
Providing the Right Support:

Are the Training Needs of Multi-Stakeholder Cooperatives Unique?

Courtney Berner, University of Wisconsin Center for Cooperatives

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Multi-stakeholder cooperatives (MSCs) are co-ops that are owned and controlled by more than one type of membership class such as consumers, producers, workers, volunteers, or community supporters. Stakeholders can be individuals or organizations such as non-profits, businesses, government agencies, or even other cooperatives.

Instead of focusing on the needs of a single membership class, MSCs are often built around a broad mission that addresses the interests of the various stakeholder groups. For this reason, MSCs are most commonly found in sectors that require coordination and cooperation between several different stakeholders such as healthcare, social services, food systems, and community economic development.

The multi-stakeholder model is relatively new. In 1991, Italy became the first country to create a statute specifically for MSCs. The model has since flourished

and Italy now boasts over 7,000 MSCs that deliver critical social services to children, the unemployed, the elderly, and people who are disabled. The multi-stakeholder model is also popular in Québec, where MSCs, referred to as solidarity cooperatives, are the fastest growing type of cooperative.

The number of MSCs in the U.S. is small but growing. As co-op developers, how can we best serve this emergent class of cooperatives? To begin answering that question, I embarked on an informal research project to learn more about MCS's opportunities, challenges, and board training needs. I interviewed members of seven U.S. cooperatives that formally include more than one stakeholder class in their governance structure. The co-ops range from two to 25 years old and from one to six official membership classes. The smallest co-op has 46 members and the largest has nearly 20,000. All but one of the co-ops are involved in the food or agriculture industries.

Benefits and Challenges of Multi-Stakeholder Cooperatives

The most frequently cited benefits of being an MSC were the diversity of viewpoints and increased access to information. Additionally, the majority of the co-ops I interviewed incorporated as MSCs because they saw immense value in bringing various perspectives and greater transparency to the decision-making process. As one cooperative member explained, “It would be hard for them [the co-op] to fulfill their mission if there was only one class of members. There would only be one perspective. There just wouldn’t be a synergy.” A member of another cooperative emphasized that, “Everybody understands where everybody else is coming from. If they do a good job of simple communication and representing their class *and* the whole co-op, then in theory in both cases you’re able to come to a solution one way or another. Being transparent, you can get information that you normally wouldn’t get in a normal relationship with somebody in the supply chain.”

The co-ops I interviewed also mentioned several challenges related to having more than one stakeholder class. They included the following:

- Cultural differences between membership classes
- Maintaining fairness between classes in terms of decision-making and financial transactions
- Communication issues
- Lack of clear or enforced policies
- Balancing the value each membership class delivers to the co-op and the needs of each membership class
- Tension between the co-op’s needs and the needs of individuals and their respective classes
- The structure has too many layers and is too complicated to manage

Supporting Multi-Stakeholders

The goal of this project was to identify board training needs that are *specific* to multi-stakeholder cooperatives. Overall, the training needs identified by the MSCs I interviewed were similar to those cited by cooperatives of all kinds: finance, governance, communication skills, conflict resolution, and industry specific topics. However, there are three key areas co-op developers should focus on to help MSCs thrive.

1) Launch with a strong foundation—One of the most important roles co-op developers can play is helping new MSCs create a cooperative structure and policies that are sensible, fair, and transparent. The structure should recognize the different investment levels or amounts of “skin in the game” of the various member classes. It should also be flexible enough to adapt as the organization grows and changes.

In *Solidarity as a Business Model*, Margaret Lund suggests that, “one of the most fundamental decisions that members of a multi-stakeholder cooperative will make in writing their bylaws is the allocation of governance rights between different classes of members.” It is critical that each class have representation. It is equally critical that the division of power between membership classes reflects the reality that different classes probably have more to gain or lose from their participation in the co-op. A cooperative member explained it this way, “For instance a customer member doesn’t really have the same skin in the game as a producer or maybe a vendor or maybe an employee. There are different levels of reasons why they’re in the co-op. It’s rare to find a co-op where each class is going to have equal reasons for wanting to be there as far as monetary...So you’ve got to recognize those class differences.”

In addition to governance rights, MSCs also have complicated decisions to make regarding surplus distribution, dissolution, and transfer rights. Co-op developers should help new co-ops navigate these decisions as well.

Technical assistance and training ideas:

- Share bylaws and policies from successful traditional and multi-stakeholder co-ops.
- Explain the role of the board vs. management.
- Provide training on the importance of the co-op principles. Member education is especially important and fruitful in a MSC where members likely have different skills, knowledge, and experience.
- Help organizers develop a “membership class development timeline” so they think through how the various stakeholder classes may change in size and relative power over time.
- Help the board establish policies that address code of conduct, conflict of interest, roles and responsibilities, manager review process, and board self-review.
- Provide MSCs opportunities to network with other MSCs.

2) Build and maintain alignment around a strong mission and vision—MSCs are typically organized around a broad mission rather than the interests of one stakeholder group. A member of one cooperative suggested that, “For multi-stakeholder co-ops to work, there really has to be a strong mission and vision and a clear understanding of the roles within the co-op.” Co-ops often invest substantial time and energy developing their mission and vision during the development phase. As an MSC grows and evolves, the board should revisit these documents regularly to ensure they are understood and embraced by members and still reflective of the organization’s values.

Technical assistance and training ideas:

- Facilitate a session on developing a mission and vision. Ensure all voices are heard and incorporated into the mission and vision.
- Encourage co-op boards to regularly revisit the question, “Are we living up to our mission and vision?”
- To help a board refocus and reenergize, lead discussions around the following questions: “What motivated you to join this co-op?” “When did we accomplish something as a group that made you proud?” “In three years, the co-op is wildly successful. What does that look like? How does it feel?”

3) Develop stellar communication and conflict resolution skills—In *Solidarity as Business Model*, Margaret Lund points out that “consciously choosing to focus on commonalities rather than differences does not necessarily come naturally to people, and there are few accessible role models for this approach in the business sector. Replacing animosity or indifference with understanding and common purpose requires a set of communication and interpersonal skills that many of us may not possess.” Navigating the different viewpoints and motivations of multiple membership classes requires strong skills in communication, conflict resolution, and the democratic process. The more training and support board members and management receive in these areas the better.

Technical assistance and training ideas:

- Trust and strong social ties are critical to effective board communication and conflict resolution. Encourage board members to socialize outside meetings to build these ties.
- Lead roleplaying activities in which participants act out difficult conversations.
- Use fictional scenarios to help groups think

through how to handle sensitive situations.

- Lead activities in which board members are asked to answer questions or deal with hypothetical conflicts wearing their co-op hat vs. their individual or stakeholder hat.
- Conduct board self evaluations to determine whether or not people feel comfortable speaking their views and participating.

In conclusion, the training needs of MSCs are largely similar to those of other co-ops. There are, however, certain areas in which co-op developers can be particularly useful to MSCs as they strive to maximize the benefits and minimize the challenges of balancing the diverse needs and interests of their members.

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