

An Intro to the Cooperative Model: Improving Communities through Ownership

Nicole Renaux

Black Star Co-op Pub and Brewery

May 5, 2016

Agenda

- Welcome & Introductions
- About Black Star Co-op
- What is a Co-op?
- Co-ops Transforming Communities
- Advantages & Challenges of Co-operative Ownership
- Resources
- Question & Answer

About Black Star Co-op

- Serves Texas pub fare and house made craft beer
- Incorporated in 2006
- Owned by 3,400 members of the community
- Managed democratically by workers in self-directed teams
- No tipping! Staff earns a fair living wage, with paid time off and health benefits for full time workers
- Environmentally sustainable construction, sourcing, and disposal
- Involved with the local community through education, support, and partnerships



What is a Co-op?

The Co-operative Model are found across many sectors and business models:

- Agriculture
- Credit Unions
- Mutual Insurance
- Utilities
- Purchasing
- Marketing
- Consumer
- Housing
- Worker

Texas Mutual[®]
Insurance Company

Grower Owned
Ocean Spray[®]
Since 1930

Best Western[®]

EQUAL EXCHANGE[®]
FAIRLY TRADED

ORGANIC VALLEY[®]
FARMER-OWNED

REI[™]
CO-OP

What is a Co-operative?

- A co-operative is 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.

Source: International Co-operative Alliance, from the *Statement on the Co-operative Identity*

- Legal Statute in Texas found in Section 251 of the Texas Business Organization Code

Co-operative Principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy & Independence
5. Education, Training, & Information
6. Co-operation Among Co-operatives
7. Concern for Community

Co-operative Values

Co-operative Values

- Self-help
- Self-responsibility
- Democracy
- Equality
- Equity
- Solidarity

Additional Values

- Honesty
- Openness
- Social Responsibility
- Caring for Others

Co-ops Transforming Communities: Rochdale Society of Equitable Pioneers

- Founded in 1844 in England by a group of weavers and tradespeople following failed labor strike
- Funded by investments from founding members
- Created an alternative to company store to buy essential items at affordable prices
- Developed in response to labor and economic problems as result of exploitation during the Industrial Revolution
- Provided prototype for modern cooperative principles
- Exists today as a museum and a tribute to the cooperative movement

Source: Fairbairn, B. (1994). The Meaning of Rochdale: The Rochdale Pioneers and the Co-operative Principles. Centre for the Study of Co-operatives.



Co-ops Transforming Communities: Worcester Roots Project

- Founded in 2001 to address local environmental concerns
- Offered soil testing and low-cost remediation options to address lead contamination
- Created Toxic Soil Busters in 2005 – a year-round youth employment program engaging in community outreach
- Launched Energy Barnraisers Program in 2010 – encouraging energy efficient and weatherization projects in their community
- Started Future Focus Media Co-op and Youth Training Institute in 2011
- Introduced Diggers Co-op in 2012, specializing in landscaping
- Sponsored Nuestro Huerto, a community farm providing healthy produce and education opportunities



Co-ops Transforming Communities: Dahlia Green Cleaning



- Founded in 2012 in Austin, Texas
- Provide green cleaning services to Austin businesses and residences
- Owned by four women with 50 years combined experience
- Participated in Cooperation Texas' cooperative development training program
- Provides non-exploitive jobs that meet the needs of workers and their families

Source: "Beyond Business as Usual: Putting Cooperation to Work in Austin, Texas" (2014). Austin: Cooperation Texas. Print

Co-op Advantage

Comparison	Co-operative Business	Traditional Business
Purpose	Provide service or savings to members	Earn profit for investors
Control	1 member has 1 vote	Voting rights distributed based on shares held
Ownership	Members who use the services	Owners may be located in different communities and may not benefit from business services
Distribution of Earnings	Returned to members proportionately as patronage	Returned to owners based on investment level
Transfer	Ownership is not traded for speculation	Shares may be freely traded and fluctuate in value

Co-op Advantage Continued

- Keep money and jobs in the local community
- Pool resources from community members to achieve measurable results
- Enable owners to generate income, create jobs, and accumulate assets
- Use sustainable business practices
- Engage in ethical worker treatment
- Lead social change

Source: Jessica Gordon Nembhard, 2014, Benefits and Impacts of Cooperatives. White Paper, February 2014

Challenges to Cooperation

- Lack of awareness and prevalence
- Limited access to training, best practices, and tools for workplaces
- Member image may not support community transformation
- Access to capital
- Infrastructure to support scaling

Resources

- [Worker Co-op Conference in July in Austin](#)
- [Cooperation Texas Resource Library](#)
- [Democracy at Work Institute](#)
- [Austin Cooperative Directory](#)
- [Austin Cooperative Business Association](#)
- [Black Star Co-op](#)
- [Dahlia Green Cleaning Service](#)
- [Shared Capital Cooperative \(CDFI\)](#)
- [4th Tap Brewing Co-op](#)
- [Worcester Roots Project](#)