatory obstacles** to co-ops. Among them was the Securities Commission, which was perceived as having more onerous requirements than the value of the share sales being realized for start-ups seeking to sell significant amounts of shares. Alberta Environment was described as being too slow in providing permits for water co-ops. Having to coordinate among several government organizations was all the more frustrating.

Public policy regarding the allocation of government funds was also identified as contributing to the “big picture” of co-operative success, wherein at least one participant felt that the government preferentially allocated funds to conventional businesses and non-profit organizations. Similar frustrations were described with regards to municipal governments, where participants had hoped these governments would be more supportive of alternative models in their development plans.

13 Recommendations

Recommendations are based on interview and survey responses, and the researchers’ interpretations therein. They are divided into recommendations for new co-ops and recommendations for supporting organizations. A full list of respondent recommendations is available in Table 7.

13.1 New Co-ops

Based upon this research, advice for newly incorporating co-ops includes the following:

13.1.1 Recruit a competent, committed board and ensure effective governance

The boards represented in this study covered a range from operations which employed management and staff to smaller voluntary operations in which the board was not only expected to govern but also to manage the operations. Regardless of the approach that the board takes to governing, successful boards bring together people who put their individual needs aside to represent the needs of the member-owners that they represent. Yet they treat the business of governing with the same due diligence that they would if the co-op was their own, sole livelihood. There is a balance of dreaming and pragmatism within the group. They understand that they are at the board table in a collective capacity which requires that each board member brings and welcomes diverse views, yet works to find the common ground and support the board’s decisions.

13.1.2 Develop a clear vision.

The term “vision” as used in business and organizational development is often applied with several different meanings. Vision may describe the organization in the future (e.g., financially healthy, well recognized, province wide). It may be used to describe future activities the organization is taking on (i.e., what business areas the co-op is operating in). Or, probably most importantly, it can be used to describe what is different for the intended recipients of the organization’s activities. These nuances were not explored with respondents; however, the answers to the question of what is different for intended recipients determine what will demonstrate success. Identifying what benefits the co-op seeks to create for its membership can prove to be a rallying point for the board, the management and staff, and the membership both current and prospective.

13.1.3 Recruit the needed expertise

With only a few exceptions, the groups represented in this study were entering into sectors or businesses in which they had minimal experience at best. Occasionally, they were forging new trails, yet even then, the successful operations found needed sources of expertise either internally or often externally. Their advice could be summed up as follows:

- Ask for help.
- Talk to people with experience in your industry/sector
- Network
- Search for resources
- Be persistent
- Hire a manager with the needed business skills if the co-op has the resources.

13.1.4 Develop a realistic business plan to enact the co-op's vision.

Business plans are intimidating to those who have never put one together before. Often times they are prepared because the financial institutions will not lend funds until a satisfactory plan has been presented. However, it also enables all stakeholders to understand what needs to be done, who is to do it, what resources are required, and what the co-operative revenues the co-op is expected to generate. In short, the business plan is the co-op's road map to success.

13.1.5 Understand and know how to deliver to the market.

Co-ops are businesses, and although the business may not focus on maximizing profit, it must still generate enough revenue to cover its costs. Often the environmental shifts which were major contributors to the dissolution of co-operatives were either market shifts or assumptions about unknown markets.

13.1.6 Communicate clearly, frequently and graciously.

The ability for the co-op to succeed rests with a great many stakeholders, including some from the broader community who do not have an interest in membership, but may be impacted by the co-op's operations. Keeping stakeholders informed, engaging in conversations, and ensuring a civil tone at all levels enhances the ability to work through diverse perspectives and enables greater stakeholder support.

13.1.7 Put the goals of the co-op before personal interests.

As board members people often become involved in co-ops due to their personal interests. However, according to legislation, when taking on these roles, directors are to act in the interest of the co-op. In such cases, self-interest becomes a conflict of interest.

13.2 Supporting Organizations

Recommendations for supporting organizations reflect more input on the part of the researchers, and encompass the following:

- Develop a "Help Line" for co-ops

- Send out resource packages to co-ops upon their incorporation
- Centralize resources available to co-ops by linking them into one website
- Make an online forum available on this same website
- Identify types of co-ops that have access to fewer resources
- Develop an advocacy group for co-operatives aimed at negotiating more favourable regulations
- Develop more face-to-face interaction with co-ops being supported
- Develop a centralized website for potential housing co-op members

13.2.1 Consider who is falling through the cracks

This might include people who do not know about available resources, in which case advertising resources and centralizing resources (as noted below) may be helpful. This might also include some urban co-ops, particularly non-worker co-ops, that do not have representative associations or do not qualify with government initiatives such as the AARD or Community Futures.

13.2.2 Resource centralization and coordination

This research suggests that centralizing access to resources and helping co-ops co-ordinate at the start-up and development stages would be helpful. One way to do this would be to provide a telephone “Help Line” for co-ops, which could provide answers to questions and/or connect callers with other helpful individuals, organizations or publications¹¹. A Help Line has the advantage of real-time, two-way communication, which might help co-op entrepreneurs feel less isolated and would help them find information more quickly than if they were sorting through internet or printed information on their own. A further application of this concept would be to connect callers to consultants, lawyers, and other similar co-ops for professional advice with initial phone time paid for by co-op support organizations.

Centralizing resources on the internet would also be useful for co-ops to develop a sense of the scope of resources available. This could also involve an online forum enabling co-ops to communicate with each other, and share advice and resources. Again, this might help co-op entrepreneurs find resources more quickly, and help them feel less alone in their endeavours.

As such, the researcher suggests three avenues of consideration for co-op support organizations:

13.2.3 Improving Communication

Respondents’ comments suggested that some supporting organizations could improve their communication with co-ops, such that co-ops were aware of the roles of different agencies and so that co-ops felt they could trust them. Interactions among consultants and co-ops should aspire to making those relationships more tangible. They should provide: a clear understanding of how consultants fit into the picture and how they can be contacted; an emphasis on building relationships as much as possible; and meeting in person if possible/appropriate. As well as putting co-op members at ease, meeting in person likely helps consultants develop more of a stake in their projects.

13.2.4 Co-operative Advocacy

¹¹ The Multicultural Health Brokers Co-op in Edmonton might provide a useful model or inspiration for “brokering” between new co-ops and various support programs, and can be found among the BALTA case studies.

Several comments made by respondents suggested that it would be helpful for a group to identify external challenges co-ops face with regard to regulations and advocate on behalf of developing co-ops. Many of the co-ops, being relatively small and over-worked, did not have the time, energy or funds to advocate for themselves when it came to larger scale issues.

13.2.5 Enhance Access to Start-up Capital

This research suggested that a Venture Capital Fund would help more co-ops get established, and would improve their chances of continued success by supporting development activities, staff and consultants. An additional Innovation Fund might also be quite beneficial in developing the co-op sector. Subsidizing the costs of feasibility studies and R&D can be of significant help to co-operatives exploring innovative ideas. It can be very effective in encouraging local economic development and diversity and it can help regional industries develop a competitive advantage. This was a strategy used in Denmark in the development of “clean technology”. The idea was to improve Denmark’s ecological footprint while also fostering an economic specialization. Denmark quickly became a world leader in the field (Kamp, Smits, & Andriessse, 2004).

13.2.6 Housing Co-ops

Housing co-ops seemed to have more specific needs in terms of negotiating mortgages, attracting members, and building capital-intensive structures with unpredictable costs. One respondent’s idea of having a centralized housing co-op listing is worth further investigation. Listings are available from both NACHA and SACHA for existing housing co-ops enabling interested individuals and families to identify and contact co-ops to initiate membership inquiries. Groups that are starting new co-ops could also be listed enabling potential members to connect and become a part of the development planning, as well as the idea of developing housing design and co-op development manuals/workbooks.

Table 11: Recommendations Made by Participants

<p>Recommendations from Participants to Other Co-ops</p>	<p>Recommendations from Participants to Supporting Organizations</p>
<ul style="list-style-type: none"> • Start small • Balance artistic/creative attributes with business savvy and realism • Find people who work well and hard together • Communicate • Find people with similar ideas and vision • Develop a clear, realistic business plan • Have markets developed • Ask for help whenever you need it • Talk to groups that have done similar projects • Find the “spark plugs” in your community • Transition from the “dreamer” spot, to the 	<ul style="list-style-type: none"> • Centralize and advertise resources to enhance accessibility • Develop Online Resources • Offer board development courses • Replace lawyers with clerks for simple legal paperwork • Train co-op “co-ordinators” and start-up co-ordinators • Improve communication and trust among bureaucrats and rural co-ops • Send out information packages upon co-op incorporation • Be aware that, especially in rural co-ops, co-operators often know more than you • Develop a Venture Capital Fund to help start-ups and innovators

<p>“planner” to the “critic”</p> <ul style="list-style-type: none"> • Encourage trust, honesty and openness • Hire consultants and legal services • Research and use the resources that are out there – there are many • Maintain a competent and focused board throughout the life of the co-op • Hire a manager, particularly if co-operative is large • Be informed and take time to do it right the first time 	<ul style="list-style-type: none"> • Include funds for hiring staff for co-op development to encourage future self-sufficiency
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Appendix 1: Online Survey Questions

Investigating the Success Factors or Recently Incorporated Coops in BC and Alberta.

Purpose of the questionnaire:

The report aims to discover the number and variety of coops incorporated in B.C. and Alberta over the last ten years and to determine:

- a) The conditions that gave rise to the incorporation of these coops
- b) The survival rate of incorporated coops
- c) The reasons for a coop's discontinuance
- d) The ways in which a coop's early development and incorporation might be assisted
- e) The ways by which a coop's demise might have been averted.

To assist in the research: Please answer the questions below as they apply to coop that you were/are involved with.

2. Personal Information

Please enter your personal information. All details will be kept strictly confidential.

1. Name
2. Your role in the coop
3. Phone number
4. Email address
5. Mailing Address

3. Organization Information

Please enter the information about the cooperative you are involved with.

1. Name of the Cooperative
2. To the best of your knowledge, what year did the coop incorporate?
3. Type/sector of coop
 - Worker
 - Producer

- Consumer
 - Service
 - Other (please specify)
4. Location of first coop
 5. Locations and dates added of additional cooperatives (if not applicable, please leave blank)
 6. To the best of your knowledge, how many members did/does your coop have?
 7. To the best of your knowledge, how many staff members did/does your coop have? If you contract work out, or employ people in other ways please indicate in the box marked "other".

4. Expertise used during the incorporation phase

1. What were three of the biggest challenges your coop had during its start-up phase?
2. What external expertise did you draw upon for each of the following functions?

On a scale of 15, with 1 being the least, and 5 being the most, how helpful was the expertise to the success of the coop? (For the chart below, use the drop down menu for any of the items that apply to your coop. Leave the items blank that don't apply to your coop)

	Government	Coop Development Initiative Program	Alberta Community and Cooperative Association or BC Cooperative Association	Other Coops
Feasibility study?				
Business plan?				
Accessing capital?				
Developing bylaws?				
Determining the governance approach and structure?				
Determining the operational structure?				
Coordination of all or many of the above?				
Other (please specify)				

3. What resources do you wish you had available during the incorporation phase?

5. Expertise used after the incorporation phase to the present day

1. What external expertise did you draw upon for each of the following functions?

On a scale of 15, with 1 being the least, and 5 being the most, how helpful was the expertise to the success of the coop? (For the chart below, use the drop down menu for any of the items that apply to your coop. Leave the items blank that don't apply to your coop)

	Consultants	Coop Development Initiative Program	Provincial Association (i.e.,ACCA, BCCA)	Government	Other Coops
Board Governance					
Financial Management					
Member Relations					
Human Resources					
Marketing					
Operations Management					
Other (please specify)					

2. What resources or support could have further enhanced your cooperative's success during the period after its incorporation?

6. Partnerships and Support Networks

1. Did your coop form partnerships or take out membership with any of the following organizations? On a scale of 15 (where 1 represents the least and 5 the most), how helpful have partnerships/memberships been to the success of your coop?

- Provincial associations such as: BCCA/ACCA
- National associations such as: CCA
- Trade association
- Coop sector federation
- Partnership with other coops
- Partnership with other enterprises or organizations

7. Financial Factors

1. Is your coop for profit or not for profit?

2. To the best of your knowledge, how much capital was raised:
 - Initial Capital?
 - Additional Capital
3. To the best of your knowledge, where did the majority of the capital raised come from?
 - Members (i.e. loans, shares)
 - Personal loans
 - Bank/credit union
 - Grants
 - Other Assistance (please specify)
4. How important to the success of your coop was:

	Unimportant	Doesn't matter much	Neutral	Important	Extremely Important
Raising initial Capital					
Raising additional Capital					

8. Concluding Wisdom
 1. In hindsight, what could your coop done differently?
 2. In your opinion, what factors contributed to the success of the coop?

9.

Appendix 2: Telephone Interview Questions

BALTA Project A11- Co-op survival Rates in BC and Alberta

Questionnaire- In-depth Qualitative interviews

- 1) Name of interviewee:
- 2) Name of Co-op:
- 3) Location:
- 4) Year founded:
- 5) Co-op currently in operation:
- 6) Email:
- 7) Phone:
- 8) Date of interview:

Researcher: _____

Thank you for taking the time to speak with me today. We're following up with co-ops to get an in-depth look at your co-op development path. I'd like to ask you a series of questions that will help us determine [factors for the survival rate of newly incorporated co-ops] the reasons for the failure of co-ops.

I will be making notes on our conversation, but your comments will be confidential. The final report will aggregate our findings and we won't attach your name without your permission.

THE FOUNDING ENVIRONMENT

The following section will explore the conditions that gave rise to the incorporation of your co-op.

- 1) Why was the co-op established? What member needs did it attempt to fulfill?
- 2) How well do you think the co-op succeeded in satisfying those initial intentions or needs?
- 3) What have been some of the challenges you have experienced in fulfilling your mission?

FUNDING & FINANCING

Let me turn now to the funding and financing of your co-op.

- 1) Overall, how would you describe the financial health of the co-op?
 Prompt: Would you say that your co-op is financially solvent or stable currently?
- 1) What are the current sources of operating capital for your co-op?
- 2) What financing or funding did your co-op receive during start-up?

- 3) What were the greatest challenges you face in raising capital?
Prompt: How were you able to overcome those challenges?
- 4) What kind of additional financial support might have benefitted the co-op?
Prompt: At start up? After launch? Currently?
- 5) How important was funding and financing to the success of your co-op?

TRAINING AND SUPPORT

- 1) Thinking of the training and support services you received during incorporation, were there services you didn't receive that you think may have affected the success of your co-op?
Prompt: examples — co-op developers; other consultants; provincial association
- 2) Were the services you received a significant factor in your success? Could the quality of those services been improved?

PARTNERSHIPS AND SUPPORT NETWORK

And now I'd like to ask you some questions on partnerships and informal relationships

- 1) What formal or informal partnerships does your co-op have with other organizations?
Prompt: BCCA/ACCA membership; CCA membership; trade association; co-op sector federation; other co-ops; other enterprises or organizations; other?? Your local community?
- 2) How important have these partnerships been to the success of your co-op?

MANAGEMENT

Now, let's turn to the management of your co-op.

- 1) Did your co-op hire paid management at your launch stage?
- 2) Did your Manager have experience working with co-ops? How do you think this may have affected the early success of your co-op?
- 3) Overall, how has the quality of management affected the ongoing success of your co-op?

POLICY AND GOVERNANCE

- 1) How important has previous board experience been to the success of your co-op?
Prompt: what level of experience or attributes do you look for in a board member?
- 3) Has the co-op adopted any policies? If yes, then on what topics?

Prompt: Human Resources? (E.g., Hours of work, Employee assessment, Grievance processes); Training and job orientation; Communications (Examples?); Financial Management;

- 4) Would/did having policies in place have helped/help in the growth and development of the co-op?

CONCLUDING QUESTIONS (ONLY FOR CONTINUING CO-OPS)

- 1) What advice would you give to a group with similar interests to yours when starting out?
- 2) Is there anything else you'd like to add regarding success factors for your co-op that we haven't covered?

CONCLUDING QUESTIONS — CO-OP FAILURE (ONLY FOR DISSOLVED CO-OPS)

- 1) If the co-op is no longer operational, what in your opinion are the conditions that led to its demise?
- 2) What would have helped the co-op survive?
- 3) Are there any other issues that you believe added to the failure of the co-op that we haven't covered?

Appendix 3 – Summary of Responses from Alberta’s Qualitative Interviews

Question	Operating	Dissolved
<p>1. How well do you think the co-op succeeded in satisfying its initial intentions?</p>	<ul style="list-style-type: none"> • Early on, but modest achievement appears likely • Early on but expects great success • Substantially, very well, excellent (3) • Moderately 	<ul style="list-style-type: none"> • Conflicting intentions, none of which were met • Quite well
<p>2. What have been some of the challenges you have experienced in fulfilling your mission?</p>	<ul style="list-style-type: none"> • Cost of development • Focusing on business issues • Difficulties with administrators who held funding • Bureaucracy related to industry and financial securities issues • Downturn in the economy • Changes in government rules midway through the process • Developing their share structure • Accessing financing • Market shifts and logistics 	<ul style="list-style-type: none"> • Developing a clear, united mission • Ensuring that the critical business issues were addressed

	<ul style="list-style-type: none"> • None 	
3. Overall, how would you describe the financial health of the co-op?	<ul style="list-style-type: none"> • Very healthy (2) • Stable (2) • Vulnerable (2) 	<ul style="list-style-type: none"> • Investments and grants have been used up with little equity to show • Solvent but losing money when they dissolved
4. What are the main sources of operating capital for your co-op?	<ul style="list-style-type: none"> • Member shares (4) • Delivery shares (2) • Investment shares • Members loans • Income from business transactions (3) • Bank financing (2) • 	<ul style="list-style-type: none"> • Grants • Member shares (2) • Income from business transactions
5. What financing or funding did your co-op receive during start-up?	<ul style="list-style-type: none"> • Grant for development costs (4) • Grant and loan for building • Bank financing 	<ul style="list-style-type: none"> • Research grant re new product development
6. What were the greatest challenges you faced in raising capital?	<ul style="list-style-type: none"> • Overcoming skepticism of potential members • Banks reluctant to lend to co-ops due to: <ul style="list-style-type: none"> ○ potential repossession issues ○ lack of history 	<ul style="list-style-type: none"> •

	<ul style="list-style-type: none"> • Difficult to sell shares when business plan can't be presented 	
7. What kind of additional support might have benefited the co-op?	<ul style="list-style-type: none"> • More support from funding organizations – lending and granting • Need a venture capital fund to invest in co-ops which have no history • Reduced costs for lawyers and consultants • Someone who is familiar with the process of co-op development 	<ul style="list-style-type: none"> • Board training • Market research • Feasibility study • Business plan development (2) •
8. What training & support services did you receive during incorporation?	<ul style="list-style-type: none"> • Legal processes for co-op bylaws and share structures (3) • Consultant for development process (2) • Other consultants • Federation • Government re business and tax strategies (2) • Community Futures staff 	<ul style="list-style-type: none"> • None
9. Were there services you didn't receive that you think may have affected the success of your co-op?		<ul style="list-style-type: none"> • Training and/or facilitation for the board

<p>10. How important have partnerships been to the success of the co-op?</p>	<p>Helpful for:</p> <ul style="list-style-type: none"> • policy development • bylaws development • training 	<ul style="list-style-type: none"> • Not helpful: Partnership with a disfunctional organization
<p>11. Describe your co-op's management.</p>	<ul style="list-style-type: none"> • Voluntary • Hire out some services • Paid manager (3) 	<ul style="list-style-type: none"> • Paid manager • Unpaid manager
<p>12. Did your management have experience working with co-ops?</p>	<ul style="list-style-type: none"> • No (3) 	<ul style="list-style-type: none"> • No. Co-op experience may have helped with transition to a co-op
<p>13. Overall, how has the quality of management affected the ongoing success of your co-op?</p>	<ul style="list-style-type: none"> • Important; contributed significantly to success; critical (3) 	<ul style="list-style-type: none"> •
<p>14. What experience did board members bring to the co-op?</p>	<ul style="list-style-type: none"> • Most have board experience (3) • Very little if any • Most/all have business experience (3) • Each have industry experience 	<ul style="list-style-type: none"> • Some with co-op board experience: many without board experience • Many without industry experience
<p>15. How important was their experience to the success of the co-op?</p>	<ul style="list-style-type: none"> • Important (2) 	<ul style="list-style-type: none"> • Needed more business oriented board members

<p>16. What policies did your co-op adopt?</p>	<ul style="list-style-type: none"> • Bylaws only • Put together policies as the need arises • Several areas (2) 	<ul style="list-style-type: none"> • Only started to develop policies before dissolving
<p>17. How involved were members of the co-op?</p>	<ul style="list-style-type: none"> • Board does 90% of stuff that should be done by members 	<ul style="list-style-type: none"> • Most invested looking for a share of profit; otherwise little involvement by most members
<p>18. Do the members have business experience?</p>		
<p>19. How well did your group function as a team?</p>	<p>Positive relationships existed prior to developing the co-op (2)</p>	<p>Very dysfunctional in part due to different goals and in part due to lack of business acumen</p>