



FOUNDATION GUIDE

*Change Your World
with iCareCoops*



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Introduction

ANTICIPATING DEMOGRAPHIC TRANSITION IN EUROPE

Today we are facing a new phenomenon that influences our economy and society. New distribution models of goods and services that focus mainly on “sharing”, and community-based initiatives are more and more important. Such models de-emphasise ownership, while promoting temporary use of goods and this subsequent paradigm shift stimulates overall citizen engagement from local community to pan-European scales (Mori, 2014).

One example of such thinking is the concept of cooperatives, which have received much attention in recent years. Cooperatives are autonomous associations of persons who voluntarily cooperate for their mutual social, economic, and cultural benefit. They include non-profit community organisations and businesses that are owned and managed by the people who use their services (a consumer cooperative) or by the people who work there (a worker cooperative) or by the people who live there (housing cooperative). They bring together civil society and local actors to deliver community needs. Cooperatives are typically based on the cooperative values of “self-help, self-responsibility, democracy and equality, equity and solidarity” and the following principles (International Co-operative Alliance, sd):

- Voluntary and open membership
- Democratic member control
- Economic participation by members
- Autonomy and independence
- Education, training and information
- Inter-cooperative cooperation
- Concern for community

Cooperatives are dedicated to the values of openness, social responsibility and caring for others. Economic benefits are distributed proportionally to each member’s level of participation in the cooperative, for instance, by a dividend on sales or purchases, rather than according to capital invested. Such legal entities are distinguished from other forms of incorporation in that profit-making or economic stability are balanced by the interests of the community. Cooperatives can be found in different thematic fields, mainly in the food sector, health, housing, utilities, etc.

The cooperative movement has a unique opportunity to play a leading role in addressing the effects of demographic change and elderly care, an issue that is of mounting concern to a huge number of Europeans. Over the next 40 years the proportion of the population over the age of 65 in the European Union will almost double, rising from 17% in 2005 to 30% in 2050 (European Foundation for the Improvement of Living and Working, 2009). Due to this inevitable demographic development, dignified ageing and caregiving is becoming an ever more relevant topic in the long-term future with regard to its social and economic implications as European healthcare systems are facing challenges of sustainability and increasing resource scarcity (McLean, Protti, & Sheikh, 2011) (OECD, 2011).

In communities across Europe individuals and organisations from all walks of life and from every political persuasion are creating viable, innovative solutions to the needs of elderly. While the development and market penetration of novel Active and Assisted Living (AAL) products is steadily proceeding, seemingly much less attention has been given to distributing such technologies, and inventing and supporting future models of organizing elderly care in a more efficient way. This is a pressing need, as demand for home care goods and services are experiencing enormous growth (Wichert, Furfari, Kung, & Tazari, 2012) (Brem, Fritsch, Steinke, & Kressenfischer, 2013) (Blobel, June).



A GUIDEBOOK TO SUPPORT THE CREATION OF INNOVATIVE ELDERLY CARE COOPERATIVES

This guidebook is part of the iCareCoops toolkits created to promote the growth of care cooperatives in Europe. It goes together with a set of evolving complementary material, from different sources, among which samples of best practices identified across Europe.

It is the aim of the present guidebook to make it as easy as possible for you to start your own cooperative. It is especially addressed to individuals and local organisations seeking to develop innovative, viable and community-based elderly care models on their territory. It aims at providing these actors with practical guidelines and resources which may be helpful in the founding process of a cooperative – with a special focus on the multis-takeholder care cooperative model.

You should however be aware that the steps and complementary elements presented here are deliberately presented in broad outline, so as to be adaptable to the wide diversity of national contexts and legislations. As a founder of a cooperative, you should eventually get in touch with national support structures so as to be provided with recommendations and technical tools tailored to their needs and projects.

Three main elements structure this guidebook. Firstly, you will find a presentation of cooperatives, and potential opportunities of the cooperative model applied to the elderly care sector. Secondly, the foundation process of an elderly care cooperative is presented in 6 steps, so as to help you familiarizing with essential concepts and relevant practical resources. Lastly, you will find a set of proposed supporting organisations and complementary material so as to be fully ready to launch and manage your cooperative organisation.

We hope you will enjoy this guidebook!



Why cooperating?

COMPARING BUSINESS MODELS

Elderly care providers regroup different kinds of organisations: public services, non-profit organisations, businesses, etc. They often operate side by side on a same territory, complementing or competing within each other, sometimes even not interacting. Each model has its strengths and limits. An elderly care enterprise may be more independent than a non-profit organisation as they are less dependent on subsidies and donations; this allows its owners to create and organise the services provided according to their own concerns and values. On the other hand, a non-profit organisation may participate to create solidarity among the community, and develop its services (even non-profitable ones) according to the needs of its beneficiaries. Various models aim at conciliating economic viability and social benefits – one of those is the cooperative enterprise.

As we will see later, many different kinds of cooperatives exist. However, they all share common principles and characteristics, making them a model worth considering to improve the elderly care services on one territory. The International Cooperative Alliance describes cooperatives as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations, through a jointly owned and democratically controlled enterprise” (International Co-operative Alliance, sd). It can be summarised in the following way:

Cooperative = People **gather** to meet **common needs** through a **democratic** business

The basis of a cooperative is one group of people, gathered around a common project or idea. This group collectively owns and takes part in the management and decision-making processes, but also shares the risks and responsibilities. In accordance with the principle “one member = one vote”, each member has an equal stake and opportunity to contribute to the cooperative management.

Gathering people around a common project may also make the cooperative more inclusive than other businesses, for instance by allowing people who have limited access to resources to be admitted as members and be fully involved in the organisation to share their experience, knowledge and creativity. As businesses, cooperatives make profits: those are, at last partly, reinvested in the organisation itself. Once again, the way investments will be made, and the goals to be pursued are decided collectively by the members.

Finally, the primary objective of the cooperative should not be to generate profit for its members, but to meet its members' needs – and, very often, the needs of the community as a whole. Depending on the founding group, these needs can be diverse: broaden employment opportunities for caregivers, provide new or cheaper elderly care services, or allow care receivers to be actively involved in the management of their services for instance. Since cooperatives are owned by their members who are themselves part of a community (care receivers' relatives, workers, etc.) and address the needs of this community, cooperatives contribute to the general interest of the community.

	TRADITIONAL BUSINESS MODEL	NON-PROFIT ORGANISATION	COOPERATIVE MODEL
OWNERSHIP	Owned by investors	Generally not owned by a person or members	Owned by its members
CONTROL	Shareholders control the business according to their investment share	May be controlled by members who elect a board or the board may elect its own successors	Democratically controlled according to the principle 'one member - one vote'
BOARD MEMBERSHIP	The board is usually composed of a combination of independent directors, management and other directors who hold either financial or business ties to the organisation	Members of the board are usually not beneficiaries of the services provided, but are usually chosen for philanthropic or political reasons	The board is usually composed of members elected by members
DIVIDENDS	Dividends earned through shares are returned to shareholders and are considered as income	Profits are entirely reinvested for the benefit of the public and the organisation's own operations	Profits are reinvested in the business and/or returned to members
OBJECTIVE	The objective is to maximise profit, i.e. shareholder returns	Work to serve the public interest	Work to satisfy needs, maximise customer service and member satisfaction

(Aliberti, et al., 2014)

ELDERLY CARE AND COOPERATIVES

As other businesses, cooperatives may cater to all intents and purposes. They do distance themselves from mainstream enterprises though: cooperatives are jointly owned and democratically operated by a group of people who work towards shared economic goals. Thinking and providing elderly care services through the cooperative model can offer valuable opportunities regarding generational transition issues, both in terms of economic viability and concern for elderly wellbeing.

In a context of generational transition, elderly care is a challenge for many European communities. Public services rarely cover the broad range of services required to ensure a decent life to older people. Moreover, elderly care services – especially home care ones – may be too expensive for many families: older people's relatives have thus to assume the role of (informal) caregivers. A cooperative model may help a community to meet some of its needs and concerns in a long term and viable way, e.g. by reducing care expenses (collective purchasing of goods and services), or by allowing families to create and manage themselves the services they need (training to informal caregivers, home nursing).

A cooperative organisation may also offer opportunities for professional caregivers to improve their working conditions. A large part of home care services is provided by independent professionals (e.g. nurses), who have to comply with constraining working schedules (night shifts, difficulty to arrange leaves...) and poor social benefits (weak or expensive retirement plans, no unemployment benefit...). Care worker cooperatives aim at granting professional caregivers improved working conditions, better coordination of services and expanded work opportunities.

Last but not least, care receivers are growingly yearning for opportunities to be active in their environment and community: the "active and assisted living" programme is an illustration of this concern. Involving older people not only as care receivers, but also as members of their elderly care cooperative, is a way to meet these aspirations.

The cooperative model is thus worth considering for all aspects of elderly care. Experience has demonstrated that care providers, receivers and the community at large can definitely improve their own conditions in creating a cooperative, allowing the creation of viable and democratically-owned and managed solidarity systems.



Communities for Improved Elderly Care



6 STEPS

For setting up an elderly care cooperative

This guidebook is designed to motivate you, as an individual or a local organisation active in the elderly care sector – or willing to, to set up a cooperative. When planned well, the cooperative can make a huge difference on a territory, for the elderly but also for the community as a whole: it may even help non-profit elderly organisations develop a stable financial basis, and provide members a way to take part in the management and development of care services.

But before going ahead, it is worth taking a step back. Setting up a cooperative is an exciting, but also time and energy consuming adventure: you may want to be sure it is the right tool for you, and that you have gathered all the necessary information and resources before actually creating anything. The steps, questions and tips provided below may lead you to identify the perfect business idea for your project.



1 IDENTIFYING NEEDS: WHAT ARE YOUR AIMS?

WHAT DOES YOUR SOCIAL ENVIRONMENT NEED?

Cooperatives are embedded in their social and economic environment: their creation often stems out from a need or an opportunity. The first step is to determine if the service that will be provided by your cooperative will meet people's needs and if they will use it. Before starting a business and whatever size or type of cooperative you are planning, doing some sort of research is highly recommended. Several approaches and tools exist to carry out a needs assessment research: some may be comprehensive but also time-consuming, e.g. conducting a large-scale survey of potential users; others may allow to quickly gather information – e.g. interviewing a few partners, conducting secondary research – but without guaranteeing a perfect relevance or reliability. A careful balance between your aims, available funding and resources, may help you choosing the most relevant method. The “Territorial needs assessment guideline” offers some recommendations to help you in this process.

Keep in mind that many elderly care services are most likely already provided by the community: they can be formally or informally organised, supported by public services or self-organised, undertaken by health professional or volunteer care providers, etc. Mapping elderly care services requires you to undertake a review of the stakeholders who are already operating on the territory: meeting them and presenting your idea will allow you to test the relevance of your project, benefit from external knowledge and experience, and will give you the possibility to adapt your idea accordingly. This step is also an opportunity to identify potential future partners of your cooperative.



A need? The community (elderly people, their relatives or elderly care providers) lack certain services.

An opportunity? A change in the community creates new cooperative possibilities (a group of people is getting organised around a claim, a company goes bankrupt...).

(The Ontario Co-operative Association, 2015)

Key things to think about

Before carrying out a needs assessment you must consider various questions.

- What do you want to find out?
- Who is the information for? Just for your own planning, or will it also be used for a funding application? If so, then will the needs assessment answer the types of questions your funder might ask?
- How can you express your questions in plain language that people will understand and respond to?
- What specific questions will you ask, and will the answers really tell you what you want to know?
- How will you gather the information?
- Who is going to do the research? How much can you do yourselves and with which parts do you need help?
- Where are you going to do the survey, or find information?
- How much is it all going to cost? Draw up a budget.
- How much time have you got and when does it need to be done by? Draw up a timetable.

(Sustain, 2015)

WHAT KIND OF COOPERATIVE SUITS YOU?

Once you have identified the needs and you have made sure that your project will help meeting them, the following question arises: is the cooperative model relevant? What kind of organisation are you aiming to create?

Key Questions

Before deciding whether or not a cooperative is right for your business, you will need to consider your answers to two simple but important questions.

- ***Do you want members to own and control the business?*** A cooperative is a member-owned business. The members may be employees, customers, suppliers or local residents, but this shared ownership is central to a cooperative's existence. If you want to limit ownership to just a few people, even as the cooperative grows, then a cooperative may not be for you.
- ***Have you got a viable business idea?*** A cooperative must be a viable business. As for any business, most cooperatives will aim to bring in enough income not just to cover costs but to make a profit, with members deciding on whether that surplus is reinvested in the business, distributed among members or given to the community. You need to be sure that your cooperative will generate an income from the goods or services provided.

(Co-operatives UK, 2015)

There is no one-size-fits-all cooperative model, even in the elderly care sector. The relevant cooperative model depends on the local context, the services provided, available initial resources and final aim of the project. This flexibility is one major asset: cooperatives are open to innovation!

The type of cooperative relevant for a specific project will depend on the national rules and local contexts. Your national support contact will be able to provide you with extensive and customised guidance. Yet, the typology below can offer some first insights of the possibilities you may consider.

Membership

The primary goal of a cooperative is to meet the needs of its members: whose needs are you willing to target? At least three models may be relevant in the elderly care sector:

Worker cooperative: owned and controlled by its employees, who hold the majority of the shares. The cooperative exists for the benefit of its workers. For example, a home-care service provider owned by the nurses who work there. [Case study: Meerdael/Aldia]

Consumer cooperative: owned and controlled by its customers (consumers). Only customers of the cooperative can become members and make decisions, and the cooperative exists for their benefit. The consumer cooperative may employ paid staff to do the work of running the business. Cooperative supermarkets are a prime example of this. Some smaller consumer cooperatives require each member to do a share of the work in return for access to the consumer goods that the cooperative is providing.

Multi-stakeholder cooperative: members can be staff, users, neighbours, suppliers – anyone who is involved in what the cooperative does and how it does it. For example, a care home (members are residents, staff, relatives – maybe even social service officers). Be aware that the multistakeholder form is not always covered or allowed by the national regulations: these may be incompatible with some governance schemes, especially the ones envisaging a unique membership system for individuals and organisations. National contact points may be able to advise you according to your local legislation.

Economic Sector

The economic sector(s) covered by your organisation should also be one of your main concerns at this stage: it will be the basis of your short-term and long-term business plan. Some examples are presented below.

Elderly care cooperative: a generational approach is adopted. The cooperative will provide services exclusively to elderly people, and/or their caregivers. Be aware that elderly care encompasses a wide range of sectors (potentially every aspect of an older person's life!). This model may be relevant for cooperatives gathering elderly organisations, informal caregivers, and professional caregivers from different sectors. However, it requires to set up a structure that is able to manage and coordinate very different kinds of activities, which may be challenging. At first, you may want to focus on a couple of them – and progressively extend your action. (See best practice report : Change Agents, Simone de Beauvoir)

Healthcare cooperative: its activities are developed on a sectorial basis, i.e. healthcare. Its services are provided to any patient, including the elderly. It can be particularly relevant when the cooperative is operated by professionals from one sector, e.g. nurses. Compared to the previous one, this approach may be more efficient in fostering specialization and economies of scale. On the other hand, only one kind of needs is addressed – elderly people may be primarily considered in this case. (See best practice report: Aldia, Meerdael)

Housing cooperative: housing services may be diverse and potentially include, among others and depending on the members, specific services for older people. In this case, elderly care may be an accessory activity of the cooperative business plan.

Although one model is not better than another, this toolkit focuses especially on elderly care multistakeholder cooperatives. Involving elderly care providers (whether formal or informal) and receivers in one same economic structure – possibly together with partner stakeholders (public bodies, businesses, non-profit organisations) – may potentially lead to the creation of innovative ways to address elderly care issues in terms of active assisted living and solidarity between generations. Most of the tools and steps presented here are however common to the creation of any elderly care cooperative, and should be easily transposable to other cooperative models.

Key Questions

When trying to decide between these different options, ask yourself the following key questions:

- **What is the aim of the project?** This can include, among others: improving living conditions of elderly peoples through additional/cheaper services, supporting elderly people's relatives as informal caregivers, improving professional care-givers' working conditions, or coordinate elderly care services on a territory.
- **Who is involved in the project?** For instance: elderly people's families, professional or informal caregivers, stakeholder organisations, etc.
- **Who benefits from the project?** For example: elderly people themselves, formal or informal caregivers, etc.
- **Who should be involved in each level of decision making?** Depending on the type of cooperative and its members: families, individual care-givers, stakeholder organisations, local municipalities, etc.

(Footprint Workers' Co-operative Ltd & Seeds for Change Lancaster Co-operative Ltd, 2012)



2 GETTING YOUR COOPERATIVE TOGETHER

People are the basic component of a cooperative – working collectively is a strength, but can also be a challenge! Finding and gathering motivated people is a major step of your cooperative project. Depending on the size and the form of the cooperative that you are building, but also on the resources available, your organisation may rely exclusively on volunteers, involve workers, or hire staff. In any case, launching your cooperative will need a motivated and trustworthy team to make this project a success.

Typically, a multistakeholder elderly care cooperative may involve:

- Organisers, i.e. people involved in setting up the cooperative and the ongoing planning, such as a steering group or management committee.
- Workers/volunteers, i.e. formal and/or informal caregivers (nurses, relatives...), and
- Beneficiaries, i.e. elderly care receivers.



HINTS & TIPS

Spread the word. Read the papers. Check out economic development offices near you. Talk to other people with similar needs. Think about your community. Where is it? Who is it? Local ethnic, religious, cultural, or educational groups, trade unions and organisations may be a source of support, inspiration and members. It could be that your community has a need that could be served by forming a cooperative.

(The Ontario Co-operative Association, 2015)

Involving external stakeholders (public administration, care provider organisations, local NGOs...) may also provide an additional asset to your organisation, in terms of public support and external funding, but also experience and know-how. Obviously, this model is to be adapted according to the group's size and capacities.

Getting in touch with people who have similar interests and ideas, mobilising them and forming a proper group may be challenging. The local community and local active organisations, including the cooperative movement, may be helpful in this regard. Even though your cooperative organisation is still far from being established at this stage, do not hesitate to get in touch with your local contact point, who may provide you with relevant

tools and advices, and might know people, cooperatives and organisations that can help you in your project.

Also, the complementary material “Recruiting and managing a volunteer team” offers some tips to gather people and animate a group.

Key Questions

- How will you identify synergies and motivated team members?
- How will you pass the message that your community needs to set up an elderly care cooperative to enhance living conditions?
- How do you plan to keep your members involved?
- How your cooperative will work finally?

(Aliberti, et al., 2014) (The Ontario Co-operative Association, 2015)



3 PLANNING THE BUSINESS

Now that you have identified the needs to address and gathered an active and reliable group of people to take part in the project, you need to ask yourself how can this business idea be turned into a viable business.

This step aims at helping you to:

- Carry out a market survey;
- Establish a business plan;
- Establish a financial plan.

Obviously, the process cannot be completed in one afternoon: you will need to make some research, gather the future cooperative members and organise workshops, meet external partners and mobilize resources... This is also designed to encourage you to communicate, share the idea with your environment and adapt it to external constraints, so as to increase your chances of success.

MARKET SURVEY

The outline of your elderly care cooperative idea is becoming clearer and clearer. At this stage, it is essential to get an in-depth understanding of the beneficiaries’ (i.e. elderly people) feelings and preferences. This will constitute the basis on which you will be able to determine which services will be provided by your cooperative, and how they will be marketed in the area.

Although it may certainly be fed by your initial needs assessment study (cf. step 1), a market survey should go further. It is aimed at concretely confronting the services that you are planning to deliver with the economic and social realities. Even though a need exists and it is identified, the tools to address them have to be in line with the users’ capacities, perceptions and habits to actually penetrate the market. The survey will help you identifying and anticipating potential opportunities or obstacles, and



HINTS & TIPS

Compare your idea with existing businesses around you. Dialogue with the community, in which the organisation is rooted, is essential. An idea could be to conduct a survey among potential beneficiaries or clients, such as elderly people and their relatives, other elderly care organisations, etc.

(Aliberti, et al., 2014)

adapting your project accordingly.

If you are setting up a multistakeholder cooperative, the diversity of your future members may be a real asset in this step. Do not hesitate to confront the different point of views, so as to get a viable consensus between user needs and aspirations on the one hand, and professional and economic constraints on the other.

Key questions

The (non-exhaustive) list below offers a list of topics that should be covered across the market study.

- **Relevance:** How do the elderly people and caregivers perceive the services and products you plan to deliver? Can these be used by the beneficiaries without any prerequisite?
- **Marketing:** How will they be actually delivered across the territory? Would they actually facilitate the work of caregivers, or on the contrary make the processes more complex and time consuming?
- **Pricing:** How much are the people ready to pay for these services and products? Who will be able to actually afford them?
- **Partnership/Competition:** How will you identify and inform other elderly care organisations? Do they offer the same or related products and services in your community or market? Will you be able to work and compliment each other's services? Is there enough business for both?

ESTABLISHING THE BUSINESS PLAN

Now that you have gathered main information about your cooperative business, you are ready to draft a business plan. (See complementary business plan model from iCareCoops Downloads)

The business plan formalises your cooperative goals, and the way these goals will be achieved and financed. Establishing it is fundamental, although it can seem long and tedious: it will allow you to clarify and organise your project implementation process – for yourself but also all the stakeholders, whether as future members or partners (especially potential investors).

Ideally, all the future cooperative members should be involved in this vital stage, so as to develop a shared understanding of the organisation's aims and running processes. This is particularly important when your cooperative includes various types of members, as it is the case in a multistakeholder organisation. Different groups may have different needs, approaches, backgrounds and expectations, which may be complementary or contradictory: creating the business plan will be the opportunity to confront these ideas and find consensus, which is essential to ensure the future of the organisation.

“Pin down any disagreements and find solutions to them. Write down any agreed decisions for the benefit of your own clarity” (Footprint Workers' Co-operative Ltd & Seeds for Change Lancaster Co-operative Ltd, 2012).

The process will also test the group's reliability and solidarity. Withdrawals and deceptions are common during this phase: however, those can be more easily addressed before the cooperative settlement, than when the business is already launched.



HINTS & TIPS

Make your business plan comprehensive and respectable looking and use clear language and structure. There are plenty of examples and guides for writing business plans on the web and libraries. It is also very useful to look at the business plan of a similar established [elderly care] cooperative.

(Footprint Workers' Co-operative Ltd & Seeds for Change Lancaster Co-operative Ltd, 2012)



BUSINESS PLAN MAIN ITEMS

A business plan should include:



SUMMARY

A quick overview of the whole document

AIMS AND OBJECTIVES

What does your business want to achieve?



COOPERATIVE MEMBERS

Their relevant skills and experience, contacts etc., anything which shows that you have the necessary qualifications to make the cooperative work

PRODUCT OR SERVICE

A brief description of your proposed offerings



MARKET

Size, condition, customer profile, competition, method of sales, promotion and advertising plans, pricing structure with comparison to the rest of the sector

OPERATIONS

Your premises (where, cost, services), personnel required, suppliers and their terms, equipment, legal aspects such as insurance, licenses, planning permission



OWNERSHIP & MANAGEMENT

Details about your cooperative structure, how it will be managed, how decisions will be made and by whom, a breakdown of all job areas and descriptions for all roles.

START-UP FINANCE

Sources such as grants, loans, investment, donations, etc.



FINANCIAL INFORMATION

Your start-up costs, running costs, proposed wages, anticipated incomes, etc. Use this to produce a monthly cash flow forecast for at least the first year of trading (some lenders will want to see 2 or 3 years) and a profit and loss forecast with a statement about all the assumptions it is based on. Include contingencies in every area to cover unexpected costs. While you need to show confidence in your business, unrealistic projections are likely to do more harm than good. It is safer to be a bit pessimistic than wildly optimistic.



LONG-TERM PLAN

A general idea of what the cooperative plans to achieve

EXIT STRATEGY

How you will deal with things going wrong?



The plan might also include an explanation of your cooperative structure and how your team and members have an interest in seeing the business succeed. Many conventional financial institutions may still have little experience of cooperatives, so an explanation may be particularly useful if you are using your plan to borrow money.

(Footprint Workers' Co-operative Ltd & Seeds for Change Lancaster Co-operative Ltd, 2012)

Lastly, keep in mind that the business plan is a tool which is not specific to cooperatives, but common to all start-up companies. Although a cooperative does have its specificities, do not hesitate to broaden your sources of support and knowledge. Mainstream businesses do adopt useful and efficient tools to minimize their risks: transposing them to your cooperative environment can help you increase your economic stability. Therefore, you may consider seeking support from organisations which, even if they aren't themselves cooperatives, could help with practical aspects like book-keeping.

You can find a list of national organisations in the downloads section of iCareCoops which may help you to develop your business plan.

DELVING INTO FINANCIAL MATTERS

The financial plan is a fundamental part of the business plan. It is aimed at providing an overview of the cooperative income and expenditure, its yearly profit and loss account, and its cash-flow forecast.

Launching a (cooperative) business requires initial investment: the amount of capital required for the start-up phase depends on national regulations, but also on the organisations' needs in relation to the type of activities covered (purchasing material, paying wages during the first months, communication expenses...).

Several financing sources may be considered. However, the first level should always be the members' contributions, in the form of cooperative shares: the price of the shares should thus be a fair balance between members' financial capacities and business investment requirements. Further information about external funding mechanisms are presented in step 4.

In Annex 1, Seeds for change present a 5-steps methodology to establish a financial plan.

Key questions

Initial investments, external funding options and expected turnover are essential elements of a budget planning.

- What do you need to start in terms of capital, people, money, resources and time?
- Are members willing to contribute? If so, how much?
- Will you need to borrow money? If so, how much and where will you borrow it from?
- How much money can you make from the cooperative?
 - How high do you expect your turnover to be?
 - How much profit can you generate?
 - What do you want to do with this profit?

(Aliberti, et al., 2014)



4 MOBILISE PARTNER AND SUPPORT ORGANISATIONS

WHAT KIND OF SUPPORT MAY I GET?

The main basis of your cooperative project is now settled: a motivated team has been assembled, a viable business model generated and main steps for realizing the idea identified. Before actually launching the business, you may consider external support mechanisms. The business support organisations listed enclosed are available to provide you with relevant information regarding practical aspects of your daily cooperative life, such as:

Key questions

- Do you have questions which remain unanswered?
- Do you need help or support in setting up a cooperative?
- Which union or federation may help you find answers to the above questions?"

(Aliberti, et al., 2014)

- Legal support
- Business plan consolidation and implementation
- Definition of a marketing strategy
- Available funding mechanisms
- Training (cooperative management, human resources development, etc.)

RAISING THE MONEY

Generally, cooperatives in the start-up phase own nothing: you may therefore be confronted to a lack of capital, preventing you to make the initial necessary investments to actually launch your activity. Different sources of external funding should be considered: their availability and relevance vary from country to country, but the typology presented in Annex 2 might help you getting a comprehensive overview of potential financing mechanisms. Also, the cooperative federations may be able to provide you with relevant technical information fitting your project.

Have in mind that those can be complementary, and creating a finance package – mixture of different times and kinds of finance – may be a cheaper and more convenient option. Also, would you consider lending, you should try to precisely assess what you actually need: borrowing more than you need would make you pay interests and repay money that you did not actually use. Obviously, this should be assessed on the basis of your financial plan, which integrates all the loan repayments and interest payments.



5 SETTING UP THE STRUCTURE

It is now time to formalise internal governing rules and register your cooperative according to national laws. You may also think about the relation of your organisation to the cooperative movement: becoming a member of a cooperative federation may allow you to benefit from advisory support and inter-cooperation synergies, even beyond the start-up stage.

Key questions

- What needs to be done to run the business?
- Which responsibilities and tasks need to be fulfilled? How will you decide who does what?
- Which legal forms for cooperatives exist in your country?
- Where do you need to register your cooperative?
- Which legal form suits your idea for a cooperative best?
- Do you want to become a member of a federation?"

(Aliberti, et al., 2014)

The governing documents are necessary at least for three reasons.

- Agree on a set of clear aims and objects for the cooperative. The governing documents set up internal rules defining the way your organisation will be structured and take decisions: formalizing these aspects in a written form is the best way to reach a common understanding of them.
- Prevent potential future disagreements and conflicts. Your governing documents need to be clear, and encompass all stages of the cooperative's life, from its foundation to its possible dissolution, including potential alterations.
- These governing documents are required to register your cooperative, apply for grants and legally run your business.



HINTS & TIPS

The easiest way to draw up a constitution is to use a model provided by [a partner organisation (cf. contact list)]. The different legal forms allow you varying amount of flexibility in terms of how many changes you can make to this model. However, it is worth choosing or adapting your constitution so that it says what you want: it should set down a lot of principles make you a cooperative and the practicalities which make it workable. [...] Also, it's a good idea to add a catch-all aim on the end in case you want to do anything that doesn't quite fit into your other stated aims."

(Footprint Workers' Co-operative Ltd & Seeds for Change Lancaster Co-operative Ltd, 2012)

The constitution formalizes the basic rules of your cooperative, giving details of why the organisation was created, what are its main principles and objectives, what it is there to do (which services it aims at delivering), and how it is organised. Although it can be modified by the membership, the constitution is the basis on which the whole structure is to be organised in the long term: modification processes should thus ensure to keep stability and encourage consensus – over conflict – in the approbation process.

A model of constitution is available enclosed. Be aware that this is only a model, and should be adapted to your needs, but also to legislative requirements.



Fostering Intergenerational Solidarity



DRAFTING A COOPERATIVE CONSTITUTION

A typical governing document will clearly answer these 11 questions:

- What is the name of the cooperative?
- What is the aim of the cooperative? (also known as the “Objectives”)
- Who and how can one join or leave the cooperative? (“Membership”)
- How and when are general meetings organised?
- How many members have to be present at a meeting in order for decisions to be legitimate? (also known as “quorate”)
- Who is allowed to vote?
- How will the committees be elected?
- Who are the committee members?
- What happens to any profit made by the business? (also known as “application of surplus”)
- How can the governing document be modified?
- How can the cooperative be dissolved and what happens afterwards?

In addition to the constitution, the cooperative may use other governing documents, for example: A member agreement, which sets out the relationship between the member and the cooperative. A volunteer agreement, which precises the relationship between the cooperative and anyone undertaking voluntary work.

(Sustain, 2015)

Membership

Since you already have gathered a team (step 1) of motivated people with whom you have collectively created the cooperative project, you may already have quite a clear idea of who the cooperative members will be – at least during the foundation process. However, the question about future joining members might still be unanswered.

Your membership rules should be consistent with the first cooperative principle: “open and voluntary membership”. This does not mean that you have to allow anyone to join your cooperative, but that the conditions to become a member should be objective and non-discriminatory.

Membership is to be thought wisely and strategically. Is your cooperative aimed at integrating a massive number of members, or on the contrary keeping a low number of active members? Will the services be provided only to members, or also available to non-members? If you opted for a multistakeholder organisation – and depending on the local legislation, should the joining procedure and conditions be equivalent for all kinds of members?

Membership systems are closely related to the governance model you would like to create: do not hesitate to innovate and make your own! The good practices on iCareCoops.eu might give you some inspiration.

Key questions

- The governance structure needs to be thought carefully, pursuing a fair balance between efficiency and inclusiveness.
- Who shall be involved in the cooperative’s decision-making process? How many people shall be involved?
- Who will decide what? Who will make decisions?
- Which kind of cooperative business do you want to set up?
- What role will elderly people and relatives play in the cooperative?

(Aliberti, et al., 2014)

Governance

The objectives and principles of your cooperative are the basis on which should be defined the way the organisation will be run and who will be responsible to manage it, i.e. its governance. “Governance is defined formally as the systems and processes concerned with ensuring the overall direction, supervision and accountability of an organisation” (Sustain, 2015).

The governance will ensure an appropriate daily organisation of your cooperative. It is important to find mechanisms allowing both accountability and transparency, so as to minimize the risks to the members while ensuring inclusiveness.

A standard cooperative governance scheme would be the following:

- A General Assembly (GA), gathering all the cooperative members, who have the fundamental democratic power. Meeting at least once every year, its decisions are taken democratically according to a



HINTS & TIPS

In a small [cooperative] a separate committee may not be necessary as decisions can be taken by the whole group. However, as an organisation grows, meetings of the whole membership may become harder to co-ordinate and the meetings themselves become unwieldy.

(Sustain, 2015)

“one member = one voice” principle. It elects its representatives, approves the statutes of the cooperative, its internal rules, the annual financial and moral reports, the budget, and, last but not least, takes the strategic decisions.

- A Board, elected by the GA, is the body in charge of implementing the GA’s strategic decisions. It meets on a regular basis and reports its actions before the GA. When a secretariat exists, it appoints the Director and ensures to maintain the link between the governance and management bodies;
- Bigger organisations may have a Surveillance committee, elected by the GA, in charge of controlling the Board’s decisions and actions.

The toolkit “Establish your cooperative governance” will provide you with some useful schemes and interesting models.



6 LAUNCH THE BUSINESS

EQUIP YOUR COOPERATIVE

Now that your cooperative is created and about to begin providing services, the following tools will complete your equipment and make you fully ready for this new adventure.

1. Open a bank account in the cooperative’s name. Consider the cooperative banks: they may offer you relevant services and interesting discounts.
2. If you are expecting to quickly reach a substantial turnover, it may be wise – or even mandatory – to appoint an auditor or independent examiner. Check the requirements for your cooperative with your national contact point.
3. When you plan to recruit a secretariat, consider if you need to appoint one – or several – director.
4. Create your cooperative stationary (business cards, official letterhead, buffer...).
5. Familiarise yourself with your internal administrative and governance processes. You may already set up your statutory registers.
6. Consider insuring your cooperative. As for banking, cooperative organisations may offer you interesting products.
7. Build your communication strategy, think your organisation’s web presence and domain names. You can also show your cooperative identity with a .coop domain name (<http://identity.coop>).
8. Map out your governance year, including the end of your financial year and the next General assembly meetings.

ANTICIPATING AND PREVENTING PROBLEMS

Collective organisation is not a long and winding road. Building a cooperative is definitely a stimulating and rewarding experience, but it also goes with its downs and troubles. The complementary material “*Anticipating and preventing problems*” present a certain number of recurring issues met by cooperatives, and tips to anticipate or handle them.



Now, just get started! Good luck!

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www.icarecoops.eu

office@icarecoops.eu

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The project iCareCoops no AAL-2008-1-(214-118) has received funding from AAL JP, co-funded by the European Commission and National Funding Authorities of Austria, Belgium, Denmark, Romania, Slovenia, Spain and Switzerland.

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