

PLANTING THE SEEDS



OF PEACE AND
PROSPERITY

By, Land O'Lakes, Uganda Office

COOPERATIVE DEVELOPMENT STAGES

Purpose of this write up is to help lend insight into the process of cooperative and group development. There are many different ways for the evaluation, change, and beginning of new entities. A properly formed cooperative/group entity is, at least, a complex and difficult process. It requires the recognition of need for change, agreement, organization, commitment, and financial responsibility. This is not a simple endeavor.

Cooperative Purpose

The basic reasons for considering the development of a cooperative is usually rooted in the fact that an individual business can voluntarily own and control, in association with others and on a democratic basis, another business enterprise that will benefit them. This benefit is greater than that which they could accomplish

singularly. The most common purposes of a cooperative are:

- (i) Provide economic and/or social benefits
- (ii) Maintain a more stable economic environment; or,
- (iii) Perform reliable services

Many specific goals could actually be listed as the real reason but they usually refer back to one or more of the broad purposes. Some of these specific objectives include: increasing user income; expanding markets; obtaining economies of scale; assuring a source of supply; capturing a market or supply available otherwise; increasing level of competition for user products; providing higher quality products and supplies and increasing control and success of the users individual businesses. Below is a run down through the stages of development of this important economic tool.

The entire process is a progression through six stages. Each of the stages is explained under four key areas of; Organizational Development, Business Development, Business Planning and Member Development

Cooperative Development Stages		
<i>Stage</i>	<i>Expected Support</i>	<i>Outcome</i>
<p>Stage One: Exploration</p> <ul style="list-style-type: none"> • <i>Organizational Development:</i> Form an organizing committee/steering committee with people who represent the co-operatives potential members. Identify your mission and vision • <i>Business Development:</i> Brainstorm business concept. What services and products might the co-op indulge in that could make a significant economic difference in the lives of its members? Explore relevant market/economic need, Discuss and agree on scope and nature of the problem. Also set broad goals • <i>Business planning:</i> Conduct market research to determine the need for your cooperative's products and services and complete your feasibility analysis to see if you have a viable business idea. • <i>Member Development:</i> Share information with potential members about co-op and business idea. 	<ul style="list-style-type: none"> - Putting together the organizing committee and facilitating meeting to define problem (<i>temporarily board</i>) - Definition of key coop business concept, facilitate raise funds for initial activities - Help do unbiased market research and feasibility analysis - Help develop communication material to inform potential members about the project - Share lessons learned by other projects and provide sample project plans, market research, feasibility analysis and member education materials - Facilitate group focus on common needs 	<ul style="list-style-type: none"> • A committed group of people who agree on what they want the co-op to do for them • Market research that shows there is large enough market and sufficient product to sell that co-op will be financially viable and will make significant economic contribution to the members. • Building consensus on potential for cooperative • A clear plan and budget for each stage of development • Funds raised to cover the cost of development • Growing interest from potential cooperative members.
<p>Stage Two: Business planning</p> <ul style="list-style-type: none"> • <i>Organizational Development:</i> Set up your interim Board that will champion the project. Incorporate your coop and adopt byelaws that describe how you will work together. • <i>Business planning:</i> Create a business plan and marketing plan that describes how you will champion your business objective, what it will cost, and where you will get the money • <i>Member Development:</i> Recruit members for your cooperative • <i>Business Development:</i> Raise money from members 	<ul style="list-style-type: none"> - Creation of a business plan and marketing plan - Train founding interim board - Create legal documents- <i>Sample articles available</i> - Approaches to reach more members - Share lessons learned by other projects and provide sample business plans, board policies and legal documents 	<ul style="list-style-type: none"> • A business/marketing plan • Enough members and money to launch the cooperative • A legally incorporated cooperative with a seated founding board • Funds raised to cover the costs of development of this stage • Trust developed among members
<p>Stage Three: Cooperative Launch</p> <ul style="list-style-type: none"> • <i>Organizational Development:</i> Set up office and hire staff • <i>Business Development:</i> Contract for and market products and services. Pre-sell members products and services 	<ul style="list-style-type: none"> -Provide start up accounting, communications and support staffing - Share lessons learned by other projects in the above stages 	<ul style="list-style-type: none"> • Initial products and services ready to offer • An office set up and staffed • Customers signed up for products and services • Members educated about their roles and

<ul style="list-style-type: none"> • <i>Member Development:</i> Orient new members to their roles and responsibilities. 	<ul style="list-style-type: none"> - Provide sample marketing materials, member orientation materials, job descriptions and personnel handbooks, member certificates - Conduct member equity drive sign-up 	<p>responsibilities as coop members</p>
<p>Stage Four: Start-up proper</p> <ul style="list-style-type: none"> • <i>Organizational Development:</i> Hold Annual Meeting. Elect Directors. Establish Committees • <i>Business Development:</i> Focus on business/marketing plan • <i>Member Development:</i> Continued member education and recruitment 	<ul style="list-style-type: none"> - Support towards organizing and running a successful AGM - Develop Business plan deliverables - Provide management, staff, member and board training programs 	<ul style="list-style-type: none"> • Competent Board in place • Business plan provide guide to flow of activities
<p>Stage Five: In Business</p> <ul style="list-style-type: none"> • <i>Business Development:</i> Provide products and services in response to member needs. Engage in sales and marketing and ongoing business development. Monitor business • <i>Organizational Development:</i> Provide staff and management education and engage in strategic planning • <i>Member Development:</i> Engage in member and Board education 	<ul style="list-style-type: none"> - Provide ongoing BDS support until cooperative realizes a profitable trend - Ensure there is high level of member commitment and satisfaction through payment schedules, service development, etc - Assistance to focus, utilize, re-evaluate, update business and marketing plans 	<ul style="list-style-type: none"> • Satisfied members • Thriving business
<p>Stage Six: Sustainability</p> <p>Engage in building internal capacities. Engage in creation of collaborations and linkages Take time to acknowledge your accomplishments</p>	<ul style="list-style-type: none"> - Provide support on creation and management of collaborations/linkages - Continuous recruitment into the cooperative 	<ul style="list-style-type: none"> • Functional collaborations/linkages in place