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OVERVIEW: BUILD AND RECRUIT COOPERATIVE DEVELOPMENT MODEL

The California Center for Cooperative Development (CCCD) is dedicated to developing worker cooperatives to create sustainable, living wage jobs and cooperative ownership opportunities in low income and under-served communities.

What is a Worker Cooperative?

A worker cooperative is a business that is worker-owned and worker-controlled on the basis of one vote per member. The business is structured to welcome new members as the business grows. This model is a well-established, proven business structure, used in a wide variety of business industries in the United States, Canada and the World. CCCD is part of a network of Cooperative Development Centers across the United States engaged in developing and providing technical assistance to worker-owned Home Care Cooperatives.

All worker cooperatives have an established process for welcoming new members as the business grows. There is usually a "buy-in" amount paid by new members. This amount is not linked to the business financial value; rather it is a relatively static amount that is adjusted for inflation. A new member begins employment as "member candidate," which lasts for a six to nine month period, permitting time for the candidate to assess whether they want to be a co-owner, and for cooperative members to do the same. A member candidate must be "voted in" by existing members.

Why Build and Recruit?

Traditionally, worker cooperatives are initiated by a group of people who organize around a selected business idea. Unfortunately this model poses challenges when working with underserved groups, particularly those who have a history of community disenfranchisement. One of the biggest obstacles is often simply not having the freedom over personal time to commit to the necessary regimen of meetings required in cooperative development. Sometimes, their previous experiences prevent them from seeing themselves as empowered to start a business.

The "Build and Recruit" model of cooperative development is used to address these issues. In this model, the business is completely formed by the non-profit and the initial board consists of a representative from the non-profit and community volunteers. Community volunteers, who have an interest or/and experience in the industry, serve as the co-op's initial (and temporary) board of directors. When initial workers complete their member candidacy period and are "voted in" by the community volunteer board, they gradually replace community volunteers so that the board will be entirely composed of worker members within eighteen months of start-up.

This cooperative start-up model draws on many sources, including experiences and interviews with cooperative developers, as well as publications and interviews from other cooperatives where the infrastructure was created prior to member recruitment. Two California examples of this include Arizmendi Cooperatives and WAGES cooperatives. Arizmendi began in 1996 as a project to replicate *The Cheeseboard*, highly successful worker cooperative in Berkley, CA; the "Arizmendi Association" now includes 6 Arizmendi bakeries scattered throughout the bay area. WAGES (Women's Action to Gain Economic Security) started in 1995 and developed four successful green cleaning cooperatives before shifting their focus under the name "Prospera." Drawing from these varied sources, CCCD developed the

“Build and Recruit” development model and implemented it with two green cleaning cooperatives, and is currently engaged in launching a Homecare cooperative using the model.

CCCD’s implementation of the Build and Recruit model of cooperative development begins with identifying a business idea and a specific town for development. This is followed by a feasibility study. When the feasibility study shows market demand and likely business success, the non-profit proceeds with a 3-5 year business plan. These studies provide the foundation and guidebook for cooperative start-up and operation.

Community Involvement is Fundamental

The *Build and Recruit* cooperative development model is a community-focused endeavor and community involvement is crucial to the development and launch process. A core group of community volunteers serve on the *Co-op Steering Committee* during the development process and comprise the start-up *Board of Directors*. These community volunteers are selected based on their interest and support of the project, their expertise in the industry of the business, and their community connections. The community volunteers work with CCCD in making important decisions and moving the project forward. The volunteers use and develop links to the community to share information about the cooperative with community leaders and constituents, support local fundraising, and promote the business following launch.

Non-profit Role in the Cooperative Business

The non-profit, CCCD, provides professional technical support in business development, start-up, launch, and assistance to the new business. Well before start-up, CCCD conducts a feasibility study, then a business plan to guide and promote business success. Donations, as well as foundation and other grant support, fuel technical assistance and as large a portion as possible of core start-up expenses so that the business launches with low, or leveraged debt.

After launch, the worker cooperative pays for business operating costs, however non-profit participation plays a significant role, which will continue through the first two years of the business. Non-profit support focuses on continuing the project economic development and job creation goals by promoting cooperative business success and expansion. This support enables growth in the number of jobs created, the amount of work available, as well as the economic benefits to cooperative members.

Non-profit support is primarily provided through the work of the *Cooperative Facilitator*, who is an employee of the non-profit, CCCD. The Cooperative Facilitator implements the business plan through management support and training and provides mentor-based education and empowerment initiatives for worker members and member candidates. The facilitator also recruits and trains new member candidates, and works with co-op members in policy development and Bylaw compliance.

The Cooperative Facilitator performs all work to promote a cooperative work culture and member capabilities that allow the role of the Facilitator to be gradually reduced and replaced by members or a member-hired manager. CCCD’s experience fuels our practices to promote worker empowerment. Education and support, combined with putting people into positions where they have concrete power through making meaningful decisions about important matters, fosters true empowerment. This is integral to cooperative ownership. Cooperatives work best when members are engaged and have the opportunity to fundamentally change their lives by embracing the rights and the responsibilities of membership in their worker cooperative.

