

WORKER COOPERATIVE SUPPORT SYSTEM | NYC

Created by Rachael Tanner, candidate Master in City Planning, '13
Department of Urban Studies & Planning | MIT

The thoughts expressed here
are offered for debate! They
are not definitive, but rather
serve as points of departure
for exploration, sharing, and
learning.

Welcome to the conversation!

Purpose

This presentation summarizes the central recommendations for the objective, strategic design, structure, and applicable public policies for the cooperative support system for NYC.

PROPOSAL OBJECTIVE: SCALE

SCALE | For worker cooperatives to become a meaningful tool for job creation, wealth creation, and construction of the “new economy” in NYC they must be developed at scale. At scale the cooperative movement represents a larger constituency that can gain support from the government.

SCALE |

In New York

In order to reach scale, we cannot think of the “worker” coop support system, but rather the cooperative development system; work coops must be part of a larger cooperative (or New Economy) movement.

In Quebec...

...nearly all institutions in the cooperative support system (consultants, developers, finance, higher education) support several types of cooperatives—not just worker cooperatives. By joining together the small segment of worker coops have support of the larger movement.

SCALE |

In New York

In order to reach scale, worker coops must be developed through **strategic campaigns**. These campaigns may focus on developing cooperatives in a particular industry; they create either a large number of small cooperatives or several larger cooperatives.

In Quebec...

...this strategy has been applied to developing paramedic cooperatives, health cooperatives, and identifying leading edge energy industries for cooperatives to enter.



STRUCTURE : NETWORK

NETWORK | The cooperative development system must rely on the strengths and capacities of independent organizations drawn together into a network.

NETWORK |

In New York

In order to develop a functioning network, a central apex organization must be created.

In Quebec...

...the Conseil québécois de la coopération et de la mutualité (CQCM) serves as the apex organization, drawing together networks of credit unions, mutuals, and other cooperative industries.

NETWORK | what the network can do.

In New York

The apex organization can (1) manage the participatory research, analysis, and planning that guides the strategic campaigns.

In Quebec...

...the (CQCM) collaborates with scholars, the government, coop developers, and others in order to identify areas for expansion. They also help disseminate and scale best practices from regional cooperative developers..

NETWORK | what the network can do.

In New York

The apex organization can (2) create coop development organizations or designate a limited number of organizations as cooperative developers for the network.

In Quebec...

...the government, in 1985, created a network of 11 provincially supported one-stop-shops (CDRs) for cooperative development. In addition 8 federations are funded to develop cooperatives. The coop developers are funded (mostly) by the government, but the program is managed by the CQCM.

NETWORK | what the network can do.

In New York

The apex organization can (3) galvanize, organize, and centralize grant funding and financing for the cooperative network. The philanthropic community, government, unions, and other donors should give to a central organization to prevent fragmentation, turf wars, and competition amongst network members.

In Quebec...

...the CQCM manages several programs such as the one-stop-shops, research & development, and more. Some funding flows from the government to the CQCM to the on-the-ground delivery agencies and some programs are implemented directly by the CQCM.

NETWORK | what the network can do.

In New York

The apex organization can (4) create standards for cooperatives.

In Quebec...

...very strong cooperative laws impose some standard best practices on cooperatives, such as indivisible reserves. Until government legislation can be passed, the apex organization can use other means to encourage best practices.

NETWORK | what the network can do.

In New York

The apex organization can (5) organize for public policy changes and negotiate with government.

The many members of the organization can lobby city and state government for changes to law, financial support, and other policies.

In Quebec...

...the CQCM engages in co-construction of policy with the provincial government. The Direction du Cooperatives, a staff of 15 located in the Ministry of Finance & Economy that serve the non-financial cooperatives, is incredibly responsive to the needs of cooperatives.

NETWORK | what the network can do.

In New York

The apex organization can (6) coordinate research and creation of training programs (MBA, BBA, Associates, etc.)

In Quebec...

...the CQCM conducts research itself and has close relationships with academia. Many staff in the cooperative movement have professional degrees (such as MBAs) in the social economy.

COOP DEVELOPERS: LIMITED & QUALITY

LIMITS & QUALITY | CBOs should not become cooperative developers. The Network should leverage the competitive advantage of CBOs in organizing in order to achieve public policy change and to identify coop members. Organizations with success in starting and incubating businesses should become cooperative developers and/or a FEW cooperative developers & incubators should be established to serve the entire city.

CHALLENGES WITH COOP DEVELOPMENT IN QUEBEC

- Quebec has a population of 8 million people currently served by 19 cooperative developers, 11 (CDRs) whose primary task is developing new cooperatives.
- Many informants believe there are too many developers. It is difficult for all of the developers to find capable, competent staff who they can afford to compensate well.
- Currently the coop movement is restructuring, possibly resulting in the merger of some developers.

NYC SHOULD HEED THAT EXAMPLE

- Scaling through developing incubators at numerous CBOs could spread resources—including development talent—too thin, may not align with CBOs competitive advantages, and may ultimately harm the cooperative movement.
- Creating coop developers/incubators in organizations with business acumen—or creating several centralized developers to serve NYC—concentrates scarce resources and builds cohesion in the network.
- CBOs have a hugely important role to play, but it may not be in cooperative development.

ROLE FOR CBOs

- CBOs can...organize for policy change and policy support for coops and the new economy
- CBOs can...lead grassroots, popular education campaigns to build the movement
- CBOs can...recruit folks to coops
- CBOs can...organize and maintain community governance of collectively owned assets

DEVELOPERS | STRATEGIC CAMPAIGNS & FLEXIBILITY

- The network of development organizations can play a central role in the research to identify industries for strategic campaigns.
- The network of development organizations can play a central role in running the campaigns and developing the cooperatives.
- The network of development organizations can promote cooperatives in general.
- BUT, the network should be flexible enough and have enough slack to work with (at least some) groups who “come in off the street” and want to start coops outside of the strategic campaign area.



FINANCE: NETWORK

NETWORK | The network of existing values-based and cooperative finance institutions must be adequately trained, positioned, and capitalized in order to finance cooperatives.

COOP FINANCE IN QUEBEC

- 7 organizations supply debt and equity financing to cooperatives (and the broader social economy) in Quebec.
- Like community development finance in the US, these organizations often co-invest in projects. No institutions funds 100% of a project's needs.
- The institutions are organized into their own federation that supports training, best practices, and research concerning how they can advance social economy finance in Quebec.
- Some institutions were capitalized by government, others leverage private investors.

COOP FINANCE IN QUEBEC | STRENGTHS

- COORDINATED – the programs do not overlap much with each institutions offering different levels of financing.
- COLLABORATIVE – Institutions meet together to review projects and make investment decisions; joint research and training.
- GOVERNMENT SUPPORT – Provides significant capital.
- PART OF ECOSYSTEM – They are able to refer clients to the assistance of the coop developers.

NYC SHOULD HEED THAT EXAMPLE

- Many CDCUs, CDFIs, mainstream credit unions, Amalgamated Bank and others can establish funds to support cooperative development.
- The coop network could advocate for city or state funds to guarantee these loans; similar to SBA 7a loans.
- The finance network can experiment, conduct research, and develop best practices for lending.
- Once the funds prove profitable more investors—such as social investors or Program Related Investments from foundations—can be sought.

ACADEMIA: RESEARCH & TRAINING

STUDIES & MANAGERS | The academy can play an important role in conducting action-oriented research about cooperatives and the new economy as well as training cooperative managers in special tracks in MBA, BBA, Associate's Degrees, or Certificates.

RESEARCH & TRAINING IN QUEBEC |

- A variety of research centers & research partnerships engage in research that impacts the cooperative movement and social economy enterprises.
- Several traditional MBA programs offer training for individuals who want to or are currently working in cooperatives and social economy enterprises.

NYC SHOULD HEED THAT EXAMPLE

- The apex organization should coordinate with formal academic organizations as well as other policy organizations that can conduct research on the impact of cooperatives, new industries, best practices, and other areas.
- CUNY could develop a track in management training for cooperative managers or others.

PUBLIC POLICIES



FRAME

FRAME | Cooperatives, of all kinds, might best be framed as economic development tools that create quality jobs that will stay in New York and cultivate local entrepreneurship. The Quebec government supported cooperative development as a way to support development of local businesses owned by Quebecois that could not move, be bought, or sold. They use coops as part of their job creation and economic development agenda.



POLICY TARGETS EVERYONE

EVERYONE | The cooperative development network should not serve only the poor. Folks should not have to income qualify to receive services. By being a program for everyone who wants to start a business, cooperatives become an easier choice for all, not just a way of life for the poor.



SUPPORT FOR DEVELOPMENT & INCUBATION

CITY & STATE GOVERNMENT | Government should support funds for cooperative development, incubation, and provide capital for loan funds.



NYC PROCUREMENT: BUY NYC

BUY NYC, BUY LOCAL | Redirecting the city procurement budget to local firms creates an opening for contracts to be secured by cooperatives.

LEGAL FRAMEWORK & TAX POLICY

LAWS & TAXES | Quebec has a strong legal framework for cooperatives including **indivisible reserves** and **tax breaks** that encourage members to invest in their cooperatives.



CITY AGENCIES

SMALL BIZ ORGS | City agencies that help individuals start businesses should put cooperatives on the menu of options when helping New Yorkers decide how to structure their business.

BUSINESS SUCCESSION

RETIREMENT | The retirement of the baby boomers means that many small and medium sized businesses will be up for sale. The children of founders may not want to take over the businesses. Rather than lose value or see the firms sold to larger firms, the government could support—through technical assistance and financing help—the purchase of these firms by employees. They could become ESOPs or worker coops. Such a policy has been approved by Quebec government and will roll out this year.