

Paradigm for a New Economy

“Imagine” and the 2012 International Summit of Cooperatives

BY PATRICIA CUMBIE

Nearly 2,800 cooperators from 91 countries converged on Quebec City, Canada, for the 2012 International Summit of Cooperatives under the theme, “The Amazing Power of Cooperatives,” in October this past year. The summit aimed to promote the development and performance of co-ops and to prepare them to meet the economic challenges of the 21st century. St. Mary’s University of Halifax, Nova Scotia, also hosted a pre-summit gathering called “Imagine,” which drew 600 participants who came to hear economists, university faculty, and researchers from around the globe discuss cooperative economics.

There’s nothing like starting the business day wearing language translator headphones and diving into a deep immersion of co-op, co-op, co-op. It was bracing and exhilarating. It’s rare that I have a chance to experience or contemplate my role in a global movement.

I attended both conferences and left strongly impressed by the sheer magnitude of the ideas, influence, and people power that cooperatives have mobilized on our planet. It was really stirring to be in a room that held a conference crowd of thousands and to realize that every person there was deeply committed to their cooperatives “back home” and striving to make them better.

Every day I met people such as Boris Schaffer of the Canadian Ethical Restoration & Construction Cooperative in Vancouver, British Columbia, whose co-op works with immigrants involved in the construction trades to make sure they are not exploited; Armen Gabielyan from Farm Credit Armenia, the only credit union in that country; and Mavis Alvarez, a Cuban writer and consultant working with fledgling cooperatives in her country. The sense of purpose was palpable, and because of that, the size of the crowd wasn’t intimidating. Every day offered an opportunity for rare exchanges with people from co-ops large and small from all over the world. People were fired up and exchanged business cards with alacrity.

To have the opportunity to be outside of my country, language, and co-op culture was an experience in capability and understanding like no other. Whenever I bumped into someone



I knew from the U.S. food co-op sector (and given the size of the gathering it was amazing how often that happened), we’d launch into a kind of inspiration shorthand. It seemed there was no end to how much we felt we could be “blown away” on a given day. Most important, we learned that everyone has a role in our global movement, that cooperation matters, and that all those dreams we have about saving the world can be made manifest.

We only have one planet

Chilean economist Manfred Max-Neef and his message was the foundation for many of the concepts discussed at the Imagine conference. Max-Neef believes the current world economy is on a collision course that will converge into chaos or disaster in the coming decades. The dominant economic paradigm, with its exponential growth at any cost, has overreached resource capacity, causing a global economic crisis.

The real and devastating costs of cheap consumer goods, fueled by speculation, fossil fuels, and extensive depletion of the environment, are already having a dramatic effect on societies around the world. It’s an old story: if a company can’t reduce costs where it’s located, it will outsource jobs to places with cheaper labor and weak standards or regulations for protection of people and the environment.

For example, last November a textile factory, Tazrin Fashions, in Dhaka, Bangladesh, had a fire that killed 112 workers who were locked in an eight-story sweatshop. Clothing produced there was made by employees who made 21

cents an hour generating cheap shirts for retailers such as Wal-Mart, H&M and JC Penney. There is absolutely no justice in this way of doing business. It was conditions like this that motivated the Rochdale Pioneers, and many speakers at the Imagine and Summit conferences agreed that their vision for a more just way of doing business is even more relevant today.

The need for a new economy

From Max-Neef’s perspective, multinational corporations are a big problem. Most of them are focused solely on return on investment for shareholders, are in control of a substantial amount of the world’s resources, and the outcome of their unregulated greed is climate change, income inequity, and lack of democracy. Max-Neef believes this is not only an economic and financial crisis in the making but also a crisis of humanity. “Probably never before in human history have so many crises converged simultaneously to reach their maximum level of tension,” he said.

Solutions to these tensions were the focus of many discussions at Imagine. It is clear that more needs to be done by cooperatives to address the underlying problems of climate change and human exploitation. Compared to some cooperative colleagues at the conference, food co-ops have done significant work to educate customers about their ecological footprint and the benefits of fair trade and buying local. Additionally, many food co-ops are seriously invested in green practices, from how they build their buildings to how they sell food. Food co-ops and their constituencies have been ahead of the sustainability curve (compared to other co-op sectors, as well as grocery industry retailers) in understanding the impact their behavior as consumers and retailers has on others in different parts of the world.

This is all well and good, but at Imagine the speakers pushed participants to think beyond the pithy slogans we put in brochures and newsletters for our members and customers. The immediate need for sustainability and human-scale business practices in our world means that co-ops have a mandate to be part of changing the economy for the better. Cooperatives were touted by many speakers, many of them newly

converted by research, as a powerful solution to the world's problems given their focus on solidarity, cooperation, and compassion. To sum it up: Cooperatives need to come out from the shadows of perceived economic and social marginality, and they need to grow for sake of the planet.

One billion owners can't be wrong

The impact of cooperation is far-reaching, and for a long time this was something people knew intuitively. Now there's more research being done to back up the talk about benefits and impact. "A billion people are not starry-eyed idealists; they are realists. They are members of cooperatives because it works for them and their families. These businesses coming together in such numbers to make our cooperative future are the voice of the billion," said Dame Pauline Green, president of the International Cooperative Alliance (ICA).

A major feature of the conferences in Quebec was the informative research presented by a number of consulting firms that made a very strong case for cooperation as an economic model that works.

Ipsos Marketing in Quebec conducted a global research study on perceptions toward cooperatives in five cities: Quebec City, Manchester, Paris, Buenos Aires, and Tokyo. Co-ops were consistently thought to be more committed to providing excellent customer service, and most people felt the co-ops did not exist just to make profits. They didn't always think the products were any different, although the food co-ops in Tokyo rated higher, especially since the tsunami, because food safety is a big concern. Overall, people felt that co-ops would do the right thing and that the business model benefits society, especially since community ties today seem to be weaker. The respondents also felt that greedier, more capitalistic business practices were a threat to their communities.

However, people didn't necessarily understand what made a business a cooperative, and they felt that cooperatives were not as good at advertising or promotion as their competitors. Even more concerning, survey results included the perception that co-ops were not as good at growing the size of their businesses, given the pressures of competition.

The respondents' reasons for joining the co-op are also interesting to note. Half of them believe in the cooperative model and the values it espouses, while another significant portion are people who placed a high premium on goods and services. A smaller group of "joiners" were interested in deals; others joined the co-op since they "never questioned not joining," because the co-op was something they grew up with (especially in Manchester). The number-one reason for not joining the co-op was that

people didn't think it was a "good deal." Others were unfamiliar with co-ops or how they were different, so they didn't join.

McKinsey & Company also was commissioned by the Desjardin Group, Credit Agricole, and CIPB, to study how cooperatives grow, how they do business differently, and their potential in the future. According to McKinsey's research, the core advantage of co-ops is their close relationship with their customers and understanding their expectations and needs, and this is one key to greater growth for cooperatives. Co-ops consistently outperform their rivals on customer satisfaction. However, they found co-ops are not as agile or innovative as their competitors, and they are not developing the talent they need to maximize the flow of ideas.

Cooperatives need to come out from the shadows of perceived economic and social marginality, and they need to grow for sake of the planet.

Nearly everyone at the conferences agreed the current economic environment presents an opportunity for co-ops, but people felt that co-ops need to adjust more quickly to a fast-paced business environment. Peter Marks, the CEO of the Cooperative Group in the U.K., responded to the McKinsey study by stating, "The cooperative business model, and what we consider to be its superior governance, can only be the icing on the cake, or the tiebreaker. We need, first and foremost, to be efficient and commercial, to give customers the right product at the right time... If we do this as well as the competition, then we can use our strengths, the concepts of trust, more transparent governance, and a longer-term outlook, as a potential differentiator."

The following conclusions and key insights from the research were presented at the International Summit:

- Co-ops should grow, but they need to continue to be "true" to their mission.
- Co-ops need to promote the co-op model with pride.
- Co-ops must move beyond the intangibles and prove they can be competitive.
- Co-ops need to improve their alignment and ability to mobilize.

Come out co-ops, wherever you are

Concurrent with the research that concluded that co-ops "need to promote the co-op model with pride," academics also discussed the need

for cooperation to be taught as a legitimate way of doing business in schools, colleges, and universities. There are 1 million cooperatives around the world, serving the needs of a billion members. They provide jobs to 100 million people, and the top 300 co-ops, from all sectors, generate \$1,600 billion in global revenue. This figure is comparable to the world's ninth largest economy, and the global co-op movement represents the world's largest democracy. Yet, co-ops suffer from mainstream obscurity and are disregarded in business schools. How can this be?

Stefano Zamagni, an economics professor with the University of Bologna, Italy, believes that this cooperative vacuum has occurred as part of a backlash in the 1950s to cooperative thought. An American economist, Benjamin Worth, wrote an article in 1958 that reverberated around the world wherein he claimed that co-ops were inferior because they were not based on the capitalist model of growth and efficiency. "The co-op world never reacted to this accusation, and now we come to the present day," said Zamagni.

Virtually none of the academic business schools across the globe teach cooperation. The St. Mary's University Sobey School of Business in Halifax, Nova Scotia (the sponsor of the Imagine preconference) is one of only a handful in the world where participants can get a master's degree in co-op and credit union management.

Cooperation may have been intentionally marginalized decades ago by people fearful of liberal or socialist thought, but now it is time for co-ops to assert their rightful place in the academy. Going forward, the research presented at the conferences, as well as other ongoing projects, are going to be used to introduce the cooperative curriculum to business schools. In addition, the ICA plans to ameliorate the lack of co-op economists on the advisory panel for the G20 countries, which by and large are home to the world's largest cooperatives.

Declaration of hope and the power of cooperatives

Overall, I think the conferences represent a re-awakening of the power of working together within the co-op movement to enhance cooperation's global influence. The United Nations' declaration of 2012 as Year of the Cooperative was a great tool for cooperators to make a positive impression on people who may not be familiar with the benefits of cooperation. I also think the UN's declaration has an even longer-term value. By spending a whole year focused on co-op outreach, it re-energized people working in co-ops to tell the co-op story, and by capping off the year with an international summit, it encouraged in-depth discussions of ►

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◀ the challenges to cooperation and the solutions that can be reached though working together. Imagine and the Summit re-energized people in a way that will certainly take cooperation even further in the future.

The 2012 International Summit of Cooperatives concluded its work by adopting a declaration in which participants reaffirmed the important contributions that co-ops make to the socioeconomic well-being of people and communities. Monique Leroux, CEO of Desjardin Group, said, "The Summit was a great opportunity to exchange ideas and innovative practices. We realized that now is the time to strengthen and develop the cooperative model in all its forms. Both participating co-ops and mutuals agree on the need to grow in a sustainable way and to extend our global influence by building on the ability to innovate and work in a spirit of intercooperation."

The Imagine conference also created a statement to contribute to the ICA Declaration from the Summit. Both declarations (linked below) highlight rethinking the global economy and addressing internal and external challenges to strengthen the impact of co-ops worldwide. The declarations are also two and five pages long, respectively. Cooperators just love words, spoken and written! But do take the time to really read them—they are fantastic documents.

Desjardin and the ICA are to be commended for putting on one heck of a party, too. Anyone who was there will never forget the scores of people dancing in the aisles after the gala and dinner featuring Quebec products. It was truly a celebration for what cooperation means to all of us. ■

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Presentation links

The Imagine conference presentations are available at the [imagine2012](http://imagine2012.com) website, and all of them are good. I would especially recommend:

Richard Wilkinson's research, **Inequality: The enemy between us?** and Dr. Ronald Colman's **Genuine Progress Index**, which shows how to measure intangibles such as the progress of positive impacts (green practices, for example) in financial and annual reporting:

www.imagine2012.coop/conference-presentations

The **Declaration of the 2012 International Summit of Cooperatives**: presented at the ICA General Assembly in Manchester, England, and delivered to the United Nations.

www.2012intlsummit.coop/site/communication/declaration/en

Imagine 2012 contribution to the ICA Declaration:

[www.imagine2012.coop/wp-content/themes/twentyten/
document/Declaration-Imagine2012%20ICA.pdf](http://www.imagine2012.coop/wp-content/themes/twentyten/document/Declaration-Imagine2012%20ICA.pdf)

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