

Managing the Co-operative Difference

Presented by:
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MMCCU

***“In a co-operative we are all
responsible for everything”***

Jose Maria Arizmendiarieta



The co-operative difference (distinctiveness)

Outline

1. Defining the difference and believing it
2. Creating and measuring the co-op difference
3. Managing and Marketing the co-op difference
4. Loyalty – inherent co-operative advantage
5. Management education for co-operatives:
create the competitive advantage based on the
co-operative identity



The presentation is based on:

1. Managing and marketing the co-operative difference by Tom Webb, MMCCU Manager
2. Loyalty management and the New co-operative paradigm by Daniel Cote, HEC Montreal
3. Total participation management by Ryszard Stocki, and the Co-op Index project



1. Who started your co-op and why?

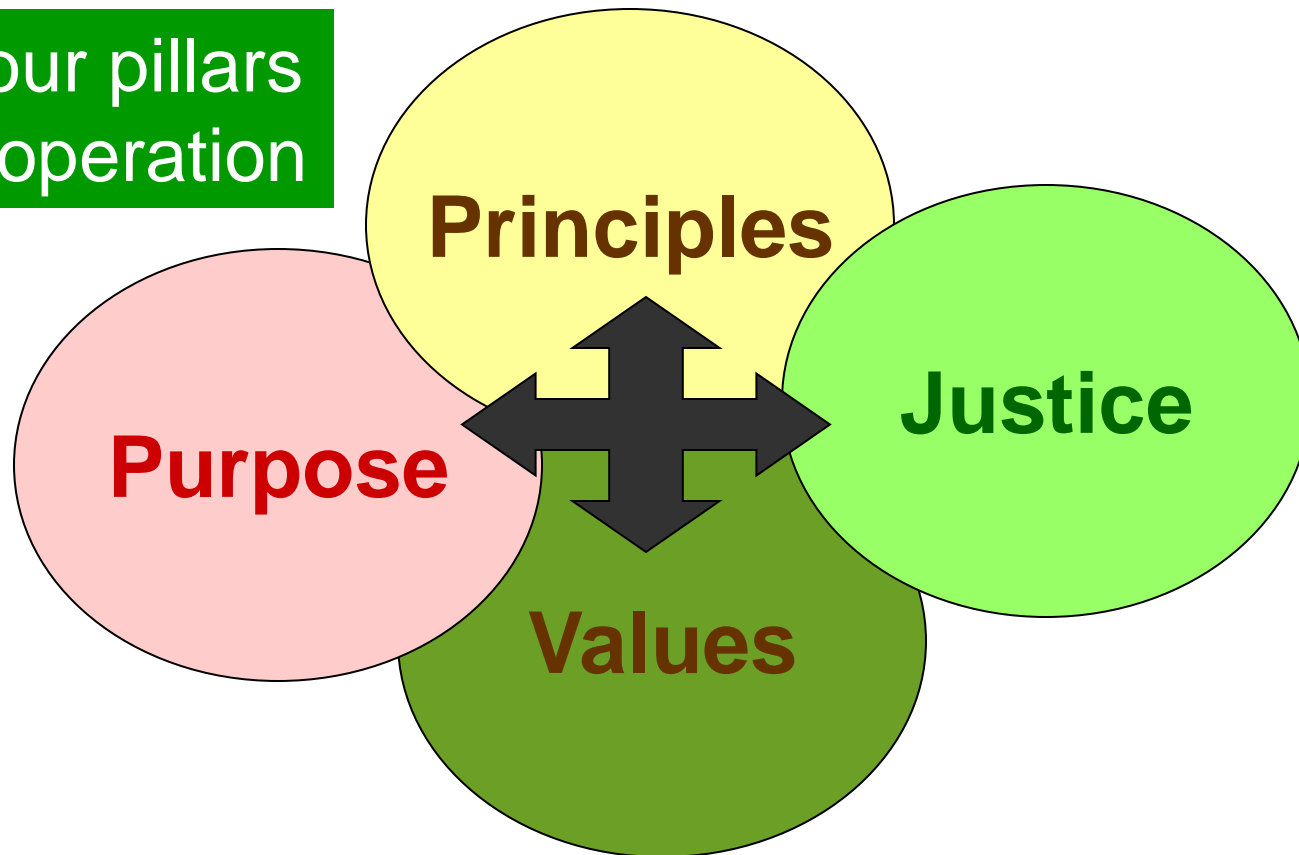
2. How is your co-op different from the competition?

3. What would be 5 characteristics of an *ideal* (producer, worker, consumer) co-operative?

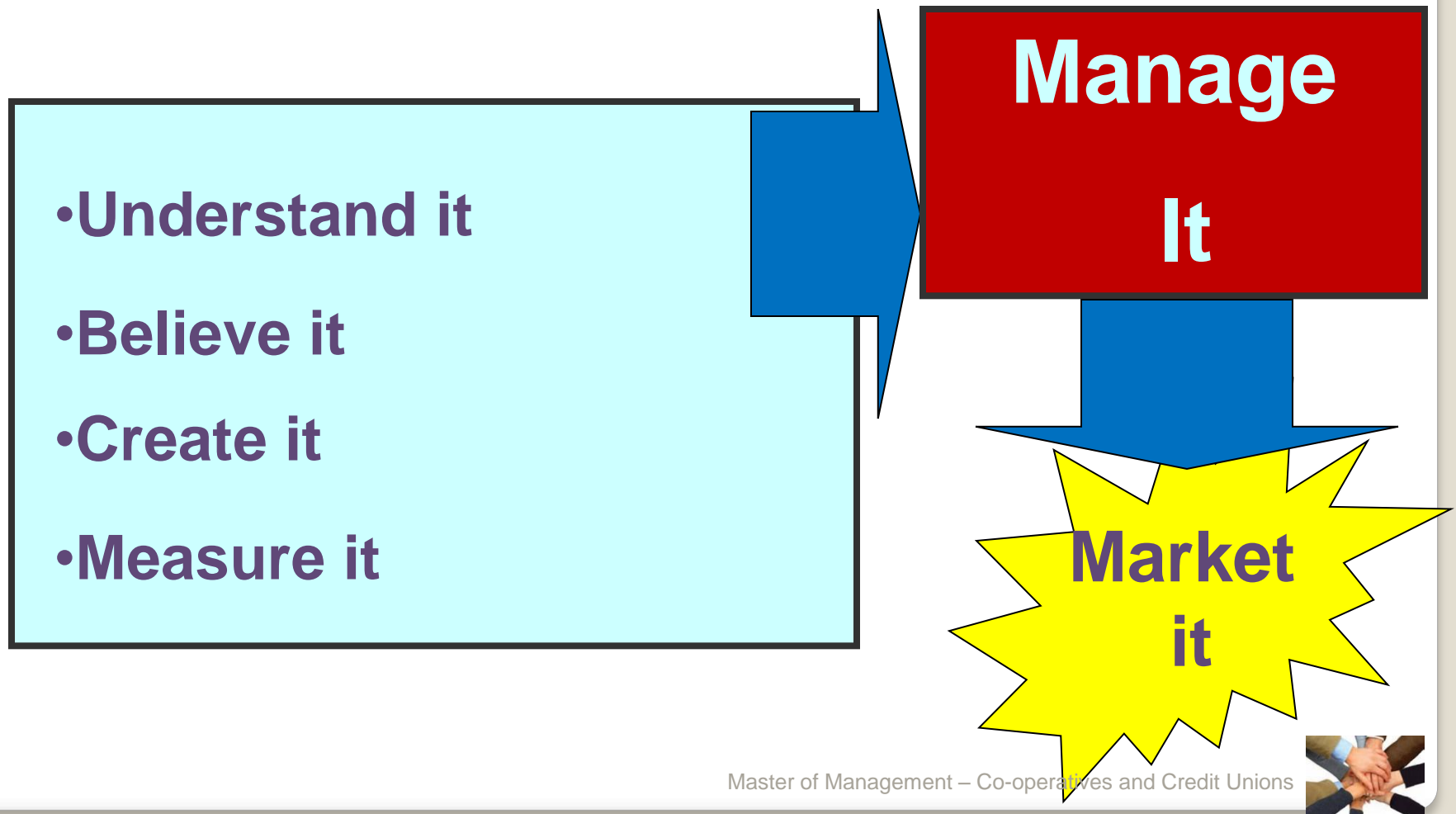


The Co-operative Difference

The four pillars
of co-operation



The Co-operative Difference



The new co-operative paradigm

Fundamentally, co-operatives need to answer two questions:

First, do they still have the capacity to build and deliver to members and other stakeholders, *a different outcome* from investor-owned organizations?

Second, is there *a competitive advantage* that we can build from the co-operative identity, its distinct nature and structure?



Managing the Co-operative Difference

Part One

Understanding and Believing

the Co-operative Difference



Believing the Co-operative Difference

Co-operative Values and Principles

- 170 years of evolution
- Compatible with every culture, religion, and humanistic approach to economic issues

- Found in every country

- Universally accepted

Self-help
Self-responsibility
Democracy
Equality
Equity solidarity

Honesty, openness, social responsibility, caring for others



Understanding the Co-operative Difference

	Investor Owned	Co-operative
Values	Up to Board and Management	Intrinsic Inherent
Purpose	Created for maximum investor return	Member and community needs
Ethical stance	Charity	Justice; internalize externality
Bottom line(s)	Single, CSR=cost	Multiple; social optimum



Believing the Co-operative Difference



**We can spend
our resources
looking like
them**

G&F Financial Group

G&F Financial Group offers the group of services that you need. At Gulf & Fraser Financial Group we offer sound advice that is professionally delivered. These services are all wrapped around our personal banking offering that has often been noted for its delivery of exceptional customer service. Come and see how G&F Financial Group has been delivering trusted service for over 60 years.



Believing the Co-operative Difference



Clubcard Deals and Airmiles

Tips for a greener 2009

For Sign Up Today >

How do I collect points?



Christmas Savers CLUBCARD

WINE CLUB

HEALTHY LIVING club

TESCO Food Club

TESCO BABY & TODDLER CLUB

They often spend their resources looking like us



My Account

How can I spend Clubcard Vouchers?

Tell me more about Exclusive Clubs



Believing the Co-operative Difference

Things we hear:

“If we did all that Co-operative stuff we would be bankrupt.”

“Well co-ops and mutuals are just another business like any other.”



Believing the Co-operative Difference

Things we hear:

“The Board looks after the Co-operative, the manager looks after the business”

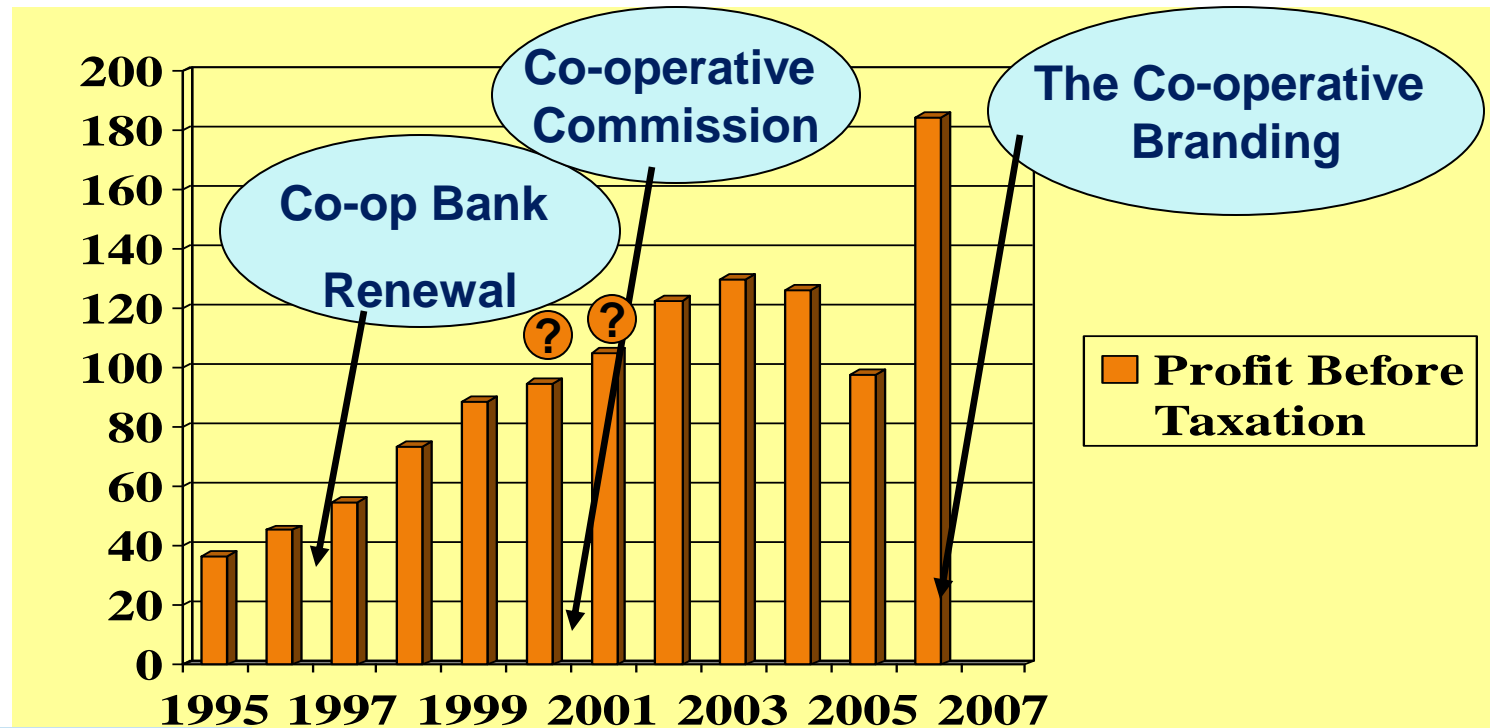
“We run a tight business and that generates the profits to do the social things.”

“It is important to be a Co-operative but you have to get the business right first.”



Believing the Credit Union Difference

Are strong principles financially viable?



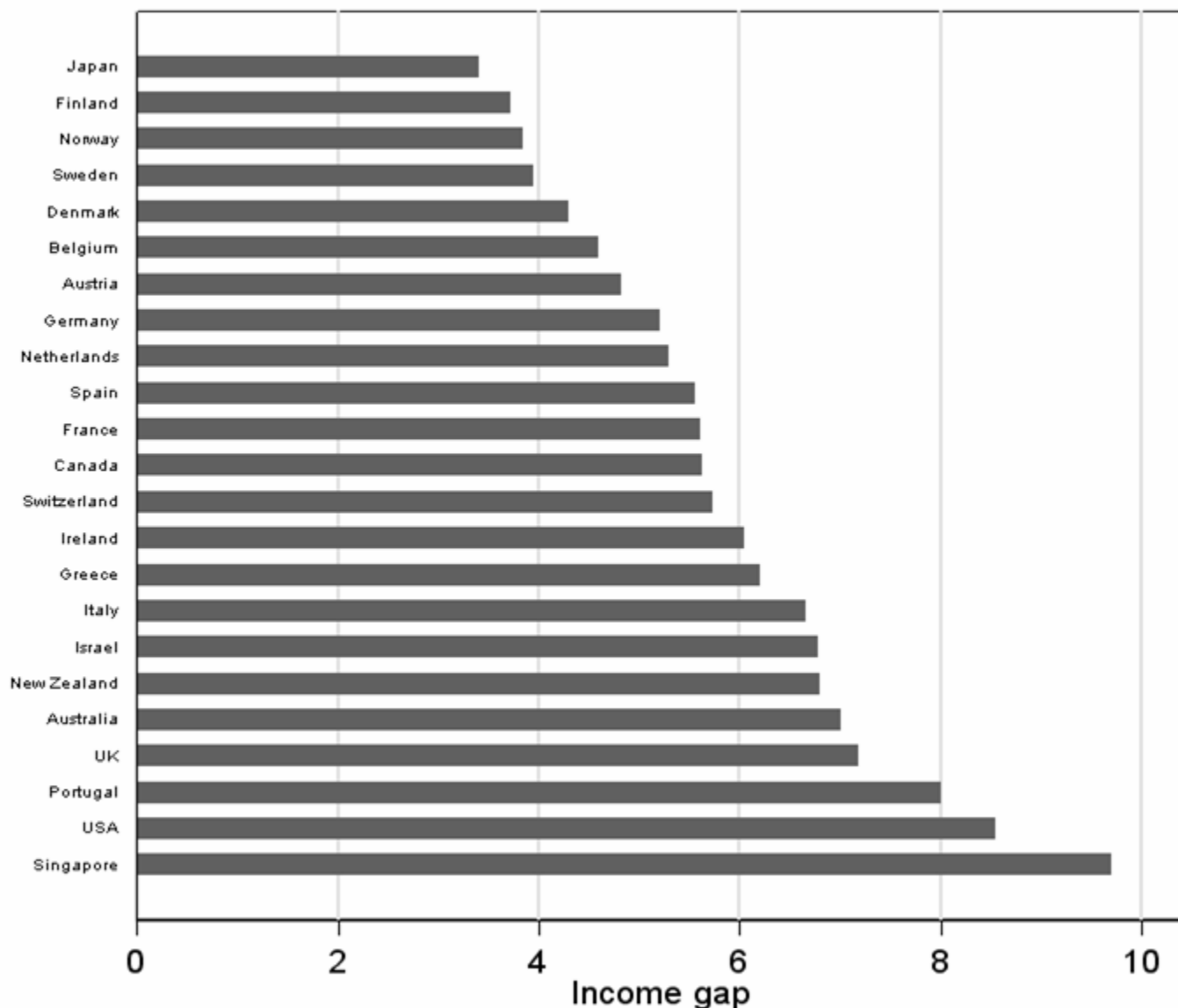
Believing the co-operative difference

-Let's try to imagine how a co-operative economy might work?

- Would it produce the same outcomes as the investor-driven economy: the food crisis, the energy crisis, the environmental crisis, the financial meltdown, the poverty and inequality...
- If not, why not? If yes, how is that possible?
- Back to the co-operative purpose (justice, members) and identity (the principles and values)!



How much richer are the richest 20% than the poorest 20%?

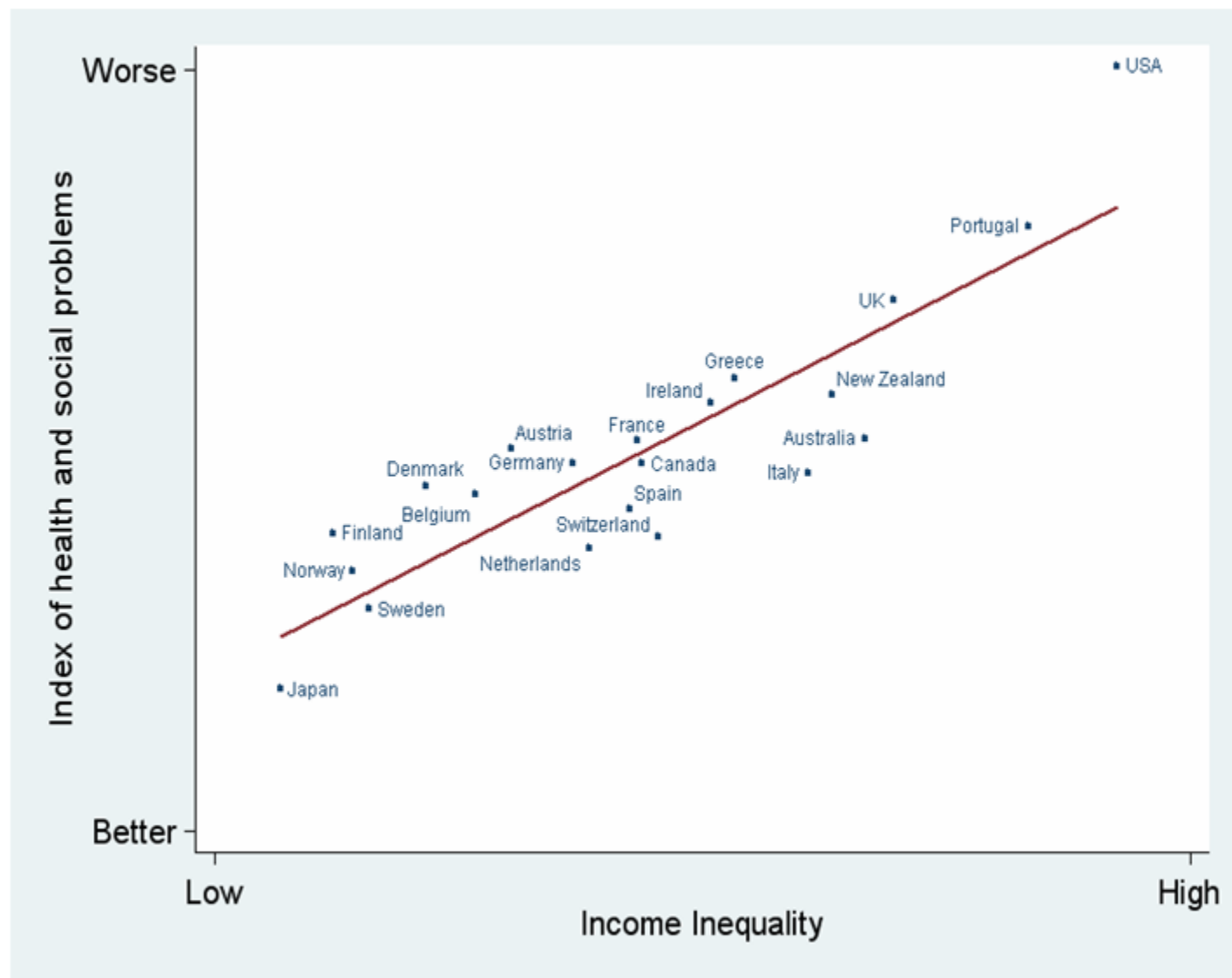


Source: United Nations Development Program

Health and Social Problems are Worse in More Unequal Countries

Index of:

- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility



Believing the Co-operative Difference



Managing the Co-operative Difference

Part Two

Creating and Measuring the Co-operative Difference



Managing the Co-operative Difference

**If we understand the
difference, and**

**If we believe there is a
worthwhile difference**

How do we create it?



The board sets the direction but they need managers and staff who can create the Co-operative difference with daily innovation.

Managers must be Co-operative business leaders!

Co-op Managers inspire collective entrepreneurship!



A Co-operative Managers Credo

**1. If there is no difference
we are not needed.**

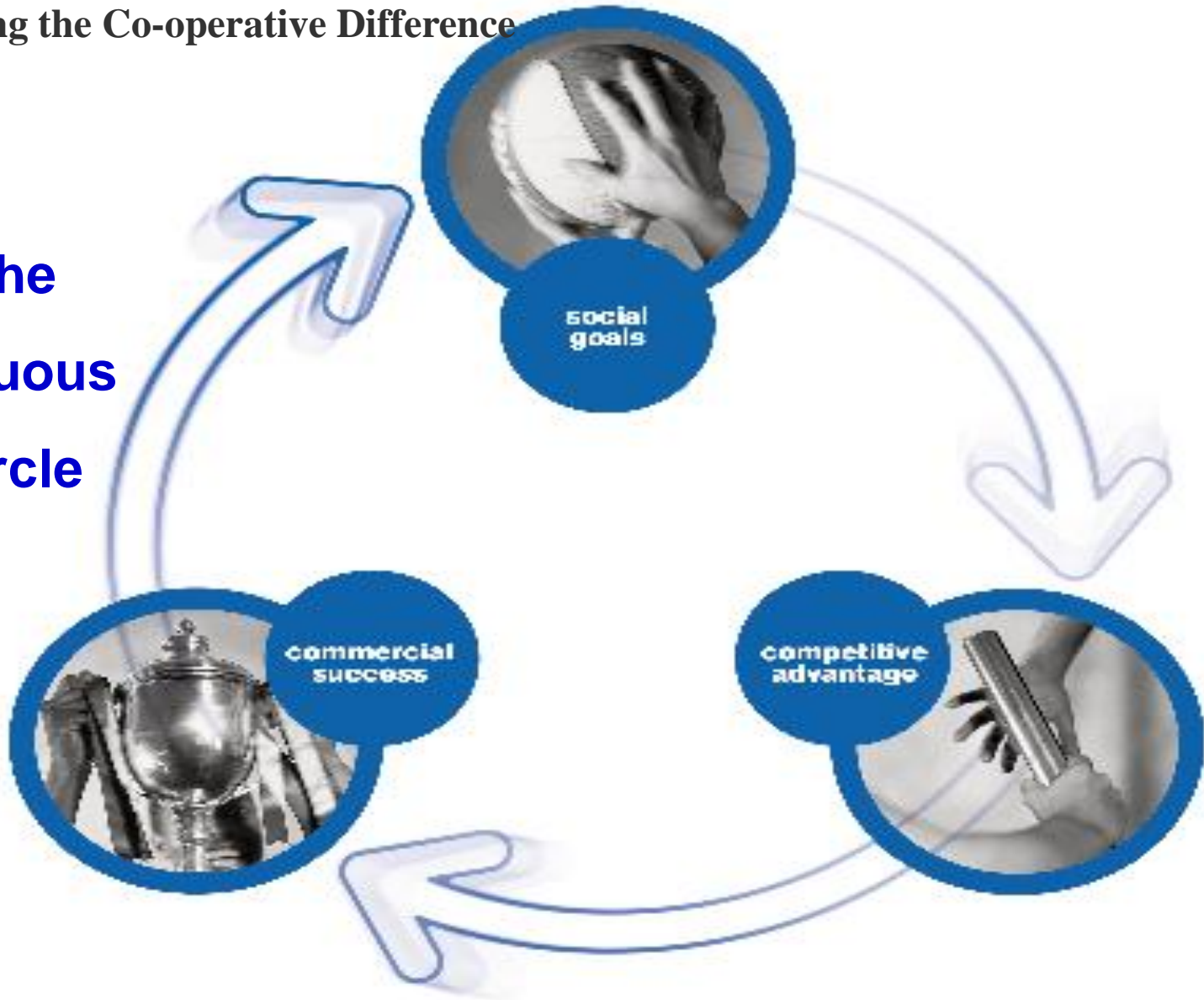
**2. Bankrupt Co-ops do not
meet member needs.**

**3. The co-op values and principles are not
a sea anchor dragging behind the boat,
but the main mast upon which we hang
sails called Co-operative business
practice.**



Creating the Co-operative Difference

The Virtuous Circle



Creating the Co-operative Difference

And they can
Mimic Us



But there can be a difference!



Creating the Co-operative Difference

“How can you be 1% fair?”



Franz van der Hoff (UCIRI, Oaxaca, Mexico), CASC
conference 2006, Toronto

Responding to a question: How the co-operatives in the fair trade chain view FT certification of multinational corporations such as Nestle and Starbucks.



Creating the Co-operative Difference



PEOPLE AND THE PLANET BEFORE PROFITS ®



Banking at Vancity.....

... our commitment to the triple bottom line means we base our prosperity on a balance of economic, social, and environmental success.

Not on accumulating the most clamshells.



Creating the Co-operative Difference

Advertising for
the people who
think Co-
operative values
are worth
working for.

Hanover Co-op

Why do I work at the Co-op?



Edna Barrett, Front End Department

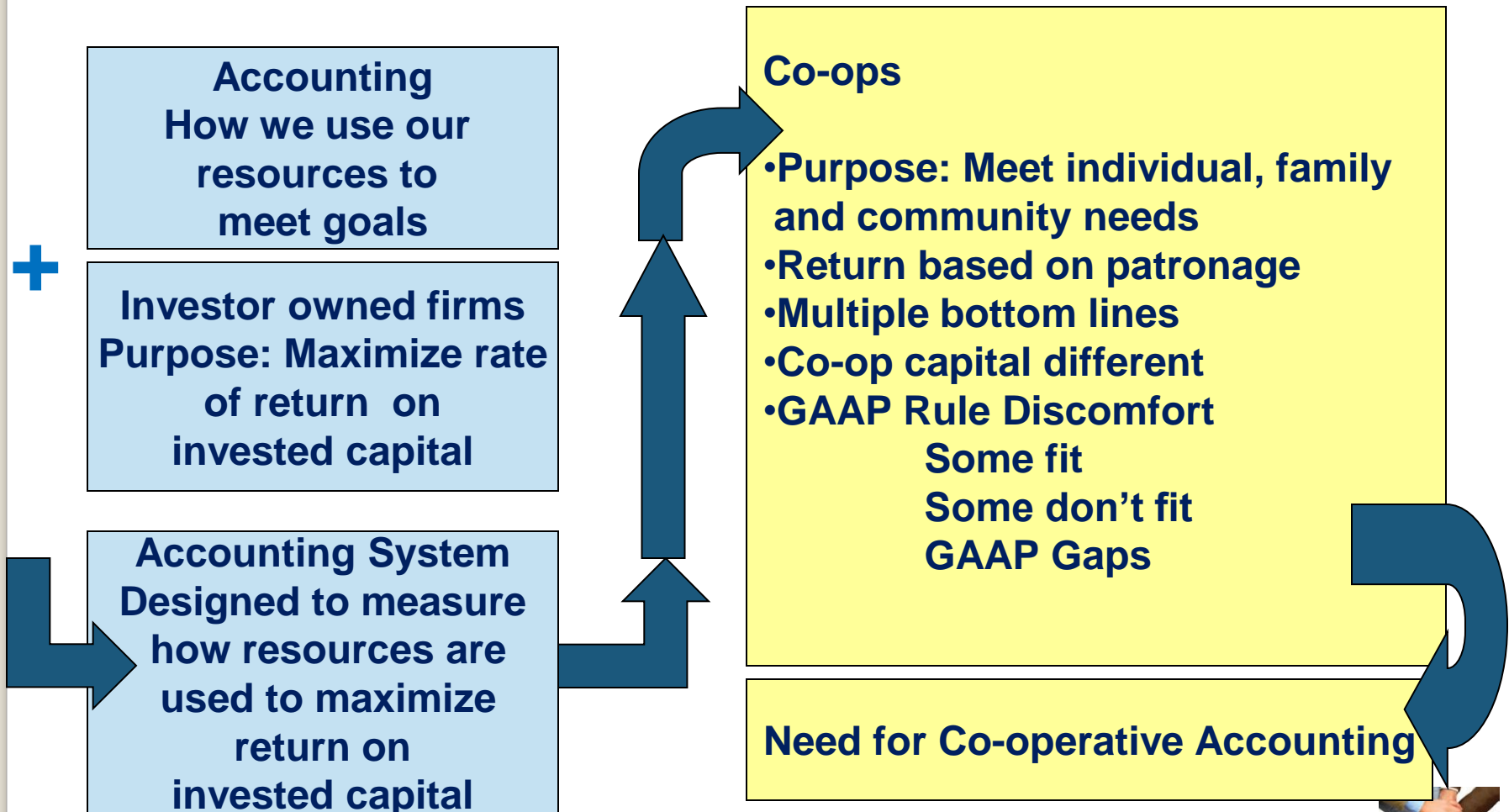
It's a caring place. My co-workers and the Co-op's customers are so friendly. And I've found that the Human Resources staff really care about how I'm doing. They take time to listen to any problems that I might be having.

Find out why we're a great place to work.

Call Holly Taylor: 603-643-2667 • www.coopfoodstore.com



Measuring the Co-operative Difference



Measuring the Co-operative Difference

Centre of Excellence for Accounting and Reporting in Co-operatives (CEARC)

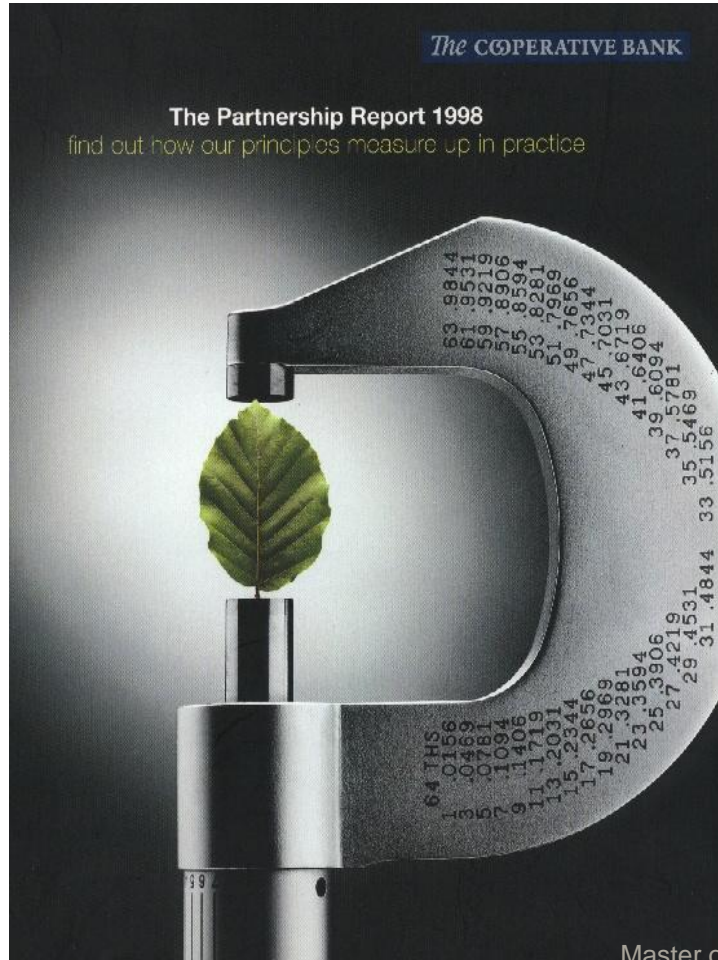
<http://www.coopaccounting.coop/>

- Linked to co-operatives world wide
- SMU
- CICA Support



Measuring the Co-operative Difference

**Beyond
Social
Audits**



**The Partnership
Reports reflect
co-operative
accounting and a
commitment to
measure
performance on
non-investor
indices**



Measuring the Co-operative Difference

Accounting for Co-operative Values

➤ Cost of Values Stance	£ 6 Million
➤ Benefit Values Stance	£30 Million
	2004



Measuring the Co-operative Difference

- Linking measures of success to co-op principles and values (the Co-op Index)



Vancity

- Social reporting and auditing

- Sustainability reports

The Co-operative Group
The **co-operative** good for everyone

The Midcounties **Co-operative**
midcounties.coop

- Balanced scorecard

- Benchmarks



Managing the Co-operative Difference

Part Three

Marketing the Co-operative Difference



Marketing the Co-operative Difference

When Managers

- Understand
- Believe in
- Create &
- Measure

The Co-operative Difference

Then they can market it to produce

The Cooperative Advantage & Successful Co-operative Businesses



Marketing the Co-operative Difference

In a Co-operative business

- Marketing is education
- Education is marketing
- Facilities are education
- Branding is education

The most powerful marketing is what we do and how we do it.



Marketing the Co-operative Difference

Values in the store every day - Midcounties

Our World Imagine a store where you could buy products that gave growers and producers a fair deal, whether from around the world with Fair Trade or locally produced for Local Harvest.

Welcome to Headington Co-op – the co-operative store.

Fairer for you and ... The world you care about



Marketing The Co-operative Difference

Down
the
right
aisle,
turn
left:



Marketing the Co-operative Difference

Employee Brand

- Stories about our products
- Stories about our people
- Stories about our ambition
- Stories about Concrete Actions that are understood



Employee Brand

(the cooperative way)

- We need to alter what people think about The Co-operative.
- We need to make people feel proud to work here.
- We need to educate the market. This will involve 1– 2 years of positive education.
- We need to turn employees into brand ambassadors.
- We need to help people understand The Co-operative difference.
- We need to make people aware of the unique working life they can enjoy at The Co-operative.



Loyalty and trust – a competitive advantage

A proper management of loyalty requires **equilibrium** between **collective and individual values**.

It builds on a managerial approach working in accord with the **personal values** of individual human beings.

Most top loyalty drivers are **relationship issues** such as staff attitude, delivering on promises, etc.



Loyalty is a source of competitive advantage, since it helps reduce costs and increase revenues.

It is rare since very few organizations are capable of implementing it to their advantage.

It is difficult to imitate, mostly because it requires a high level of legitimacy to be earned, and a capacity to meet “moments of truth” on a daily basis.



Cooperatives are better able to successfully accomplish loyalty as a strategy than conventional enterprises.

Loyalty must be managed!
Members and their expectations change too....

But to do so, requires that they learn to fully appreciate their identity and its distinctiveness....
it then becomes possible to link **cooperative identity and competitive advantage.**



Co-op management education

Co-operative (ethical) principles

Total trust



Co-operative difference –
an alternative way of doing business

Viability

Value

Total participation (the people's business)

Innovation and imagination



Master of Management Co-operatives and Credit Unions



**Great
Internal
and
External
Education**



Master of Management Co-operatives and Credit Unions



MMCCU

**A significant
solution!**

**A partnership between an international
co-operative (CMEC) with more than 60
members in seven countries and
Sobey School of Business (Saint Mary's U.)**



Master of Management Co-operatives and Credit Unions

MMCCU – A

significant solution

- **A business school program with co-op purpose, values and principles in every module of every course**



Master of Management Co-operatives and Credit Unions

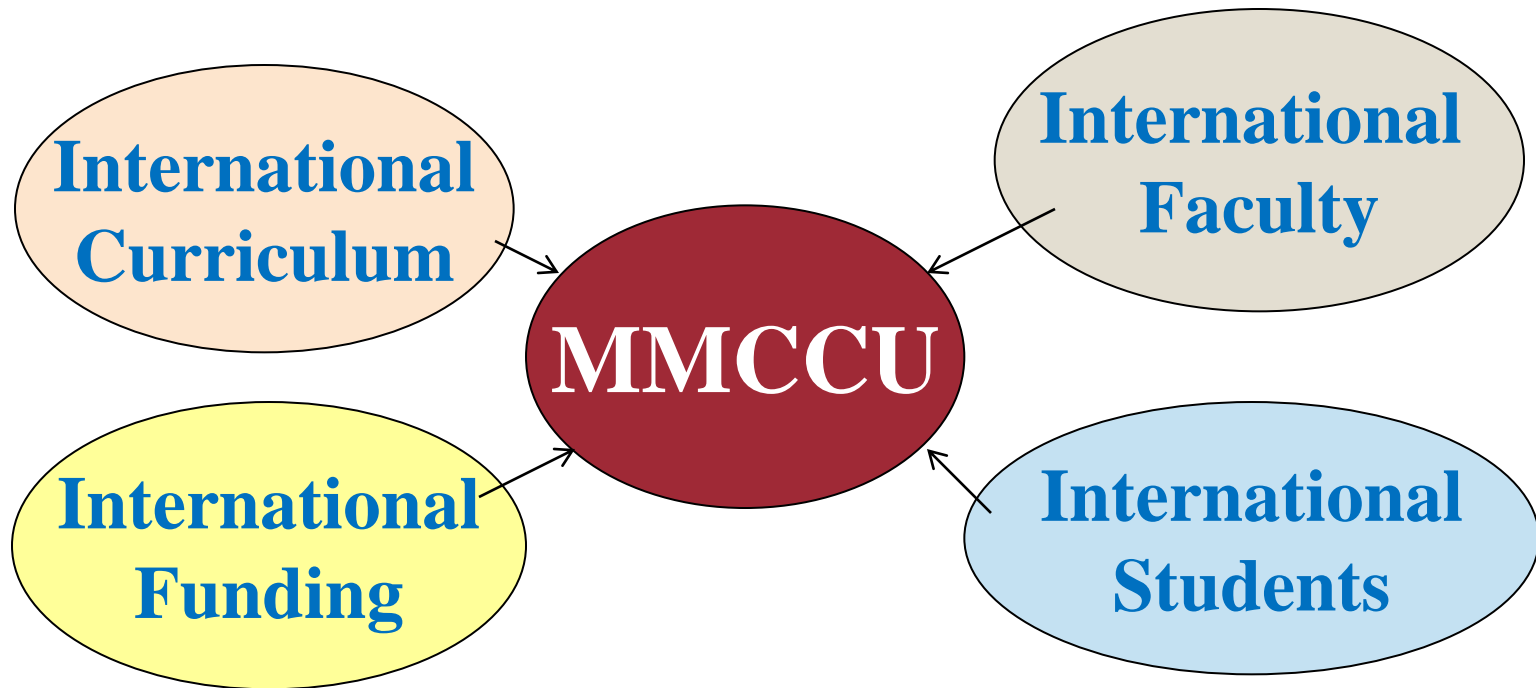
MMCCU – Curriculum – 12 courses

- **Co-op values**
- **Globalization**
- **Finance & Accounting**
- **Co-op Leading edges**
- **Practical application**
- **Business range**
- **Marketing**
- **Leadership**
- **Strategy**
- **Governance**



Master of Management Co-operatives and Credit Unions

MMCCU – An International Solution



Master of Management Co-operatives and Credit Unions

MMCCU – a significant solution

- **Internet delivery**
- **Part time**
- **Orientation**
- **Study visit**



- **\$6500/year (tuition, books and materials)**
- **plus travel- year 1 to Halifax and year 2 to Italy- Bologna, or Spain-Mondragon**



Master of Management Co-operatives and Credit Unions

What's next:

- Research – Co-op sector and University research alliance
- Building Case studies
- Building Community of practice
- International Center for Co-op Management to include MMCCU, CEARC, and research



Master of Management Co-operatives and Credit Unions

www.mmccu.coop

“This program enabled me to research co-operative accounting from the perspective that there really is a difference. I would not have been able to see that or do this work before I enrolled. Yes, it’s possible for co-ops to ignore the co-operative difference, but what we learn in the MMCCU courses is that they do so at their peril. It has certainly paid back my investment.”

***John Maddocks, Class of ‘08
Wales, UK***



