

ICA Congress Plenary

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INTRODUCTIONS
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ICA CONGRESS AND GENERAL ASSEMBLY 30TH AUGUST – 1ST SEPTEMBER 1999

CONGRESS PLENARY – 30th August 1999

**ADDING VALUE TO MEMBERSHIP: A CO-OPERATIVE CHALLENGE FOR THE NEW
MILLENNIUM**

Introduction

Bruce Thordarson, International Co-operative Alliance

Making Membership Meaningful

Graham Melmoth, Co-operative Wholesale Society, United Kingdom

New Forms of Co-operative Business

Paul Hazen, National Co-operative Association, USA

Marketing the Co-operative Difference

Stefania Marcone, Legacoop, Italy

Co-operative and Community Benefit

Suzanne Maisonneuve-Benoit, Desjardins, Quebec, Canada

CONGRESS PLENARY SESSION – 31ST AUGUST 1999

Marketing Our Co-operative Advantage

Lynn Benander, Co-operative Life, USA

Tom Webb, St Francis-Xavier University Extension Department, Canada

Presentation by the ICA Global Women's Committee

Vanda Giuliano, Chair, ICA Global Women's Committee

Global Co-operation in a New Century: A Situation Report

Edgar Parnell, United Kingdom

GENERAL ASSEMBLY – 1ST September 1999

Presentation of the Conclusions of the ICA Organisational Review

Bruce Thordarson, International Co-operative Alliance

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INTRODUCTION TO THE CONGRESS PLENARY SESSION ON ADDING VALUE TO MEMBERSHIP

Quebec City, 30 August 1999

Bruce Thordarson, Director-General, ICA

When the ICA Board decided two years ago that the overall theme of this Millennium Congress should be "Adding Value to Membership: the Co-operative Challenge for the Next Millennium", it was a decision based on careful consideration of the main trends and challenges facing the co-operative movement around the world.

The centrality of membership is of course at the heart of the co-operative difference. Co-operatives distinguish themselves by being controlled **by** their members, and operating **for** their members. The internationally-known Raiffeisen Principles are very clear about this: self-help, self-administration, and self-responsibility.

And yet, as we know, the simple truths are sometimes the hardest ones to put into practice. I am sure that all of us can identify specific examples of problems in the co-operative-membership relationship, but since we are meeting here in Canada let me refer to what the famous Canadian co-operator Alex Laidlaw had to say in his classic report entitled "Co-operatives in the Year 2000".

In this document, prepared for the ICA Congress in 1980, he identified eleven problem areas which were adversely affecting the performance of co-operatives. These were:

- The commitment of members
- Democratic participation
- The neglect of education
- Communicating the message
- The image of co-operatives
- Laymen and technocrats
- Relevance to national problems
- Co-operatives and the poor
- The co-operative as employer
- Sectoral solidarity
- Attitude to international development

Of these eleven, the first six are directly related to the issue of membership. One might even conclude that the problems of 1980 have not changed very much as we approach the year 2000.

The issue of membership was also an important consideration in the last revision of the ICA Co-operative Principles. As Ian MacPherson reported to the 1995 Congress in Manchester, each of the principles has been phrased, or re-written, with members very much in mind. When one looks again at these Principles, it is clear what he meant:

Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

1st Principle: Voluntary and Open **Membership**

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of **membership**, without gender, social, racial, political, or religious discrimination.

2nd Principle: Democratic **Member** Control

Co-operatives are democratic organisations controlled by their **members**, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the **membership**. In primary co-operatives **members** have equal voting rights (one **member**, one vote), and co-operatives at other levels are also organised in a democratic manner.

3rd Principle: **Member** Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. **Members** usually receive limited compensation, if any, on capital subscribed as a condition of **membership**. **Members** allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting **members** in proportion to their transactions with the co-operative; and supporting other activities approved by the **membership**.

4th Principle: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their **members**. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their **members** and maintain their co-operative autonomy.

5th Principle: Education, Training and Information

Co-operatives provide education and training for their **members**, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

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, national, regional, and international structures.

7th Principle: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their **members**.

One might conclude from this that Ian MacPherson has a very limited vocabulary--members everywhere. The real point, of course, is to underline how central the concept of membership is to everything that co-operatives do--or should do.

The thinking behind today's Congress Plenary Session, therefore, is that it would be useful to see what co-operatives around the world are actually doing to put these principles into practice. And when you start looking, there is actually a lot of progress being made. What is also interesting about the case studies that will be presented today is that they all come from large, successful co-operative movements, which supports the theory that there is indeed a link between co-operative principles and business success.

Each of our speakers today will address the issue of adding value to membership from a different perspective:

- Graham Melmoth needs no introduction to this audience. ICA President from 1995 to 1997, he is chief executive of the Co-operative Wholesale Society in the United Kingdom, which is the largest consumer co-operative in Europe, and which introduced under his leadership a new and imaginative programme of "Making Membership Meaningful".
- To bring the all-important gender perspective to this discussion we have Coro Strandberg, who is Chair of Vancouver City Savings Credit Union. VanCity is not only the largest savings and credit co-operative in Canada, it is also regarded as one of the most innovative, having introduced Canada's first ethical investment funds several years ago.
- One of the many distinguishing features about the co-operative scene in the United States is the wide number of new kinds of co-operatives which have been established in recent years to meet new member needs. Paul Hazen, President and CEO of the National Co-operative Business Association in Washington, will make this presentation.
- Since co-operatives must market their difference as well as practice it, Stefania Marcone will show us what the Italian co-operatives are doing and have done in this area. She is Head of the International Department

of Legacoop, a national co-operative apex organisation in Italy, and member of the ICA Board.

- Finally, Suzanne Maisonneuve-Benoit, a member of the Board of the Desjardins Confédération here in Quebec, will describe what the caisses populaires do in terms of bring added benefit to the members of the communities in which they operate. This social balance sheet always forms an important part of the Desjardins Annual Report.

This, ladies and gentlemen, is what awaits us this afternoon. I should add that the presentations made this afternoon will be put on the ICA's web site so that participants may obtain them when they return home. And some copies will be available for distribution here after the meeting.

Therefore, Mr. Chairman, with your permission may I call upon Graham Melmoth to make his presentation.

Making Membership Meaningful

Presented by:
Graham Melmoth
Chief Executive, Co-operative Wholesale Society
United Kingdom

I stood down as your President two years ago next month regretfully because domestic pressures within my own organisation were building up but happily, too, because I was confident in the ability of my successor, Roberto Rodrigues, to maintain continuity and to stake out new ground for the ICA. This he has done. On the Agenda for this Congress we have the opportunity to look afresh at the role of this Alliance in the millennium. Your President was quick to recognise that the ICA has, like all co-operative organisations, to meet the needs of its members, put another way, it is about Making Membership Meaningful. That is what I have been asked to talk about in the context of the CWS and the movement in the UK and I welcome the opportunity. I took over as ICA President at the Centennial Congress in Manchester in 1995 when we approved the new statement of identity which was the culmination of Ian MacPherson's odyssey across at least five oceans. This brought the Co-operative Movement into the 21st century and highlighted the importance of democratic participation in an increasingly competitive and often hostile capitalist environment. I am now more than ever convinced, especially with the experiences which the CWS has had in the UK, that we will survive and flourish by emphasising our co-operative identity, not hiding from it as we may have done at intervals in the past.

We may have been our own worst enemy in seeming to regard incompetence as a virtue if it differentiated us from stockmarket listed companies. It is not an acceptable co-operative difference to assume that a democratically organised business cannot be as efficient as a traditionally organised business. On the contrary, the co-operative difference should add a dimension to a commercially run enterprise not subtract from it. The message of the 1995 Statement of Identity was that co-operation had come of age and offered an alternative but equally productive way of running businesses. In Britain Tony Blair, Prime Minister for the last two and half years, has argued for the Third Way. The Third Way recognises that between public and private sectors there are other ways of doing things and sometimes more effectively. We say that the better way is co-operation.

Within the Third Way there is discussion about mutuality, or an adaptation of it, being re-marketed as new mutualism a philosophy building on the principle of

characteristics which make them inward looking and conservative. New mutualism sees a role in society for voluntary, collaborative action in social provision and collective service outside the public sector. In Britain today, and in other countries with similar traditions, the discussion usually comes round to the question of democratic participation and how it can effectively contribute to a successful business enterprise. At the 1995 Centennial ICA Congress in Manchester co-operators from Japan, Scotland, Italy, Sweden and Canada took part in a project : "Making Membership Meaningful". I would like today to come back to the central question they all raised :- does membership matter? and how can we translate the theory into practice? I hope today to show how, from the perspective of a large group of consumer co-ops, we the CWS, have made strenuous efforts in the UK, particularly in the last two years, to do just that and to ensure our future as a successful co-operative family of businesses. So I am unashamedly talking about our experience in the Co-operative Movement in Britain in the hope that there will be messages in it for co-operators from all sectors and countries represented here.

Inevitably, the way has sometimes been hard going but the resilience of Co-operation over a long period of time and its economic successes, have been a practical demonstration that it is possible, without direct state support or recourse to the stock market, to achieve business and social objectives in line with democratic people-centred ideas.

Our experience is, therefore, that there certainly is a practical and valid "third way". It might also be observed that it is a broad thoroughfare and there are on it other "fellow travellers". In the early days, many were colourful characters. Peter Kropotkin an aristocratic immigrant from Tsarist Russia, settled in Switzerland, had much to say on this topic in his book "Mutual Aid" as early as the beginning of this century. As an international co-operative philosopher, his "Third Way" had little truck with state intervention!

But even the mainstream mutual organisations in Britain such as the building societies and friendly societies - were seen as separate and distinct organisations from co-operatives. Although the differences were mostly differences of method rather than aim, some of them were important in determining the form of organisation. Mutual societies were a means for ordinary folk to deal with the major risks and trials of life - sickness, old age and death. And in the case of building societies, a roof over the family through collective thrift.

Such societies, therefore, needed to build up substantial capital reserves. It has been a feature of modern Britain that those reserves have been plundered by takeover in this generation but this is not today's topic. I go over this familiar ground of capital accumulation only in order to point out the contrast with co-operative societies. The role of consumer Co-operatives have had as their principal objectives providing for everyday economic needs. They are trading businesses in the full sense.

In consequence, co-operatives have not generally felt the need to contemplate conversion to the public company form in order to undertake any business ventures. They are in business mode already. The pressure for new Co-operative legislation in Britain has not been to facilitate conversion to some other business form but to permit co-operatives to continue as such and to do so on equal terms with other business enterprises.

So the third way can be seen as a positive philosophy and entirely relevant to today's business needs. But we must do what we can to assist government thinking on a Third Way to move on from good intentions to practical action and in that regard, in the UK we can take encouragement from the dialogue opened up between co-operatives in different sectors via the United Kingdom Co-operative Council and between co-operatives and other mutuals.. At last, after a century and a half, we are able to speak largely with one voice from the mutual co-operative sector.

Without doubt, there is great potential to be unlocked from the new third way thinking. There is hardly any area of enterprise that is not open to such thinking. In business terms, the CWS, for example, has experience itself in a range of activities from farming to retail, funeral services and financial services with The Co-operative Bank and the insurance business. The other co-operative sectors - again represented within the UKCC by worker co-operatives, the agricultural sectors, credit unions and so on - add more and more dimensions. And beyond that experience is the contribution from the other mutuals, not least the building societies themselves. All distinctive business organisations, with their own philosophy and governances, separate from the state or stock market driven companies.

The most obvious way of promoting the Third Way is to emphasise the central element of our special Co-operative identity - our members. That is what makes us different from the other businesses with which we compete and it is time that we exploited this unique asset.

Even back in 1844 I expect that amongst the Rochdale Pioneers there was a number, perhaps the majority, who felt that membership democracy and participation were all very well but it must not be allowed to interfere with the day to day running of the business. Similar thoughts must occasionally have entered the mind of Alphonse Desjardins in the early days of his work in Quebec but he was not deflected from the great creative mission which is his legacy here in the French part of the federation of Canada and beyond. Part of the suppression of democracy - a culture almost in some Co-ops - has inhibited the ability of leaders to realise their goal of a co-operative commonwealth. This may not have mattered much for us domestically in the UK until the 1980's, but a complacent consumer co-operative movement which was capable of generating surpluses could not

sustain itself in the long term by taking its role as the people's business largely for granted and when in many Societies surpluses turned into deficits.

On the cusp of the millennium in the UK we are in a very different situation. In recent years we have recognised - and taken great strides to move forward - that business and democracy are inextricably linked.

Failed Co-operative Societies over the last twenty year have failed in most cases, not just commercially, but democratically as well. An active membership can provide the controls, checks and balances in relation to management from a genuinely committed point of view, provided the will of membership is permitted to rule.

It is surely self evident that a Society which has good community links and allows local people a say in running the business, is bound to attract more people into its shops.

We are perhaps in a time in our history when we at CWS are nearer to getting it right than ever before. We have a well planned retail strategy, a set of managers who are committed to making it work and a staff whose morale has been boosted by better training and a staff discount system. On the membership side we also have an agreed strategy and the Dividend scheme is proving a very good recruitment method.

Almost all of our 35,000 staff have now undertaken a course in the Values and Principles of Co-operation. When I became Chief Executive I was concerned that staff morale was relatively low, especially in light of an attempted takeover by an opportunistic entrepreneur and I judged that this was partly to do with ignorance of the organisation they worked for. I also realised that we had to make a success of being a co-operative business or why should we resist conversion to public company status?. But a massive exercise like this needs constant monitoring; staff and members are now being regularly trained and reminded of our co-operative credentials and obligations and we are looking at improving the democratic structure and making it more accessible. This must be a continuous, systematic process.

Structures are only part of the answer and cannot make a lot of difference unless people, employees, members and the public at large understand what we are doing. The key to this lies with our elected member regional boards. The job of the CWS National Membership Strategy has been to identify and develop the role of the member within the Society towards a proper and accountable participatory system which allows the member to be genuinely involved and allows the manager to understand why that involvement is useful.

The strategy has six clear objectives. I will describe them and give examples of the actions associated with them.

The objective for democratic member participation is to ensure that each of the seven CWS retail region in the UK has an active member base of the size and quality necessary to facilitate full participation in the democratic affairs of CWS.

- We ensure there are full member committees - where vacancies exist there must be contested elections to fill them. We need to maintain the quality of committee members and this is the best way.
- It is essential that trading managers attend and report regularly to divisional and regional boards. Without information, there is little opportunity for committee members to be part of the business. By providing information we are likely to have supportive and helpful committees. Committee members are partners in the business; not opponents. Too often in the past there have been clashes between management and membership which have led to a climate of distrust.
- We must ensure that all committees are aware of the profitability of their local stores. They will also receive regular reports from all parts of the "family of businesses".
- We encourage active involvement in our national Co-op bodies through questions and resolutions.

The objective of Benefits for Members is to encourage members to make a loyal trading commitment to CWS, which in turn produces meaningful benefits to them as consumer members.

- There is some debate about the appropriateness of the traditional Dividend approach, as surely the main benefit of being a member is that you have a say in how the business is run. The difference is democracy ; not Dividend.
- The Dividend scheme (based on 5% of the value of all Co-op Brand and fresh food purchases) has now been rolled out nationally in CWS Retail food stores and is proving a considerable success, not only in commercial terms, but also in democratic terms. It is also now incidentally the main method of recruitment for new members and provides the main database for customer research.
- Around 18% of all Dividend applicants are choosing to join CWS as members making it a key development for participatory democracy.
- A lively co-operative democracy required intelligent, assertive people using their skills to help us be a successful Co-operative business. .

With regard to education and training our objective is to ensure that our values and principles and understanding of corporate governance, in relation to the Co-op Movement and its structures, are communicated to members and staff - together with an understanding of business and commercial issues.

- This is where we have made more progress in attaining than any other objective. Our committees make a better contribution to the running of the business if they are properly trained. We also find that we attract a better standard of member if we provide good information and effective training.
- All divisional committee and regional boards are being trained in the values and principles and also in aspects of business.
- All new committee members must complete an induction course within their first year.
- All regional board members undertake Institute of Co-operative Director Courses at the Co-operative College in Loughborough, England, on election.

Our objective for membership activity is to ensure membership involvement raises the profile of the Co-operative Movement in each of the communities in which we trade.

- Membership activity was traditionally characterised by leisure based activities, gala days, choirs, and dancing classes - events associated with the Co-op of yesteryear. These activities were often used to divert the attention of the member away from the running of the business; we must concentrate resources on our mainstream trading businesses.
- Our activities should focus on stores and other outlets using issues relevant to today's consumer. CWS marketing management is working closely with membership teams and committees on issues like Honest Labelling and Fairtrade and we have already experimented with consumer panels.
- Our membership teams organise events in the community on subjects such as the environment, animal welfare and other issues which have an obvious link with our commercial activities.
- We encourage the use of the Community Dividend to raise our profile within the community. This allows Dividend holders to allocate some of their Dividend to local co-operative projects. The decision on how to spend Community Dividend is taken by elected regional boards.

Good communication is important to ensure that members are properly informed of all aspects of CWS family of businesses.

- All stores are required to have properly maintained members noticeboards and relevant information.
- We provide our members with high quality information through annual reports, members magazines and members news.
- We are expanding our web site and using video conferencing and other techniques for members meetings.

The objectives of membership administration is to ensure that membership is a mainstream activity within CWS with standardised and consistent policies and structures through a focussed and professional operation.

- All CWS employees can now become members of the Society. We have developed a Headquarters Branch, in Manchester to facilitate democratic participation by all employees who do not work in one of the CWS retail regions.
- The development of Credit Unions for staff in Manchester and Scotland, helps to ensure that all employees can be active members of the Movement beyond the Society and recognise the links with other forms of co-operation.

All types of Co-operatives find making participatory democracy work extremely difficult, requiring huge changes in thinking. Members must be assertive and eager to take charge, not unlike the relationship which exists in local, regional and state government between elected members and officials.

I don't think there is any part of the wider Co-operative Movement which would claim to have a perfect democratic system. Worker Co-ops, Credit Unions, Housing Co-ops, Community Co-ops as well as other Co-op Societies have all suffered and continue to suffer from lack of participation. No one at this Congress can be unaware of the risks co-operatives can run from the neglect of its membership; vesting too much power in management; exposing the organisation to outside takeover; corruption; financial mismanagement. The future of any co-operative lies in the hands of a strong, vibrant membership.

Members are partners in business. Part of the role and skill of co-operative managers is to engage with members and vice versa! They are joined at the hip; they occupy the same planet. Neither can function without the full hearted co-

operation of the other. Our unique asset, a healthy co-operative, is vital for good corporate governance and vital for the running of a successful co-operative business. Membership matters. And we all know it.

Adding Value to Membership—New Forms of Cooperative Business in the United States

Presented by:

Paul Hazen

President and CEO, National Cooperative Business Association
Congress Plenary, 30th Afternoon

As we move cooperation into the 21st Century, the United States is experiencing an explosion of new cooperative development. Each year millions of people across our nation are choosing to control more of their lives by joining cooperatives. The cooperative movement's growth and our nation's new enthusiasm about cooperatives can be witnessed throughout the United States. Through Cooperation Works a cooperative development initiative, NCBA is leading this cooperative renewal by expanding existing, and organizing new, cooperatives. Cooperatives add value to membership by providing their members new business opportunities in the U.S., and around the world.

Our goal at NCBA is to make cooperative enterprise a strong, distinct and unified sector of our economy that is recognized by the U.S. public. Today, in the U.S., most people believe that we have only three sectors of the economy: the for-profit sector dominated by investor-owned businesses; the government sector including local, state, and federal governments; and the non-profit sector that encompasses organizations like the Red Cross, universities, and religious institutions. At NCBA, we see a fourth sector of the U. S. economy that is based on a foundation of cooperative principles and values. The cooperative sector is built on businesses that serve the economic and social well being of a wide variety of people. To accomplish our goal of a strong fourth sector of the economy, U.S. cooperatives are adding value to membership by providing new services, and by developing new cooperative businesses.

In the new millennium, I believe that the biggest challenge for people around the world will be the continued concentration of wealth. This concentration of wealth is a danger to both our economic and political freedom. We know that economic freedom, through cooperatives, is a better way to conduct business. Our values of self-help, self-determination, equity, equality, solidarity, and democracy make our businesses different and gives our members an advantage in the marketplace.

To improve their lives, millions of new people are drawn to cooperatives every year in the United States. Today in the U.S., there are over 47,000 cooperatives with over 120 million members that represents 40 percent of the U.S. population. Existing cooperatives are growing rapidly throughout the U.S by adding value to membership

through new services. For example, during the past five years, U. S. credit union membership grew from 60 million to 76 million people. This tremendous growth is the result of additional membership value provided by new services such as home mortgages, business loans, retirement programs, and electronic banking. The growth of credit union membership is verified by public opinion surveys showing that 70 percent of consumers believe credit unions provide better service at a fairer price than do for-profit banks.

The United States enjoys a 50-year tradition of consumer-owned electric cooperatives, and today our country has over 1,000 electric cooperatives with 26 million members. To add more value to their membership, these cooperatives are now marketing their electric services to consumers under a brand name over national television. Advertising America's electric cooperatives to millions of people.

As you can imagine, electric cooperatives are attracting millions of new members annually. They have added even more value to their membership by organizing a new cooperative just this year, Co-Opportunity, that provides members with propane gas for heating and cooking.

While existing cooperative membership is growing by expanding services, the growth of new cooperatives in the U.S. is even more spectacular. For example, one of the most innovative new cooperatives in the U.S. is located in New York City. It was organized by members of that city's housing cooperatives. The 500,000 members of cooperative housing in New York City expanded the value of membership by organizing, 1st Rochdale Cooperative. This new consumer-owned cooperative provides electricity, telecommunications, energy audits, and internet access. In only four months of operation, 1st Rochdale already has added thousands of families and businesses as members, and soon will be the largest consumer-owned electric cooperative in the United States.

In agriculture, concentration of capital has always been a problem with small family farmers left at the mercy of multi-national corporations. Low commodity prices, little control over capital, and global market competition are all crippling U.S. farmers today. But, the United States has many successful producer-owned agricultural cooperatives that help thwart some of these problems. I am often asked what is the value of cooperative membership. Let me give you a recent example that demonstrates the difference and value of cooperative membership. Earlier this year, hog prices in the U.S., at the producer level, hit a 50-year low of about \$8 per hundred weight. These low prices created real economic hardship for farmers across our nation. To address this situation, Farmland Industries, a 600,000-member producer cooperative, decided that they would set a floor of \$15 per hundred weight for hogs and pay their members an above market price. This single act raised the price of this commodity above market level and helped insure the continued economic viability of many Farmland members.

The concentration of wealth in the farm economy has also spawned many new cooperatives. New generation agricultural cooperatives in the U.S. are on the cutting edge of providing new services to their members. Cooperatives such as the Dakota Pasta Growers Cooperative processing wheat into pasta, Cloverdale Growers Alliance Cooperative processing hogs into value added products, and the Santa Fe Trail Growers Association cooperative processing and marketing a variety of fruits and vegetables across the U.S. Other new generation cooperatives process corn into ethanol, and wheat stubble into construction materials. Let me give you an example of the impact these new generation cooperatives have on their members. By joining the Midwest Investors Cooperatives Tony and Barb Frank have tripled their income from the corn they raise. Their cooperative feeds their corn to chickens and markets the production to consumers retaining the added value for the members. The Franks are a growing number of new cooperative members in the U.S. New generation agriculture cooperatives are not a panacea for every problem facing farmers. But they succeed because they require more investment of capital than traditional cooperatives based on patronage. Often new generation cooperatives require their members to invest 40 percent of the total capital required. Responding to low prices and a crisis on the farm, producers are establishing cooperatives that are creating new value for members by producing products for the consumer market. Within the past five years, over 250 new generation agriculture cooperatives have been organized in the U.S.

Public opinion surveys verify that U.S. consumers trust cooperatives more than other types of businesses because of their owner-user capabilities. Cooperatives are developing their businesses to capitalize on this advantage. An example is Childspace a worker-owned cooperative that provides day care for children. Families trust the worker members of Childspace cooperative because they own the business and involve the families in the decisions affecting their children. This trust is earned because of our ethical values of honesty, openness, social responsibility, and caring for others. Our values make our businesses different.

U. S. consumers and agricultural producers are finding new value from their cooperatives. The same is true for small business owners in the U.S as they are faced with the same global economic pressures and concentration of wealth as consumers and producers.

Owners of small businesses involved in fast food franchises, industrial supplies, construction materials, educational services, and home furnishings are seeking empowerment through the formation of purchasing cooperatives. Let me give you an example. AMAROK was organized two years ago by NCBA as a purchasing cooperative for building supply retailers. Today, the cooperative has empowered 74 small business members operating in 35 states, with over \$500 million in annual sales. The cooperative has pioneered national purchasing contracts, and electronic based commerce. Another success story is the Carpet Cooperative of America. Known as Carpet One, this 10-year-old cooperative with 800 small business members is now the

largest retailer of carpeting materials in the U.S. with annual sales of over \$2 billion. The cooperative has created innovative award winning member education programs to increase member sales.

Across the U. S. today, there are over 300 purchasing cooperatives for small businesses with over \$100 billion in annual sales. This explosion of cooperative development has occurred as a reaction to the continued concentration of wealth and our global economy. We believe that to be reactive to these economic forces is not in the best interest of our cooperative membership. To achieve our goal of becoming a strong fourth sector of the economy and to organize even more cooperatives, ten cooperative development organizations in the U.S., including NCBA, have restructured their programs into Cooperation Works. Cooperation Works is a unified system of cooperative development centers and development partners, cultivating cooperation as a cornerstone of prosperous, sustainable communities. Cooperation Works has established national cooperative development priorities that will focus our resources into building partnerships with the public and private sector to establish joint ventures for creating cooperatives. Our goal is to create a seamless national cooperative development system that will encourage a new wave of cooperation that will, in turn, add new value to cooperative membership in a new century and a new millennium.

We citizens of the United States of America are some of the most fortunate people in the history of the world. As a nation we were born into privilege, but we know that we cannot achieve our economic and social goals when millions of people in the U.S., and billions of people throughout the world, live in poverty. Because of the concentration of wealth in a global economy, there are billions of people throughout the world who live without enough food, water, adequate shelter, education, or healthcare. We cannot turn our back on these people. In the cooperative movement, we must stand up and fight against a global economy that rewards attitudes such as survival of the fittest; intolerance; concentration of wealth and power; and separation of people by race, economic status, and religion.

As we approach the new millennium, cooperative values are desperately needed throughout the world. In the tradition of our founders, we must build community by caring for others. We must look for ways to provide service to our members and our potential members. Working together, we can add value to cooperative membership by developing new cooperatives.

Let us not forget the trust that cooperatives have built over a long history of helping people achieve their economic goals and improve their lives. Cooperatives have empowered millions of people throughout the world to take more control of their lives. And we have given voice to people over the past 155 years from those first Pioneers of Rochdale, to the new members of electric cooperatives in the U.S. All of us in this room are proud of our cooperatives. We know that cooperatives are a better way to conduct business and improve lives.

I love to go to work every day! I love my work, because no matter what the problem, challenge or opportunity we are facing, we have a solution, a cooperative solution. This is what makes cooperatives great, and this is why millions of new people across the U.S. are organizing new cooperatives and finding added value in their cooperative membership.

It is worthy work for a new millennium. It is work that I, and I hope you, love. When cooperatives add value to membership, and when we organize new cooperatives, we build community and give people power and voice. And, we build a better world.

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MARKETING THE CO-OPERATIVE DIFFERENCE

Presented by:

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There has been no shortage of attempts, over the last decades, to define what marketing is about and what it really means and so, I will not even enter the theoretical debate over the most recent marketing co-operative strategies and definitions. I will focus my report on some concrete examples that stress the co-operative difference in the different sectors, and illustrate two case studies involving the consumer and the social co-operatives. But before doing that, I would like to share with you some of our thoughts about what makes co-operatives different from other types of enterprises.

As you will probably remember, in the Report "Co-operatives in the year 2000" prepared for the ICA Congress in Moscow in 1980, Mr. Laidlaw underlined that "co-operatives that are not only economically efficient but also socially influential will have the greatest appeal for the new age" and thus the necessity to strike a good balance between the business performance and the social and mutual purposes.

First of all, the co-operative society is a business which, as such, should be able to compete in the market place implementing the most suitable strategies and policies which ensure its entrepreneurial success, but the integration between economic actions and social aims is basically what makes the mission of the co-operative society particularly wider and complex compared to other companies and, at the same time, what raises its general level of expectations.

Consequently, according to this assumption, the better marketing that a co-operative should try to implement is the one which is strongly linked to its mission, principles and values and capable of making the identity of the business clearly and simply understood by the general public.

We know that it is not an easy task in a world in which, private companies are increasingly competing with us also on this ground. This puts some questions to us: it urges us to be more consistent with our values and to uphold them in our daily activities in order to set, on this basis, our marketing of the co-operative difference.

Sometimes, there is the temptation in the co-operatives to place little priority on social objectives, considering them a burden rather than a factor bringing added value and we have many successful societies, all over the world, adopting this approach. However, on the long term, our own experience teaches us that, beyond the risks of homologation with private companies, in the difficult phases of the co-operative life-cycles, there is always a re-discovery of our roots, of our difference and when we have been able to communicate that the exchange is not simply a trading exchange

but an exchange made up of values together with the other factors (innovation, quality etc.), this helped a lot of co-operatives to overcome deep crises.

A distinctive marketing is based upon the strong will to change, to put oneself at stake in order to find again strength in those values on which our modernity lies and to apply them with a new outburst in our marketing policies.

We know that to be more effective we have to analyse thoroughly our competitors, and understand their strengths, but we also have to be well aware of the fact that we do not live in an ivory tower and that our features can be taken as a reference also by others and used for their own purposes.

In fact, as it is proven by many examples in the retailing sector, some of our values inscribed in our genetic pool (healthy products, high quality standards, consumers' protection, etc.) are practiced also by private businesses. Because of a high level of competitiveness we are required to cope with the most successful cases of the private sectors developing a strategy of product innovation, an ever-increasing quality policy, and a clear and strong marketing strategy capable of showing our added values.

The goal of being excellent businesses in all economic sectors is attained when ever we are able to understand and interpret citizens' needs.

From an entrepreneurial view point, we can summarize that the general marketing strategies of our co-operatives are focused on :the affirmation of their own brand, the monitoring of high-quality products, the standardisation of healthy production and processing, innovation of products and services, bench-marking with the "best in class".

If these were the win-win strategies for many Italian co-operatives, beside this I want to stress also another type of marketing that we can call "social marketing" aiming at widening the relations with members, citizens, and communities in order to contribute in establishing a good society.

This mix has made and still makes the co-operative society acknowledged as a reference partner in the market which, socially conscious citizens-users see as a business capable of pursuing also in its economic activity the goals of the co-operative mission.

To implement the economic and social role in favours of co-operators, communities and future generation means for the co-operative society to give value to the individual person. For this, it seems natural to place members at the core of the co-operative, the individual at the heart of the business and the citizen at the centre of social responsibility of the co-operative system.

The respect for people, the commitment on socially relevant issues, the concern for the impact of today's actions on future generations, make co-operation one of the main actors in the social communication which is a key factor in the marketing strategy of the co-operative difference.

In my country, several co-operative sectors are now involved in initiatives which respond to people's concerns: you can find housing co-operatives which are engaged in urban recovery and in developing housing programmes design to special users' categories (elderly people, students, immigrants) and in new areas such as bio-architecture; construction co-operatives using ecologically sustainable materials and take care of the environmental impact of their buildings, agricultural co-ops involved in strengthening the relations with members through the creation of a permanent observatory to monitor the members' attitude as well as to communicate to general public, re-starting from the *raison d'être* of membership, the care for healthy and high-quality products (food security), etc.

However, some of the most interesting examples of marketing the co-operative difference can be found in the retailing sector and social care co-operatives.

As far the consumer sector is concerned, the marketing strategy was focused on emphasizing the clear elements of distinctiveness and identity. It was decided to position COOP as the organization of the "self-conscious consumer born to protect her/himself from a qualitative and quantitative point of view" The image strategy was targeted to creating an overall identity focused on distinctiveness as the main feature bringing added value. To attain this goal it was necessary to be consistent in terms of economic activity, social policy and image. For these reasons the guidelines adopted, starting from the culture of the group, pointed to a system of values, key-symbols, with a close link between the consumers' ones and those of the COOP system. Key-values, reference for all the system, on which to turn around first of all actions and then communication.

Symultaneously, Coop started a phase of reviewing those elements of COOP visibility that were still critical: goods assortment towards the new life and consumers' styles, improvement of services, offering increasingly guaranteed products etc. The communication and advertising campaigns were launched on these bases.

The commercial spots I will show to you now represent an example of the COOP marketing the co-operative difference.

Beyond this, COOP is strongly involved in the communication of social relevance and namely through:

- Action of communication aiming at the people sensitization on social issues (environmental protection, ethical issues etc)
- Consumer education :for instance, initiatives devoted to young consumers, both in schools and in stores; initiatives targeted to promote the knowledge of other countries' traditions and culture, etc.
- Support for activities of humanitarian and solidarity character or finalised to social progress.

To quote some examples, COOP supported

- "Right Foundation" a research Institute for genetic and human therapy, contributing in the establishment of one of the largest genetic research laboratory in Europe on AIDS
- Italian Association for the Multiple Sclerosis;
- "Re-unify" support for a project of the UN High Commission for the Refugees devoted to the reunification of families separated by the war in the former Yugoslavia
- Projects of co-operation to development and fair trade in Latin America and Africa.

Probably this commitment is the best way to conceive a communication strategy which implements the associative soul, solidarity and the value to individual person which are the basis of the co-operative mission. In this area, apart from COOP, many other Italian co-operative sectors are involved in supporting emergency and socially relevant projects at national and international level.

So we can summarize that the increasing success registered by consumer cooperation is made up of modernisation, innovation and social marketing. These factors were able to increase COOP's membership and turnover (today almost 4 million members, 36,000 employees, a turnover amounting to 8,565 million US\$).

The Marketing of Social Care Co-operatives:

Another interesting way of marketing the co-operative difference is that involving the social care co-operatives. As you know these enterprises are involved in providing social services to communities and individual person (mainly to the elderly and the less advantaged) as well as in the insertion in the labour market of the disabled. This sector, which is one of the most dynamic, is strongly supported by the two Apex Italian Organizations (Confcooperative and Legacoop), that have developed similar and innovative experiences as well as different approaches. After a first phase of establishing and consolidating this sector, in Italy the first experiences started in the 70s and were recognized and regulated by law only in 1991 (today there are over 4,600 social enterprises), now they are starting to work on communication and marketing.

As far as the marketing is concerned, this type of business has two main issues to face:

- To communicate who they are and what they do;
- To modify the public perception of disability, trying to remove the causes for exclusion. Causes which are in the deep strata of emotions.

Consequently in order to attain real processes of integration (thus developing services and employment) it is necessary to act on traditional communication to bring about a cultural change. This is the sense of the project "Images" recently launched , the first one of this type in Italy, co-financed by the E.U. and involving 4 consortia of social co-operatives from different regions.

The project "Images"

The **Images** project intends to provide beneficiaries with **concrete measures to favour their social and professional integration.**

The choice of the term "**Images**" focuses the attention on the rationale underlying this project:

The communication made through images is the area where we can try out and test a possible cultural change and professional profiles capable of turning into concrete opportunities to create jobs for disabled people.

1) The need for a cultural change: other people's look

The way in which disability is perceived in the systems of values – through media images – highlights to what extent communication is generally hinged around pain and sorrow, namely current suffering and the suffering caused by "les regards des autres" (other people's look).

The prevention of marginalization mechanisms is always a problem of communication. For these integration processes to make further progress, new codified forms of communication shall be studied which are capable of having a bearing on deeper feelings and behaviours.

2) Social cooperatives and the promotion of their image

Bearing this in mind, we are bound to focus our attention also on the market activity problems faced by social cooperatives.

Over the last few years there has been growing awareness that an integrated cooperative shall not depart from the traditional market patterns.

This is tantamount to say that these bodies have freed themselves from a culture of dependence and its corollary, namely assistance and feather-bedding.

Production quality and quantity have increased.

These efforts, however, have not been completed and now they should focus on the aspects of corporate communication and marketing. This is understandable considering the above mentioned reasons: suffice to recall that, during the whole pioneering phase of integrated cooperation, most of the marketing process was based on the incentive to buy products to lend a helping hand.

Today the efforts to reach full integration and an equal footing are bound to set the objective of restoring full significance to the aspects of production, marketing and sale.

3) The unifying element: the creation of an Agency for services in the MKT area and the operation of a network of experts for social communication.

The requirements defined so far suggest the need for operating in the field of social communication and marketing to find a solution which could create new jobs for disabled people.

The creation of a national Agency - capable of acting on the issues of social communication, providing marketing services to profit and non-profit companies and services of press and audio-visuals review to large regional and national companies - is therefore the unifying objective of the "Images" Project.

The different steps of the project can be summarized follows:

- to favour the disabled people's integration at social and employment levels through communication: a sensitization campaign, using an impact approach
- to develop a transnational exchange activity on the issues of social communication and images on disability
- the building of local partnership networks capable of enhancing and involving different competence and skills which can meet the complex requirements of social demand through a bottom-up approach"
- to device training patterns not only as courses in classrooms but also as activities on the territory turning it into a "laboratory spread over the territory"
- to make the direct users of the project real protagonists again through the conception, design, carrying out and direct management of social communication: the new images of the disabled people and the value of change

Therefore **the expected results** of the project are: :

- to increase the level of acceptance-tolerance of disabled people
- to increase direct and indirect job opportunities
- to develop models of organization and marketing aiming at strengthening these enterprises
- to create permanent structures of "social sensitization" in order to promote full integration as a focus element in the process of education

- the creation of a Laboratory for social communication – an agency operating at national level capable of providing services and consultancy in the marketing and communication areas with a view to supporting the system strategies of social cooperatives, thereby favouring the marketing of products and services
- Market studies and identification of the distribution network for the social cooperatives' products and services also at European level

Conclusions:

So, I tried to stress what, according to us, marks the co-operative difference and some paths chosen in marketing it in various sectors and different frameworks. As we know, a common feature on which to focus our efforts, will be the ever-increasing attention toward the customer satisfaction., in its broader meaning. For us customer satisfaction is not a matter of pure business or simple communication campaigns. By nature, we have a peculiar vocation for this, our history is based on corresponding at the best to people's needs and aspirations. But it will require by us to be practiced, planned and monitored with suitable instruments, among which also the Social Balance Sheet can be useful, as well as many others, that our constant search for finding innovative and smart solutions showing our difference, will bring about.



NOTES POUR UNE ALLOCUTION DE

*Mme Suzanne Maisonneuve-Benoit,
administratrice à la Confédération des caisses Desjardins*

à l'occasion de la session plénière intitulée «Adding Value to Membership : the Challenge for Co-operatives», tenue dans le cadre du Congrès 1999 de l'Alliance Coopérative Internationale (ACI)

«Les caisses Desjardins au Québec : des retombées multiples pour la collectivité»

Québec, Centre des Congrès, le 30 août 1999

Mesdames,
Messieurs,

Lorsque nous voulons expliquer aux membres des caisses Desjardins quelles sont les principales caractéristiques qui distinguent leur coopérative de services financiers d'une autre forme d'institution financière, nous faisons d'abord référence aux «4 P» que sont la propriété, le pouvoir, le partage et le patrimoine.

Une coopérative appartient en effet à l'ensemble de ses membres et ces derniers, qui participent à son administration et à son contrôle, prennent ainsi part à l'exercice du pouvoir. Après constitution de réserves, la coopérative partage ses trop-perçus avec les membres au prorata de l'usage fait par chacun des services qu'elle dispense et peut aussi affecter une partie de ces trop-perçus à des fins collectives. Finalement, la réserve générale accumulée par la coopérative constitue un patrimoine collectif inaliénable.

Si ces caractéristiques ne résument pas à elles seules la distinction coopérative, elles en constituent à tout le moins une base nécessaire et inimitable de la part des concurrents capitalistes.

Décrire, comme je le ferai ici, les retombées pour la collectivité québécoise qui découlent de la présence des caisses Desjardins m'amène à traiter plus particulièrement de celui des 4 «P» qui a trait au partage des trop-perçus. Mais les autres dimensions ont également leur importance, comme vous le verrez.

Vous constaterez également que ce partage prend chez nous diverses formes. Nous croyons en effet que si la présence des coopératives de services financiers n'entraînait que des retombées individuelles pour leurs propriétaires, notamment par l'intermédiaire de la ristourne,

cela ne les distinguerait pas vraiment de ce que font pour leur part les entreprises capitalistes, dont les propriétaires reçoivent des dividendes.

Nous estimons donc que les coopératives doivent aussi avoir pour particularité de générer des retombées pour la collectivité. Chez Desjardins, nous remettons régulièrement en question les modalités du partage qu'il faut effectuer entre ristournes individuelles et «ristournes collectives».

Une dernière remarque avant d'entrer dans le vif du sujet. Il est important, selon moi, de reconnaître d'abord que l'ensemble des avantages qui découlent de la présence du Mouvement Desjardins reposent sur la bonne santé financière de ce dernier. C'est d'ailleurs pour maintenir une saine rentabilité dans l'environnement nouveau que nous connaissons que le Mouvement Desjardins doit aujourd'hui relever un défi important : s'adapter aux changements majeurs qui secouent son industrie et cela, bien entendu, dans le respect de son identité coopérative.

Desjardins a donc, au cours des dernières années, inauguré de vastes transformations, particulièrement sur les plans de l'organisation du travail et de la révision de ses structures - transformations au terme desquelles il sera, nous en sommes convaincus, encore plus efficace et plus utile à ses membres et à la collectivité québécoise.

Cela dit, voyons quels bénéfices la présence du Mouvement des caisses Desjardins entraîne-t-elle pour la collectivité québécoise.

Desjardins comme entreprise

Tout d'abord, précisons que les 1200 caisses Desjardins présentes au Québec, les organismes de soutien que sont les 11 fédérations et la Confédération, ainsi que les sociétés filiales des caisses emploient chez nous un total de 40 000 personnes. Cela fait du Mouvement Desjardins, et de loin, le premier employeur privé de la province. D'importantes sommes sont également consacrées par le Mouvement Desjardins à l'achat des produits et des services

nécessaires à ses activités. Par exemple, des dépenses de près de 450 M\$ sont reliées annuellement aux immobilisations, au matériel de bureau et aux équipements informatiques. Les frais de communications atteignent pour leur part près de 150 M\$. Comme entreprise, le Mouvement Desjardins joue donc un rôle central dans l'économie québécoise.

Desjardins comme intermédiaire financier

Il y est également l'institution financière la plus importante, comme en témoignent ses parts de marché. Il y recueille en effet 46 % des dépôts bancaires, il consent 32 % du crédit à la consommation, 39 % du crédit hypothécaire résidentiel, 42 % du crédit agricole et 22 % du crédit commercial et industriel. Les caisses, dont le réseau s'étend sur tout le territoire, rendent donc disponible dans toutes les régions de la province une gamme complète de services financiers.

En plus de servir ses 5 millions de membres particuliers, Desjardins est depuis longtemps le partenaire des petites et moyennes entreprises (PME) - ces dernières jouant un rôle moteur sur les plans de l'emploi et du développement économique des différentes régions du Québec.

Pour ajouter un complément à leur rôle de prêteur auprès des PME et renforcer leur capacité à agir comme partenaires du développement régional, les caisses, par l'intermédiaire de leurs fédérations régionales, s'associent aujourd'hui à la filiale spécialisée en capital de développement du Mouvement, Investissement Desjardins, pour mettre sur pied des fonds régionaux d'investissement. Cinq de ces fonds sont actuellement en opération et nous visons un total de 10 lorsque la démarche aura été complétée. Investissement Desjardins met alors du capital de risque à la disposition de certaines entreprises déjà desservies par les caisses, s'y associant plus étroitement en s'engageant comme actionnaire et participant ainsi plus directement à leur essor.

La réalité socio-économique évoluant rapidement, la mise au point de nouveaux services s'avère souvent précieuse pour certaines catégories de membres. Il est en effet du ressort d'une institution financière de savoir offrir les services répondant aux nouveaux besoins en émergence.

À ce chapitre, le Mouvement Desjardins a par exemple été le premier, au Québec, à mettre au point et à offrir un programme complet de financement à l'intention des travailleurs autonomes et des micro-entreprises, dont le nombre a rapidement crû ces dernières années avec la transformation du marché du travail.

De même, avec le nombre important de couples qui recourent désormais à l'adoption internationale pour fonder ou agrandir une famille, et considérant le coût important que représente cette démarche, une formule de prêts à l'adoption, comprenant des périodes d'amortissement plus longues, a été conçue et offerte aux membres.

Un autre programme, mis au point plus récemment, a pour but de favoriser la relève agricole à l'heure où le coût moyen d'une exploitation agricole rend le processus de transfert de ferme de plus en plus difficile. Dans le cadre de ce programme, un plan collectif d'épargne permet aux membres de la nouvelle génération de constituer le capital nécessaire à la réalisation de leurs projets.

Le Mouvement Desjardins a également toujours porté une attention spéciale aux jeunes. Dès les premières années de son histoire, et conformément à la volonté de son fondateur, Alphonse Desjardins, l'institution de la caisse scolaire avait pour but d'initier les plus jeunes à l'épargne. Encore aujourd'hui, les jeunes de nombreuses écoles primaires et secondaires apprennent à épargner et ont un premier contact avec le monde des services financiers grâce au Mouvement Desjardins. Mais notre intervention auprès de cette clientèle prend maintenant des formes beaucoup plus diversifiées. Ce que nous appelons le «Programme jeunesse Desjardins» regroupe aujourd'hui toute une série de produits et services financiers ainsi que des outils

éducatifs destinés à répondre aux besoins spécifiques des jeunes de 0 à 24 ans, aux différentes étapes de leur cheminement.

Desjardins comme coopérative

Une série de retombées pour la communauté découle plus spécifiquement de la structure coopérative des caisses Desjardins. La présence de coopératives de services financiers dans la communauté se traduit d'abord par l'occasion donnée aux membres de s'engager en assumant la fonction de dirigeant ou dirigeante d'une entreprise collective au service de la communauté. 13 000 personnes sont ainsi impliquées, au Québec, à titre de dirigeants et dirigeantes bénévoles de leur caisse.

Pour que ces personnes jouent un rôle encore plus actif et mieux adapté aux défis actuels de nos coopératives, nous avons redéfini le rôle des dirigeants et dirigeantes pour l'axer davantage sur le contrôle des opérations de la caisse et la définition de ses grandes orientations. Elles doivent aussi aider à mieux concrétiser, dans le milieu desservi par la caisse, les valeurs de la coopération. Divers outils ont été mis au point pour assister les dirigeants et dirigeantes élus dans la pleine réalisation de leur mandat, autant sur le plan financier que sur celui de la vie coopérative.

Des efforts sont également faits pour assurer une meilleure représentativité des différentes catégories de membres au sein des diverses instances du Mouvement Desjardins. Je pense ici notamment aux femmes, aux jeunes et aux communautés culturelles. Un programme a par exemple pour but d'inviter des jeunes à s'impliquer comme stagiaires au conseil d'administration de leur caisse. Nous souhaitons ainsi favoriser la relève et offrir en même temps aux jeunes une expérience formatrice. Nous avons aussi mis sur pied un comité aviseur sur la représentation des femmes dans Desjardins - ce dernier ayant le mandat de faire des recommandations à une commission qui relève directement du conseil d'administration du Mouvement.

Des sommes importantes retournées à la communauté

Pour les membres, un des avantages concrets découlant de l'appartenance à une coopérative, c'est sans conteste celui de la ristourne individuelle. Maintenant que la capitalisation de la plupart des caisses dépasse les normes internationales en vigueur à ce chapitre, nous voulons qu'un plus grand nombre de caisses qui réalisent des trop-perçus en fassent profiter leurs membres, encourageant du même coup leur fidélité. Le président du Mouvement, M. Claude Béland, avait lancé un appel il y a quelques années pour que nous visions tous ensemble à atteindre un grand total de 100 M\$ de ristournes en l'an 2000. Cet appel a été plus qu'entendu puisque dès 1998, le total des ristournes versées aux membres s'est chiffré à 138 M\$.

Comme il ne s'agit toutefois pas d'aller de record en record au détriment de la solidité financière des caisses, le président a même dû modérer un peu l'enthousiasme qu'il avait suscité en rappelant qu'il fallait viser un juste équilibre entre le versement de ristournes, qui représentent un avantage palpable apprécié des membres et la nécessité de continuer à accumuler des réserves générales fortes, qui représentent pour leur part une partie importante de la «ristourne collective», car elle vient enrichir le patrimoine commun.

Une autre manifestation de la différence coopérative, c'est l'appui donné par le Mouvement Desjardins à d'innombrables initiatives du milieu sous formes de dons, de commandites et de bourses d'études. 20 M\$ ont été retournés à la communauté sous cette forme en 1998, ce qui représente 4,5 % des trop-perçus d'exploitation du Mouvement Desjardins. La plupart des grandes entreprises se contentent habituellement d'une proportion de 1 %.

La nature coopérative des caisses, alliée à l'enracinement de chacune d'entre elles dans les villages et les quartiers des villes de la province, explique le rôle majeur joué par le Mouvement Desjardins bien au-delà de ses fonctions d'intermédiaire financier et le fait qu'il retourne ainsi à la collectivité une part importante de ses trop-perçus.

Les sociétés filiales des caisses interviennent aussi à ce chapitre et disposent pour ce faire d'enveloppes discrétionnaires au plan des dons et commandites. De façon générale, un souci de cohérence est manifesté entre le secteur d'activités de ces filiales et les causes qu'elles appuient. C'est ainsi que Assurance vie Desjardins-Laurentienne, une filiale des caisses spécialisée en assurance de personnes, s'est engagée dans des campagnes de prévention du suicide et de prévention du cancer du sein au cours des dernières années.

Les Assurances générales des caisses Desjardins, spécialisées pour leur part en assurance de dommage, sont étroitement associées à la prévention de la conduite en état d'ébriété. Elles participent aussi à une campagne visant à recueillir des fonds servant à la recherche et à l'acquisition des équipements nécessaires au traitement des personnes gravement brûlées.

D'année en année, le Mouvement Desjardins appuie ainsi un très grand nombre de projets dans les domaines des services à la communauté (notamment la santé et les services sociaux), de l'éducation, des oeuvres humanitaires, du développement économique, des loisirs et des sports, ainsi que des arts et de la culture.

À l'image du réseau des caisses lui-même, les retombées dues à la présence du Mouvement Desjardins sont fort dispersées géographiquement et il est difficile d'en avoir une vue d'ensemble. Si un certain nombre d'événements ou d'institutions d'envergure nationale jouissent de l'appui de Desjardins, ils sont encore plus nombreux, dans les diverses localités et les régions, à recevoir un appui de la caisse locale ou de la fédération régionale. Depuis une quinzaine d'années, nos rapports annuels contiennent une section dans laquelle nous nous efforçons de présenter une synthèse de l'ensemble de ces retombées sous forme de «bilan social».

Nous avons aussi décidé au cours des dernières années de faire davantage le marketing de ce bilan, cela pour que nos membres puissent apprécier encore plus justement les avantages découlant de la présence de leur mouvement coopératif bancaire. À cette fin, différentes capsules

publicitaires dans divers médias écrits et électroniques ont eu pour but de faire connaître nos «bons coups» et de mettre un peu plus en valeur notre différence coopérative.

Un partenaire socio-économique engagé

Le Mouvement Desjardins est aussi interpellé par les grands débats ou les grands chantiers collectifs qui mobilisent les différents partenaires socio-économiques du Québec. Cela explique l'association de plusieurs de ses hauts dirigeants à de nombreux dossiers d'intérêt national. Un grand «Forum pour l'emploi», un important Sommet économique convoqué par le Premier ministre et les travaux d'une Commission sur la fiscalité et le financement des services publics ont à titre d'exemple bénéficié de l'expertise et du leadership de nos hauts dirigeants au cours des dernières années.

L'engagement de ces derniers se manifeste aussi par leur participation au conseil d'administration de plusieurs institutions québécoises : universités, sociétés publiques ou parapubliques, fondations, etc. La même chose se vérifie d'ailleurs à l'échelle locale et régionale avec les dirigeants des caisses et des fédérations.

Favoriser l'intercoopération

Dans le monde québécois de la coopération, Desjardins occupe aujourd'hui, avec les grandes coopératives agricoles, une position de force, due au travail de plusieurs générations de coopérateurs et de coopératrices. Desjardins peut ainsi apporter une contribution significative au renforcement de l'ensemble du mouvement coopératif.

C'est ainsi qu'il participe activement aux activités du Conseil de la coopération du Québec. De même, des ententes de maillage existent entre le Mouvement Desjardins et différents regroupements de coopératives dans les secteurs de l'habitation, de l'alimentation, des services en milieu scolaire, des services funéraires, du travail et de la forêt. Ces ententes favorisent

l'intercoopération, c'est-à-dire une meilleure collaboration et des échanges de services entre les diverses composantes du mouvement coopératif québécois.

Le réseau en développement rapide des coopératives de service à domicile a lui aussi bénéficié du support du Mouvement Desjardins ces dernières années.

Suite au Sommet économique que j'évoquais à l'instant, est né ce que nous appelons chez nous le «Chantier de l'économie sociale», une structure de coordination qui a pour but de favoriser le développement d'entreprises d'économie sociale, ce qui inclut les coopératives, les groupes communautaires et toutes sortes d'associations sans but lucratif dont la finalité consiste à produire des biens ou des services pour satisfaire les besoins des membres de la communauté. Le Mouvement Desjardins, lui-même un acteur important au sein de l'économie sociale, a accordé un appui financier et logistique à la structuration de ce Chantier.

Conclusion

Le Mouvement Desjardins, comme vous pouvez le constater à la lumière des quelques exemples donnés ici, est l'un des principaux partenaires du développement du Québec et ce, autant à l'échelle locale, régionale que nationale. Son action est si intimement liée au devenir de la collectivité et depuis si longtemps que bien des gens prennent sa présence et sa générosité comme quelque chose d'acquis, quasiment comme un service public que chacun est dans son bon droit de recevoir sur demande.

Alors que ça n'est pas le cas : Desjardins est une entreprise privée à propriété collective et il oeuvre dans un secteur d'activité devenu aujourd'hui hautement compétitif. Sa pérennité et sa santé financière à long terme, sur lesquelles repose sa capacité de générer encore des retombées pour la collectivité, ne sont certes pas garanties. C'est donc au prix d'importants efforts de la part des employés et des dirigeants actuels du Mouvement Desjardins, que cette institution centrale dans la vie québécoise conservera la force et la capacité d'intervention qu'on lui connaît. Il nous

faut aussi constamment rappeler dans nos activités de communication que la force d'une coopérative repose également sur l'engagement de ses membres et leur volonté de la soutenir.

Car il ne faut pas se le cacher : si les gens aiment encore aujourd'hui leur coopérative de services financiers et le grand mouvement dans lequel elle s'insère, ils sont de plus en plus exigeants envers elle. Dans une industrie où la concurrence se fait chaque jour plus intense et la sollicitation des consommateurs de plus en plus empressée, les membres des coopératives n'hésitent plus aujourd'hui à «magasiner» leurs services financiers et à aller chercher le meilleur de ce qu'ils pourront trouver ailleurs. Desjardins doit donc être compétitif sur les plans de la qualité et des coûts de ses produits et services pour pouvoir aussi offrir tout le reste.

Dans le contexte d'aujourd'hui, il nous faut donc faire comprendre aux membres et à la population que les transformations en cours dans Desjardins - transformations qui ne vont pas sans entraîner de l'inquiétude et un peu d'incompréhension en certains milieux - sont une condition nécessaire au maintien de sa capacité à jouer un rôle plus large dans la société québécoise, à être encore pour les décennies à venir, un partenaire attentif des divers projets de notre collectivité.

* * *

Marketing Our Cooperative Advantage

Presented by:

Lynn Benander, CEO, Cooperative Life

Tom Webb, Director, St. Francis Xavier University Extension Department

Introduction

We live in a world where we are continually bombarded with images, messages, urging us to buy, telling us what we need. We can't walk down the street or listen to the news or turn on the television or sign onto the Internet or engage in the outside world in any way at all without receiving marketing messages telling us about some new thing that we need to want.

Given this culture of consumption, what does cooperative marketing mean? What can we do as cooperatives that would be of service to our members, to the public? Is there a way we can let people know who we are, what we offer, and not bombard them with messages they don't want or need?

Consumer research in the US and Canada shows that people value cooperatives. They believe we offer high quality goods and services with personal service with their interest in mind. Cooperatives simplify life for people. We can make choices easier. Many people are interested in being educated about who we are and what we offer.

Our ownership structure yields qualities people value in our rapidly changing world. The Credit Unions in the US have discovered that people feel more respected by their credit union than they do by a bank. The Electric Cooperatives in the US have discovered that people value having a voice in their cooperative. These qualities of respect and consumer voice arise directly from being consumer owned.

Letting people know that we offer the qualities they value is a service people appreciate. AND it is an opportunity we cannot allow to pass us by.

There are risks for us to not market our cooperative advantage and benefits for us if we do.

If we don't let people know that cooperatives can provide them with the qualities they are looking for, other businesses may step in and fill the bill. Large businesses are taking on the "We're local" look, offering personal service and a membership card. Fortune 500 businesses are stepping forward to become "learning organizations" or "total quality organizations" based on core principles which mirror our cooperative principles - and some are implementing them more effectively than we are.

If we don't define who we are, we risk sitting back and having others define us. Reactive marketing, where we're saying that we're not who they said we were . . . or where we're saying, "And we offer that too" are far less effective than the pro-active MOCA Marketing Campaigns we are here to share with you today.

Is there a way we can proactively define who we are as cooperatives, so that we aren't just defined by our competitors?

The biggest risk for is not marketing our cooperative advantage is that we will, in large part, not survive. Nearly every cooperative sector is facing increased competition. We will not survive unless people know who we are and what we do. Once they know, many will join and use our services and products. It's our job to get the word out. . And in the process, we can do more than survive. We can thrive.

Is there a way we can use cooperative marketing to strengthen our organizations so that we can continue to serve our members in this highly competitive, ever more global marketplace?

Marketing Our Cooperative Advantage is a project that has taken on these questions. We believe cooperative marketing needs to make people's lives easier, needs to provide useful information about things people want to know about, needs to educate people about the value we bring them because of who we are. And cooperatives and credit unions are proving that they can accomplish, while improving their bottom lines, increasing market share.

What is MOCA?

Marketing Our Cooperative Advantage is cooperatives and credit unions educating member-owners and the public about the advantages of doing business with cooperatives. A growing number of Cooperatives and Credit Unions across the US and Canada are marketing their cooperative advantage. We're here today to show you what they've done and share with you some of the results.

MOCA is reinvigorating and repositioning cooperatives for success in the 21st Century. Market research shows consumer attitudes have shifted in support of cooperatives. Global trends are causing people to value quality, community, democracy, and local ownership. These are cooperatives' strengths. Marketing our strengths builds membership and expands our businesses.

How does MOCA work?

MOCA is a program that helps cooperatives and credit unions identify what advantages they bring their members because of their cooperative structure and effectively communicate those advantages to their members and the public. MOCA is a place for innovation where cooperative leaders can bring together what they've learned and generate new ideas to reposition and reinvigorate cooperatives and credit unions across the US and Canada. MOCA is a partnership between national cooperative organizations and credit unions in the US and Canada - sponsored by Canadian Co-operative Association and National Cooperative Business Association and produced by St. Francis Xavier University Extension Department and the Cooperative Development Institute.

Key Elements

- MOCA is founded on the belief that the cooperative nature of our businesses is our key asset long term in market differentiation. Our cooperative nature is a key source of value to members and the public who use them.

- MOCA is premised on the knowledge that cooperatives are of increasing value in a global world economy in which people are concerned about enhancing their influence over their economies, protecting the ecology that sustains life on our planet, enhancing democratic values, and fairly distributing wealth in our world.
- MOCA is based on the cooperative principles, especially the principle of education, and the belief that living and effectively communicating those values builds membership, increases sales, and strengthens the financial stability of the cooperative.
- MOCA is rooted in sound market research that shows people do value cooperatives and credit unions and the principles upon which they rest. That research demonstrates that people believe cooperatives have their interests in mind, provide high-quality products and services at fair prices, and offer quality personal service.
- MOCA celebrates marketing efforts that work, seeks to understand the challenges faced, and facilitates sharing the lessons learned across cooperative industry sectors.
- MOCA encourages the synergy that comes from cross sector marketing where different types of cooperatives and credit unions reinforce each other's marketing impact.
- MOCA encourages cooperatives to link their marketing, communications, education, and strategic planning efforts to ensure they focus on effectively communicating and consistently delivering the cooperative advantage to members and the general public.

What has happened with MOCA so far?

St. Francis Xavier University Extension Department of Antigonish, Nova Scotia and the Cooperative Development Institute of Greenfield, Massachusetts launched MOCA in 1994 in light of growing consumer interest in cooperatives and the tremendous opportunities for cooperative business growth if cooperatives and credit unions could more effectively communicate the value they bring people and their communities. The first conversations focused on determining whether there was a cooperative advantage and whether or not it was worth marketing. The next round of conversations focused on how one might market our cooperative advantage. Cooperative and credit union leaders are now analyzing MOCA marketing campaigns and the impact they have had on their businesses to learn how to more effectively market our cooperative advantage. Conversations have also expanded to find ways for cooperatives and credit unions to deliver on their marketing campaign messages and ensure their members consistently experience the cooperative advantage being promised.

The following programs and resources have been developed so far:

- **US/Canadian Conferences** - Boston, MA - 1995, Marlborough, MA - 1996, St. Paul, MN - 1997 presented by St. Francis Xavier University Extension Department and the Cooperative Development Institute and sponsored by the National Cooperative Business Association, the Canadian Cooperative Association, the National Cooperative Bank, the Credit Union National Association, CUNA Mutual, and the National Rural Electric Cooperative Association
- **Regional MOCA Conferences** - Oregon/Washington Conferences hosted by the Northwest Federation of Cooperatives - 1998, Minnesota Conference hosted by the Minnesota Association of Rural Electric Cooperatives - 1998, Vancouver Conference - 1998, North Carolina Conference hosted by the North Carolina Electric Membership Corporation - 1999
- **Conference Presentations-** Cooperative Communicators Association - 1996, Pennsylvania Conference hosted by the Pennsylvania Association of Cooperatives - 1997, Canadian Cooperative Association Innovations Conference - 1997, National Cooperative

Business Association Annual Meeting - 1997, Consumer Cooperative Management Association - 1997; Wisconsin Federation of Coops Annual Meeting- 1998; Co-op Atlantic - 1999

- **Conference Proceedings and Awards Programs** - Produced in conjunction with the US/Canadian Conferences in 1996 and 1997
- **MOCA Video** - 1995

What's Next?

Cooperative and credit union leaders will continue to learn how to more effectively market our cooperative advantage and ensure their members consistently experience the cooperative advantage being promised. There is interest in creating strategies for different cooperative sectors and credit unions to work together including coop identity branding and cross-sector marketing campaigns.

Upcoming programs will likely include:

- A US/Canadian MOCA conference for leaders of national cooperative organizations and large cooperatives and credit unions currently sponsoring MOCA campaigns in Spring 2000.
- Regional Conferences and Sector Conferences held across the US and Canada
- An intensive cooperative marketing course for marketing professionals interested in Marketing Our Cooperative Advantage
- Key market research results and successful MOCA campaigns available on internet and video
- Pilot cross-sector MOCA marketing efforts

ICA Plenary Session Overview

In today's plenary session, we would like to give you an opportunity to:

- learn about successful MOCA marketing campaigns,
- identify the value coops bring their members because of their cooperative structure,
- decide whether or not these advantages might be worth marketing at this point in history, and
- list several ways you might successfully market your cooperative advantage.

To accomplish these goals, we would like to agree to two things:

1. Honor the process of listening and speaking to discover new ideas.
2. Participate in our buzz sessions - sharing your ideas, beginning and ending on time.

We have planned the following activities for you:

- First we'll talk about global trends affecting co-ops. What are they? What strengths do cooperatives bring to these challenges and opportunities?
- Next we'll talk about our cooperative advantage. What is our advantage as cooperatives? Does it matter? Can it be marketed?
- Then we'll look at the consumer market research that shows what people think of our cooperative advantage.
- Once we've reviewed the research, we'll identify the key marketing concepts that form the foundation for MOCA marketing campaigns and look at case studies of worker, producer, and consumer cooperatives that have launched MOCA campaigns.

- Finally we'll close with a look at what you might do. How can you learn more about MOCA? How you can begin to take these lessons back to your organization.

And now, to help us get started, we are going to ask you to answer some questions.

First we'd like to know who's here. Raise your hand if you are a manager or CEO of your cooperative. Raise your hand if you are a board member. Raise your hand if you are a marketing or communications manager. Raise your hand if you are a member of your cooperative.

Now, we'd like to get a sense of how satisfied you are with your current marketing campaigns. Are you very satisfied or not satisfied or somewhere in between?

For this next set of questions, I'd like you to raise your hand when I get to the point on this line that best describes your response to my question. | this

How satisfied are you with your current marketing campaigns? Not . . . Somewhat . . .
Very

Do you think there is a cooperative advantage? No . . . Maybe . . . Yes

Do you market your cooperative advantage? No . . . Maybe . . . Yes

Is our cooperative advantage worth marketing now? No . . . Maybe . . . Yes

Global Trends Shaping Our World

There are significant trends shaping the world as we know it . . . that affect each of our lives directly. These trends create both the opportunities to market our cooperative advantage and threats to us if we don't.

- End of Cold War
- Globalization
- Corporate Growth and Mobility
- Capital Mobility
- Community Erosion
- Ecological Fragility
- Technology Explosion
- Shift in Decision Making
- Distribution of Wealth Crisis

Our Cooperative Advantage

The advantages cooperatives bring people and their communities play a critical role in helping to address these trends. In this global economy, people need cooperatives to bring them back control over the things they depend on for their survival. These are the advantages citizens value:

- Focus on member needs
- No outside investors needing profits

- Fair prices, quality products and services, convenience, service, & brand equity
- Cynicism about government and corporations
- Democratic ownership & control give people security
- Rooted in communities - not moving away
- Responsive to community needs
- Focused on values and principles
- Trusted source of information
- Respect for members and workers
- Care for the environment
- Ethic of mutual self-help
- Members share in the profits
- Keeping \$ in the community
- Redistributes wealth
- Builds local/regional economies

Market Research

Awareness of Cooperatives

The 1994 Gallup survey confirmed the common perception that most Americans had a low level of awareness of many well-known co-operatives, even though they would likely be aware of their products. (In this area credit unions were more visible than the rest of the cooperative movement.)

Likelihood to use Co-operatives

It also showed that in a wide variety of products and services, people expressed a high likelihood to use products if they knew they were co-operative products. (Media 43%; Insurance 51%; Retail 64%; Food 65% (Gallup 94))

90% would prefer to buy competitively priced products if from a co-operative. (Penn-Schoen 96)

Would you prefer to buy co-op product – price and quality being equal? Yes 89%.

Attitudes Toward Co-operatives

50% or more felt that co-operatives had competitive prices; met consumer needs; and produced high value products.

60-65% felt they served consumer interests: were trustworthy: provided quality service.

64-65% believe co-ops offer a sense of belonging. (Co-op Atlantic 1993/94/95)

46% "Would like to feel they own a part of the store." (Co-op Atlantic 1993/94/95)

Co-ops are needed in today's society – 69% agree. (Co-op Atlantic)

"Credit Unions exist to help people – Banks exist to maximize profit." 66% agree. (Luntz, USA, 1997)

"Everyone should have access to credit services." 82% agree. (Luntz, USA, 1997)

Co-operatives and the Community

80% of Atlantic Canadians believe that by shopping at the co-op you are keeping your money in the community (Co-op Atlantic 1991/92/94/95)

MOCA Marketing Concepts

Introduction

The Manipulative Approach to marketing creates an image not truly connected to the company or product. It promises you love, relationship, wealth, or power if you but choose to use this product from this company.

A company involved in a Reactive Approach to marketing focuses on defending themselves against an image that has been defined by their competitors or on telling consumers how they have that new bell and whistle too.

On the other hand, a Proactive Approach to marketing educates people about who we are and what we do. We define ourselves instead of responding to our competition's definition of us. Our messages are clear, focused, honest, and useful to the people listening. This Proactive Approach is the foundation of MOCA. It is cooperative marketing in service to our members and the public . . . letting them know about the things they want to know about.

Character Marketing

Character Marketing communicates openly about who we are and what we do. It is focused on meeting people's needs rather than on the competition. In addition to using traditional marketing vehicles, Character Marketing can use public relations and word of mouth to pass on the message. The "Hi, Neighbor" Campaign from Cabot Creamery is an example of character marketing. The message is, "You can trust us because we are your neighbors. We are farmer-owned."

Relationship Marketing

Relationship Marketing seeks to create a relationship and loyalty between a company and the people it serves. This owner's manual created by the Brattleboro Food Cooperatives (based on the one created by Co-op Atlantic) is a powerful statement of relationship between the co-op and its owner-members.

Identity Brand Campaigns

Identity brands are essentially a promise from a company to its customers or members. It is critically important for that company to deliver on the promises it makes in its brand campaign. It is better not to make the promise if you're not going to deliver. People like brands because they simplify decision-making. When we find brands we identify with, we can choose them without making new decisions each time we need to make a purchase. We'd never make it out of the grocery store if we had to select our purchases without brands.

The Credit Unions in the United States have just adopted this identity brand. "People are worth more than money. They discovered their members believed their cooperative advantage was respect. Credit Union members believe their credit union respects them more

than a bank. This brand promises respect and is designed to give a unified message to the public across the US.

The Electric Cooperatives in the United States adopted the "Touchstone" brand two years ago. They are branding the relationship between the electric cooperative and its members. Their brand marketing position is that an increasingly competitive marketplace demands the electric cooperatives and public power districts tap their most important asset: *community ties expressed by integrity, accountability and innovation.*

Market Positioning

The marketing concept of positioning is about where you station yourself in the market place in relation to your competitors in a broad strategic sense. Rolls Royce has positioned itself as the royalty of automobiles. Around the world some co-operatives have positioned themselves in a manner which flows from their co-operative nature.

For example, Co-op Italia, the consumer co-op system in Northern Italy has chosen to position itself based on **trust**. The rationale is that if the consumers own the retail stores they buy from, they should be able to trust the co-op completely. They have carefully created co-operative label products with strong environmental standards. Many of the products are produced by co-operatives and consumers can rely on the products meeting the strict standards developed in with strong member input and consultation.

Another label identifies value - a combination of quality and price. Again the standards are strict and rigidly adhered to by Co-op Italia. Co-op Italia's marketing and merchandising is designed not to be manipulative.

In the Basque Country, Eroski, the Mondragon Group's retail co-operative system has positioned itself as linked to the work creation, economic development goals of the Mondragon group. Not only do they do an effective job in meeting consumer needs, but they also support and contribute to the growth of the worker co-operative system that has stabilized the economy of the Basque Country.

Here in Canada, Van City Credit Union has positioned itself as a socially responsible financial institution by creating environmental and community development funds, committing 49% of its surplus to community projects and programs and building its core offices in a part of the city no bank would have chosen.

For co-operatives, positioning goes beyond creating an image to living by the principles and values inherent in co-operation.

MOCA Case Studies

Cabot Creamery

In 1994 Cabot Creamery was a small cooperative of dairy farmers trying to eke out a living in New England. They had a 4.5% share of their market with \$30 million in annual sales. Roberta MacDonald then joined Cabot as their Marketing Director and things began to change.

They began entering every cheese contest they could find for the free publicity. When they won "best cheddar in the world" at a contest in Wisconsin, they began to hit the map. Their "Hi, Neighbor" MOCA campaign took them to new heights and now they enjoy a 21% market share and \$160 million in annual sales. Roberta hopes MOCA will take them onto a 20% market share down the entire US East Coast.

United Airlines

In December, 1993 the United Airline Board approved a proposal for 54,000 employees to exchange portions of their salaries and benefits for UAL stock, paving the way for the creation on July 12, 1994 of the largest majority employee-owned company in the world. The employee-owners built a campaign around improved customer service utilizing employee-owners in the ads, their improved on-time record, and a new slogan "As all of United's proud new owners say, 'It's obvious we don't just work here.'"

Credit Unions in the US

After a rousing victory over a legislative attach from the banking industry attempting to limit their ability to add new members, Credit Unions in the US are launching a new national identity brand campaign that is based on extensive market research.

Co-op Atlantic

Co-op Atlantic is a system of co-operatives in Canada that developed a five-point marketing thrust to "Market Our Cooperative Advantage to Members". Their message of providing opportunity for growth and strength, gaining power in the market, and reducing their service fee produced outstanding results. They went from a net loss of 10 members per week to a net gain of 15 members per week, member-owners are much more involved in the business because of the chance to do something for the business, and they have received a positive reaction from the member-owners and staff.

Touchstone

Touchstone energy is a national alliance of local, cooperatively owned utilities providing high standards of service to customers, large and small, and their communities. There are more than 530 Touchstone Energy Cooperatives in 37 states delivering energy and energy solutions to more than 15 million customers everyday. The brand's foremost goal is to increase customer loyalty in order to retain and build their customer base. Touchstone Energy Cooperatives are local, active members of their communities committed to serving commercial, industrial and residential customers with integrity, accountability, innovation, and community involvement

Credit Unions in British Columbia

"Your bank isn't going to change. Maybe you should." Is the bold message presented in the award winning marketing campaign led by Teresa Freeborn, Vice-President, Services and Communications. They urge people to, "Make the call of the wild," and switch from their bank to their local credit union, where they'll no longer have to become "howling mad" about record bank profits because credit union profits are put back into the community.

The campaign resulted in significantly increasing the number of people who could name a credit union close to home; people increasingly feeling that credit unions treat you with

respect, like an individual, and are responsive to your needs; and significant numbers of people switching from their banks to credit unions.

Credit unions across the province participated in pooling their marketing dollars to pay for the campaign, helping design it, training staff to live up to it, and signing on new members as a result. Working together they secured the resources needed to conduct the market research, design a winning message, and refine the campaign as it went along.

Cooperative Life

Someday we may even have a brand that we all use so no matter where you go you'll see the same strong identity.

Successful MOCA Marketing Campaigns

Successful MOCA Marketing Campaigns are real. They consistently deliver what they promise. They base their campaigns on market research, so they promise things their target market wants.

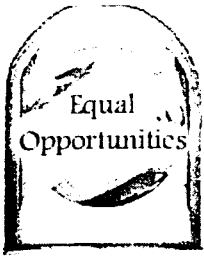
Successful MOCA campaigns are integrated with their organization's strategic plan and are supported by management so that the message they give the public is the same message given members, staff, and suppliers. The marketing message is the same message heard throughout the organization.

Successful MOCA campaigns are based on market research. Research conducted before the campaign identifies target markets, key products, product characteristics, and messages the target market will be responsive to. Research conducted during the campaign determines if the campaign on target. Research conducted after the campaign documents the success of the campaign and assists in planning the next marketing effort.

All too often, cooperatives settle for second best . . . for the "underdog" role. Successful MOCA campaigns step out of that limiting mental model. They are bold and proud of who we are and what we have to offer.

Conclusion

So, what do you think would happen if every cooperative marketed our cooperative advantage? What impact would that have on our ability to get supportive legislation passed . . . on our ability to educate the public about the value cooperatives bring to them and their communities . . . on each cooperative or credit unions ability to bring in new members . . . to increase their sales . . . to expand their products and services? Together, there are few things we cannot accomplish. Here is the MOCA opportunity: MOCA gives us a tool to build a thriving cooperative economy bringing valuable benefits to members around the world. And the time is now.



PRESENTATION TO THE ICA CONGRESS
Vanda Guiliano, Chair, ICA Global Women's Committee

I'd like to begin by thanking the Board for giving the ICA Global Women's Committee the opportunity to address the Congress today.

I will focus on the initiatives to promote gender equality with a focus to the future. As I believe this demonstrates our ambition, our will to look towards the future....without losing contact with our past.

One of the roles of the Committee is to monitor and report on initiatives taken to promote Equal Opportunities. I would like to present some of those in which co-operative movement should participate.

At the annual meeting of the United Nations Commission on the Status of Women held last March, governments continued their review of progress in the implementation of the Beijing Platform for Action adopted by the Fourth World Conference on Women.

In addition, they began preparations for the five-year review of Beijing at the United Nations' Special Session of the General Assembly. This Special Session entitled, "Women 2000: Gender Equality, Development and Peace for the Twenty First century", will review and assess the progress achieved in the implementation of the Beijing Platform for Action. The Special Session also known as Beijing +5 will be held from 5-9 June 2000 in New York. However, regional preparatory meetings will begin in the fall of this year. It will be important that the ICA regional offices participate in this process as well ICA be present in June in New York. Beijing +5 will be the major event in the coming year.

However, other international organizations are also involved in events of importance to the ICA.

In October of this year, the Food and Agriculture Organization of the United Nations - FAO - will organize a High-Level Consultation on Rural Women and Information where Ministers of Agriculture and Ministers of Equal Opportunity will participate. They will discuss how to improve information on the contribution of rural women to the economy and to food security.

Shortly after, we will all be invited to celebrate the World Rural Women's Day which will focus this year on the theme, "Giving Credit to Rural Women".

The International Labour Organization - ILO - too has a series of programmes to promote gender equality in the labour market as well as having important activities on gender and co-operatives. ILO has reiterated its commitment to promoting gender

equality. Its new Director-General pledged to step up the commitment to gender issues of the ILO, both within its own walls as well as through its global activities.

At the regional level, the European Union has also identified Equal Opportunities as a priority in its policies. Each of these processes is an opportunity for the world co-operative movement to be present and active.

Why are these programmes and events important? These meetings and programmes aim to empower women, by providing them a chance to realize their full potential. They focus on improving conditions so that women are able to enter or improve their participation in the labour market.

These international organizations know that if enterprises are to be successful in competitive markets, they will need the skills of a diversity of all individuals - women and men. So, addressing gender equality it is not only a question of rights, but a prerequisite for economic success

Yet, there continues to be slow progress.

The 1999 Human Development Report published by the United Nations Development Programme UNDP, noted that:

"Life is getting better for most people. But you are still more likely to be better off if you are a man rather than a woman."

UNDP found that the most widespread discrepancy in human development is between the sexes. The statistics indicate "gender inequality in every society" and show that only a few countries have made "substantial progress" in this area. On a more hopeful note, it reports that greater gender equality in human development can be achieved at different income levels and stages of development as well as across cultures.

So how do we move forward? The Co-operative Movement can certainly contribute to making change happen.

A co-operative is an economic model based on mutual self-help and democracy. A model which does not deny the diversities among individuals, but instead gives them value in pursuing a common goal. Co-operatives are therefore particularly attractive to women. They correspond to the needs and culture of women. With their democratic structure, co-operatives have the potential to offer women as members and employees opportunities for participation in and influence over economic activities. They can enable women to gain self-reliance through this participation, as well as access to opportunities which they would not have been able to obtain on their own. And, by doing so ensure the successfulness of their co-operative with benefit for all. Therefore, increasingly involving women in existing co-operatives or assisting women created their own co-operative enterprises is key to promoting a new role for women in society and in business.

Men and women throughout this organization are today required to envision the role that the co-operative movement will play in the new century. Indeed, they will build it together.

So as we look to the next century, let us together reflect on this challenge. Allow me to quote Edgar Parnell by saying, we must "re-think co-operation".

As we look to the future, we will likely need to address more attention to the problem of unemployment. This is will probably be the major challenge of the next century.

Co-operatives have already played a significant role in in generating and sustaining employment. They are major employers of both women and men in many countries.

However, with close to a billion people who are today either unemployed or under-employed, that is to say, approximately 30 per cent of the world's entire work force, co-operatives will need to offer new opportunities to men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work.

Women already make up a large proportion of the workforce, but as education levels rise, we will see more qualified women entering the job market. Co-operatives should take advantage of the skills they will bring and be prepared to offer them opportunities for advancement.

Co-operatives are a product of market economies and rely on the existence of the market in order to function properly. A market which puts at its core the individual, be it male or female, old or young.

It is also for this reason that it is important to ensure that co-operatives are able to meeting the challenges of future global competition, by ensuring that the co-operative form of enterprise will truly contribute significantly to the human development of both women and men.

As we look back, we are reminded that striving for political and economic independence has been a central feature of the century, and the struggle continues.

The Co-operative movement has been one of the principal actors of this process by promoting self-help and democracy. It has widely contributed to promoting economic democracy throughout the world.

Those considered weak or vulnerable in the market have had an opportunity to become economically present and active thanks to the co-operative model. It has helped the people improve their lives, by pulling millions of people out of economic subordination. It has opened the way to participation in decision-making process of various countries.

As we look to the future, we will likely need to address more attention to the problem of unemployment . This is will probably be the major challenge of the next century.

Co-operatives have already played a significant role in in generating and sustaining employment. They are major employers of both women and men in many countries. However, with close to a billion people who are today either unemployed or under-employed, that is to say, approximately 30 per cent of the world's entire work force, co-operatives will need to offer new opportunities to men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work.

Women already make up a large proportion of the workforce, but as education levels rise, we will see more qualified women entering the job market. Co-operatives should take advantage of the skills they will bring and be prepared to offer them opportunities for advancement.

We are aware of the gap between what the co-operative is today and what it should be. This gap must be closed.

Identifying the paths to change and "re-thinking the co-operative" is, at least in part, the task of the men and women present in this Congress

A large part of this century's history has been written by women's battles for emancipation, equal rights and opportunities.

Throughout diverse economic and cultural contexts, in peace and in war, women are however, still fighting discrimination in order to affirm their dignity, their rights and competency to full participation in the decision-making processes.

When we speak about the presence, or absence, of women in decision-making roles we highlight one of the challenges before us. For this takes us directly to the relationship between women and power, and to the nature and character of organizations.

Women have a complicated path ahead of them. Progress will come slowly as individual mind sets evolve and organizations reflect that change.

Despite this, it is doubtless that women represent a great resource of our future, an added value for the advancement of co-operatives and society. They possess the needs and the will to affect profoundly the economical and social assets of industrial and developing countries.

Women can also play an important part in "Re-thinking Co-operation" in the new century with their skills and intelligence. Women's practical attitude suggests a simple, but often overlooked principle: only those co-operatives meeting the needs of their members develop and prosper.

It is probably women who bring a greater reality to the discussions in the Assemblies and it is women who streamline the organization of the co-operatives. It is up to them to require from their co-operatives that the principles of transparency and competence be put in practice, especially with regards to management and the processes of managerial selection.

Can we hope to see a larger presence of women in management with a wider application of these principles?

We should be aware that the co-operative movement presents an unsettling contradiction: women constitute a high percentage of the membership and workforce in co-operative enterprises, but this is not reflected in their presence at the decision-making level. This is a mirror of present day society. However, should we feel reassured about our situation, a movement that espouses the principle of non-discrimination?

Is it because women simply are not interested in obtaining these positions or are other factors involved? We need to seriously evaluate why this is so.

I believe the real problem lies in the inner workings of a system that hinders women's possibilities for assuming responsibility. We will need to recognize this fact in order to move forward.

Over the years, women co-operators have brought the discussion of gender equality to the ICA. As early as 1921 Emmy Freundlich noted that

"In all countries where there are co-operative organizations, it is invariably stated that the women must be won over to the co-operative idea if the movement is to attain its object. Yet very little has been done in most countries to win women to the co-operative cause..."

Later women such as Nora Willis, Muriel Russell, Rita Rhodes made their mark on the ICA ensuring that the participation of women in co-operatives remained high on the agenda. Raija Itkonen, the only woman on the ICA Board for many years, must also be highly commended for her work in ensuring that the ICA Board was reminded of the need to work towards gender equality. Her efforts along side those of the long time Chair of the ICA Women's Committee, Katarina Apelqvist have made this presentation to the Congress possible. Julia Herrera and later Ana Isabel Solano, Rahaiah Baهران and the ICA regional gender officers must also be recognized for their work at the regional level. Together these and many more women co-operators have achieved important results thanks to their determination. Their efforts have shown that we must not only show our commitment by statements of intent, but practical solutions that we can benchmark to track progress.

Gender disaggregate statistical data is of utmost importance. How can we know if progress is made, if we are not able to provide statistics on how many women are in our membership, how many women employees and where women are present in our management structures. ICA through its databank project has begun to ask its members to provide these statistics, however, the question of the availability of data is a serious problem.

Critics may say that quantitative data do not accurately represent complex and detailed problem of the under-representation of women. This argument is often used to refer to statistics regarding women in management positions. However, this seems to simply be an excuse to delay the application of equal opportunity policies.

It is unsettling that an organization such as ours, which has grown and developed thanks to its competitiveness, undervalues the importance of figures and percentages! The collection and analysis of significant and comparable data should become a priority for our work.

It is also important for us to know what policies individual member organizations are adopting to implement equal opportunities, and we need to know how to evaluate both the successes and failures of these policies.

Also important for us to keep in mind is the allocation of resources to promote gender equality. In many organizations this is the only way to clearly see what is a priority that is being acted upon and what remains simply a statement of intent.

This said, there has been significant activity within the ICA over the recent years. In 1997 the last General Assembly amended the ICA Rules to include the following in the objectives of the ICA: "to promote equality between men and women in all decision-making and activities within the co-operative movement". In addition, the ICA Board undertook the task to "establish targets for the representation of women at the General Assembly".

That General Assembly also for the first time in ICA's history, elected more than one woman to the ICA Board. Through the decisions made in Geneva, the ICA Board grew to having four women members - representing 20% of its membership.

The ICA regional offices too have been active in promoting gender equality. In the Americas region, a Platform for Action was adopted in 1996. ICA Europe adopted its Gender Policy in 1998. The Regional Women's Committee supported by the ICA Regional Office for Asia and the Pacific also elaborated an Action Plan in 1998. In addition, the regional offices for the Americas, Asia/Pacific and Africa implement a wide variety of activities including a number of training projects.

These activities are a sign of the ICA's commitment to gender equality.

However, as difficult as defining the instruments is, they must also be able to be verified in terms of impact, so that these do not remain as simply a set of principles or a manual never opened once a seminar is over.

What more can ICA do? ICA can continue to strengthen the network of relations among its members;

- it can increase the dissemination of best practices of the most successful co-operative enterprises;
- ICA can promote the establishment of mentoring relationships among well consolidated and start-up co-operatives; as well as
- reinforce and extend the relations with other NGO's in order to make the co-operative enterprises known to these organizations.

In each of these instances, ICA has the opportunity to highlight the skills and experiences of women.

However, let us be clear, Equal Opportunities policies must originate from within each co-operative enterprise. ICA can only promote and support these policies.

How can the ICA Global Women's Committee assist?

At the executive meeting of the Global Women's Committee in April of this year, members decided to collect data from members of the Committee on progress made since the adoption of the 1995 ICA Resolution on Gender Equality.

The task is to obtain statistical data regarding women participation in co-operatives as members and employees and women's presence in the decision-making bodies. Members were also asked to evaluate the results of gender policies adopted by their organizations. The initial replies to this request for data and information was presented in the Plenary Meeting of the Women's Committee on August 28th, 1999. The Committee will make the statistical data available on its web site and will also submit the data to ICA for its databank

Moreover, the Committee proposed to map the presence of women co-operators in the decision-making bodies of the ICA both at the global and regional levels. Information has already been collected from the of the global ICA Specialized Organizations and Committees. Again, we feel this will help us track our progress.

The Committee organizes both its own Plenary or annual meetings to share information and allow discussion, as well as a conference or meetings in which women and men are invited.

On August 29th, both women and men from member organizations participated to the Women's Conference entitled "Added Value through Women's Participation". Here practical examples of how co-operatives were promoting gender equality were presented. However, not only were the policies and programmes presented, their impacts were also reported.

The Committee knows that in order to improve its effectiveness, it will be crucial to strengthen the relations with the regional structures and bodies. We have already begun this work with the regional women's committees, but we will need to have more contacts with the regional offices.

At the same time, we hope to be able to work jointly with the global and regional Specialised Bodies to implement gender policies.

The task ahead of us is a demanding one. We need to look at co-operatives under a new light. Economically competitive co-operatives must - and will - play a part in the modern world. Nevertheless, we must not forget the reason of existence of co-operatives: to supply a service to its own members, men and women alike. Our identity: this is what puts us into the future without losing our past.

Global Co-operation in a New Century

- a situation report

Presented by:
Edgar Parnell
United Kingdom

Mr President, Co-operators,

As part of the overall process of considering the future role of the ICA I was asked by the ICA Board to undertake a review of the way in which ICA is currently organised and to assist them in developing a future way of working appropriate for the new century.

It needs to be stated from the outset that, although the task of preparing this report has been commissioned by the ICA Board, my report represents my personal views.

The full report appears in the "REVIEW OF INTERNATIONAL CO-OPERATION" Volume 92 and was included in the conference documentation.

My report has three objectives:

- to inform ICA members about the process followed and the key issues considered in developing the "vision for ICA's future" ,
- to indicate some of the trends affecting co-operatives, their national organisations and the ICA; and,
- to suggest how co-operatives and their supporting institutions can respond positively to the changes that these trends herald.

The written report records the main issues that were in the first place considered by the Board and then by chairpersons of the Specialised Bodies. The consultation process encompassed a much wider group of persons involved with ICA - globally, regionally and within the structure of the Specialised Bodies. In all, a very wide range of people have reflected upon the future role of the ICA.

Given the diversity of types and in the geographic locations of the co-operative organisations that make up the ICA membership, is not surprising that there was a considerable of range of views about the ways in which ICA could best serve its membership. For all that, there was a considerable degree of unanimity as to those matters considered to be the most important for ICA to focus upon in the future.

When the late Dr Alex Laidlaw presented his report, entitled "*Co-operatives in the Year 2000*"; to the 1980 ICA Congress in Moscow, he introduced his findings by accepting the impossibility of predicting the conditions in which co-operative organisations were likely to be carrying on business by the year 2000. We can see how wise he was to make such a caveat, because some of the most significant changes which have taken place in the international scene were not at all envisaged just two decades ago - for example:

- the collapse of communist regimes, and
- the explosive growth in the commercial application of information technology.

Nevertheless, much of what Dr Laidlaw did forecast has proved to be correct - for example:

- the continuing scourge of unemployment in many countries of the world,
- the lack of progress in removing poverty in the Third World, and
- the continually growing power of globally operating companies.

The topic headings used by Dr Laidlaw in the section of his report dealing with "*the performance and problems of co-operatives*" reveals a list that matches the situation as it is today in many co-operatives; for example problems with: -

- the commitment of members,
- democratic participation,
- the neglect of education,

- difficulties in communicating to the general public what co-operation is all about, and
- the relationships between laymen and technocrats,

I hope that over the intervening 20 years that co-operators have learned something from our more recent history and that they now have a clearer vision of the future, not just being ready to catalogue failings but being ready to correct them.

During the course of the organisational review, a six step process was followed.

ICA decision-makers were invited to set forth their views at each stage and to determine their collective position prior to moving on to each subsequent step.

It has been important to remember that:

We often remain trapped by our preconceptions

We often need to see things from a new perspective

And, that we need to avoid taking up defensive positions.

The planned outcome of the entire process is to be an agreed strategy setting the future direction of ICA and a plan designed to secure whatever changes are needed. Tomorrow, you will hear from President Roberto Rodrigues and director-General Bruce Thordarson about the outcome of the organisational review and the plans that your Board has to carry this forward. So this afternoon I shall only be highlighting a few of the key points from my report. I shall concentrate on filling in some of the background.

Most co-operative leaders are well aware of the immense changes in the economic and political environment that have taken place in recent times and which appear to be set to continue at an even greater pace. There is, however, a need to better understand what is happening to co-operatives around the world - how they are changing and what is causing them to change. Decision-makers always need to be in a position to see things as they really are. Care needs to be taken that popular misconceptions about what is happening are not simply accepted.

There are many different factors forcing co-operatives to change. Some changes are very specific to co-operatives in particular regions or countries, whilst other factors are only impacting specific sectors. The most significant factors include:

- structural adjustment,
- democratisation,
- changing governmental policy towards co-operatives, and
- the growth of regional trade groupings,

I would also particularly like to mention:

- ***The globalisation of markets*** whereas in the past local markets could be reserved for local enterprises including co-operatives. This trend is set to continue as the World Trade Organisation proceeds with its task of removing yet more barriers to international trade.
- ***De-regulation and privatisation.*** More and more internal regulations covering trading are being dismantled, the state is withdrawing from the provision of many services that they previously provided. The growth in the power of multinational firms is progressing largely unchecked. **It has yet to become accepted that "free trade" must also be "fair trade".**
- ***Stricter competition legislation is being introduced.*** In an attempt to prevent the interests of the consumer becoming victim to the power of monopolies, governments are introducing stricter laws intended to curb anti-competitive forces. In practice, multinational companies are often able to make use of such legislation to neutralise locally-owned/controlled enterprises as effective competitors.
- ***The decline in the of the power state.*** While the situation varies considerably between different states, a seepage of governmental power is taking place in most states. While some limited powers are being handed over to organs of the civil society, the major beneficiaries are businesses, and mainly those operating on a multi-national basis.
- ***More demanding consumers.*** Where consumers are sufficiently affluent they have the opportunity to choose where they spend their money and only those

suppliers able to meet their requirements can survive in the marketplace. But, **People are increasingly seen by businesses as just “a market” to be exploited.** On the one hand people are apparently being provided with an infinite choice, but on the other hand, as greater concentration of market power and internationalisation takes place, they are being left with a uniform selection based on what is essentially a North American mono-culture.

- ***Advances in science and technology.*** The pace of scientific and technological change continues to accelerate, especially in the field of communication and information technology, and in particular with the growth of “e-commerce”. This opens up many new opportunities for co-operatives, but at the same time threatens the future of those enterprises that cannot keep pace with the changes required.
- ***A widening gap between rich and poor.*** Although in more recent times there may have been some levelling up of the gross national products between countries of the North and the South, the gap between rich and poor continues to widen. Within countries, including the richer countries of the world, the gap between rich and poor is also widening. In many cases there is a clear distinction between those that are unemployed who become marginalised and those that can find employment who prosper.
- At the same time - ***people are searching for some degree of control over their lives.*** As evidenced by the activities of independence movements and pressure groups demanding more local autonomy, there are many people in the world that are seeking to live within smaller, more controllable communities. This could be described as a counter-trend to most of the other changes that seem to be taking us towards larger organisations and a situation where people are regarded as merely fuel for an immense and powerful marketing machine. Co-operatives can help to fulfil these ambitions but only if they offer genuine participation within decision- making processes.
- ***Concern for our planet.*** There is an increasing realisation that without significant changes to the way we use the world’s resources then the future of our planet is under threat.. Parallel to this wider public awareness of environmental issues is the

growth of pressure groups prepared to reinforce their message with direct action. Both the issues and the activities of such groups are impacting upon co-operatives.

- ***Gender issues.*** The issue of the unfair treatment of women in many areas of life continues to be one that needs to be addressed in co-operatives as well as in most other institutions.

At the same time many **changes are taking place within co-operatives**, these include:

- ***The quest for economies of scale.*** Co-operatives of all types continue to seek economies of scale and in the process often fatally weaken relationships with their membership. Many amalgamations are taking place between co-operatives and the more traditional tiers within co-operative federal structures are being dismantled, both at an accelerating pace. Much greater efforts need to be applied to the task of making federalism work before rushing into amalgamations which can sow the seeds for the future demise of entire co-operative sectors.
- ***The withdrawal of state sponsorship.*** Co-operatives in many parts of the world have suffered from the withdrawal of varying degrees of state sponsorship; this trend has not been confined to post-communist and developing countries.
- ***The ascendancy of professionals.*** The effective direction and control of many co-operatives has slipped away from the membership into the hands of professionals. The priorities in such co-operatives have become based upon the professional competencies of their managers instead of reflecting the real needs of their members. For example, in management dominated co-operatives managers often think of their co-operatives as "retailers", "food processors" "bankers", "insurers", etc., rather than as organisations that exist to maximise the benefits that are delivered to their members.
- ***The growth of "business co-operation".*** There are many long standing examples of co-operatives of small-businesses self-supplying services; for example, among small-shopkeepers and pharmacists, this type of co-operative is beginning to

take on new forms. For example, in agriculture, especially in Western countries, the decline of the family owned-farm means that many agricultural co-operatives now have members that are essentially businesses rather than being individual farmers. Many primary producers can only make a reasonable living if they can get a share of the "added value" by taking a part of the profit made further down the marketing chain, new forms of co-operative are emerging to achieve this.

- ***Sacrificing of control to access finance.*** Co-operatives facing a demand for increasing volumes of finance are sometimes sacrificing member-control in order to secure the finance needed. All too often this action sooner or later leads to the organisations taking this path ceasing to be co-operatives.
- ***The distribution of common funds - (De-mutualisation).*** Where the legislation permits it, many co-operatives are disposing of their assets, either directly or by means of conversion into a company. This is happening where members believe that a share of the current value of their co-operative's assets, if distributed, is more attractive than the benefits likely to be secured from continuing as a co-operatively owned enterprise.
- ***The integration of functions.*** Co-operatives supplying goods and services are finding that in many cases there is a demand for a "one stop" service centre. For example, all forms of financial services are required from one point - savings, loans, insurance cover etc. Consumers also expect to be able to transact this kind of business during the course of their regular food shopping trips. This trend has significant implications for those co-operatives that are specialised in providing a narrow range of services, but this trend also offers real opportunities for co-operation between co-operatives from different sectors.

Co-operation continues to evolve, people never cease to find new ways in which co-operatives can be developed to serve their needs. In some parts of the world there is a long tradition of some forms of co-operation whilst in other locations these forms may be relatively unknown. ICA members should be in a position

to benefit from the international transfer of co-operative experience, which should, in turn, result in a faster rate of growth for successful co-operative ventures.

Some types of co-operative seem set for expansion and some newer forms of co-operative can be expected to be developed during the early part of the next century, these include:

- **Health & care.** Co-operative health and care services of all varieties, including consumer-controlled organisations that replace or supplement those controlled by the state or by health professionals.
- **Public services.** Co-operatives that can replace those services which have been taken out of state or municipal control; especially where the communities are intended to serve become increasingly dissatisfied with the level of service offered by privatised undertakings.
- **SME joint business ventures.** Co-operatives of businesses, of all types, which can help small and medium-sized enterprises to prosper in the face of intensifying competition from multinational companies.
- **Special needs.** Co-operatives that cater for the special needs of specific population groups, for example in those countries with ageing populations the growth of co-operatives catering specifically for the needs of older people should be expected.
- **Knowledge sharing.** Co-operatives that help people access the knowledge and skills that they need to prosper in knowledge-based economies. These may range from groups of farmers that seek to replace the technical services they previously received from governmental extension services, to groups of people in a community that need to access and master information technology.
- **Employment mutuals.** Co-operatives that provide support and services to those that cannot expect to hold lifetime employment contracts. Such co-operatives provide support to those in casual or short-term employment, helping them to upgrade their marketable skills and marketing their services. Also, in some cases providing supporting services such as child care for working mothers, joint insurance provision, and temporary absence cover.

- ***Micro-credit.*** All kinds of micro-credit and other financial service co-operatives which provide services to those people that are not seen to be attractive markets by high cost traditional financial institutions, can be expected to continue to grow.
- ***Real value pension providers.*** Co-operatives that are run on a genuine mutual basis, and are able to provide pensions to their members representing real value in relation to the savings invested.
- ***Community service co-operatives.*** Community service co-operatives of all types can be expected to grow in the face of an increasing unwillingness of people to hand over significant portions of their income by way of taxation to governmental service providers.
- ***Umbrella co-operatives.*** Many of the existing large-scale co-operatives can be expected to become the sponsors of the newer forms of co-operatives already mentioned. Such new co-operatives can cater for the more specific needs of groups within the existing membership of large co-operatives, or the original co-operative can be the provider of management and supporting services to the new specialist co-operatives providing immediate benefits of scale.
- ***Traditional co-operative sectors.*** The more traditional forms of co-operative can also expect to grow and prosper, but only where they are prepared to reinvent themselves so as to meet the real needs of their members. Many co-operatives are finding new uses for existing resources, changing their functions to meet the changing needs of their members. **Those co-operatives that simply try to compete with multinational companies without offering any significant advantages to members seem destined to decline or to degenerate into investor-controlled businesses.**
- ***Multinational co-operatives*** . More co-operatives that are capable of serving members across national boundaries will need to be developed. For example, Scandinavian co-operatives are already forming organisations capable of operation throughout the region. Jointly-owned co-operative ventures are more likely to be the model of organisation employed in such international ventures rather than the federal format.

If co-operatives are going to survive the onslaught of global investor-driven business, especially since most states have now abandoned any pretence that they are able to control their power and influence, they are going to need all of the help and support that they can get. In fact, unless co-operatives are able to considerably improve their performance in many respects then the very future of ICA may be threatened. Because, obviously, without members that can afford to pay ICA subscriptions there will eventually be no ICA.

A winning strategy for ICA will be one that captures the imagination, energy and commitment of both its membership and its staff. The selected strategy will involve making a number of clear and courageous decisions in a number of areas. The approach required should also involve:

- focusing on providing services that members perceive as being in tune with their real priorities;
- testing everything that ICA does against "value for money" criteria, so that its limited resources can be channelling its into those things that bring real benefits to its members,
- at the same time being prepared to drop those activities that do not pass this test.

The regional structure of ICA is still relatively new. As a result there are issues that still remain to be settled in terms of balancing the powers and marking-out territories of the various bodies involved. It may be necessary to formulate some guidelines which help to ensure that the relationships between the various parts of ICA are positively supported. However, there exists no simple formulae to resolve these dilemmas, only a steadfast commitment on the part of all concerned to make the system work in the best interest of global co-operation, backed by strong co-ordination provided by the ICA Board, will the organisation yield positive results.

ICA cannot be "all things to all members", so it will have to concentrate upon doing those things that are considered to be most relevant to the majority of the membership. There is a need to not only take account of the requirements of the

current members but also consider ways in which ICA could become more relevant to the needs of prospective members.

If ICA is to help its members to succeed then it must find the best way of helping to address those issues that are most critical to the success or failure of co-operatives. The underlying weaknesses common in many co-operatives, will need to be tackled and the experiences of the successful co-operatives to be more widely shared and adapted to differing situations. Internationally, the best available brains and expertise need to be brought together so as to find solutions, along with the ways and means of implementing those solutions.

A new approach whereby ICA sets-up "Commissions", may provide an appropriate arrangement to deal with many of the issues that are of real concern across regions and sectors alike.

Some of the most important issues appear to me to be:

Improving the systems of governance and the quality of management - many co-operatives suffer from serious weaknesses in the way they are organised. This is not just a matter of having a code of practice to guide directors and managers but is much more fundamental. It is about getting systems in place that allow co-operatives to become really dynamic organisations, making it easier to shed bureaucratic structures and the people that perpetuate them. The need for the highest quality of management is well recognised, ways of inducing managers into co-operative ways of working need to be found.

Developing leaders that make things happen - the development of member-leaders is also fundamental to the success of co-operatives. Any initiatives to develop professional managers need to be balanced by programmes for members' leaders, especially for the larger and more complex enterprises. It is envisaged that ICA could work with specialists providing high level co-operative leadership and management development with most of the activity conducted over the internet using video-conferencing,

Securing a positive public policy framework - getting national and supra-state governments to provide the right kind of legislation, taxation policies, competition law, and education systems. In most case the key demand is for at least equal treatment when compared with investor-driven businesses.

Accessing finance - finance is now an international commodity and if co-operatives are to access finance beyond that provided by their members then they need to be properly organised to do so. Work needs to be done to develop the right kind of financial instruments that can provide capital at an acceptable cost. Detailed work and negotiations are required to produce the mechanisms required that provide adequate finance without losing member control.

Measuring performance and accounting for co-operative benefits - the absence of internationally recognised accounting standards and standards of reporting practice (SORP), that are specifically designed for co-operatives, seriously disadvantages co-operatives in many ways. The establishment of accounting and reporting standards which have international credibility would substantially assist co-operatives in comparing performance, attracting finance and strengthening member control.

Providing practical help - it needs to be acknowledged that many co-operatives have, in varying degrees, lost their way. Having become enterprises that are no longer based upon *co-operation* or driven to serve their members. The changes required to bring such enterprises back to their purpose can be substantial and in most cases requiring some external assistance. The ICA can help to facilitate this assistance. The establishment of a register of specialists able to provide such assistance could be useful.

Sector specific organisations could in most cases do much more to help build their members' technical and management capacity and to develop international trading networks. Sector bodies ought not to be distant satellites of ICA, but instead an integral part of the total organisation.

Those sector specific bodies that are not yet providing significant support to their ICA members need to be assisted in finding ways of improving their impact. Unless co-operatives can learn to really work together internationally, they are unlikely to be able in any way provide a counter-balance to the power exercised by such global businesses.

- ***Other specialised organisations*** need to become much more closely tied to the overall purpose of ICA.

The advantages of exchanging experience and the cross-fertilisation of ideas between sectors and across national and regional boundaries ought to be one of the most significant benefits available from ICA membership.

What kind of organisations should be in membership? It is important to address the question of the likely future make up of ICA membership. It needs to be recognised that if ICA is to serve both those bodies which represent co-operatives having a combination of social and economic objectives as well as those that have objectives that focus almost entirely on the economic benefits of *co-operation* then, it will have to ensure that ICA can in fact meet the aspirations of both forms of co-operative. The implementation of a clear and consistent policy on membership, including the opportunities for associate membership, would appear now to be essential.

There are many co-operative national bodies and in some cases entire countries (for example; Australia, Ireland and New Zealand) that are eligible to become members of ICA, as yet have no ICA membership. ICA should consider ways in which it could become more relevant to the needs of such prospective members.

The task of giving policy direction to, and co-ordinating the activities of, what is a rather complex structure should not be underestimated. This requires that the ICA Board becomes very focused in terms of how it carries out its functions.

In summary, it can be concluded that member organisations are in general not looking for new structures, new rules or a new philosophy, instead they want to get

more out of the organisation as it now exists. Instead they want to get more value out of the sharing of information, closer working with other co-operatives internationally. Also, to secure the benefits of solidarity within the international community that will help them in their dealings with their own governments and the international organisations, where they need to secure both general support and even-handed treatment for co-operatives.

It may be only stating the obvious to say that the future success of ICA significantly depends upon the achievements of its member organisations. If internationally co-operatives are prosperous in the years ahead then ICA should also flourish. That is to say, provided that ICA fulfils the promise implicit in a new vision statement. ICA should have a truly important role to play in support of co-operative success by bolstering the capacity of its member organisations. Nevertheless, the future of co-operation as a system rests fundamentally in the hands of co-operative leaders at all levels.

ICA President, Roberto Rodrigues, often speaks about our being at the beginning of a *"second wave" of co-operative development,* when co-operatives the world over again become a leading form of enterprise in many different fields of activity.

In many respects co-operation stands at a cross-roads, it could go in to decline or it could be poised for several decades of growth. I believe that the re-birth of co-operation is now a real prospect because throughout the world the evidence of the need for co-operative forms of enterprise clearly exists. But again I return to the issue of leadership in co-operatives - whether or not a co-operative renaissance actually occurs depends upon the quality, commitment and the actions of co-operative leaders.

- It seems to me that co-operative leaders face **three separate but related challenges.** The first and most vital challenge is for leaders to face-up squarely to the reality of the position in which their co-operatives find themselves today - and in response develop a clear vision of their own co-operative's future.

- The second challenge relates to the mobilisation and use of resources.
- The third challenge is to secure a positive response from politicians and governments in terms of persuading them to help create a positive environment in which co-operation can succeed.

In the world today there are many fast growing, dynamic co-operatives, that provide truly valuable benefits to their members, as well as to the communities in which they operate. Unfortunately, there are many co-operatives that are struggling to survive. The root problem for many of these has been the reluctance of their leaders to face-up to the reality of their situation. These realities include that:

- **The general public are not impressed by claims about the benefits that may arise from different ownership structures** but only by the capacity of organisations to perform. It needs to be accepted that the main impediment to the expansion of *co-operation* as a system lies in the lack of credible performance on the part of many co-operatives.
- Co-operatives **will not win the support of their members, or the general public, by reciting co-operative values** - but only by delivering tangible benefits. When referring to benefits.

I should stress that these are not by any means limited to financial benefits but can include anything that the member truly perceives as a unique benefit received as a result of their co-operation; (for example, the availability of organically grown food, ethically sound investments, honest labelling etc.)

- It is also a reality that Serious structural and organisational weaknesses exist within many co-operatives and this often results in them being **bureaucratically managed** leaving them slow to react and lacking in innovation and dynamism. There is a pressing need for co-operative leaders to introduce new systems of

governance that can still provide ultimate democratic control and genuine member involvement but at the same time granting the delegated powers that provide the right framework in which creative management can flourish.

- Also, that **there is little point in trying to "out-market" large-scale investor-owned businesses**, for if all that a co-operative can offer is something that is either the same or a lesser service than offered by their competitors then they have little reason to exist. Unless co-operatives are perceived as organisations that genuinely put the best interest of their members ahead of all other considerations, and are honest and open with them in all of their dealings, then they can have no long-term future.
 - **If members are to be expected to support their co-operatives** then they want to know that it will always act in their best interest. That is to say, that the member's interest will routinely be put ahead of those any investors, the management or staff. In particular, that the controlling leadership will manifestly run the co-operative for the benefit of its members.
 - **High quality managers** need to be attracted to work for co-operatives and have to be adequately rewarded if they are to be retained. However, managers who are primarily driven by financial incentives, rather than by the satisfaction of their achievements are, in general, unsuitable in leading management roles.
- All employees of co-operatives, especially senior managers, cannot be expected to contribute to the purpose of the co-operative unless they are adequately trained and educated in their specific functions in a co-operative enterprise.
- **Members' representatives**, in particular member-directors, that are not adequately educated as to their responsibilities and functions can become a serious impediment to the success of their co-operative.

Increasing competition is often cited as a problem facing co-operatives, In truth the problem only arises when co-operative leaders only see competition as negative. However, if the result of competition is to improve the quality of the goods and services

provided to their members then it should be seen as positive. The real challenge to co-operatives is to provide services that are better than the competition or, if they cannot do this, to **move on** to other activities where real benefits can be delivered to their members.

Co-operatives the world over need to be helped to face up to these and other realities, it is the failure to accept these facts which seriously holds back co-operative growth. The ICA itself needs to face up to the fact that much of its energy and resources are currently channelled into promoting the theoretical advantages of co-operation rather than on helping member organisations to improve the performance of the co-operatives which are in turn their members.

Co-operatives can only deliver benefits to their members if they are able to first mobilise and then make productive use of adequate resources. The key resources are, of course, **people and finance**. The main challenge facing leaders concerning the people who work within co-operatives is to provide a framework within which management and staff can exercise the **creative use of their talents** in the pursuit of the co-operative's objectives.

For most large-scale co-operatives the days when the members alone are able to supply all of the finance needed to conduct the enterprise are now long past.

Increasingly co-operatives need to attract and retain non-member finance.

Co-operative leaders now need to have a much greater knowledge of the financial markets and the ways and means of securing finance at competitive rates without the need to relinquish any control to investors.

The finance which is used in a co-operative must be employed so that an acceptable return can be paid to the providers of the finance, be they a member or a non-member. At the same time, all resources used must be employed in a manner which is sustainable, including being environmentally sound.

It now seems that most governments and many individual politicians are so anxious not to upset the large multi-national corporations, for fear of their withdrawing or not making investments within their territory, that they do not want to be seen to be supporting co-operatives.

Co-operative leaders need to make their governments and politicians aware of the folly of such policies which can ultimately undermine the sovereignty of nations. And, if it becomes necessary, to **mobilise co-operative members** to undertake lobbying activities such as will ensure the fair treatment of locally based enterprises, especially co-operatives.

Unless governments provide a framework of conditions that allows co-operatives to properly function the valuable contribution which they can make to the economic and social well-being of the nation will be lost.

Co-operators may need to become more forceful in their demands if co-operatives are to secure the treatment which they justly deserve.

Co-operative leaders need to set out a clear agenda of their expectations of their governments, and at a minimum this should include:

- ***An appropriate legislative framework*** - which helps make co-operative function well, prevents them being taken-over by investors, strictly limits the extent to which government may interfere with their operations and generally ensures that co-operatives will receive fair and equal treatment when compared with other forms of enterprise.
- ***Fair treatment under the tax system and within fiscal policy*** - such treatment to take full account of the nature of co-operatives.
- ***Recognition of the special nature of co-operatives within competition legislation*** - competition laws are primarily designed to prevent the exploitation of the consumer by investor-companies and should not be applied in the same way to co-operatives.
- ***Support in terms of setting up financial markets where co-operatives can raise finance*** - including any necessary new legislation,

- ***Equal treatment to that afforded investor-controlled businesses within the education system*** - huge resources are in most countries made available to train people who are to be employed within companies, proportionate resources should be made available to train the people who are to work within co-operatives. Also, co-operatives as a form of enterprise ought to receive adequate coverage within the curriculum.

Today large-scale enterprises everywhere are allocating huge resources in trying to come up with the "**next big idea**". The kind of idea that will transform the way in which people live their lives and which will have a major impact on national economies. Most people probably expect such an idea to be in the form of some new electronic device, but my prediction is that the really "big idea" will be in the way that business and commerce is conducted. I believe that we shall see a significant rise in the fortunes of those businesses that are based upon complete openness and integrity. I also believe that while others search for the "next big idea" co-operatives are already sitting on top of it. The biggest challenge of all in the new century will be for the leaders of existing co-operatives to recognise this before others transform their undertakings into such new-style enterprises.

Co-operative leaders need to forget about treating members as a "market" but instead to honestly and without cynicism, set out to genuinely meet their members most pressing needs.

End.

PRESENTATION TO THE ICA GENERAL ASSEMBLY ON THE RESULTS OF THE ORGANISATIONAL REVIEW OF THE ICA

Presented by :
Bruce Thordarson, Director-General
International Co-operative Alliance

Thank you, Mr. Chairman,

The results of the Organisational Review which the Board has just completed consist of three parts--general conclusions, a vision statement, and an action plan. These are all to be found in the report entitled "ICA 2005", which is printed in the Review of International Co-operation that is part of the documentation for this meeting.

First, a quick word about the process which was followed. Once the Board determined, in April of last year, that it would be useful to have a fresh look at the ICA's entire structure and operations in view of the new environment in which co-operatives are operating, the ICA President began the process by sending a questionnaire to all Board members. On the basis of these replies, Edgar Parnell prepared a discussion paper, similar to the one which he presented to Congress yesterday. This formed the basis for a two-day Board meeting in Paris last October, one of which was with the leaders of the Specialised Bodies. This led to a second paper by Edgar Parnell, further discussions in the regions, in the Specialised Bodies, and with the ICA staff. On the basis of all this input, the ICA Board made final decisions at its meeting in Stockholm in April.

The results of this wide-ranging consultation produced, not surprisingly, many different points of view. Nevertheless, there were many points on which there was a general consensus. These conclusions included:

- Agreement that the external challenges have had a significant impact on co-operatives, but also that they provide a growing potential for co-operative development if they are managed in the right way
- Satisfaction with the current organisational structure of ICA, with its combination of global, regional, and sectoral elements, but a feeling that they should be coordinated in a more mutually-beneficial manner
 - A desire not to change the Rules or the Co-operative Identity Statement
 - A belief that ICA's role in promotion and defence of the co-operative identity and image should remain a high priority and not be down-graded in any way
- Agreement that ICA should attach importance to supporting the work of the Specialised sectoral Organisations, but also not forget its important intersectoral role

- A caution that ICA is only a helper and that the future of co-operative organisations lies within themselves
- A wish that ICA be more active in supporting and facilitating the business interests of its members, but that ICA not engage in business activities itself
- Agreement that ICA should seek new members from all sectors of co-operative activity, as long as new members comply with the Co-operative Identity Statement
- Lastly, and here there was a definite concensus, that there be no increase in the current subscription formula

Once these important conclusions were determined, the Board was able to establish a "vision" of what ICA should be by the year 2005. This is based on the existing Mission Statement, the conclusions just mentioned, and above all a search for what is both desirable and feasible. It represents the goal towards which ICA should be striving, always in collaboration with its members.

There are ten points in this Vision Statement. The full text can be found on page 114 of the ICA Review, but in summary they are as follows. ICA is an organisation that

- Promotes the co-operative values and identity, and helps to defend co-operatives when they are under attack
- Supports and facilitates the development of co-operatives as efficient businesses, giving particular attention to the needs of co-operatives in developing countries and countries in transition
- Assists and supports the sectoral organisations in their efforts to provide useful business and other services to their members
- Maintains effective Regional Offices which are the focal points for supporting and providing tailor-made services to ICA members in the regions
- Is led by the Board, which determines global policy and provides strategic guidance
- Represents in its membership all major co-operative movements and sectors which conform to the Co-operative Identity Statement
- Is a learning organisation which supports the development and exchange of information about best co-operative practices and innovation
- Is a centre of information and expertise for and about co-operatives
- Plays a leading role in civil society in areas of importance to ICA members
- And, of course, has adequate resources to achieve its goals.

Having agreed upon the Vision, the Board turned then to the Action Plan necessary to attain the vision. Some of these activities are already underway within ICA, while others are new. They are grouped in the Report under each of the 10 headings of the Vision Statement. Just to give a few examples from each area:

- The ICA should be more proactive in promoting and defending the co-operative identity, should develop a specific action plan for lobbying,

should establish new networks of specialists in such areas as public policy and legislation, finance and taxation, management, etc., and should make sure that the existing resources within the ICA leadership are used in the most effective manner

- In its development work, the ICA should make greater use of the resources of its members, ensure that development and resource mobilisation strategies exist in all the Regional Offices, study the introduction of new business services, initiate an annual conference of co-operative chief executives, and use its meetings and publications to identify and publicise examples of best practice
- The Board wants to be better informed about the work of the Specialised Organisations so that ICA can better support their work, encourage more joint membership, undertake joint activities, encourage the sectors to work together where there are common interests, establish stronger linkages between the sectors and the Head Office in Geneva, and make better use of the specialised committees to provide information and services to the sectoral organisations
- With respect to the Regional Offices, there should be greater efforts in the future to strengthen their linkages with Head Office and also with each other, to support their efforts to attract development funding, to encourage members to make voluntary contributions for special activities, to share information among the President and the Vice-Presidents, to ensure a better working relationship with the sectoral committees in the regions, and to consider the establishment of new project offices if they can be both useful and financially self-reliant.
- The Board feels that its own work can be improved if it has meetings which always focus on at least one strategic issue as well as regular business, establish Standing Committees as needed, organises planning and review sessions both at the beginning and in the middle of the board members' terms, and designates Board members to be liaison persons with each of the Specialised Bodies.
- In order to increase the ICA's membership, ICA's elected leaders should make personal efforts, each Regional Office should have a specific membership policy and strategy, membership applications should be reviewed at the regional level before being presented to the Board, the travels of the President and Vice-Presidents should be carefully planned for this purpose, ICA should develop a statement outlining the benefits of being an ICA member both globally and regionally, and the new provision of associate membership should be promoted.
- ICA should be a learning organisation by contributing to the development of new forms of co-operative activity, spreading the concept of knowledge management, using ICA meetings and publications to spread information

about success stories and innovation, use Information Technology to develop new programmes, establish Commissions of experts when there are important issues facing the ICA's members, ensure that gender considerations are included in all ICA activities and are monitored, and that new activities are introduced to promote the involvement of young people within the co-operative movement

- As a centre of information and expertise, ICA should continue to improve its written and electronic communications programmes, as well as its data bank, establish lists of experts and educational institutions, establish an international network for management training using Information Technology, and develop information packages for use by members, managers, and board members.
- In order to play a more active role in Civil Society and to influence major global issues of importance to ICA members, ICA should carefully analyse and choose its priorities, review how it works through appointed representatives, develop strategic alliances with key international agencies such as ILO and with selected NGOs, continue to participate actively in COPAC, and participate in high level international bodies such as the World Economic Forum.
- Finally, in order to be adequately financed, ICA should put the stress on active campaigns to attract new members, establish a Finance/Membership committee of the Board, encourage member organisations to make voluntary contributions and provide secondments, charge fees for participation in events where the extra costs need to be covered, explore possibilities of sponsorships both within and outside the co-operative movement, and naturally, review its operations on a regular basis to see if there are areas in which cost savings can be made.

Following the April Board meeting where these decisions were taken, the report was sent to ICA member organisations at the beginning of July, and it is now presented to the General Assembly for its approval. It is the Board's hope that the membership will agree with the main conclusions, the vision statement, and the action plan which have been prepared.

The hardest part of this process, of course, will be its implementation. That is why the Board already asked me to prepare a preliminary implementation plan for their review here in Quebec, since it will form a major part of the ICA's workplan for next year. The Board will continue to review and monitor progress at its next meeting, and at subsequent meetings.

In this way, it is hoped that ICA will attain its goal--as Edgar Parnell put it in his paper--not of "revolution" but of "accelerated evolution".

Thank you.