



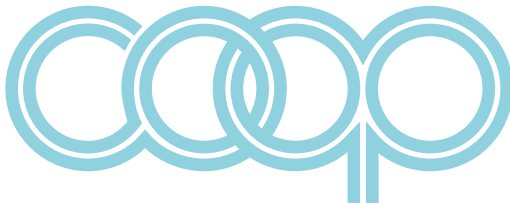
CO-OPERATIVES UK

The worker co-operative code

Written by Co-operatives UK's Worker Co-operative Council.
Dedicated to people around the world who are taking
ownership and control of their working lives.



COOP



What is the worker co-operative code?

In 2006, a group of experienced UK worker co-operators explained how to use the co-operative principles to create good co-operative businesses.

Called 'The Worker Co-operative Code of Governance', and published by Co-operatives UK, the booklet sets out what anyone should expect, and should work together to achieve, as a member of a worker co-operative.

In 2012, we have updated this code, to help people create and defend decent jobs, with a culture of equality and respect at work, where people benefit fairly from their own labour and take collective control of their working lives.

This booklet was created by people who've been where you are now – or, maybe, where you'd like to be – and sums up what we think a worker co-operative should look and feel like. It isn't a detailed manual as there are plenty of people, and other places, where you can find dedicated advice and support.

We hope you can make practical use of the insights contained here. We also hope that that you will be inspired to create a change and to share your experiences with us. Worker co-operatives are radical, ethical and can be a force in favour of creating a world based on co-operation. Join us.

Yours in co-operation,

Alison Banton (Dulas), Bob Cannell (Suma), Richard Crook (Essential Trading), Lyn Hope (Midshires Clothing), Ed Russell (Co-operative Web), Britta Werner (Unicorn Grocery), Siôn Whellens (Calverts)

(Worker Co-operative Council 2011/12)

What is a worker co-operative?

Worker co-operatives come in many forms. Successful co-operatives have one thing in common: they apply the values of co-operation – **autonomy, democracy, equality, equity and solidarity, in the workplace and in their communities.**

In the UK there is no special co-operative legislation. This means worker co-operatives can use any legal form, including companies, societies and partnerships.

Worker co-operatives are trading enterprises, owned and run by the people who work in them, who have an equal say in what the business does, and an equitable share in the wealth created from the products and services they provide.

As well as benefiting their members, all co-operatives share internationally agreed principles, and act together to 'build a better world through co-operation'.

“Worker co-operatives have the objective of creating and maintaining sustainable jobs and generating wealth, in order to improve the quality of life of the worker-members, dignify human work, allow workers’ democratic self-management and promote community and local development.” (CICOPA/ICA, 2005.)

For advice on starting a co-operative, or a copy of this Code visit:

www.uk.coop/start
www.uk.coop/workercode

Governance and management structures

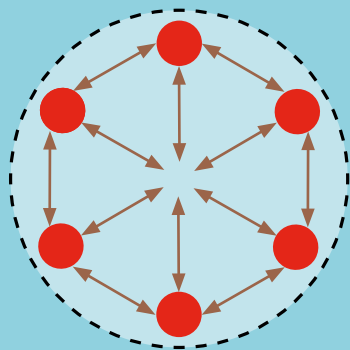
Worker co-operative governance and management structures reflect their personalities and history.

Small or newly started worker co-operatives tend to operate as collectives, where management and governance structures are essentially flat and informal.

As a worker co-operative grows, governance tends towards the membership electing a representative body.

Similarly, management and operational decisions are often delegated to semi-autonomous teams, or individuals.

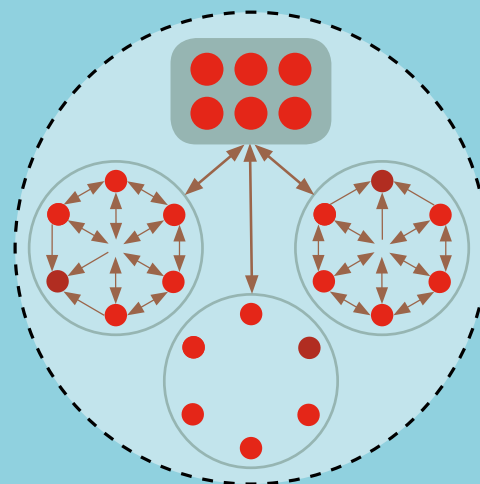
Don't be constrained by traditional management methods, try new things and share what works.



The collective

When people first come together to form a small worker co-operative, they often work as a collective, so that governance, management and operations are not separate spheres. Members are at the same formal level as directors, or they act as if directors, using a flat structure where everyone has an equal say.

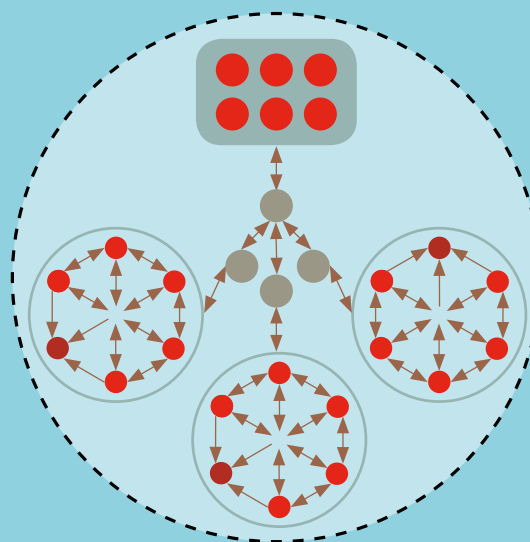
Some people may take the lead in particular areas or activities, but roles can be changed depending on circumstances.



Self-managing work teams

As they grow, co-operatives often develop into semi-autonomous teams running different areas of the business: cafe/shop, sales/designers/printers, warehouse/drivers/buyers etc.

These become self-managing, and nominate representatives from their own team to the elected body.



Hierarchy system

Usually this means a general manager or managers are chosen; sometimes elected or specifically recruited/selected by the elected body, and have been given authority to manage the organisation. In larger co-operatives there may be multiple levels of management. A phrase used to describe this relationship is 'management is not a status, but a process'.

Key



Member with management authority



Non-member



Worker co-operatives around the world

There are some 500 worker co-operatives in the UK, operating in many different sectors, from three-person architecture practices to multi-million pound wholesale and distribution businesses. But there are not nearly enough of us.

Worker co-operatives exist all over the world.

In the Basque country, the Mondragon worker co-operatives were founded in the 1950s, during a period of economic depression. They are now the 7th largest business group in Spain. Elsewhere in Spain there are 20,000 worker co-operatives.

In Italy, 14,000 networked social worker co-operatives provide 50% of social services. Co-operatives make up 30% of the economy in many northern Italian towns, and many of them are worker co-operatives.

In Argentina, workers took over their recession-hit factories. These 'empresas recuperados' and the other 7000 worker co-operatives now account for 10% of national GDP. Throughout South America, people are choosing a co-operative path for economic development.

Worker co-operatives are spreading in China, South Africa, USA and elsewhere as people realise they can take control of their working lives. Governments such as Brazil, France and Japan are passing special laws to support the growth of worker-owned cooperatives.

Wherever they exist, worker co-operatives are more resilient than ordinary capitalist businesses. We believe they are a better way to create decent jobs and meaningful work.

How to use this code

This book is intentionally short. It focuses on the core features of a well-run worker co-operative, (which entails actively combining business and co-operative principles), rather than providing details about policies and procedures, or a guide to setting one up.

If you are already involved in a worker co-operative, you may want to use it as a health check, looking at those areas where your co-operative works well – or less well. Or you could use it as a way to theme discussions between members.

Many new start worker co-operatives use the Code as a checklist to build a healthy co-operative and an effective business.

If you aren't a co-operative member, you could see it as a shorthand guide to what worker co-operation aims at.

There is an online governance audit for people to work through individually or as a group. More detailed information, examples and tools can also be found at:

www.uk.coop/workercode

These resources have all been provide by Co-operatives UK members, so please add any resources you have developed or found useful, so that others can benefit.



1st Principle

Voluntary and open membership

Co-operative membership is open to all workers able and willing to accept the responsibilities of membership.

Worker co-operatives function best as an inclusive team of members with long-term collective interests in the success of the business.

Your co-operative should:

- 1 Provide all workers with meaningful information about membership and how to join.
- 2 Provide members with an agreed set of rights and responsibilities, usually as a member job description or membership agreement.
- 3 Include a probationary period and membership training for workers who want to become members.
- 4 Offer membership to all workers who are able and willing to accept the responsibilities of membership.
- 5 Ensure the majority of workers are members and the majority of members are workers.



2nd Principle

Democratic member control

Co-operatives are democratic organisations controlled by their members, setting policies and making decisions. Members serving as elected representatives are accountable to the wider membership.

Worker co-operatives succeed when all members participate in transparent, fair decision making; but also where members are given delegated authority to act on behalf of the collective.

Your co-operative should:

- 1 Ensure all members actively participate in the management of the business and long-term planning.
- 2 Effectively communicate, both between the co-operative and its members and between members themselves.
- 3 Collectively agree and delegate authority to individual members to act on behalf of the co-operative as and where necessary.
- 4 Ensure there are democratic processes, or democratic accountability, in all governance and management functions.
- 5 Regularly review its governance and business management processes as it grows and develops.



3rd Principle

Member economic participation

Members contribute equitably to, and democratically control, the capital and finances of their co-operative. Members decide how to use surpluses (profits).

Worker co-operatives should provide the pay and other benefits that members need and want, managing the business to provide them and protect its future.

Your co-operative should:

- 1** Allocate a percentage of surpluses to collectively owned financial reserves and capital.
- 2** Ensure that members are enabled to invest in the co-operative if they want to. If members have individual investments, they do not attract additional voting rights.
- 3** Have a planned and agreed pay and benefits structure, including non-financial benefits.
- 4** Aim to offer pay and benefits sufficient to sustain long term employment and membership, to enable the co-operative to retain the required skills and experience.
- 5** Ensure that any surplus in the form of pay and benefits is distributed fairly and equitably between members, relative to their contribution.



4th Principle

Autonomy and independence

Co-operatives are independent, self-help organisations controlled by their members. If they raise capital from external sources, they must maintain their co-operative autonomy.

Worker co-operatives should actively plan and manage their co-operative to be a successful business and avoid becoming over dependent on any funder, supplier or customer.

Your co-operative should:

- 1** Have good financial controls and management, including cash flow forecasts and internal audits of all parts of the business.
- 2** Actively manage and assign responsibilities for your operations, personnel, marketing and other business functions.
- 3** Understand and control risks, both internal and external, facing your co-operative.
- 4** Build your capability to identify and take advantage of business opportunities.
- 5** Invest in equipment, premises and technology sufficient to achieve agreed working conditions, efficient operations and longer term development.
- 6** Benchmark co-operative and business performance against recognised performance standards, including this Code of Governance.

5th Principle

Education, training and information

Co-operatives provide education and training for their members and employees so they can contribute effectively to the development of their co-operatives. They inform the general public about the nature and benefits of co-operation.

Worker co-operative members should become multi-skilled, so they can participate fully in the management and development of the co-operative.

Your co-operative should:

- 1 Assess the technical, management and co-operative skills needed to achieve your long term plans and replace key members who leave.
- 2 Ensure all prospective members, members and elected representatives receive training in membership and co-operative skills.
- 3 Encourage members in specialist roles to obtain technical skills and professional development for current and future needs.
- 4 Develop and share management skills and techniques to permit efficient co-operative business co-ordination.
- 5 Educate business partners, customers and the public about the nature and benefits of co-operative forms of business.



6th Principle

Co-operation among co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, regional, national and international structures.

Principle 6 is the key to business success for co-operatives, enabling us to ethically outperform the privately owned opposition.

Your co-operative should:

- 1 Network with co-operatives in your locality and industry to share intelligence, understand each others' business needs and goals, and support each other.
- 2 Trade with other co-operatives whenever possible.
- 3 Find and refer new business opportunities to other co-operatives you know and trust.
- 4 Collaborate with other co-operatives to achieve economies of scale, share costs, access to business opportunities and joint long-term development.
- 5 Practice fair and honest commercial competition between co-operatives.
- 6 Join Co-operatives UK and participate in regional and national co-operative activities to promote, develop and grow the co-operative economy.



Principle 7 Concern for community

Co-operatives work for the sustainable development of their communities, through working according to policies approved by their members.

Co-operative businesses are rooted in community. By building good relations with your local and wider communities, you will create goodwill and opportunities for your co-operative and members.

Your co-operative should:

- 1 Actively control the environmental and social impacts of your business.
- 2 Agree and live up to ethical business standards.
- 3 Operate high health and safety and worker welfare standards.
- 4 Prioritise and promote ethical and sustainable initiatives, such as fair trade.
- 5 Participate in your local, and wider, communities, and promote co-operative principles within them.



So how did your co-operative measure up?

What do you do well?

What can be improved?

Where can you get advice, share and learn?

The answer to these questions will determine the quality of the business you work in, the benefits you get, and how you go about making positive changes.

Remember, it's your co-operative, so 'be the change you want to see'.

**We can't wait to see
what kind of future you
choose to build for your
co-operative, and wish
you every success.**



CO-OPERATIVES UK

Co-operatives UK Limited
Holyoake House
Hanover Street
Manchester M60 0AS

Tel: 0161 246 2900
www.uk.coop

Design and print calverts.coop
100% recycled paper paperback.coop