

A Guide to **TRIBAL COMMUNITY CO-OPERATIVE DEVELOPMENT**

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The Minnesota Indian Business Alliance (MNIBA)



Buy Native First

ACKNOWLEDGEMENTS

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The purpose of this guide is to increase your understanding of co-operatives and co-operative business development, and to assist you in deciding whether a co-operative is a good fit for your community in pursuing economic development.

DISCLAIMER

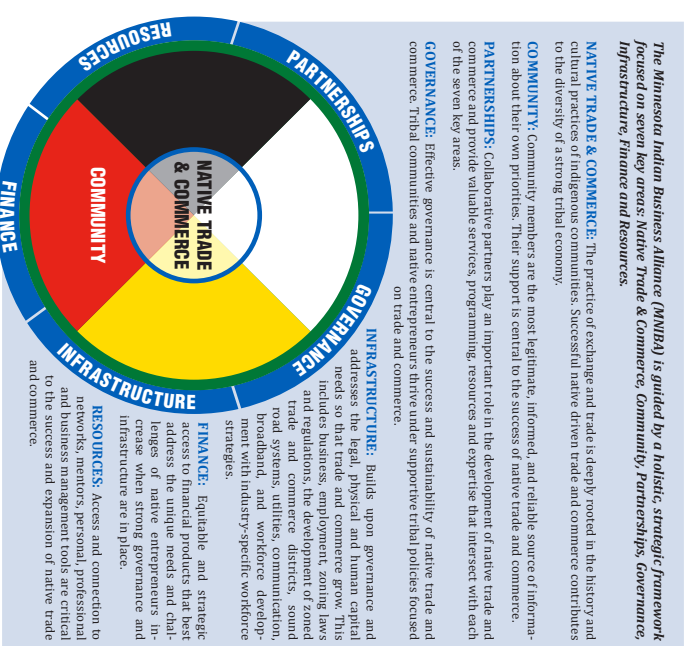
The information in this guide is not a comprehensive overview of the legal and administrative aspects of co-operative development. The information is not to be solely utilized as the primary basis of any transaction or legal opinion.

The objective of this guide is to provide a pathway to co-operative development and to facilitate a general understanding of the regulatory environment and suggested processes.

Readers are advised to seek legal and professional expertise prior to entering any legal agreements or pursuing any legal transactions.

ABOUT US

The Minnesota Indian Business was established in 2008 with a mission to ACT: Align Partners, Connect Businesses to Resources and Transform Native Economies.



GATHERING TO FORMULATE COLLABORATIVE STRATEGIES

MINIBA facilitates opportunities for partners, community members, native entrepreneurs and tribal leadership to develop strategies and solutions to address the opportunities and challenges impacting native entrepreneurs.

All of MINIBA's events are open, and everyone is welcome. Information on the dates and times of upcoming events can be found on the MINIBA website, Facebook, through our email announcements and newsletter.

MONTHLY "BUY NATIVE FIRST" STATEWIDE WORKING GROUP: video tele-conference and quarterly face-to-face meetings serve as a chance to build out procurement policy, tribal supportive economic development, and research and new research and trends and last Buy Native First events throughout the state.

QUARTERLY MEETINGS: are hosted throughout the state. They serve as a chance to network, exchange knowledge and resources, and highlight best practices, introduce services, resources, new research and trends and to showcase native entrepreneurs.

WORKSHOPS & WEBINARS: are hosted throughout the state. They serve as a chance for native entrepreneurs, communities, tribal decision makers and partners on various topics.

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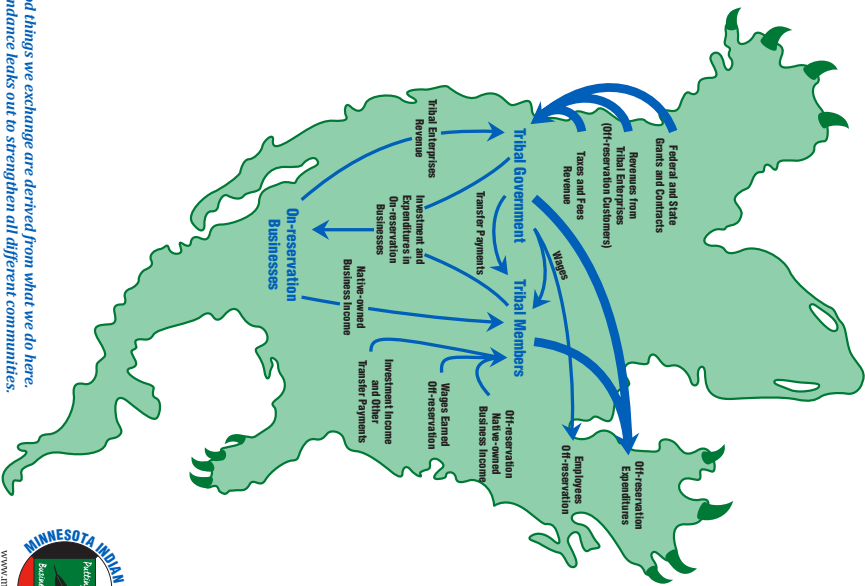
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INTRODUCTION

Tribal Nations are facing a wide range of challenges as they seek to secure the future for their members, communities, and future generations. In seeking to create sustainable communities economically, socially, and politically, Tribal Nations need to be poised to develop ways to circulate financial resources as frequently as possible within their communities, rather than see the money used at other businesses outside the community.

Mino-ay'iin meshkwadoonamang ondingaadewan ezhiichigayang onaa.
Jisigaa indaniwiniinaan ji-nashkawendamiigaadeg bebakaa ebitaagegin.



*The good things we exchange are derived from what we do here.
Our abundance leads out to strengthen all different communities.*



Tribal communities have options to consider: they can choose to establish tribal enterprises, attract outside corporations, establish social enterprises, invest and foster the development of individual entrepreneurs, or encourage the development of co-operatives that both function in the marketplace to serve their members' needs and work together, with clear lines of accountability. Each type of economic activity has its place in a strong economy, with no single type of activity able to meet all of the economic challenges on its own.

A co-operative is one accommodating approach where Tribal communities can come together collectively to address the economic needs of a community. Co-operatives are not a new form of organization, they exist in many sectors of the US economy such as fishing, energy, telecommunications, forestry, housing, financial services, consumer goods, and arts and crafts. Co-operatives fill an important role in economic capacity-building, providing skills development, business development, mentoring, and employment.

There are several reasons MNIBA believes this toolkit will be of interest:

1. Similarities between the values of Tribal Nations and Co-operative values
2. The co-operative structure is flexible to fit communities' needs and goals
3. A co-operative can be made to suit the cultural desires of the community
4. A co-operative is twice as likely to survive as a corporation because it accommodates communal expectations
5. Tribal communities may find that co-operative business offer more options
6. The co-operative business model is a useful and needed part of the mix of economic activity for tribal communities

Co-operatives are a good fit when:

- People want to work together
- Communities have identified the need to diversify and strengthen their local economy
- Businesses can add value or lower costs
- A financial or governance relationship should be formalized
- Communities want to be engaged in business ownership

Survival Rate of Business After	5 Years	10 Years	Long-Term
Co-operatives	64%	46%	30%
Corporations	36%	20%	N/A

Source: World Council of Credit Unions 2003, Statistical Data: US Credit Union Statistics 1939-20002; in Williams 2007, 9.

ABOUT CO-OPERATIVES

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.

— *International Co-operative Alliance*

Co-operative members come from all walks of life and they are all ages and belong to all income groups. People form and join co-operatives to meet all sorts of needs, and they buy and sell all kinds of products and services, ranging from child care to groceries to agricultural products to financial services. There are co-operative day-care centers and co-operative burial societies. There is probably a co-operative somewhere in the country to meet every kind of need imaginable.

A co-operative is a legal business structure. A co-operative is formed by a group of people who want to provide themselves with goods and services, to produce and sell the products, or to create their own jobs. Co-operatives are differentiated from other business entities in three ways: member ownership, member control, and member benefit.

VALUES

Co-operatives are based on values of self-help, self-responsibility, democracy, equality, equity and solidarity. Co-operative members believe in the ethical values of respect, honesty, social responsibility, reciprocity, and caring for others and their community.

BENEFITS OF A NATIVE CO-OPERATIVE

- Shared values between the co-operative structure and native peoples
- Co-operatives are a proven, sustainable business model.

Many co-operative businesses developed in tribal communities incorporate the practices and ways of being and knowing into the business. This helps embed the business within the community, ensuring local values are represented in day-to-day operations.

CO-OPERATIVES BRING THE FOLLOWING TYPES OF BENEFITS TO THEIR MEMBERS:

- Consumer Co-operatives – provide retail products and services for their customer members
- Purchasing Co-operatives – purchase products and services in bulk to reduce or share costs for individual or organizational members
- Marketing Co-operatives – build markets for member's products and services, improve member

Co-operatives combine

economic

AND SOCIAL OBJECTIVES IN THEIR

business pursuits by providing a model for strong

community economic

development, they generate

community investment by facilitating

local CONTROL of resource development.

- bargaining power, facilitate delivery of products to market, and improve product quality
- Value-added Processing Co-operatives – add value to members' products to increase members' share of retail mark-ups
- Worker Co-operatives – provide jobs for their members and services for their community

SIX REASONS YOU MIGHT WANT TO START A CO-OPERATIVE:

1. Co-operatives exist to meet their members' needs. Their focus is on service to members, not bringing a return to investors
2. Co-operative members are not penalized for working together in a co-operative business under US Tax Code; therefore many co-operatives enjoy tax advantages
3. Co-operatives are owned and controlled by their members. They help keep resources in the members' community and are guided by members' values
4. Decisions made democratically by the membership provide a strong direction that is supported across the organization
5. Profits are returned to members so members benefit from the business they do with the co-operative
6. Co-operatives contribute to the economic stability of their communities

ANALYZING CO-OPERATIVES AS MARKETPLACE BUSINESSES

Co-operatives are businesses and can do many things that non-profit organizations cannot. Co-operatives combine the basic principles of community development with a business approach, enabling people to turn local strengths into viable community owned enterprises.

Co-operatives differ from private corporations and non-profit corporations in three main ways:

1. **User-Owned**
The people who own and finance the Co-operative are those who use the co-operative
2. **User-Controlled**
The people who control the Co-operative are those who use the co-operative
3. **User-Benefitting**
The Co-operatives sole purpose is to provide and distribute benefits to its users on the basis of their use

Co-operatives are owned by:

- Consumers
- Producers/farmers/fishers/gatherers
- Workers
- Businesses/Organizations
- Municipalities/Government
- Other Co-operatives

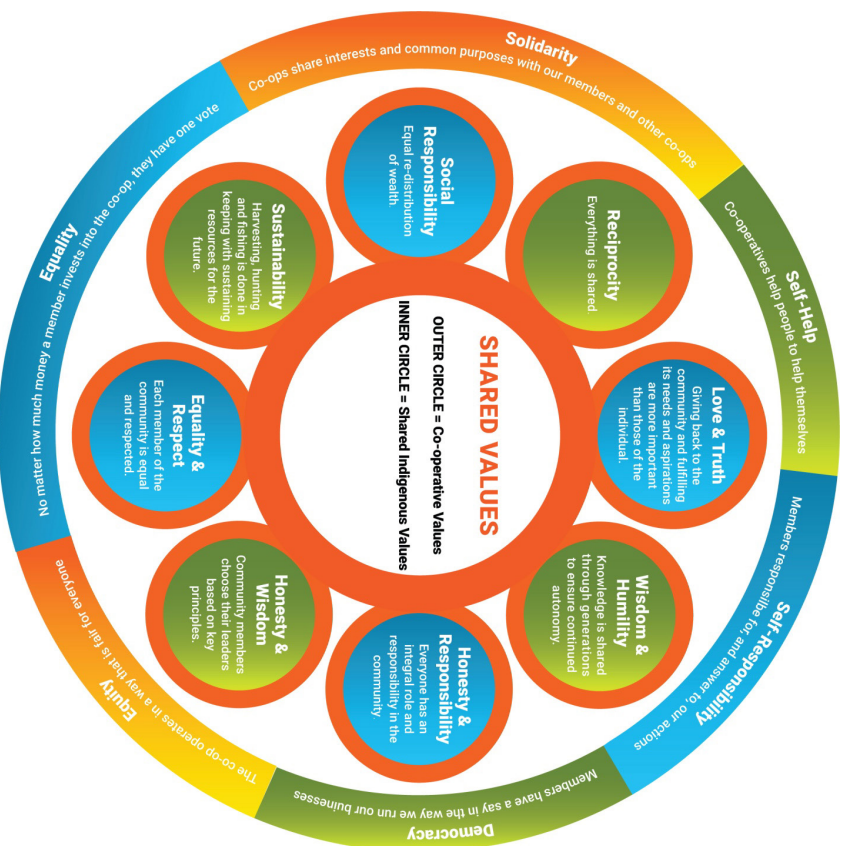
SEVEN CO-OPERATIVE PRINCIPLES

Co-operatives believe in and are formed around the same seven principles, known as the Co-operative Principles and outline how co-operatives put their values into action. These Principles are part of the International Co-operative Alliance's Statement on the Co-operative Identity:

1. **VOLUNTARY AND OPEN MEMBERSHIP**
Co-operatives are voluntary organizations, open to everyone able to use their services and willing to accept the responsibilities of membership.
2. **DEMOCRATIC MEMBER CONTROL**
Co-operatives are democratic organizations controlled by their members, who set policies and make decisions. The elected Board is accountable to the membership. Members have equal voting rights (one member, one vote).
3. **MEMBER ECONOMIC PARTICIPATION**
Members contribute equally to their co-operative's capital (money or other assets). At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on the money they contributed to the co-operative for their membership. Extra funds not spent on running the co-operative may go to further developing the co-operative and supporting other activities approved by the membership.
4. **AUTONOMY AND INDEPENDENCE**
Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that guarantee democratic control by their members and maintain their autonomy.
5. **EDUCATION, TRAINING AND INFORMATION**
Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can help effectively in developing their co-operative. Educating new members—either by direct job-related training or even just about the various benefits of membership—is essential. A co-operative is its members; without the members, the co-operative wouldn't exist.
6. **COOPERATION AMONG CO-OPERATIVES**
Co-operatives serve their members better and strengthen the co-operative movement by working together on local, national, regional and international levels.
7. **CONCERN FOR COMMUNITY**
Co-operatives work to sustainably develop their communities through policies approved by their members. Co-operatives are created to meet needs identified by community members. In some cases, this may mean access to healthy food or adequate housing, or with its surplus, the co-operative may choose to contribute resources to the community directly.

SHARED VALUES OF TRIBAL NATIONS AND CO-OPERATIVES

Co-operatives reflect many of the same values and beliefs found among Native peoples. Given the history of native trade and commerce and the collaborative and co-operative basis on which Tribal Nations exchanged with other tribes and non-natives, it should come as no surprise that co-operatives reflect many of the same values and beliefs found among Native peoples.



Source: Local People, Local Solutions. A Guide to First Nation Co-operative Development in Saskatchewan, p. 12

TYPES OF CO-OPERATIVES

Producer Co-operatives

This refers to groups of people engaged in the agricultural arena: farming, fishing, and forestry. The co-operative members may be farmers, landowners or owners of fishing operations. There is a long menu of possible ways these groups may cooperate. They may buy farm inputs, equipment, and insurance, hire managers and sales people, market and advertise together, or operate storage or processing facilities or a distribution network.

Worker Co-operatives

These businesses are owned by some or all of the workers. Depending on the start-up capital needed, they can offer workers a chance to own their own company with very little financial investment. This can make them an ideal structure for people of modest or low incomes. They are also increasingly popular with small groups of attorneys, designers and engineers, fundraisers, and other professionals.

Many worker co-operatives are fairly small and have no separate boards of directors; everyone takes a direct role in policy making and other governance functions. Typical examples are print shops, copy centers and bookstores; small manufacturing, construction and engineering firms; homecare and daycare professionals; restaurants and bakeries, auto repair shops and groups of artists or artisans.

A few worker co-operatives attain sizable memberships. Co-operative Home Care Associates in New York City's Bronx community has 800 owner-members, mostly women of color (often immigrants) living on low incomes and tending homebound elderly, ill and disabled folks.

Another group often included in this label are 'democratic' ESOPs (employee stock ownership plan), where workplace democracy is a stated goal. It is not uncommon for workers to buy out their company as a democratic ESOP (sharing the risks and rewards of ownership with the former owner and/or other parties) and then begin the transition to a full-fledged worker co-operative.

Consumer Co-operatives

These businesses are owned and governed by people who want to buy from the co-operative. Consumers can create a co-operative to provide pretty much anything they want to buy. Their purchases may include groceries, electricity or telephone service, housing, healthcare, or—under the label of credit unions—financial services. The co-operatives can be tiny or immense: from a single artists' dwelling to a high rise with hundreds of apartments or a small food buying club in a rural village to a multi-million dollar supermarket in a bustling city.

The national Rural Electric Co-operative network serves consumer-owners in 45 states. Some co-operatively owned insurance companies like Nationwide serve enormous memberships with significant financial assets.

Most consumer co-operatives, even if they are not as complex or heavily regulated as credit unions (described



below), elect boards of directors who hire managers to run the daily operations. Both the grocery and the electric industries are tough businesses that require constant professional development. Consumer member-owners may serve on committees, run for a seat on the board, or take another active part in the co-operative. But as often as not, their primary involvement in their co-operative is in the consumption of its goods or services.

Credit Unions

Credit unions are actually consumer-owned financial services Co-operatives in which every depositor becomes a member-owner. Members may attend the annual meeting and help elect a board of directors that is typically made up of community volunteers, most of them with considerable financial and other relevant areas of expertise. This is quite a difference from big international banking conglomerates with their distant investor-owner millionaires and highly paid directors who have no knowledge of or loyalty to local residents.

Credit unions, as with all co-operatives, come in all sizes—from a single facility with a few members to huge, multi-branch operations that cover lots of territory and employ many local people. Community development credit unions are a special category created by the industry to specifically serve lower income communities.

Retail or Purchasing Co-operatives

Still another type of consumer co-operative sometimes given its own category is the retail or purchasing co-operative, sometimes called a shared service co-operative. Many of these co-operatives are owned and governed by independent business owners.

Best Western hotels, True Value and ACE hardware stores, and Carpet One/CCA Global Partners are independently owned businesses that have formed national and international co-operatives to purchase goods and services at rates that will keep their bottom lines in the black. But there are also many successful smaller operations such as a group of independent business consultants or attorneys who want to buy office supplies, insurance, or other products and services together. Some municipalities and even state governments have joined together to own their own electricity, water or telecommunications utilities as well as to buy business services and so forth co-operatively.

What unites all of these co-operatives is that they seek to improve their efficiencies and/or market competitiveness by “bulk buying” a broad range of goods and services.

Housing Co-operatives

Housing co-operatives are owned by the residents, which makes them a type of consumer co-operative. This can range from a single house to apartment complexes with thousands of units. It also includes co-housing projects, in which dozens of homes are co-operatively owned. Condominiums are a relative of co-operatives, although with condos each member owns their own unit; in a co-operative, each member owns a share of the co-operative that owns all of the property. A special type of housing co-operative is a resident-owned community of manufactured homes, in which residents own their homes and own a share in the co-operative that owns the land and runs the park.



Multi-Stakeholder Co-operatives

In some cases, it may be desirable to create a hybrid among these types of co-operatives. These are called “multi-stakeholder” co-operatives, and often create specific roles and rights for the various types of members. For example, this may take the form of a producer/consumer or consumer/worker hybrid co-operative. In these scenarios, the membership fees might differ for the two groups. This recognizes that there will likely be fewer producer members, and that they potentially have more to gain and therefore more incentive to invest, and you might also have a certain number of board seats reserved for each (i.e. on a board of seven, there are three “at large” members, two members elected by the producers, and two elected by the consumers).

These types of co-operatives are more complex, developing and maintaining such a co-operative enterprise demands a high level of commitment to the core concept of mutual benefits. Proponents of this ‘hybrid’ model have been active in local food movements around the US.

Hybrid Worker and Consumer-Owned Co-operatives

An emerging model, primarily in grocer co-operatives, are consumer and worker owned co-operatives. In these co-operatives, both the workers and consumers equally own and manage the co-operative, elect individuals to the board of directors, and so on. Eroski is a worker-consumer hybrid grocer co-operative in Spain (part of the Mondragon system), and their board of directors is divided up into two sections - the worker section and the consumer section that oversee topics relevant to their constituency, but who also work together on issues important to the overall co-operative. Worker and consumer owners elect an equal amount of representatives to the co-operative’s board.

In the United States, the Weaver Street Market in North Carolina is a worker and consumer owned co-operative with three grocery stores and one restaurant.

Source: The Co-operative Business Journal, Fall 2017. Quotes from Pg. 10 and 16

ABORIGINAL CO-OPERATIVES IN CANADA

There are over 133 First Nation, Métis, or Inuit-controlled or operated co-operatives in Canada. Of these Co-operatives 77 are in the Northwest Territories, Nunavut, Nunavik, Northern Quebec and Northern Saskatchewan.

First Nations and Métis-controlled co-employ 1,400 people with an average of 18 people per co-operative. Retail co-operatives under First Nations and Métis control represent 71% of Aboriginal co-operatives, and account for 93% of the annual sales of \$250 million. Average income for First Nations and Métis co-operatives: Retail co-ops (mainly grocery stores): \$230 million; Fishing: \$5.5 million; Forestry: \$4.5 million. The following represents a sampling of First Nation Co-operatives:

BRITISH COLUMBIA			
Alberni District Co-op Association (1928)	CONSUMER 15,000 members	Convenience Store, Gas bar, bulk fuel – 2 locations	Diverse Aboriginal
Spirit Dance Community (1994)	CONSUMER 4 members	Sustainable living workshops and organic vegetable farming	Shuswap First Nation
Tofino Consumers Co-op Association (1956)	CONSUMER 2,500 members	General retail, groceries, clothing hardware, gas bar	Nuu-chah-nulth First Nations
ALBERTA			
Blood Reserve School Bus Co-op Ltd. (1978)	CONSUMER 40 members	School bus services for children on-reserve	Blood Tribe Kanai Nation
Pikani Rural Electrification Association Ltd. (1962)	CONSUMER 365 members	Provision of electricity to rural members	Pikani First Nation
Ermineskin Rural Electrification Association Ltd. (1958)	CONSUMER 190 members	Provision of electricity to rural members	Ermineskin First Nation
MANITOBA			
Hollow Water Fishers Co-op (2009)	PRODUCER 30 members	Commercial fishing and marketing	Hollow Water First Nation
Neechi Foods Co-op Ltd. (1989)	WORKER 60 members	Groceries, bakery, restaurant, bookstore & arts centre	North Winnipeg, Diverse Aboriginal
Northwest Wild Rice Growers Co-op Ltd. (1985)	PRODUCER 4 members	Provides wild rice producers with technical support	Opaskwayak First Nation
ONTARIO			
Bearskin Consumer Co-op Ltd. (1993)	CONSUMER 600 members	General retail, groceries	Bearskin Lake First Nation
Huronla Family Housing Co-op (1986)	CONSUMER 25 members	Co-op housing: 25 family units	Mainly Anishnabek
True North Community Co-op (1993)	MULTI-STAKEHOLDER 450 members	General retail, food, clothing & crafts	Diverse Aboriginal
SASKATCHEWAN			
Many Nations Co-op Ltd. (1995)	FINANCIAL 165 members	Brokerage Housing Specializing in pensions, benefits, insurance group plans for First Nation bands	Diverse Aboriginal
Meadow Lake Co-op Association Ltd. (1945)	CONSUMER 7,200 members	General retail, groceries, gas, service station, hardware/home centre, agricultural products, pharmacy, 6 locations in 3 communities	Diverse Aboriginal
La Ronge Childcare Co-op (1961)	CONSUMER 87 members	Daycare services for almost 100 children	Diverse Aboriginal

Source: Local People, Local Solutions. A Guide to First Nation Co-operative Development in Saskatchewan, p. 14

DEVELOPING A NATIVE CO-OPERATIVE: BENEFITS AND CHALLENGES

Developing a business as a co-operative has both benefits and challenges for any group or community, rural or urban. There are additional benefits and challenges to be considered when deciding if a co-operative business will meet the needs of your community.

BENEFITS

- Shared values between the co-operative structure and Native people
- Incorporates ways of being and knowing into the practice of the business
- Member-ownership strengthens local connections
- Co-operatives offer equitably shared profits, risk, ownership, and decision-making
- Creates jobs and supports the local economy and community
- Profits are either shared by member-owners, used to improve the business or invested in the community
- Co-operatives are a proven, sustainable business model

CHALLENGES

- Perceptions and stereotypes
- Local support is critical to the success of the business
- Financing and securing loans can be more difficult, especially on-reservation
- Instead of owning, so the title doesn't transfer.

FOUR REASONS WHY YOU MIGHT WANT TO THINK TWICE BEFORE STARTING A CO-OPERATIVE

1. Sometimes co-operatives have difficulty gaining access to the capital they need without being able to bring on investors who have a seat on the board.
2. Co-operatives need to invest time and money in supporting their democratic process – education members about key issues, holding meetings, and responding to member concerns. This can be expensive and time consuming.
3. Sometimes there are legal limits to the scope of operations or membership for a co-operative.
4. Co-operatives are only as good as their members ask them to be. When members stop investing time and energy, co-operatives can reduce the benefits they provide to their members.

QUESTIONS TO CONSIDER

1. Can the community raise or find the funds necessary to finance a new organization?
2. Will there be volunteers to work on the pre-planning and planning stages?
3. Is there sufficient support for a new endeavor in the community?
4. Will community members shop at the business?
5. Are people willing to sit on a board of directors?
6. Are there people who could work at or manage a new store?

7. Do you want a business that is owned and democratically controlled by the people who use the services?
8. Do you want a business that benefits the members and members have a say in making decisions?
9. Do you want a business that is a model for community development and job creation?
10. Do you have unique needs and goals that can be achieved through collective ownership?
11. Do you want to create self-sustainability through a shared vision of how this can be accomplished?

IMPORTANT TAKE-AWAYS

- Co-operatives can fit in any sector
- Building a co-operative usually requires approaching rethinking a problem or opportunity
- Member-ownership strengthens local connections
- There are many benefits to working together
- It builds the personal, professional and business capacity of a Native entrepreneur

CO-OPERATIVE DEVELOPMENT: CREATING YOUR PATH

Co-operative businesses can be a way for Tribal communities to improve economic conditions while keeping decision-making powers and control with local people. Each Co-operative is designed to meet the needs of the community it serves, so each co-op has a unique and locally-focused way of working. This section of the guide provides examples of how different types of First Nation Co-operatives are meeting the needs of their communities and looks at the benefits and challenges of developing Native-owned co-operatives.

PROFILE ONE: CREE8 WORKER: FLYING DUST FIRST NATION

Mission Statement: *"To develop sustainable, self-reliant livelihoods while promoting the need for healthy lifestyles, nutritious food consumption and food sovereignty and security at the Band level."*

In 2009, the Riverside Market Garden began as eight people growing organic vegetables on two acres. By 2011 the workers incorporated as Flying Dust Cree8 Worker, a worker-controlled organic market garden social enterprise. It now spans 27 acres, growing two different kinds of potatoes, carrots, onions, beans, herbs, cucumbers, corn, squash, kale, beets, peas, and a variety of tomatoes.

In 2013, they built a state-of-the-art storage facility with retail and commercial kitchen space included. Other acquisitions helping to develop this include a potato seed cutter, a potato-harvesting machine, and two potato trucks. In 2014, they added a full time staff person to coordinate their activities.

PROFILE TWO: MUSKODAY WORKERS ORGANIC CO-OP

In 1999, the community at Muskoday launched an initiative to produce potatoes and grew and harvested about 450 tons. The band-managed project obtained sufficient training grants to hire every employable welfare recipient in the community to work on the farm for six months. This was sufficient time to qualify for employment insurance, which in turn opened doors to further training. Once the program ended, only 5% of the people involved went back on social assistance. For a variety of reasons, the project did not continue, but in 2005, several community

members decided to revive the idea, with a twist.

They formed an organic growers' co-op and began to produce potatoes and other vegetables organically aiming to supply local and regional markets. Their co-op structure gave the participants a sense of ownership and decision-making power that reflected the collectivity of First Nations culture.

With support from their Band and Heifer International, they grew around seven hectares of potatoes and just over one hectare of other vegetables. They have also started planting fruit trees. The idea is to use mainly indigenous varieties and to avoid monocultures by inter-planting crops. A couple hundred kilometers of shelterbelts planted in the past encourage biodiversity. Project participants that take part in training that will net them a Green Certificate through Saskatchewan's on-farm training program in agricultural production and management. In a one-year period, 11 families will be trained in the knowledge and practice of indigenous organic gardening, agro-ecology and organic food entrepreneurship. Currently produce goes to the CHEP Good Food Box program in Saskatoon, to 25 community elders and to the Muskoday school lunch program.

Muskoday First Nation has been working to create sustainable healthy economic benefits for their community and their consumers with organic farming.

PROFILE THREE: NEECHI FOODS, LTD.

This worker has its roots in Winnipeg, Manitoba and was formed in early 1990. It operates as a grocery store, restaurant, fruit and vegetable courtyard, and arts market. Neechi, meaning 'sister, brother, or friend' in Cree and Ojibwa, was created to address food and employment security as well as community-building.

Originally opened as Neechi Foods Community store in 1990, a major expansion occurred in 2012 when it became part of the revitalization of Main Street and helped to open the Neechi Commons Community Business Complex. This center has the capacity to expand operations, include more community members, and increase the number of workers involved. In addition to the grocery store, restaurant, and arts center, the new business complex includes a greater area to promote more Aboriginal artisans and musicians, a farmers' market, a bakery, and specialty boutiques.

Funding for the development and expansion of Neechi Foods came in part from Provincial and Federal grants as well as from fundraising, namely the selling of shares to the general public. Slow and steady growth through stable annual sales and surplus invested back into the has created a strong foundation for all operations.

Neechi Foods has received multiple awards, including the Green Globes certification for the design of the new building, which includes geo-thermal heating and cooling. Neechi Foods is also the recipient of the Excellence in Aboriginal Leadership Award.

Neechi Foods belongs to a number of larger business organizations including the Canadian Worker Federation, the Aboriginal Chamber of Commerce and Food Matters Manitoba. The is a purchasing partner of the Local Investment toward Employment program, and is a supplier partner with Winnipeg's Social Purchasing Portal. These, and other partnerships, have contributed to the success of Neechi Foods.

PROFILE FOUR: AMACHEWESPIMAWIN ASSOCIATION

The retail co-op in Stanley Mission, located on the Churchill River in northern Saskatchewan, has taken on the name that Cree people always called the area before it was renamed by missionaries: Amachewespiyawinik. Just as the local community has taken ownership of the name, they've also taken ownership of the co-op.

The first Association was established in Stanley Mission through a government initiative, in 1949. Eventually, by 1959, there were 6 co-ops operating in northern Saskatchewan: La Ronge, Stanley Mission, Deschambault Lake,

Cumberland House and Wollaston, which together were known as the Northern Co-op Trading Services, Ltd.

In 1980, the community of Stanley Mission decided it would be more beneficial for the community to establish their own Association Membership Board and hire their own manager. Today, the Board of Directors is made up of community members who live and work on the reserve and in the hamlet of Stanley Mission. Due to effective succession planning strategies, local community members are able to lead the co-op with excellent leadership and management skills. The current manager is a community member.

In the early years, annual sales were approximately \$300,000; and today the sales exceed \$8 million. The co-op is able to provide a wide selection of products at very reasonable prices for a small northern store. Also, customers who shop locally benefit greatly from their equity, which is considerably more than others in general.

The Association also runs the first and only restaurant in the community, as well as a gas bar confectionary. The community reinvested their dividends for a period of time in order to achieve this goal of starting up a restaurant. Members now re-invest dividends to pay out 100% of the equity to the elderly when they reach sixty-five years of age.

Source: Local People, Local Solutions. A Guide to First Nation Co-operative Development in Saskatchewan, Pp. 16-17

STARTING A CO-OPERATIVE: THE DEVELOPMENT STAGES

The Minnesota Indian Business Alliance (MNIBA) and Cooperative Development Services (CDS) have a long-standing partnership and working relationship. They are the first cooperative development organization of its kind, CDS delivers business services to cooperative and producer-owned businesses. They specialize in applying the cooperative business model and are innovative in applying this model to new sectors and emerging business ventures.

Stage One: Exploration
Explore your new business idea

Organizational Development	You will need to.....	MNIBA and CDS can provide.....	By the end of this stage you'll have.....
	Form an Organizing or Steering Committee with people who represent the co-operative's potential members. Identify your mission and core values.	Meeting facilitation	A committed group of people who agree on what they want this business to sell to whom.
Business Development	Define your key business concept. What products and services might the co-op supply that could make a significant economic difference in the lives of its members? Create a project development plan and budget.	Meeting facilitation Market research and feasibility analysis or help hiring and managing a consultant to assist the group.	Market research that shows there is a large enough market and sufficient product to sell that the Co-operative will be financially viable and make a significant economic contribution to its members.
	Conduct market research to determine the need for your co-operative's products and services and complete your feasibility analysis to evaluate the viability of the business idea.	Share lessons learned by other projects and guidance on project plans, market research and feasibility analysis.	A clear plan and budget for each stage of development.
Member Development	Share information with potential members about your business idea.	Guidance on member education materials. Help create print resources for potential members informing them about your project.	Growing interest from potential Co-operative members.
Fundraising	Secure funds for Stage One and begin fundraising for Stage Two.	Help identify financial resources and grant opportunities.	Funds raised to cover the cost of development for Stage One and some of Stage Two.

Stage Two: Business Planning

Figure out how to make your business idea a reality

Organizational Development	You will need to.....	MINBA and CDS can provide.....	By the end of this stage you'll have.....
	Set up your Founding Board, incorporate your Co-operative, and adopt bylaws that describe how you will work together.	Training for your founding board, Help create your legal documents and referring a lawyer to review them. Share lessons learned from other projects and sample board policies and legal documentation.	A legally incorporated co-operative with a seated board.
Business Development	You will need to.....	MINBA and CDS can provide.....	By the end of this stage you'll have.....
	Create a Business, Marketing and Financial Plan that describes how you will launch your business, what it will cost, and where you will seek and secure funding. Raise money (equity) from members to secure a loan to launch the business.	Help create your business, marketing and financial plan, or hiring and managing a consultant to assist you. Share lessons learned by other projects and sample business plans.	A Business, Marketing and Financial Plan showing how the Co-operative will be launched.
Member Development	You will need to.....	MINBA and CDS can provide.....	By the end of this stage you'll have.....
	Recruit members for your co-operative.	Help with outreach strategies to engage potential members.	Enough members and money to launch the co-operative
Fundraising	You will need to.....	MINBA and CDS can provide.....	By the end of this stage you'll have.....
	Secure development funds for Stage Two and Stage Three.	Help identify financial resources and grant opportunities.	Funds raised to cover the cost of development for Stage Two.

Stage Three: Co-operative Launch

Get the business set up and ready to open

Organizational Development	You will need to.....	MINBA and CDS can provide.....	By the end of this stage you'll have.....
	Set up office and hire staff.	Start up accounting, communications and support staffing. Sample job descriptions and personnel handbooks. Trainings for management, staff, members and board.	An office set-up and staffed.
Business Development	You will need to.....	MINBA and CDS can provide.....	By the end of this stage you'll have.....
	Contract for market products and services. Pre-sell members and/or customers, products and services.	Share lessons learned by other projects and sample marketing materials.	Initial products and services ready to offer. Customers signed up for products and services.
Member Development	You will need to.....	MINBA and CDS can provide.....	By the end of this stage you'll have.....
	Orient new members to their roles and responsibilities.	Sample member orientation materials.	Members educated about their rights and responsibilities as co-op members.

Stage Four: In Business Open the doors and start providing goods and services

	You will need to.....	MINBA and CDS can provide.....	By the end of this stage you'll have.....
Organizational Development	Provide staff and management education and engage in strategic planning.	Meeting facilitation. Communication support. Financial systems support. Trainings for management, staff, members and board including conflict management. Referrals to co-op professionals and peer supporters. Connections to other Co-operatives and associations in the region and beyond.	A viable business, up and running, bringing economic benefit to its members and functioning in a democratic, responsible manner.
Business Development	Provide products and services in response to member's need; engage in sales and marketing and ongoing business development.	Member/customer satisfaction surveys. Help with marketing. Suggestions for expansion, diversification, spin-offs, etc.	Initial products and services ready to offer. Customers signed up for products and services.
Member Development	Engage in member and board education.	Training Sample member education materials, news items, etc.	Members educated about their rights and responsibilities as co-op members.

PLEASE NOTE:
The timelines and costs are highly variable depending on the local talent, expertise and energy available, and time of the start-up steering committee. CDS notes that in their experience, the formation of a cooperative is typically a 2-3 year process and sometimes longer and is highly connected to the strength of the community organizing that surfaces and effectively recruits members for the planned co-operative.

Source: The Development Stages- Cooperative Development Institute and Cooperative Development Services

SOURCES CONSULTED

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Co-operative Development Services: State of Co-operative Housing, Needs and Opportunities, September 2014, Joan Stockinger and Kevin Edberg

National Co-operative Business Association: Council of Co-operative Economists

The Mondragon Model: A New Pathway for the Twenty-First Century, Joel A. Barker

The Evolution of Management in the Mondragon Cooperatives, Christina A. Clamp

International Co-operative Alliance: Online Resource Library

Cultivate Co-Op: Steps to Starting a Co-operative

Cultivate Co-Op: Self-Assessment Tool for Start-Up Co-operatives

Cultivate Co-Op: Types of Co-ops

Community Wealth.org: The Benefits and Impacts of Co-operatives, August 2014

CHS Co-op Tool Kit: Tools to Tell the Co-operative Story

Co-operative Development Institute: Co-operative Resource Library

Food Co-operative Initiative: Guide to Starting a Food Co-op

Neighboring Food Co-ops: Resources for Food Co-op Start-Ups

National Association of Housing Co-operatives: Significant Dates in Co-operative History

Grassroots Economic Organizing: The Benefits and Impacts of Co-operatives, Jessica Gordon Nembhard, February 2014

Co-operative Development Center, Kent State University, A Multi-Stakeholder's Co-operative Manual

The Co-operative Economy: Purpose, Measurement and Impact, 2017, University of Wisconsin Center for Co-operatives

The Co-operative Business Journal: Mapping Co-op Impact, Fall 2017,

Research on the Economic Impact of Co-operatives, Phase I and II, University of Wisconsin Center for Co-operatives

Co-operatives Europe, Share the Benefits: Six Benefits of Co-operatives in Development

Co-operatives First Canada: 2017 Annual Report

Co-operatives First Canada: A Guide to Group Entrepreneurship

Co-operatives in Aboriginal Communities in Canada, June 2012, Canadian Co-operative Association (CCA)

The Co-op Development Path: The Seven Steps in Forming a Co-operative, Co-op Zone Canada

Integrated Asset Building Strategies for Reservation-Based Communities: A 27-Year Retrospective of First Nations Development Institute, 2007, Chapter 7, Native Entrepreneurship

Asset Building in Native Communities: An Asset Building Framework, January 2004, First Nations Development Institute

DEVELOPING YOUR CO-OPERATIVE:

Articles of Incorporation, By-Laws and Membership Agreements

Answer these questions before you consult with an attorney to help you design your legal documents.

BUILDING SHARED VISION, MISSION, VALUES AND STRATEGY

- Who are the members of this co-operative? What needs of theirs is the Co-operative designed to meet?
- List the assumptions that you hold.
- Identify the blocks for moving forward.
- List the core values and principles that guide the co-operative.
- How do you want the world to be different because the co-operative exists?
- What is the vision you hold for the co-operative?
- What do you want the co-operative to accomplish? What is its mission?
- Who will serve as the start-up board of directors, overseeing the development activities?

MEMBERSHIP

- Who is eligible for membership?
- What equity will members commit?
- Will members each have one vote? Or will there be weighed voting?
- Are there financial obligations for voting?
- Are all members treated the same? Or are there levels of membership types?
- How can a member terminate his/her membership?
- How can the Co-operative terminate a member's membership?

BOARD

- Who is eligible to serve on the board?
- What are their duties?
- How many seats should there be?

CAPITAL STRUCTURE

- Will the co-operative allow a board member from outside the co-operative?
- How long will a board member serve?
- Are they paid? Are expenses reimbursed?
- How will vacancies be filled?
- Will electronic meetings be allowed? Will board be able to vote electronically? Will proxy votes be allowed?
- How often will the board meet? What quorum is required? What meeting notice is required?
- Will there be standing committees of the board? If yes, what are they and what are the functions?
- Will there be board officers? If yes, what offices, terms, duties and selection process?

PATRONAGE DIVIDENDS

- What will your capital structure be? (Will you issue shares of stock? Membership/Common? Preferred? How many? At what value?)
- What are the rights and responsibilities of each stockholder?
- Will shares earn dividends?
- What will the redemption procedure be?

MEMBERSHIP MEETINGS

- How often will members meet? Who can call a special meeting? What notice is required? What quorum is required?
- What issues will members decide?
- How can members vote? By proxy, by mail or electronically?
- How will the by-laws be amended?

MEMBERSHIP AGREEMENTS

- What will members receive?
- What will members agree to give?
- How will money change hands?
- How will the quality be evaluated?
- How will the agreement be enforced?
- How will this agreement be terminated and/or renewed?

Source: Cooperative Development Institute

APPENDIX A

DEVELOPING EFFECTIVE COMMITTEES

DEVELOPING EFFECTIVE COMMITTEES

An effective Steering Committee will be the driving force behind a well-organized co-operative development effort. The Steering Committee will carry out the effort beyond the planning phase. There are a few basic, yet often overlooked methods for turning a group of volunteers into an effective, enduring organization.

SELECT AN EFFECTIVE CHAIRPERSON

The ideal chairperson is a good meeting facilitator, skilled at delegating tasks and monitoring progress. The chairperson should be a respected member of the community, able to serve as a spokesperson for the planning effort, and skilled at building coalitions and collaborative efforts.

BUILD COMMITTEE SKILLS

Community projects can falter when a key individual leaves. Share tasks and cultivate skills to ensure that no one person is indispensable.

ESTABLISH SET MEETING TIMES

Frequent meetings at regularly scheduled times gives committee continuity and stability. Keep your meetings at the same time and location to encourage consistent attendance.

COMMUNICATE, COMMUNICATE, COMMUNICATE

Send out agendas, meeting notes and background materials to keep members informed and prepared for upcoming meetings. These communications also lend professionalism to your efforts.

MAKE EVERY MEETING COUNT

At each meeting, have an agenda and stick to it. See that the group makes decisions to move forward and that members leave with assignments to be completed within specific time frames.

KEEP MEETINGS CONCISE AND TO THE POINT

The people you want to keep on the steering committee are often the busiest people in town. Use their time wisely. Start and end meetings promptly. Keep meetings less than one hour unless participants agree to a longer meeting. Be aware of discussions that may be appropriate for a longer time.

REINFORCE AND CELEBRATE THE SPIRIT OF COLLABORATION

If multiple groups are involved in a collaborative co-operative development effort, then it is essential that all groups receive credit for their participation in the coalition. Publicize the diversity of people and partnerships involved in this collaborative endeavor.

Adapted from Community Energy Workbook: A Guide to Building Sustainable Economy, Alice Hubbard and Clay Fong, Rocky Mountain Institute: Snowmass, Co. 1995 Pp. 22-23

ELEMENTS OF PROJECT SUCCESS

A lot of elements go into a successful project. Here are some that have been identified by researchers as the most critical, in descending order of importance. Every "yes" answer to the questions below increases the likelihood of success.

MEMBER INVOLVEMENT

This is by far the most important element. Are the co-op's members those who will benefit most from the business? Are they involved early and often in the process? Are lines of communication open, allowing a quality relationship? Is involvement easy? Have you spoken with them to identify their needs?

LEADERSHIP

Do the project's leaders have a strong interest in the successful outcome of the project? Is failure acceptable? ("Yes" is the better answer). Are there key leaders in the group and in the community willing and available to participate in the project? Do the organizers have the skills, credibility, experience and capacity to play a leadership role in the project's development? What steps have you designed into the plan to build professional capacity?

CLEAR VISION AND BUSINESS CASE

Do you have a concise vision of the project in the short-term, mid-term and long-term? Do you have an operations plan that gets you from square one to the end, and can you revise it? Have you thought of what can go wrong and how to address it? Will the end result be worth the investment required? Do you have milestones to determine when the project has succeeded?

PROPER PLANNING

Have you identified the problem that the project will solve? Have you outlined possible solutions to the problem? Have you identified the right people to carry out the project? (Name names and let them know what role you would like them to play, and make sure they are available.) Do you know what exact functions the co-operative will need to carry out? Does your plan have attainable milestones and prioritization? Don't try to do too much in one project!

SETTING REALISTIC EXPECTATIONS

Has everyone in the project seen an outline of an attainable project? Have you sorted needs from wants and reduced the wants that the project addresses? Have you developed smaller project milestones? Will members be able to experience early on how the Co-operative will function for them?

PROVIDING A SENSE OF PROGRESS

In most cases, 20% of a co-operative's activities will provide 80% of member benefits. Are you concentrating on that crucial 20%?

Have you looked at the big picture and broken the project down into manageable

APPENDIX B

ELEMENTS OF PROJECT SUCCESS

parts? Are there time limits set for project milestones? Can you and other members get a clear sense of what it will be like to have the co-operative? Are you measuring and reporting progress?

COMPETENT, ENGAGED WORKERS

Have you identified what skills and experience are required? Have you recruited the right people from within and outside your circles? Do you have a well-structured and continuous training program? Are workers well compensated? Are they focused on the project and willing to see it through.

PROJECT OWNERSHIP

Have you clearly defined roles and responsibilities for every member of the project team? Does your organization model support that accountability? Does everyone know their role? Will each person benefit equitably from the project's success? Is everyone committed?

CLEAR VISION AND OBJECTIVES

Have you shared the vision with all people and groups affected by the project? Are the objectives aligned with the overall goals? Are the objectives achievable? Are the goals measurable? Do you have honest and continuous sanity checks?

HARD WORKING, FOCUSED WORKERS

Are workers personally motivated to do the work? Are they concentrating on measurable products of their work? Does each member feel part ownership of the project? Does each individual see their role as part of the team that works well together? Are you building confidence in the team, with a proper plan and attainable goals and milestones?

Adapted from Unfinished Voyages 1, by the Standish Group, 1996

KEYS TO SUCCESSFUL CO-OPERATIVE DEVELOPMENT

GENERAL GUIDELINES FOR SUCCESS

- Keep your focus
- Keep members informed and involved
- Build strong member leadership and commitment
- Set realistic goals and assumptions
- Conduct businesslike meetings
- Follow sound business practices
- Base decisions on market research rather than opinions
- Create a comprehensive business plan
- Use advisors and committees effectively
- Forge links with other co-operatives
- Identify and minimize risks
- Maintain honest, open communications
- Invest in member, board and staff education
- Hire competent management
- Raise sufficient capital
- Establish realistic market entry strategy
- Make sure you have enough product to sell to a large enough market to make money

THE PROJECT STARTS WITH:

- A compelling need
- A strong champion
- A clear vision
- A good business idea

THE FOUNDING BOARD HAS:

- Business acumen
- A diversity of skills
- Integrity
- Interested in the most viable business possible
- Commitment to the project
- The ability to govern the co-operative

KEYS TO SUCCESSFUL CO-OPERATIVE DEVELOPMENT

PROJECT PLANNING INCLUDES:

- Thorough marketing understanding
- Honest market research
- Effective business plan
- Due diligence
- Exit strategy
- A conscious transition from development to operation

FOUNDING MEMBERS ARE:

- Committed to the project
- Motivated by a common vision
- Flexible thinkers

FROM A FINANCIAL PERSPECTIVE, THE PROJECT HAS:

- Adequate capitalization
- Early member financial commitment
- Financial feasibility
- A commitment to use money wisely
- Adequate financial resources

THE PROJECT HAS:

- Strong management
- Bylaws that spell it out
- Fortuitous timing
- Adequate human resources
- The ability to learn from failure
- A commitment to continuous communication with members, board, management and consultants
- A commitment to education and training
- Quick buy-in and the ability to build on success
- A skilled co-operative development facilitator

RESOURCES

TECHNICAL SUPPORT

- Co-operative Development Services- <http://www.cdus.coop/>
- National Co-operative Business Association- <http://ncba.coop/>
- University of Wisconsin Center for Co-operatives - <http://www.uwcc.wisc.edu/>
- Co-operatives First- <https://co-operativesfirst.com/>
- Co-operative Development Foundation- <http://www.cdf.coop/>

FINANCIAL OPTIONS

- Co-operative Development Foundation – Revolving Loan Fund - <http://www.cdf.coop/revolving-loan-fund-2/>
- Worker Ownership Loan Fund- <http://sharedcapital.coop/borrow/worker-ownership-fund/>
- The Metropolitan Consortium of Community Developers - <http://www.mccdmn.org/programs/>
- Shared Capital Co-operative- <http://sharedcapital.coop/>
- The Working World - <http://www.theworkingworld.org/us/apply-for-a-loan/>
- Capital Impact Partners - <https://www.capitalimpact.org/what/strategic-financing/>
- Community Reinvestment Fund- <http://www.crfusa.com/>
- MN Indian Business Loan Fund- <https://mn.gov/deed/business/financing-business/deed-programs/indian/>
- National Co-operative Bank- <https://ncb.coop/>
- Blooming Prairie Foundation- <http://www.bloomingprairiefoundation.org/>
- Food Co-op Initiative- <https://www.fci.coop/seed-grants/>
- Co-operative Development Foundation- <http://www.cdf.coop/bowersfund/>
- USDA Co-operative Programs – <https://www.rd.usda.gov/programs-services/all-programs/Co-operative-programs>

Please note:

This list is a beginning point, continue to research for local solutions, financing and funding in your area.

WORD FROM THE ELDERS

INCORPORATE a
**culturally
based EMPLOYEE
ASSISTANCE PROGRAM.**

TALK with the elders
IN YOUR COMMUNITY to ask their
advice. Ideally there will be **elders** IN THE
WORKPLACE.

Support your staff to build their
SKILLS and
MAKE SURE THAT TRAINING is **SENSITIVE**
to **Native cultures.**

Make family a priority.
**KEEP work-life
balance** IN YOUR
POLICIES AND BUSINESS.

Design your **human
resource policies**
and organizational culture to work with
AND FOR YOUR STAFF.

Source: Local People, Local Solutions. A Guide to First Nation Co-operative Development in Saskatchewan, p.29

"Co-operatives reflect the triumph and struggle of democracy. . . .

Disagreement and conflict are as much a part of democracy as the power of collective action.

Managing disagreement and resolving conflict in a productive fashion are part of crafting an effective democracy.

While everyone knows the consequences of destructive conflict, the advantages of constructively managed conflict include greater understanding, enlightenment, and consensus."

—Bob Greene and Heather Berthoud,
Berthoud/Greene Consultants

**WHY BUY
NATIVE?**

Enhance Local Democracy!

Tribal citizen-owned business with
with roots in the community
are involved in key development
issues that shape the lives
of our families and communities,
and protects our tribal lands
and environment.



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