

CCW Policy Guide



Consumer Co-operatives
Worldwide
A Sector of the International
Co-operative Alliance



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[About Consumer Co-operatives Worldwide \(CCW\)](#)

CCW unites and represents the interests of 28 national organizations of consumer co-operatives around the globe, which represent 75 million individual members, and which register a combined total annual turnover of more than 500 billion EUR. The Organisation strives to create the conditions for better intermember exchange, while actively representing the consumer co-operative model within the International Co-operative Alliance and to external stakeholders.

[About Mutuo](#)

Mutuo works to improve the business environment for the co-operative and mutual sector by communicating their priorities to decision makers. Mutuo works with some of the largest mutual businesses in the world, to maximise their impact on the public policy agenda. Mutuo specialises in the deployment of policy-led public affairs activities in order to build deeper relationships with individuals in public authorities.

[About the Policy Guide](#)

Mutuo was asked to produce this global policy guide for consumer co-operatives aimed at national Governments. A survey of CCW members was undertaken to assess their priorities and their opinions, which have now informed this document. It is an action call to address regulatory, legislative and policy barriers to markets for co-operatives and to identify policy opportunities that co-operatives can contribute to. Its principal use is to develop coherent policy positions that can be used by CCW members. It will be used as a tool to align key public affairs and policy messaging across the Sector to maximise impact in multiple jurisdictions and institutions.

This policy guide explores the important contribution consumer co-operatives make to our global economy and society. It shows how these businesses, focused on their core purpose of **servicing** their consumer-members, improve the lives of **people** around the world.

Consumer co-operatives have been in business since **1844**, when the Rochdale Pioneers established the first modern co-op society. That makes them well known and well recognised across the world. Two centuries later, they remain important to the people they serve, but they are also a crucial pillar to the wider economy and society. The **uniqueness** of the co-operative lies in the fact that its functions are diverse, ranging from organizing and conducting business to that of improving the social, cultural, and educational status of its members.

In many countries, they provide significant competition in the marketplace, substantial employment and a **different approach** to business. Whether they are multibillion businesses or a local neighbourhood store, consumer co-operatives across the globe play an active **role** in the everyday lives of the people and the **communities** they serve. They help spread wealth.

However, there remain **obstacles** to their future growth, and in this report we identify **restrictions** which prevent consumer co-operatives from maximising their potential. Domestic legislation and regulation everywhere can and must be brought up to the highest standards that exist to ensure that existing and potential co-operative members are not disadvantaged.

The outlook suggests creating a **new approach** to communications, advocacy and representation, which shall provide visibility, understanding, trust, and ultimately, support for co-operatives. An approach that builds upon, maintains, and promotes the co-operative **vision** and **mission**; one that looks into and meets the **needs** of the current and future members and clients. Consumer co-operatives must operate in a free and fair environment and achieve the strong growth they need to better serve their populations.

This policy guide outlines the changes that are needed to facilitate this effort, we hope it will be used both as a reference and resource but also as a **roadmap** to develop national sectoral **plans**, to ensure that we can maximise the role of consumer co-operatives in all regions and nations.



Prof. Petar Stefanov
President
Consumer Co-operatives Worldwide



EXECUTIVE SUMMARY

Consumer co-operatives are businesses **owned** by their consumer-members. They exist to provide their customers with the highest quality goods and services at the most reasonable price. They redistribute profits in lower prices or rebates to customers. They are **innovators** in driving standards of safety, quality, fairness and sustainability throughout the industry. As a result, they are a **positive force** for fair competition, consumer choice and trust, and overall social responsibility through their inherent commitments to their communities.

Consumer Co-operatives Worldwide (CCW) unites, represents, and defends the interests of **28 national organizations** of consumer co-operatives around the globe, which represent **75 million individual members**, and which register a combined total annual turnover of more than **500 billion EUR**.

Consumer co-operatives are businesses with a **special purpose** to serve their members and customers. This purpose leads them to behave differently in markets, follow long-term strategies, focus on the **communities** that they serve, and act as innovators in retailing.

Co-operatives contribute to corporate plurality and diversity. The member ownership of co-operatives creates corresponding diversity in forms of corporate governance; risk appetite and management; incentive structures; policies and practices; as well as behaviours and outcomes.

Co-operatives promote economic resilience; the evidence of the global financial crisis is that co-operatives have generally been more resilient than investor-owned firms.

Consumer co-operatives increase customer trust and accountability, because co-operatives serve their customers, rather than investor shareholders.

Co-operatives protect society and communities, since their members, and owners, are the citizens. They provide **competition** and **choice** for consumers and frequently offer products which differ from those of their competitors and can focus on different parts of the market. They are innovators in driving **standards** of safety, quality, fairness and sustainability. In many countries, co-operatives have **pioneered** new retailing methods and driven the adoption of fair-trade policies that benefit food producers, particularly those in developing countries.

Due to their business **purpose**, different from that of investor-owned firms, the business environment needs to respect the **co-operative specificities** so that they are not disadvantaged by rules established for the common shareholder type of company.

This means that **national governments should adopt a positive policy environment** to ensure that co-operatives can grow and prosper in the competitive markets that they operate:

- Government should act on the 2002 UN Recommendation to that they should **promote** co-operative business;
- Government departments and ministers should be **sufficiently skilled** and supported to work with co-operatives;
- Governments should facilitate a deeper **understanding** and **appreciation** of co-operatives and mutuals through the education system.

Leading directly from this, **national co-operative legislation should match global best practice and facilitate modern co-operative business operations** in the same way that it enables investor-owned firms to succeed:

- Governments should establish the legal principle of **indivisible reserves** to safeguard co-operative assets for the purpose they were intended;
- Governments should legislate for new co-operative **capital raising instruments**;
- Governments should facilitate **cross-border trading** for co-operatives.

In addition to seeking improvements in the way that governments interface with the Global Sector, consumer co-operatives need a strategy to **help themselves** through **co-operation between co-operatives**. CCW can provide the platform for its members to collaborate for the benefit of their businesses. By bringing together specialists with a deep experience of working in consumer co-operatives, CCW can facilitate a **sharing of expertise** and foster **new innovations** for the global consumer co-operative movement.

This report recommends that four new **expert panels** are established, on an informal basis to address some of the key challenges that have been identified through the creation of this policy guide:

- Business intelligence panel;
- Public affairs panel;
- New business areas panel;
- Education and training for elected representatives.

Co-operatives and their representative organisations work constantly to positively **influence decision-makers** and policy makers to try to achieve the best possible business environment for co-operatives.

Co-operatives should work together in each nation to develop their own **strategic plan** for influencing their government. Recently, the ICA published a global policy guide that provides a tool to help in that work. The CCW Policy Guide draws together some of this and suggests some methodology and communications protocols that can help grow a consistent global approach to this work.

"Cooperatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility."

Ban Ki-moon, UN Secretary-General (2011)

Part 1. The Importance of Consumer Co-operatives

Consumer Co-operatives: cutting edge, pioneering businesses:

- ❖ owned by their consumer-members;
- ❖ exist to provide their customers with the highest quality goods and services at the most reasonable possible price;
- ❖ redistribute profits in lower prices or rebates to customers;
- ❖ innovators in driving standards of safety, quality, fairness and sustainability throughout the industry.

Consumer Co-operatives: a positive force for consumer competition and choice.

1.1 The Purpose of Consumer Co-operatives

Consumer co-operatives have a **long history**. In fact, the first modern co-operative - a retail Co-operative society, the Rochdale *Equitable Pioneers Society* – was established in **1844** to provide safe, clean food at an affordable price to working people in the times of harsh living conditions and inadequate consumer protection. This new approach to the **supply** of food included also the commitment to **educating** ordinary consumers about the origin and safety of the food. The **longevity** of these businesses – of 175 years – is testament to their success; they have grown from small community organisations into multibillion-dollar retailing businesses, present in most countries of the world. It must be clarified, that consumer co-ops, while engaged in multiple activities ranging from production to services, are primarily focused on food and non-food retail.



Businesses owned by their consumer-members

Consumer co-operatives are **different** from investor-owned businesses. They **serve** their consumer-members; they are governed by their consumer-members; they think about the long term; and they put the interests of their consumer-members ahead of capital. In short, consumer co-operatives' responsibility goes beyond the cash register; they have an **inherent social commitment** imbedded in their DNA.



The original co-op shops were established as a response to **market failure**, where affordable food of a trusted quality was not available to the public. In the almost 200 years since then, many of these businesses have grown to become market leading, well-known brands.

Their business model is still **different** from their major competitors, with a focus on serving the needs of customers above all else.

What makes co-operatives distinctive and more relevant than ever before is their democratic model of ownership and the way of doing business that sees commercial effort as an expression of social and ethical progress.

Providing the highest quality goods and services at the most reasonable possible price

The first co-operatives were established to provide food that was clean and affordable for working people, at a time when the market could not be trusted to do this.

Retailing today is a highly competitive industry sector and the continued presence of co-operative businesses, each following a strategy that is **focused on consumers**, means that there is a permanent additional pressure on profit maximising firms from these corporately diverse competitors. Co-operatives pursue profit as an instrument to achieve further **socio-economic benefits**. It is this main distinctive characteristic which remains one of the main factors attracting people looking to support a business with a human face.

As a result, the public has a choice of retail providers and the opportunity to join in and influence their local co-operative, and in turn, their local community.



Redistribution of profits in lower prices or rebates to customers

The original concept of a consumer co-op was that members would be charged only the cost of the goods, plus what was needed to maintain the business. Each year, dividends were paid back to rebate members from the surplus.

Today, consumer co-operatives retain their co-operative structure and purpose, which means that they continue to exist for the **benefit of their consumer-members**.

In some cases, they return their profits to their customers directly, through a share in a dividend or they reduce prices and maintain shops where others would consider this insufficiently profitable (i.e. geographically remote locations, areas whose population has lower purchasing power parity).

As **membership** is open to all (Co-operative Principle I), co-operatives redistribute the benefits of business equitably, through a share in the surplus from trading, or lower prices and better services.

1.2 The size and scope of the consumer co-operative sector

Consumer Co-operatives Worldwide (CCW) unites, represents, and defends the interests of **28 national organizations** of consumer co-operatives around the globe, which represent **75 million individual members**, and which register a combined total annual turnover of more than **500 billion EUR**. On a global basis, consumer co-operatives represent **15%** of all co-operative businesses with a turnover greater than **100 million USD**.



Consumer co-operatives are important businesses in many countries. They need to be able to show **the impact** they make on their **markets** and the wider economy in which they operate.

In each country, consumer co-operatives should collect and present **key statistics** on their business sector, to show the economic contribution of consumer co-operatives, and the impact that they make on the lives of citizens in their country. This will also permit a standard comparison between nations and give co-operatives the resources to engage policy-makers in effective advocacy and representation.

Key statistics must be prepared for each of the following:

Economic contribution of consumer co-operatives in (x country)

Key statistics must be prepared for each of the following:	XXX
Number of Consumer Co-operatives	YYY
Total Market Share	ZZZ
Number of Points of Sale <i>(breakdown by type of store/outlet)</i>	XYZ

Impact on citizens in (x country)

Number of Individual Members	XXX
Number of Employees <i>(breakdown by full time/part time)</i>	YYY

Part 2. What Consumer Co-operatives Mean to Economies and Society

Co-operatives are not ordinary businesses

As we have seen, consumer co-operatives are businesses with a **special purpose** to serve their consumers and members. This purpose leads them to behave differently in markets, follow long-term strategies, focus on the communities that they serve, and act as innovators in retailing.

Corporate plurality and diversity

The **member ownership** of co-operatives creates corresponding **diversity** in forms of corporate governance; risk appetite and management; incentive structures; policies and practices; as well as behaviours and outcomes. Their **ownership** structure prompts co-operatives to pursue business strategies aimed at long-term **sustainability**, contrasting with investor-owned companies' shareholder-led, short/medium-term business strategies.



Co-operatives actively contribute towards corporate diversity because their reason for existence – their **business purpose** – is different to that of investor-owned businesses. They do not have to think about the stock market prices tomorrow or about dressing up the company for sale. Of course, business-wise decisions need to be made in order to guarantee the survival, and furthermore, the competitiveness of the co-op business.

All businesses exist to serve their owners. The difference with co-operatives is that their owners are their members, who may be customers, workers or those with shared interests. This means that co-operatives can focus on the needs of their members instead of the demands of external investors.

Economic resilience

The evidence of the global financial crisis is that co-operatives have generally been more **resilient** than investor-owned firms. Co-operatives play an **essential role** in the global economy, especially in **times of crisis**, by combining profitability with solidarity; creating high-quality and long-term employment and strengthening social, economic and regional cohesion. In the words of former UN Secretary-General, Ban Ki-moon, "Their underlying values of self-help, equality and solidarity offer a compass in challenging economic times. By contributing to human dignity and global solidarity, co-operatives truly do build a better world."



Customer trust and accountability

In many countries, trust in institutions of all kinds is at an all-time low. Yet existing customers trust co-operatives more than they do investor-owned competitors. This feeling of trust is precisely because co-operatives have been established to serve their members and customers, who are ordinary citizens, rather than investors.

Ownership by members means very **different governance arrangements** from those of investor-owned business. All members are treated **equally**, and the decision-making process adheres to the principle of **one member-one vote**. Members elect representatives to form boards or committees which have responsibility for overseeing the affairs of the co-operative on behalf of its members.

This democracy is a powerful benefit, empowering all members equally and ensuring the longevity of the business.



Protect society and communities

Co-operatives give a high priority to corporate social responsibility. Concern for communities is a core co-operative principle and is more than corporate social responsibility objectives.



Many co-operatives have a deliberate policy of dedicating some of their surplus to benefit the community, region or society in which they operate. This way, they are better tuned to local needs and better positioned to serve as engines of local growth. Co-operatives empower their members and strengthen communities, simply because they are instruments to enhance the interests of their members and owners, who are ordinary citizens.

Competition and choice for consumers

Because they are differently owned, co-operatives provide extra competition and choice in the market place. They frequently offer products which differ from those of their competitors and can focus on different parts of the market. The most prominent example is the own-brand products, which are established as a response to consumer-members' expectations and needs, which may include: health, price, quality, safety, authenticity, environmental concerns (ex. packaging), social aspects (fair employment and/or production).



Innovators in driving standards of safety, quality, fairness and sustainability

Co-operatives have taken a leading role in safeguarding and promoting a wide array of societal interests. In many countries, co-operatives have pioneered new retailing methods and driven the adoption of fair trade policies that benefit food producers, particularly those in developing countries.



They have also led work on the responsible consumption of food in order to prevent food waste and tackle obesity. They have promoted sustainable methods of production and distribution of food to address environmental concerns such as climate change and promoted education and awareness among consumer-members.

Consumer co-operatives are a positive force for competition, consumer choice, and overall fairness in the business world.

Part 3. How Governments Can Help to Build a Fair Business Environment for Consumer Co-operatives

A Business Environment that Works

The fundamental starting point for consumer co-operatives is that they should receive the **same attention, encouragement and support from governments** as other corporations, so that they can compete freely and on fair terms with all types of business on a level playing field.



Because they have a different business purpose to investor owned firms, the **business environment needs to respect the co-operative specificities** – the specific ways that co-operatives are set up and run, so that they are not disadvantaged by rules established for all businesses.

This means that **national governments should adopt a positive policy environment** towards co-operatives, to ensure that they can grow and prosper in the competitive markets that they operate:

- Government should act on the **2002 UN Recommendation** that they should promote co-operative business;
- Government departments and ministers should **be sufficiently skilled** and supported to work with co-operatives;
- Governments should **facilitate a deeper understanding** and appreciation of co-operatives and mutuals through the education system.

Leading directly from this, **national co-operative legislation should match global best practice** and facilitate modern co-operative business operations in the same way that it enables investor-owned firms to succeed:

- Governments should establish the legal principle of indivisible reserves to safeguard co-operative assets for the purpose they were intended;
- Governments should legislate for new **co-operative capital raising instruments**;
- Governments should facilitate **cross-border trading** for co-operatives.

This section suggests the particular actions that governments should take to make this work.

Positive Policy Environment

National governments have a role to play by establishing a positive policy environment for co-operatives:

- Government should **champion co-operatives** on an equal basis alongside other types of corporate ownership;
- Government policy should **recognise the value** of these businesses and provide appropriate incentives for their creation and development;
- **Fiscal measures** should promote co-operatives, mutuals and member-owned businesses as much as share ownership of publicly listed companies;
- Legislation and regulation for these firms should match the **best standards** for any business;
- It should be as cost-effective and straight forward **to set up** and run co-operative, mutual or member-based businesses as any other type of business.

Measure 1: Governments should act on the United Nations recommendations to promote co-operatives



As far back as 2002, the United Nations International Labour Organisation (ILO) recognised that Governments need to respond to the particular policy, legal and regulatory needs of co-operatives. In **ILO R193, Recommendation on the Promotion of Co-operatives**, it outlined a number of areas where national Government actions could cause problems for co-operatives:

- policy and legislation continue to **limit** the formation and growth of co-operative enterprises;
- entrepreneurship and national education systems continue to **neglect** co-operatives and business support services are ill-equipped to help;
- regulatory frameworks, including those enacted to promote the privatization of industries, often **exclude** participation by co-operatives.

ILO R193 is an international instrument that aims to guide ILO Member-States in the design and implementation of favourable co-operative development policies and legislation to enable co-operatives to contribute to the economic and social wellbeing of their members and of society. The recommendation:

- calls for the Governments to **provide a supportive policy and legal framework** consistent with the nature and function of co-operatives and guided by the co-operative values and principles;
- advocates for a **level playing field for co-operatives** and other business organizations;
- underlines the need to **create more awareness and understanding** of the co-operative form of enterprise, so that people are able to choose which business model best suits their needs; and
- calls for a concerted effort to **improve the documentation of the contributions** made by co-operatives (i.e. collection of empirical data).

Measure 2: Government officials should be sufficiently skilled and supported to work with co-operatives

Co-operatives need a commitment from Governments to engage with co-operative organisations at all levels, on a regular basis. The machinery of government must be sufficiently skilled to understand the different objectives of co-operatives and able to produce policy that reflects this.

- National governments should **nominate a minister** responsible for relations with co-operatives;
- Governments should ensure that they have access to **training** for officials responsible for working with the sector on a day-to-day basis;
- National consumer co-operative associations should establish Parliamentary Friendship or All-Party Groups in Parliament **to educate and build consensus** in favour of co-operatives.



Measure 3: Governments should facilitate a deeper understanding and appreciation of co-operatives and mutuals through the education system

Co-operatives are not well understood by policy-makers, lawyers and accountants or other business advisors.



This is partly due to the **lack of business education** about co-operatives, but also reflects the **inherent bias** towards private and shareholder companies. As a result, business advice for those wishing to operate or set up a co-operative is inconsistent and sketchy, and too often, the different business purpose that co-operatives have is ignored, ultimately leading to inappropriate regulation and treatment from authorities.

Government should ensure that the education system includes modules that teach students about diverse business ownership in all relevant business curricula:

- Ensure that schools and tertiary institutions provide this curriculum content;
- Ensure that governance and taxation education includes curricula relevant to the model;
- Modules on co-operative ownership should be developed and introduced into professional development programmes for business advisors, lawyers and accountants;
- Legal and accounting professionals should be informed about updates and changes in legislation to keep abreast of the legislative and regulatory settings.

The business environment needs to respect the co-operative specificities. This means that national governments should adopt a positive policy and legal environment towards co-operatives.

National Co-operative Legislation: match global best practice and facilitate modern co-operative business operations

The lack of an enabling environment is a **critical problem** for co-operative businesses, and Governments are responsible for the legal frameworks under which co-operatives registered in their country will operate.



Too often, particularly in countries where the market share of co-operatives is low, the legal framework and/or the overall policy environment applying to co-operatives is **old-fashioned, restrictive, or unclear** with regard to establishing new co-operatives.

Co-operatives need national governments to **review their legislation** governing co-operatives and update it in favour of best practice legislation in order to create a legislative framework that **facilitates free and fair competition** and aims to reach the best global standards.

Priority 1: Governments should establish the legal principle of indivisible reserves to safeguard co-operative assets for the purpose they were intended

In some parts of the world, co-operatives have **indivisible reserves** as a matter of law, but this principle is not available to co-operatives everywhere. As a result, many face the **threat of demutualisation**, fuelled by the speculative opportunity to appropriate assets built up by generations of members.

Where legal protections do not exist, co-operatives have developed rules to help safeguard the assets built up over generations from being distributed to current members. Such rules typically involve high voter threshold requirements for the conversion of a co-operative into a company. However, rules can be changed, and a cash motivated group of members, or a high profile offer from outside the co-operative may still succeed in subverting the original purpose of the organisation.

Co-operative society members should expect to benefit from business surpluses – either through pricing and other benefits or through dividend payments, but the law should clearly distinguish this from a personal right to the **underlying assets** of the co-operative.

The best examples of co-operative legislation around the world have 'indivisible reserves' built into the very nature of a co-operative. In such cases, as in France and Italy for example, upon solvent dissolution, the remaining assets of a co-operative must be transferred to another co-operative, or used for some public purpose. Members have no right to these **legacy assets** from previous generations. It is no surprise that as a result, there is little demutualisation in these countries. It strongly suggests that the true motive behind a demutualisation anywhere is the distribution of legacy assets, rather than any other reason. National laws should **support the safeguarding of co-operative assets** in this way.

Law for co-operatives should offer societies a legally binding constitution that safeguards their assets for the original co-operative purpose, so that on a solvent dissolution they may only be transferred to another co-operative or a specified public purpose.



Priority 2: Governments should legislate for new co-operative capital raising instruments

All businesses have a need for a **strong capital base**, as well as access to development capital to fund the new products and services that facilitate expansion.



The core capital base in co-operatives is generally strong, reflecting their prudent attitude to business planning. However, the principal way that their capital is raised, through retained earnings, **limits their ability** to raise development capital as quickly and as effectively as their shareholder owned competitors.

Co-operative businesses should be able to **issue permanent capital** to investors, who could be either members or institutional investors. These shares need to carry the flexibility for the issuing society to buy these back, and to strengthen the mutuality of the co-operative.

Priority 3: Governments should facilitate cross-border trading for co-operatives



CCW members reported a **range of barriers** to international trade between co-operatives and by co-operatives.

Such barriers included restrictions to competition that do not facilitate cross-border co-operation, barriers to international consolidation, local and cross-border trading restrictions. In some jurisdictions, co-operatives are **barred from particular markets** and unable to provide choice for consumers.

Co-operatives need national governments to recognise the importance of a level playing field for all and to commit to remove barriers against co-operatives, where they exist.



Part 4. How Consumer Co-operatives Can Help Themselves: Co-operation between Co-operatives

CCW Expert Panels

In addition to seeking improvements in the way that governments interface with the Global Sector, Consumer co-operatives need a **strategy to help themselves** through co-operation between co-operatives.

CCW can provide **the platform** for its members to collaborate for the benefit of their businesses.

By bringing together specialists with a deep experience of working in consumer co-operatives, CCW can facilitate a **sharing of expertise** and **foster new innovations** for the Global Sector.

We recommend that **four new expert panels are established**, on an informal basis to address some of the key challenges that have been identified through the creation of this policy guide. Each one would address a specific theme, as follows:

- ❖ Business intelligence;
- ❖ Public affairs;
- ❖ New business areas;
- ❖ Education and training for elected representatives.

Such panels would meet once or twice a year, or as required, and **share knowledge** and **experience** between co-operative business executives. These networks could build stronger alliances between consumer co-operatives and provide real commercial value to their membership of CCW.

Those co-operatives with a strong performance in any area could share their knowledge with their peers through masterclasses organised through CCW.



❖ Business intelligence panel

CCW members have identified areas of critical importance to the future of their business. It is certain that members would benefit from sharing their strategies for approaching these challenges. Initial issues which could be addressed in this way include:

- Own brand and marketing;
- Supply chains & procurement;
- Competition strategies.

❖ Public affairs panel

With many of the challenges for the sector related to how co-operatives **interface with Government**, there is clearly an opportunity to share experience and knowledge among public affairs managers that are working in and for consumer co-operatives.

Feedback from CCW members shows that there is a demand for progress in a number of areas of public affairs activity, including:

- Policy led influencing strategies;
- Improving legislation for co-operatives;
- Political communications and engagement.

❖ New business areas panel

A number of CCW members have strong experience of establishing and growing **new business activities** for their co-operatives. Others have struggled to identify opportunities that they can develop to leverage new service offerings to members.

Business areas for consumer co-operative growth have been suggested in a number of areas where some co-operatives are already succeeding:

- Tourism and travel services;
- High trust services such as care and personal social support;
- Shared services;
- Utilities provision, such as phone and internet or electricity.

❖ Education and training for elected representatives

The quality of elected co-operative representatives varies greatly across the Sector, affecting the **quality of corporate governance**. Many co-operatives have developed **training and education** programmes for their candidates. The experience of those with successful courses should be **shared** with other co-operatives who could benefit.

Areas for collaboration between co-operatives include:

- Adoption of a new ICA pillar of training for elected members;
- Education and training course modules for non-executives.

Consumer co-operatives need a strategy to help themselves through co-operation between co-operatives. CCW can provide that platform.

Part 5. Lobbying Guide for Consumer Co-operatives

Co-operatives and their representative organisations work constantly to positively influence decision-makers and policy-makers to try to achieve the best possible business environment for co-operatives.

Co-operatives should work together in each nation to develop their own strategic plan for influencing their government. Recently, the ICA published a global policy guide that provides a tool to help in that work.

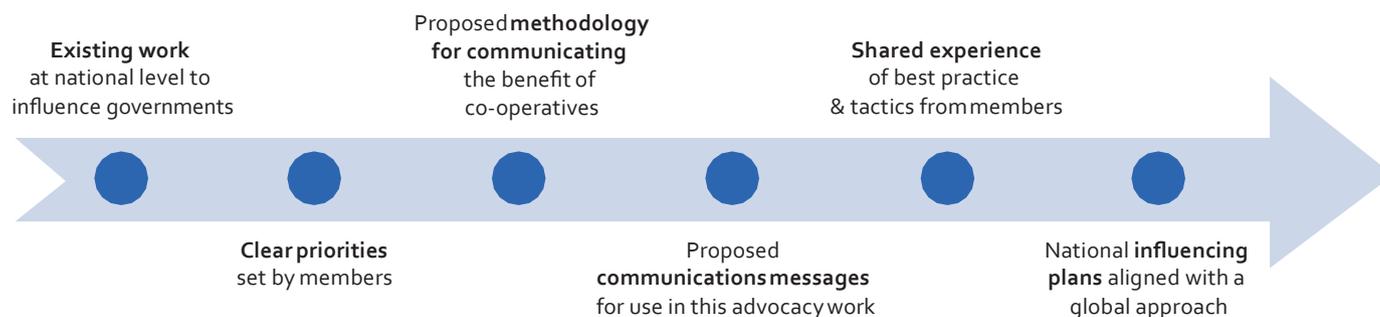
The CCW Policy Guide draws together some of that work and suggests methodology and communications protocols that can help consumer co-operatives to grow a consistent global approach to this work.

This guide is intended to support the custom and practice of work to **influence governments** that is already succeeding. In those areas, it should be seen as a supplement that may be referred to in order to help develop a **consistent communications** approach across jurisdictions and regions. The advice in this guide should be **adapted to respect the national priorities** and opportunities in each country.

We know that the job of educating and influencing decision-makers requires an ongoing effort, as new people take office. It is a **permanent effort** that requires refreshing and updating on a regular basis.

Of course, we recognize that there will remain **significant variations** between countries and regions. We believe that it is possible to **respect** this diversity and **grow** consistent themes and messaging to strengthen our overall impact.

A Routemap to Successful National Influencing Plans



This diagram summarizes the approach, drawing together the existing custom and practice and sharing good examples that can form the basis of aligned national influencing plans. The approach is that developed for and recommended by the ICA.

Target Audience – Who we are seeking to influence

The scope of activities of the Alliance and its members brings **co-operatives into contact with government** at national and supranational levels across every jurisdiction.

This policy guide is intended to **help** with work that is undertaken with:

- Parliamentarians, legislators and politicians at the national and local level;
- National and international regulators.



This is a complex mix of government, policy makers, legislators, regulators and influencers. It is important that we understand the way that these are interconnected, and use that knowledge to press **consistent messages** in a way that will best benefit co-operatives, and specifically consumer co-operatives. This also means that we must **respect** the different global, regional and national responsibilities for seeking influence.

There has to be flexibility in how co-operatives and their representatives approach this effort, using **consistent themes**, but building on strong **traditions** and successful **practice**, where it already exists.

From our survey work we know that there is great variation amongst members in their experience of attempting to influence policymakers. Around one-third of respondents (31% of CCW members) felt that their co-operative ownership structure made it harder for them to work with their Government. Yet more than half reported that it made no difference, but only 15% that their co-operative status was actually a bonus.

The varied experience is the key to the success of this effort. This policy guide is designed as a tool to help **transfer best practice** from those areas where the architecture of government and legislation is working well to places where improvement is needed.

Efforts to influence national legislation and regulation will not need to follow the same protocols, but will benefit from knowledge of the communications and methodology suggested in this Guide.

Methodology – The importance of clear and consistent communications in public affairs

How we present our sector to those that we wish to influence is very important.

Often, we will be explaining some basic points about co-operatives to those that have **little or no knowledge** of this type of business. This means that we need to use language that is accessible and clear.

We can build more sophisticated **communications messages** when we know that we are dealing with those individuals who have a deeper knowledge and appreciation of co-operatives, but it is always a good idea to use the same foundation points to grow this message out from. Too often, we can lose sight of the big picture of **why** co-operatives are important and **what** they can achieve.

This means that there should be **an hierarchy** to how we construct our communications messages to show why co-operatives matter:



Figure 1 - Hierarchy of composing our communications

It is important that we seek to make the case for consumer co-operatives in an easily understood and consistent way. We need to present co-operatives within the context of the choice of business structures available in the relevant jurisdiction, as well as in the context of the overall political, social, business and financial environment. It is important that we are able to show that co-operatives are **rational** and **worldly**, with a long and successful **tradition** in many parts of the world.

Once we are able to describe **why** consumer co-operatives exist, then we can talk about **how** our co-operative structure makes us **different**, but it is important to present ourselves in that order. The way in which co-operatives are structured can be confusing so we should concentrate on communicating the **purpose** of co-operatives, rather than the **constitutional difference**.

Our co-operative governance structure and ways of working are a means to an end – which is to deliver the co-operative purpose in each organisation.

We should always be able to talk about co-operatives in a way that uses everyday language, avoiding jargon and unnecessary complexity. These can only act as barriers to understanding. This is very important, as often when trying to **influence people** we only have a short opportunity when they are interested and listening.

We must also be able to describe the **size and scope** of co-operative business. Across the world, the combined **statistics** are impressive, and these should be used. We should also be able to talk about the size and impact of co-operatives in our own countries, so up to date statistics should always be available. Wherever possible, these should:

- Relate facts about the sector to key issues;
- Match our sector's interests to mainstream political objectives;
- Present consumer co-operatives as problem solvers.

This approach should form the foundation of our regular communications work.

Communicating the purpose of consumer co-operatives

This section can help in our work to educate the target audience about co-operatives. It takes the **proposed methodology** and **suggests language** that can be adapted for use in this.

Step 1: Explaining the purpose of consumer co-operatives



Co-operatives exist when groups of individuals come together to achieve an objective that they could not achieve alone. They are a rational alternative to investor owned business when the **objective is different** from maximising return to shareholders.



Co-operatives often come about as a response to **the failure of a market** to adequately serve the interests of groups of customers, workers or producers, such as where services and products are unavailable or otherwise not accessible to groups of people. Increasingly, entrepreneurs are choosing co-operatives above the alternatives to achieve their objectives.

The point of a co-operative is different from mainstream investor businesses. It is focused on delivering its mission as above, rather than maximising return to shareholders through profit distribution and capital growth.

Because the co-operative business purpose is different, these entities behave differently, pursuing business plans that aim to secure **long term success** for their members. As a result, they positively affect the markets in which they operate, often by restricting the profit taking of investor owned firms (hence, their market share) that must compete with co-operatives.

Step 2: Basic facts about co-operatives



Co-operatives around the world are present in all sectors of the economy, from agriculture and retail to construction and services. Broadly speaking, their spectre of activity can be categorized in three groups: consumer co-operatives, worker co-operatives and producer co-operatives.

Consumer co-operatives: The objective is service quality and price, rather than profit maximisation. Examples of these businesses exist in banking, insurance, food retail, and health.

Worker co-operatives: The objective is high quality employment that properly rewards employees, provides work place democracy and shares wealth. Such co-operatives exist in most industrial sectors. Health and housing co-operatives could be categorized here.



Source: World Cooperative Monitor 2018

Producer co-operatives: The objective is to enable smaller groups of businesses to work together to operate in markets that would otherwise be dominated by large investor owned firms. Many such co-ops exist in agricultural production and fisheries, where co-ops enable small producers to combine their efforts in order to compete.

As businesses driven by **values** not just profit, co-operatives share internationally agreed principles and act together to build a better world through co-operation.

❖ Co-operative values & principles

Arguably the most distinctive characteristic of co-operatives, especially in relation to investor owned businesses, is the adherence of a set of values and principles that guide their work.

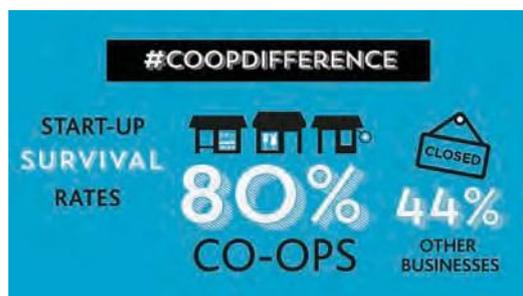


Co-operatives are based on the values of self-help, self responsibility, democracy, equality, equity and solidarity plus the **seven internationally recognised principles** - guidelines by which co-operatives put their values into practice.

Step 3: Key statistics about the global and national sector



It is **vitaly important** that we are in possession of up to date and detailed statistics about our co-operative sector. We must be able to **communicate** the overall **significance** of co-operatives; the global statistics are impressive and help to explain the importance of co-operatives to economies and societies.



We need to know how many co-operatives exist. We should be able show the **wide range** of **businesses** and **services** that co-operatives provide, the amount of money that they do business with and the number of members, customers and employees.

Equally, we need to have **up to date** statistics in relation to our own **country**. If we cannot express the relative importance of our sector, we are unlikely to be able to present a credible case that will influence our target audience, namely, decision-makers.

It should be a **national priority** to ensure that these statistics are accurate and kept up to date. This is the only way that the global figures will also remain **reliable**.

Step 4: How co-operatives are relevant to economies and society

We need to try to align our internal co-operative objectives with the external political objectives of decision-makers. Hence, make the connection between what is important for the co-operative and what is important to the decision-makers. While these objectives will inevitably vary from one nation to another, we can identify a number of broad priorities which match with the ambitions of our sector across the board.



Many governments share our consumer co-operative sector's priorities of building resilient economies and fostering enterprise. So, we can immediately identify a cross-over between the ambitions of the co-operative sector and that of national governments.

We must make common cause where our ambitions and those of policymakers overlap, rather than leading our conversations with our 'shopping list' of issues that we wish to see delivered. Our overall objective of an improved business environment for co-operatives will always need an alignment of interests, ours – government's plus practical ideas for how to achieve these.

Therefore, our communications messaging needs to show the relevance of co-operatives in a way that those we are seeking to influence will appreciate. This means that we must be able to present the case for co-ops as organisations that can solve everyday political and social problems.

Legislators and regulators will always be thinking about their own policy priorities, from how to deliver on macro-policy issues such as economic performance or competition and choice in markets through to specific political priorities such as maintaining quality employment or affordable housing supply.

Returning to the purpose of co-operatives –

They are problem-solving organisations that can offer practical solutions in a wide range of policy areas.

In this way, we are presenting co-operatives as a positive influence on the issues that matter most to those we are trying to convince.

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