An Intro to the Cooperative Model: Improving Communities through Ownership

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Black Star Co-op Pub and Brewery
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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
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

- 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

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

## Co-op Advantage

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

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