

a green**futures** Special Edition

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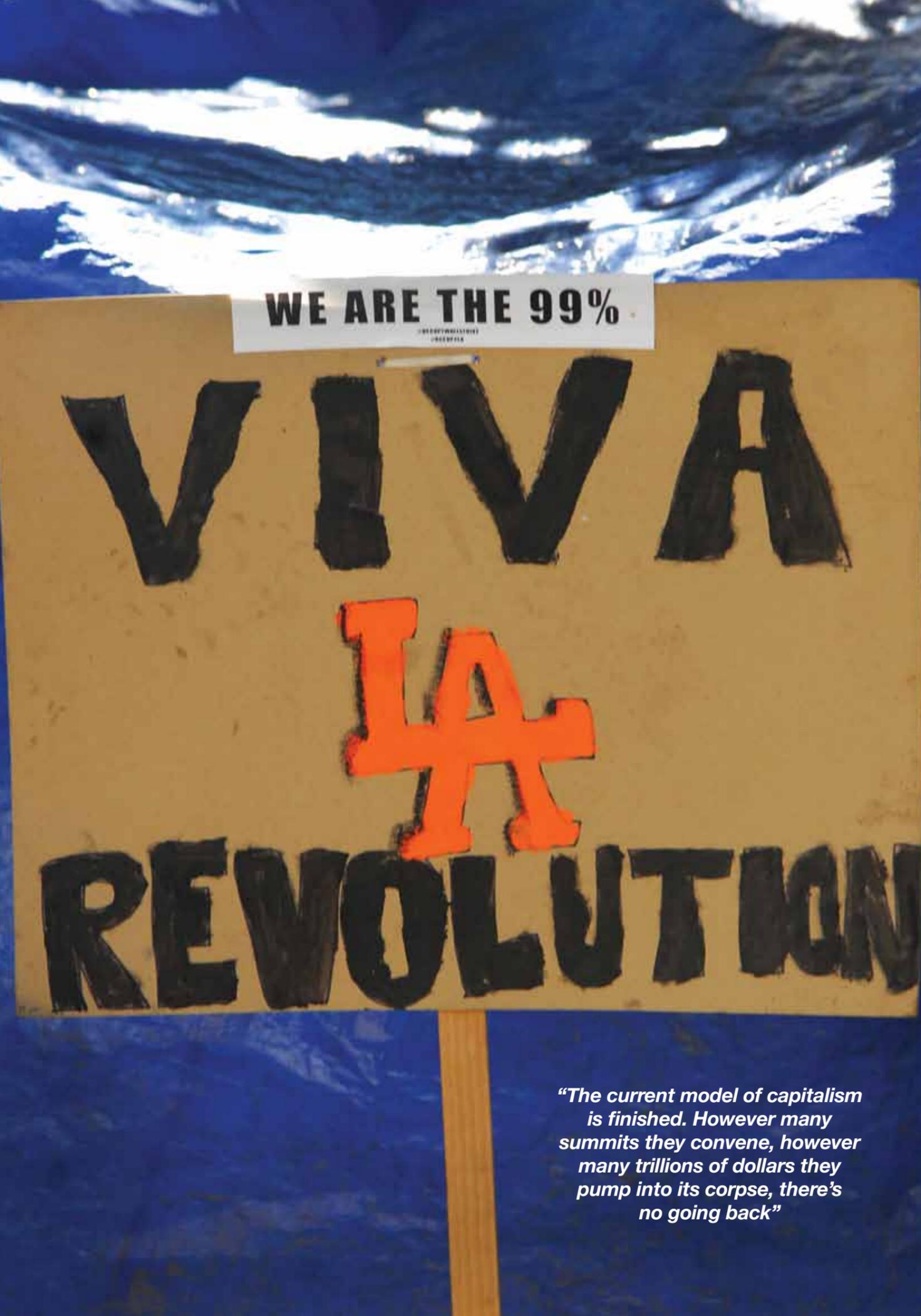


Shared Future

How co-operatives can reboot a sustainable economy

supported by

The **co-operative**



WE ARE THE 99%

VIVA

IA

REVOLUTION

“The current model of capitalism is finished. However many summits they convene, however many trillions of dollars they pump into its corpse, there’s no going back”

“Co-operation is a big, big part of the fix”



• Our planet has taken a terrible hammering from that model of capitalism, leaving us a legacy of acute resource shortages, accelerating climate change and a toxic, degraded environment.

• The alternative to that model of capitalism is *not* communism or some kind of command-and-control socialism. It’s a very different kind of capitalism – sustainable capitalism.

• At the heart of sustainable capitalism lies the concept of social justice, interpreted most easily as fair shares for all. And the most powerful expression of that today is the global co-operative movement.

For those prepared to listen, that’s what the Occupy protesters are trying to tell us.

As the Australian commentator Paul Gilding puts it: “They’ve given focus to what people are already seeing and feeling: that our problem is not just debt, or inequality, or recession, or corporate influence, or ecological damage. It’s the

whole package. The system is profoundly broken and beyond incremental reform.”

But where will that unleashed energy of the Occupy protestors take us? The resulting debate is certainly invigorating – but hardly very helpful from a more radical sustainability perspective. There’s still so much missing.

For one thing, there’s still no recognition of the ‘double jeopardy’ in which we now find ourselves – with the near imminent collapse of the ecological systems on which we depend, particularly a stable climate.

For another, there’s very little recognition that part of the solution (a big, big part in my opinion) already exists. It is already delivering benefits to billions of people, and it has the potential to transform today’s capitalist wastelands into thriving, productive and still market-based enterprise.

As you’ll see on every page in this Special Edition, that’s what co-operation means. That’s what it already does.

It’s the big, benign elephant in the room, and it’s time we put it to work!

Jonathon Porritt is Founder Director of Forum for the Future.

An alternative route to prosperity



Against the backdrop of a world left financially and spiritually poorer by the effects of the credit crisis, the co-operative business model is viewed as increasingly relevant, not least because it takes an alternative route to those businesses motivated purely by profit.

The Co-operative Group has been at the forefront of this renaissance in the UK co-operative movement because we have been able to marry commercial success with an unswerving commitment

to corporate leadership in business ethics and sustainability. During 2011, we launched our Ethical Plan, which was seen by many leading commentators as the UK’s most radical ever. It is our intention that this plan be refreshed every year in consultation with our democratically elected members, to whom The Co-operative’s ethical leadership is not an aspiration but an expectation.

The plan sets ambitious goals within important areas of national and international concern for our members and provides the basis for a new generation of co-operative thinking and action.

We are investing £17 million over three years in support of co-operatives, which includes the provision of financial and practical support for start-up co-operatives here in the UK. Last year, we helped to create a new co-operative a day. This is on top of our community initiatives – of which there is a new one every hour of every day!

Our support and innovation isn’t restricted to the UK. This is the United

Nations International Year of Co-operatives, and to mark this we have launched a new type of international investment scheme, in conjunction with the International Co-operative Alliance (ICA). This scheme will provide much needed finance to third-world co-operatives for capital and infrastructure projects. Add this to our work on micro-finance and our second-to-none commitment to Fairtrade, and I think it is fair to say that we really are setting the standard on tackling global poverty.

The Co-operative Group isn’t immune from the major economic challenges, which have resulted from the deepest and most prolonged recession in living memory. Last year was a challenging one for The Group, and I firmly expect this year to be no different. We have, however, a business model which is centred around delivering benefits for our stakeholders in a sustainable and long-term manner, and long may this continue.

Len Wardle is Chair, The Co-operative Group.

Opposite photo: Irene Ferlik / Demotix / Corbis

Revolution in the works

Knee deep in potential: across the world, it's boom time for co-operatives, such as America's Ocean Spray Cranberries – made up of 600 family farms

Once dismissed as a little too worthy for their own good, says **Simon Birch**, co-operatives have emerged as one of the more resilient sectors in a battered economy.

Matt Lane is a revolutionary. He says he wants “to challenge the corporate status quo which currently puts shareholders and greed first”. Fighting, if familiar, talk. But you won't find Matt camped out by St Paul's. His revolution happens in the office.

Lane works for the Phone Co-op – a consumer co-operative which is owned entirely by its customers and run solely for their benefit. Providing line rental, broadband and mobile services to homes and businesses, it's the UK's first and only telecoms co-op. Lane is convinced that it's simply “a better way of doing business, one in which everyone can benefit”.

Lane isn't alone in wanting to change the world. Once considered marginal and irrelevant, co-ops long ago ditched their cloth cap image – and they mean business.

Since the start of the credit crunch in 2008, the co-operative sector has outperformed the UK economy as a whole, growing by an impressive 21%. There are over 5,000 registered co-ops in the UK alone, working in everything from farming to funeral care, wind farms to web design, and just under one and a half million worldwide. And it's growing in scale, too, both in Britain and across the world.

But what exactly *is* a co-op?

“A co-op is a business owned and run by and for their members, whether they are customers, staff, suppliers or residents”, explains Ed Mayo, Secretary General of Co-operatives UK, the sector's trade body. “Members have an equal say and share of the profits.”

Common to all co-ops, he adds, is the underlying idea that there are things that you can do better together. As Mark Kerrigan of Australia's



Strength in numbers

UK

- Number of co-ops: 5,450
- Worth: £33 billion
- Membership: 13 million
- Employees: 250,000

Worldwide

- Number of co-ops: 1.4 million
- Worth (top 300 alone): \$1.1 trillion (equivalent to the world's 9th largest economy)
- Membership: 1 billion
- Employees: 100 million



Alive and kicking

Most football fans are likely to be unaware that many of Europe's most successful clubs – including FC Barcelona, Bayern Munich and Real Madrid – are run along co-operative lines.

'Barca' has 130,000 club members and more than 1,600 fan clubs around the world. Members make democratic decisions, including electing the club's president every four years. The club runs a foundation which actively campaigns on a wide range of social issues including HIV/Aids. And in a departure from the usual football sponsorship deal, Barca donates €1.5 million every year to Unicef, whose logo appears on the players' shirts.

In Britain, meanwhile, there's growing interest in supporters' co-operatives taking ownership stakes in clubs, as has happened with Exeter City and Wimbledon. Further north, disgruntled Manchester United fans who opposed the takeover of the club by US businessman Malcolm Glazer, set up their own semi-professional club, FC United.



And those profits are important. "We shouldn't kid ourselves that values alone are what's going to make us successful", asserts Tim Southam of the Mountain Equipment Co-op in Vancouver, one of the biggest outdoor gear retailers in Canada. "Being a co-op in itself is not enough. For us it's all about ensuring that we're running a smart and efficient business, and that we continue to evolve and respond to the market. Offering a quality product at a fair price – this is where we compete head to head."

Others, though, believe that the co-operative model itself offers key commercial benefits. Capricorn's Mark Kerrigan explains: "As we have no third-party shareholders seeking a return on the use of their capital, our decision-making is based entirely on deriving maximum benefit for our members. It isn't distracted by having to maintain share prices."

Ed Mayo agrees. "The co-op ownership model allows you to make business decisions that aren't focused purely on short-term financial returns. Instead you can take a long-term view, which can be very advantageous."

So do co-ops offer a genuine alternative business model for the 21st century – one which might be both more effective and resilient in the face of economic uncertainty?

"Absolutely", believes Kerrigan. "When your customers own the business, as ours do, you only have one requirement: to deliver maximum benefit back to them. And because the co-op is more inclined to be focused on its core business, rather than seeking new ways to generate a return on investment, the business itself tends to be more robust and steady than would otherwise be the case."

Despite all these advantages, says Mayo, co-ops are in danger of remaining the world's biggest secret. "All our narratives about business, such as the way business news is reported, assume a shareholder model. This is what's taught in business schools and reported in stock exchanges."

Yet, as new research by Co-operatives UK reveals, there are three times as many member owners of co-operatives as individual shareholders worldwide. "Despite the focus always being on stock markets, it is co-operative enterprises that touch the lives of more people as business owners."

With the co-operative sector one of the few areas of the UK economy that's actually growing, it's encouraging to see that the Government is finally getting behind it. Prime Minister David Cameron has portrayed co-ops as practical examples of the 'Big Society', in which communities take over the running of everything from the local pub to local schools. Now, he has promised to introduce a new Co-operatives Bill to encourage the formation of co-ops, as part of a drive to encourage 'socially responsible capitalism'.

"It is a basic truth that if people have a stake in business, they will support its growth and share in its success", he said, pointing out that "there are over 12 million co-op members in the UK. That's more people than there are shareholders in the economy."

If all this is followed through, it would be a welcome change, says Mayo: "Co-ops have been overlooked by successive governments."

But relying on help from outside has never been part of the co-operative tradition. From the days of the Rochdale Pioneers, 150 years ago, self-help has been at the heart of the movement. And as long as the sector can keep attracting workers as passionate as Matt Lane at the Phone Co-op, then its future looks assured. "Knowing that you're a pioneer and part of something that's changing things for the better is very special", says Lane. "Having worked in a co-op, there'll be no going back for me."

Simon Birch is a freelance journalist and a columnist for Ethical Consumer. He specialises in environment and ethics.

Milking the potential

Amul is a giant dairy farmers' co-operative in the Indian state of Gujarat. Every day, over three million milk farmers supply milk through more than 15,000 individual co-ops, making Amul India's largest food products marketing organisation. Over 70% of its suppliers are small, marginal farmers and landless labourers.

Amul provides dairy farmers with a ready market for their milk, a large proportion of which is processed into a range of butter, ice cream, sweets and other milk-based products. Amul is now the biggest brand of vegetarian cheese in the world.



Pints of potential: a growing number of pubs are owned by their customers

automotive co-op, Capricorn says: "The collective size and strength of our membership base [means we can] negotiate better trading and credit terms with a vast number of suppliers across Australia, New Zealand South Africa."

"I've been a member of Capricorn for well over 15 years", says Jon from Jonlin Automotive in Queensland. "It means I can ring up a supplier, whether in Brisbane or around the country, and instantly I've got an account. They will send me the goods without worrying about cheques or Visa cards or anything like that. As soon as you mention Capricorn, everyone seems to know what's going on."

Larry Martin from Ocean Spray Cranberries, a co-operative of over 600 family farms from across the USA, agrees that there is strength in numbers. "From delivery of product to market, investing in product innovation and business expansion, the co-operative model has allowed Ocean Spray to be highly competitive, winning access to markets that would be difficult or impossible to access by individual farmers." Ocean Spray cranberry juice is now stocked in a range of UK retailers – exposure which an average American fruit grower could never

hope to obtain on his or her own.

But it's not just about leverage, says Paul Flowers, Chair of The Co-operative Banking Group (part of the Co-operative Group). Co-ops also share a common set of values of democracy, equality and self-help: "They create businesses that serve and deliver for the greater good, as opposed to ones predicated on maximising profit for a chosen few."

None of these points, however, explains just why co-ops are enjoying such a renaissance during a global recession. Mayo believes it's because, at times like these, people turn to businesses they can trust. "Recent research shows that people see co-operatives as fair, honest businesses, whereas conventional [companies] are viewed as greedy and cut-throat." Vivian Woodell, Chief Executive at the Phone Co-op, agrees. "Issues such as the increasing levels of executive pay and the scandals around mis-selling financial products" have dented people's faith in the mainstream, he says.

Of course, as with any business, adds Mayo, "co-operatives aim to trade successfully and exist to generate profits. But the big difference is that rather than rewarding outside investors and shareholders, they share their profits amongst their members."

Photos: David Leahy / Getty; Previous page: Hamera/thinkstock

Photos: Mail Today / Getty

Spreading the juice

Back in 1930, three ambitious, competing American cranberry growers from Massachusetts and New Jersey came together to discuss how best they could expand their market. They found they could do so more effectively by working together, sharing their growing expertise, resources and marketing knowledge.

Today, the Ocean Spray co-operative includes over 600 grower members, employing 2,000 people across the US and Canada. Its cranberry juices are a global brand, stocked in retailers across the UK, with a net revenue in excess of \$1.6 billion.



Springing the poverty trap

Co-operatives are helping millions of people across Africa, Asia and Latin America to work their way out of poverty. **Simon Birch** reports on a quiet revolution underway in some of the world's poorest regions.



Harvest is the busiest time of year for the cocoa farmers of Ghana. They live and work amongst the tropical rainforests where their cocoa trees grow. It's a good business to be in, but one where fluctuating prices and other uncertainties can make life difficult. For one group of growers, coming together with fellow farmers and selling their cocoa on fair terms has made a huge difference.

Farmer Comfort Kwaasibea takes a break from her work collecting large, bright yellow cocoa pods, to enthuse about the changes a Fairtrade contract and membership of a co-operative have brought. "Fairtrade is a good thing", she says. "We have made a lot of progress, and in our village we now have good drinking water, toilet facilities and schools."

Crucial to this progress has been the work of Kuapa Kokoo, a co-operative of nearly 50,000 cocoa farmers. "Kuapa ensures that women have a voice and that we are heard", says Comfort, a widow in her fifties with two daughters. "We would like to sell more cocoa to Fairtrade, so more farmers can taste a better life."

Some of Kuapa's cocoa goes into The Co-operative's own-brand chocolate thanks to a partnership with Divine Chocolate, the UK-based company in which Kuapa farmers have a 45% share. Since 2002, all The Co-operative's own-brand chocolate bar range has been Fairtrade-certified – making it the first, and to date the only, supermarket to achieve this. Some of this is supplied by Kuapa, with the rest sourced from smallholder cocoa farmers (also organised into co-operatives) in the Dominican Republic and Peru.

Now, The Co-operative is taking an even more active role. It is helping develop co-operatives that in turn can become its own Fairtrade suppliers. In Kenya, for example, it has invested £125,000 in the Kibagenge Project, match-funded by the UK Department for International Development. The goal is to organise 11,000 small-scale tea farmers into co-ops and become Fairtrade-certified, so that they can supply tea for The Co-operative's '99' label.

In Panama, meanwhile, The Co-operative helped long-established banana co-op COOBANA make the transition to Fairtrade, and paid a voluntary premium for its produce before Fairtrade certification was even completed. COOBANA members voted to use the additional revenue to build a dining hall and community centre. The Co-operative has also invested a further £260,000, above and beyond the Fairtrade premium, in a three-year project to improve access to clean water, sanitation, and low-cost fuel-efficient cooking stoves, and to provide technical training for the members and their families. The hope is that COOBANA will be transformed from a marginalised, dependent banana producer into a successful international business.

The Co-operative was the first supermarket to champion fair trade back in 1992, pioneering the sale of fairly traded products such as Cafédirect coffee before the Fairtrade mark was even introduced. Today, Fairtrade products are sold in every one of its 2,900 stores across the UK, with almost 250 different lines on the shelves, from coffee to cotton bags, bananas to beansprouts. "We sell more Fairtrade products for the size of our business than

any other supermarket", says Brad Hill, Fairtrade Strategic Development Manager. In doing so, The Co-operative helps support over 200,000 farmers and growers and their families. And there's evidence that shoppers increasingly understand the essence of Fairtrade: that producers get a fairer price for their goods.

Its success at bringing Fairtrade into the mainstream means that other supermarkets are now following, says Hill, so now The Co-operative has set the bar higher. "If a primary commodity from the developing world can be Fairtrade-labelled," he says, "then it will be." The process won't happen overnight, but Hill hopes to be "90% there" by the end of 2013.

Fairtrade isn't the only way of helping people to trade their way out of poverty in the global South, of course. The Co-operative Bank supports small businesses in some of the world's poorest countries, and it launched a £25 million microfinance fund in 2007 to provide loans to individual entrepreneurs who face difficulties in securing credit.

A fairer cut: the combination of co-ops and Fairtrade brightens prospects for cocoa growers in Ghana (left) and tea farmers in Kenya (below)



Small is vital

There are around 500 million smallholder farmers around the world, many of whom are struggling in the face of climate change and economic uncertainty. Yet between them they feed one third of the world's population – a remarkable achievement that goes largely unrecognised on the international stage. With the global population set to reach nine billion by 2050, increasing the productivity of small farms could play a vital role in alleviating hunger and poverty, and in meeting future global food demands. One of the best ways of doing so is to help smallholders organise themselves into co-operatives, so they can share equipment and expertise. So, The Co-operative has launched its latest campaign, Grow Co-operatives, in partnership with Oxfam. It will use global events such as the Rio+20 Earth Summit to push for recognition of the value of co-operatives in delivering improvements for smallholders.

On the road to resilience:
Panama's banana growers
are gaining in confidence



Sometimes, however, larger co-operatives in developing countries also struggle to raise capital, in spite of a good track record in creating and sustaining jobs. There is no single reason for this, but it is typically because traditional lenders either don't understand the business model, or because the co-op itself is unable to provide security.

This could soon change. The United Nations has officially recognised the contribution co-ops make to poverty reduction, employment creation and social integration, by declaring 2012 the UN International Year of Co-operatives. This year will also see the launch of the Global Development Co-operative (GDC), which has the ambitious target of raising \$50 million – mainly from the co-op movement – to provide low-cost loans to established and growing co-ops in the developing world which are struggling to fund capital projects. These might include such essentials as vehicles to get produce to market, fridges for dairy co-ops and milling plants for coffee growers. The GDC is supported by The Co-operative, working alongside the International Co-operative Alliance. All being well, it will leave a legacy beyond 2012, helping extend the reach and benefits of the co-operative business model across the developing world.

Lending doesn't always have to be on a large scale to be effective. New techniques such as crowdfunding can play a vital role in lifting people out of poverty. Take lendwithcare.org, an initiative launched by CARE International in partnership with The Co-operative. This allows people in the UK to loan small amounts, from £15 upwards, directly to small-scale entrepreneurs in the developing world. Lenders pick 'their' entrepreneur from website profiles, and can track the business's progress through updates. Around three-quarters of the loan recipients are women – a deliberate bias, reflecting studies which show that women spend a greater percentage of their income on the welfare of their

households than men, and so are better placed to be effective 'change agents'.

Among them is Chham, an ice cream maker who lives in Sdey Village in Cambodia. Chham makes the product every morning, then looks after her children and two cows while her husband sells it. Like many of the entrepreneurs supported through lendwithcare.org, Chham's business is innovative: she makes the ice cream without using any electricity. She does so by buying a big block of ice, using salt and rice to stop it melting in the heat of the day. She puts the ice cream mix on the ice, covers it, and stirs it every few minutes till it turns into ice cream. Chham used her loan to buy a motorbike, which means her husband can sell ice cream to customers further afield. As a result, she hopes to make more profit so she can afford to fund her children through school.

Although individual lenders won't receive any interest on their loan, many say that their 'social return' – the sense of helping lift people out of poverty – is ample recompense. While in theory the borrowers might default, to date every single loan made under the scheme has been repaid.

Among the first staff from The Co-operative Food to sign up to lendwithcare.org were 21-year-old twins Amy and Lucy Smith, who work part time at the food store in the Hampshire town of Yateley. "When we went online we were amazed to see farmers, shopkeepers and tailors all wanting to transform their lives through running a business, instead of just wanting hand outs", says Amy. Her sister added: "There were so many worthy entrepreneurs, but we eventually chose Esmeralda, who wanted to open a general store in the village of Capitan Claudio on the island of Cebu, a very rural part of the Philippines. Working [in the shop] as we do, this really connected with us. It's really important to provide for the local community – that's what we do in Yateley, and that's what Esmeralda wants to do in her own community too."

Photo: CAFFE/Ernie Bailey



Borrowed with care:
ice cream maker, Chham

Mountain high

For decades, top quality coffee has been grown on the fertile red soils of Mount Elgon, an extinct volcano in Uganda. Thanks to the Fairtrade-registered Gumutindo co-op, over 3,000 coffee farmers now get a price for their coffee which reflects this quality. Recently, Gumutindo has made history by becoming one of the first companies anywhere in the world to market coffee grown exclusively by women. One of them is Mary Nabugobe, who is using her profits to support her daughter through university. She has recently been elected onto the co-op's management committee. "I think I was chosen because I am a hardworking woman who is competing with men to produce [the best] coffee", says Nabugobe.

"My responsibility is to teach other women farmers to produce good quality coffee, and to advise them to plant more coffee trees."



From bees to berries

It started with honey. A group of beekeepers in Chile formed the aptly named Apicoop to market their principal product back in 1980, but in 2007 decided to diversify into blueberries with support from the fair trade organisation, Traidcraft. Three years later, Apicoop began supplying blueberries to The Co-operative – which is now helping it build more capacity, and supporting it to strengthen its influence in the supply chain, reduce its environmental impact and improve workers' welfare. Practical steps include building a packhouse, which will help with quality control and should lead to greater profits. Overall, the improvements are expected to touch the lives of 20,000 people.



Rice revival

Thailand's Sarapi-Chok Chai co-op was launched in the late 1970s, and has grown rapidly to include over 3,000 rice farmers. One of the first to join was Paeo, who comments: "The co-op helps with marketing and it has more bargaining power with traders. It's more economic than people just doing their own thing. I earn more through it." Sarapi-Chok Chai has been Fairtrade-certified for over five years, and is planning to spend its premium on a range of community projects, including improving its rice storage facilities and setting up a scholarship fund to help children attend the local primary school. With successes like that, it's no surprise that a further 3,500 farmers have expressed interest in joining.

Mapping the future

Worldwide, there are now 1.4 million co-operatives, grouping together 1 billion members.



Fan club
Football's famous FC Barcelona is among a number of clubs run as co-ops [see p 6]. Others include Bayern Munich, Real Madrid and – on a slightly smaller stage – Exeter City and Wimbledon.



Turning points
High on the Cumbrian hills, the UK's first community-owned wind farm is producing enough power for 1,300 homes, while paying an average 7% annual return to its 1,350 members.

The success of Baywind Co-operative has inspired the launch of Energy4All, an advisory group which helps develop renewables projects that are wholly or partly owned by a community co-operative.



Tea together
'Kibagenge' is a Swahili word meaning 'coming together as one'. It's also the name of a new initiative to bring some 11,000 Kenyan tea growers into co-ops. Backed by The Co-operative and the UK's Department for International Development, the aim is to help them win Fairtrade certification, so securing a more certain future for their farms and their families.



Scaling up
The Mountain Equipment Co-op is one of Canada's largest outdoor clothing chains. It has proved that you don't have to be small to be perfectly formed, and that the co-op model can go hand in hand with running a highly efficient modern retail business.



Flourishing fruits
Over 600 family fruit farms came together to form Ocean Spray, which now exports their cranberry juice across the world [see p 7].

Café society
Growing numbers of Uganda's coffee farmers are organising themselves into co-ops, including this group, whose crop thrives on the fertile soils of Mount Elgon, an extinct volcano near Mbale.

The farmers have recently won Fairtrade certification, ensuring them a decent price for their product.



Power shares
Three of the leaders of CREAL, a rural energy co-op in the far south of Brazil, which won a coveted Ashden Award for Sustainable Energy.

It has transformed the lives of its members, most of whom are smallholders, by bringing them plentiful clean electricity from small, ecologically sensitive hydro projects. By harnessing the power of the rivers running through their land, they are winning their 'energy independence' – and cutting carbon into the bargain.



Olives branching out
Some of the world's finest olives are grown by Palestinian farmers in the West Bank and Gaza. Sales of olive oil – the first Palestinian product to gain Fairtrade status - provide a vital source of income for their communities, who face huge challenges due to the ongoing conflict in the region and restrictions imposed on the movement of people and produce.

Now eight local farmers' co-operatives, grouping together 265 growers, have combined to form the Palestine Fair Trade Producer's Company, which has helped them win desperately needed access to international markets.



Light emerging
Bangladesh is often portrayed as a hapless victim of climate change. But it's also home to some groundbreaking initiatives such as this women's co-operative on Char Montaz, a low lying island in the Bay of Bengal.

Its members are trained to assemble, sell and install solar home systems – earning a living for their families while helping improve the quality of life for their neighbours, many of whom have never before had electric light.

Class action

Challenging youngsters? Give them something to value, says **Ruth Rosselson**.

As rioting pupils and poor results dominate the headlines, it's clear that young people need to be at the heart of any efforts to build their future. Rowan Williams, Archbishop of Canterbury, has called for civil society to reach out to "those who think they have nothing to lose". What better way than to give high-school students a stake in their school, encouraging them to take responsibility for the way it runs and the quality of education it offers?

That is just what Reddish Vale Technology College (RVTC) did in 2008, kicking off a wave of transitions towards co-operative models among educational institutes. This large school on the outskirts of Birmingham now offers membership to students, teachers, parents, carers, and interested members of the local community, alongside voluntary, public and commercial partners.

For Jordan, a 16-year-old at RVTC, this move "changed everything": "Students gained a powerful voice that became just as equally heard as [that of] the teachers. RVTC became 'our' school."

There are now more than 200 educational institutions in the UK which run as co-operative trusts. They still function as 'normal schools', adhering to the national curriculum and any government targets – but these basics aside, the scope for a school to change is as great as its members' ambition. Co-operative schools in the UK are unique in inviting students and the wider community to become members,

according to Julie Thorpe, Head of School and Youth Programmes at The Co-operative College, an education charity which advises transitioning schools on legal structures and practicalities. Some schools in Sweden and Spain also run on a co-operative basis, but limit their membership to the teachers and staff. Thorpe observes that, while it might take some teachers and carers a while to grasp what difference it will make in practice, the "children tend to 'get it' pretty quickly".

But it's not an easy change to make, admits Mags Bradbury, National Projects Manager for The Co-operative. Transitioning schools are a fundamental part of The Co-operative's goal to engage the next generation, and it supports them by volunteering time and expertise in areas such as financial literacy. The Co-operative is also sponsoring ten Business & Enterprise Colleges and three academies. One great mechanism to help existing and transitioning schools share resources, ideas and best practice is The Schools Co-operative Society, a national network set up by The Co-operative College.

"We know first-hand that membership [of a co-operative school] takes time to build, and it is hard work", says Bradbury. But, she adds, the new structure doesn't just make a difference to governance: it has a real impact on the institution's values and the education it offers, too.

"Lots of schools have mottos, but the [co-operative] values and principles are more than that." Take The Co-operative Academy of Manchester, formerly Plant Hill. "[This] was a very difficult school. It had really lost its way. The one thing that has really helped the [new] Academy is a clear articulation of values: why you do something, why you don't shout at people, why teachers treat other teachers with respect. It has made a massive impact, because we believe in these values, because we work together."

And what difference do these values – democracy, solidarity and so on – make in the classroom itself? Lipson Community College in Plymouth has taken co-operation to the heart of its learning practices, with the basic premise that all interaction matters. Methods include working in small groups, teambuilding exercises, and role-play activities. Steve Baker, Head Teacher at the College, claims that the transition has "transformed" learning in the school, with a new-found calm and focus in the classrooms, and a step change in the teachers' performance.

"Students consider the 'we' in a learning situation rather than 'me'", Baker explains. "Everyone is given a specific role: it's not as simple as peer-led learning whereby the 'gifted' and 'talented' youngsters help the

others. That isn't what co-operative learning is about. No one is allowed to hog the learning, and no one is allowed to just drift along. It's through co-operation that we think we can transform and regenerate our urban areas. If you want people with the skills to contribute to their community in a sustainable way, you have to teach those skills."

For Michael Fairclough, Head of Community and Co-operative Investment at The Co-operative Group, this is the very heart of why co-operative schools matter. In the past, he says, certain faith schools have promoted themselves as having a monopoly on values, and have enjoyed a remarkable interest from parents of little faith who recognise that their kids might find some sort of moral compass for their future lives within a faith environment. But this monopoly no longer holds, argues Fairclough: "Co-operative schools offer a set of values for a secular world, and for a world concerned about sustainability, fairness and justice."

Students are also encouraged to learn about alternative business models. At Sir Thomas Boughey, a high school in the West Midlands, pupils have set up their own fair trade enterprise, with support and advice from Young Co-operatives, part of The Co-operative College. David Boston, formerly Head Teacher at the school and now CEO of The Schools Co-operative Society, claims he has seen the confidence of students soar as a result: "My youngsters met an executive of a leading clothing retailer and asked, 'How can you possibly sell jeans at that price? Don't you know that they would be produced in sweatshops?' The fact that their enterprise is run as a co-operative gives [the students] a voice that helps them to challenge issues."

The Young Co-operatives programme also prompts students to set up waste management schemes and horticultural projects, and incorporates 'green-fingered' activities into the curriculum across subjects as diverse as science, maths, citizenship and art.

"All our academies have gardens or allotment sites and we've put a significant investment into that", says Bradbury. "We know that it has a huge advantage, educationally. At The Co-operative Academy of Manchester, they've even turned half their bike shed into a greenhouse: there are bikes and tomatoes side by side."

Of course, schools can make environmental education a priority without necessarily becoming a co-operative. Melanie Phillips heads up The Co-operative's Green Schools Revolution, a sustainability programme which offers schools free resources, activities and trips (to its wind farm in Cambridge, for example, or to one of the Co-operative Farms) to encourage children aged five to 16 to take action on the environment. So far, over 3,000 schools have signed up – including a large number of trust schools.

For Phillips, if sustainability is going to be a priority in the UK, "it's essential that young people are educated about everything from where food comes from to green energy. Kids are the ones that are taking the messages home and encouraging behavioural change in their parents. Our research shows that 66% of parents have been lobbied by their kids to do something greener at home and over 95% have changed their behaviour as a result". She calls it a kind of 'green pester power'.



Greenhouse effect: Manchester Academy's pupils find their way among the tomatoes

It's an attractive proposition: take the little 'pests' so disparaged by the media for their unsociable behaviour, and harness the energy with which they want to disrupt the status quo. At the same time, teach them values and skills which will provide a stronger basis for a new economy based on greater equality and openness.

Beyond the co-operative movement, many sustainability projects are picking up on the eagerness of children to have a say in how their school is run. Manchester City Council is backing the Kindle Trust project Sustainable Fayre, which gets kids interested in the carbon footprint and supply chains of their school meals. In a pilot project, pupils at Brookburn Primary School taste tested a range of organic soups packed with seasonal, locally sourced veg. The ones they picked were put on the menu for a year, during which time soup uptake doubled, with practically no waste from leftovers. And in Gloucestershire, project YEP! ('Young Energy People'), run by Severn Wye Energy Agency, is challenging pupils to monitor and minimise energy use and carbon emissions. So far, YEP! has helped nearly 30 schools save an average of £5,500 a year on bills – for which it scooped an Ashden Award for Sustainable Energy in 2011.

Of course, if these young people had shares in their schools, its savings in energy and waste might mean even more to them...

Ruth Rosselson is a freelance writer specialising in environmental issues and the co-operative sector.

Find out more:

Co-operative Schools: www.co-operative.coop/membership/local-communities/co-operative-schools/

Green Schools Revolution: www.greenschools.coop

Co-operative College: www.co-op.ac.uk/schools-and-young-people

Young Co-operatives: www.youngco-operatives.coop

Powering ahead: Cornish kids take ownership of energy issues



Photo: Andrew Atkinson / Corbis

Power shared

Across Britain and the world, growing numbers of people are taking one of life's essentials – energy – into their own hands. They're not only generating power: they're regenerating their neighbourhoods. **Martin Wright** reports on the rise of community renewables.



High on a Cumbrian hillside, a line of elegant windmills is turning slowly in the breeze. You might think local people would scowl at the sight of them. Instead, many are smiling – for the simple reason that the turbines are theirs, and are making them money as well as power.

In a valley in the far south of Brazil, a group of farmers are celebrating. They've just switched on a new hydro station, harnessing the free flow of a stream as it races down the slope. At a stroke, they've won their energy independence: no longer at the mercy of power cuts and price hikes, no longer reliant on oil-fired electricity from a distant plant beyond their control.

On a low-lying island in the Bay of Bengal, a woman expertly wields a soldering iron, putting the finishing touches to a charge controller. She's one of a group of 'solar entrepreneurs', helping bring clean, affordable electricity to remote communities.

And in a not-quite-so-remote village in Suffolk, a bunch of school kids are pointing excitedly at the shiny new solar array on the roof of their classroom.

Just four examples of a wave of community-scale renewable schemes that are transforming lives and livelihoods across the world. Not all of these are co-operatives in the strict sense of the term, but all embody the essential elements: local people coming together in an enterprising fashion, taking practical action to improve their future – and even making some money, too.

Renewable energy doesn't have to be community-scale, of course: there's undoubtedly a role for mega-projects which are run as conventional businesses. And, at a time of rising oil and gas prices and growing concerns over climate change and energy insecurity, there's an urgent need to get more renewable capacity in place – and fast. In 2011, The Co-operative made a public commitment to invest £1 billion in renewables by 2013, and it is already over halfway towards that goal. Of this sum, £100 million has been set aside specifically for community renewables.

In a country like the UK, where energy simply comes into our homes down the wire or the pipe, it can be hard to recall that it's generated at all – let alone feel that *how* it's generated is something over which we can have any control. That can leave

Photo: Martin Wright

people feeling impotent: you can read about the energy crisis and soaring prices – but you can't *do* anything about it for yourself.

Unless, that is, you make your own. For many, that's an increasingly alluring prospect: the chance to take control over one of life's essentials. Small wonder, perhaps, that the single most popular business for the UK's burgeoning array of community investment schemes is renewable energy. Much of this has been organised through the Energy4All initiative set up by Baywind – which owns those Cumbrian turbines, and was itself the country's first energy co-op back in 1997. And interest continues to grow: over 30 new renewables co-operatives have been registered since 2008 alone.

The appeal of community energy doesn't just lie in a sense of independence and the chance to earn a few pounds. Schemes can be designed to prioritise the needs of people suffering from fuel poverty, and provide training and jobs for locals in a sector which is widely seen as one of the big growth areas for the coming decades.

There are, of course, some pretty hefty barriers to making it happen. Finance, for one. Renewable 'fuel' may be free – at least in the case of sun, wind and water – but the capital costs in capturing it can be prohibitive without the backing of a large company. The UK Government's recent cut in feed-in tariff rates has made solar in particular a lot less attractive – at least in the short term – and has sown seeds of uncertainty for the renewables industry in general.

Then there is public opinion. While many people love the idea of having their own wind, solar or hydro plant, others are horrified at the thought of any change to treasured landscapes. In the UK in particular, efforts to harvest one of the best sources of wind power in the world have been repeatedly thwarted by the ferocity of local protest.

But these needn't be insurmountable obstacles. The capital costs of most renewable technologies may be daunting, but they are also falling – at a time when energy prices look set to rise for years to come. So the economic logic remains strong.

Public opinion is in some ways a tougher nut to crack. In an effort to find common ground, Forum for the Future, Carbon Leapfrog and The Co-operative brought together representatives of some of the UK's leading bodies with an interest in and influence over the countryside, including the National Trust, the Church of England, the Women's Institute and the Council for the Protection of Rural England. As Forum for the Future's Will Dawson points out: "Together, they have around 12 million members: many groups that have campaigned for or against renewables in the UK will carry one or more of their cards."

A group of these representatives convened by Forum for the Future visited a range of community renewables projects in Germany – where enthusiasm for local energy runs high. They are now working on a shared vision for community energy. "Germany showed us communities offer a really serious and cost-effective route to renewables", says Dawson.

Energy co-ops in action, from micro to macro: a solar entrepreneur in Bangladesh, and a community-owned wind farm in Cumbria





Turning water into milk: farming families in Brazil's CRERAL co-op are using their own small-scale hydro electricity to power everything from fridges to milking machines

"If we get it right, we could unlock a huge amount of support for local renewables. We could see thousands of new groups of people coming together to generate their own energy, investing hundreds of millions of pounds in schemes which will have a much greater chance of gaining planning permission because they win the support of local people."

There's some evidence that community schemes have a better track record of doing just that. Research by Valley Wind, a local group hoping to develop a 6MW wind farm in Yorkshire's Colne Valley, found that people were much better disposed to a scheme drawn up by their neighbours – with clear community benefits – rather than by a distant energy company. The group set out to talk directly to those who most worried about wind energy: "We invited them to a meeting. We said: 'We know you have had concerns about this, why don't you come and find out more about it?' And they did!"

But there is one form of local opposition to energy which could actually boost the appeal of community renewables. The last year has seen rising concern over the potential impact of shale gas – arguably one of the world's least sustainable fuel sources. The Co-operative has already started supporting local groups campaigning against its development in their areas. For Paul Monaghan, Head of Social Goals and Sustainability, that creates an opportunity for an alternative energy narrative. "Say you have a situation where local people are alarmed about the possibility of a shale gas fracking rig turning up on their doorstep. You can use that to open up conversations about other possibilities,

one of which might be community renewables." Though, he adds, you need to be sensitive. "People have been fed a series of lies and myths about the shortcomings of renewables. So you'd be naïve if you simply expected a reaction along the lines of, 'Oh great, I don't want a well pad but I'd love a windmill!' It's more a case of saying: 'We agree with you; we don't think shale gas is the way forward; would you like us to help you look at alternatives?'"

"You find yourself looking for the 'lightning rod' issue which can catalyse action on renewables", says Will Dawson. "In Germany, it was Chernobyl. In the UK, it could be shale gas."

But the simplest argument for community renewables is probably that straightforward sense of ownership. As one of the supporters of Green Energy Nayland, the group which came together to put solar panels on the roof of that Suffolk school, says: "The children are very aware of the fact that the money to do this came from in and around Nayland, not from some big company somewhere else. If you own it, you care about it; you want to stick up for it."

"It's the difference between having something done to you, and choosing to do it for yourself."

Martin Wright is Editor in Chief of Green Futures.

A new report, Co-operative renewable energy in the UK: a guide to this growing sector, by Rebecca and Jenny Willis, is available as a free download from Co-operatives UK: www.uk.coop/resources/documents/co-operative-renewable-energy-uk-guide-growing-sector

Photo: Martin Wright

Small is sensible

Conventional wisdom says that only major players can deliver the big green energy results we need. But conventional wisdom, argue **Stephen Tindale** and **Prashant Vaze**, is badly wrong.

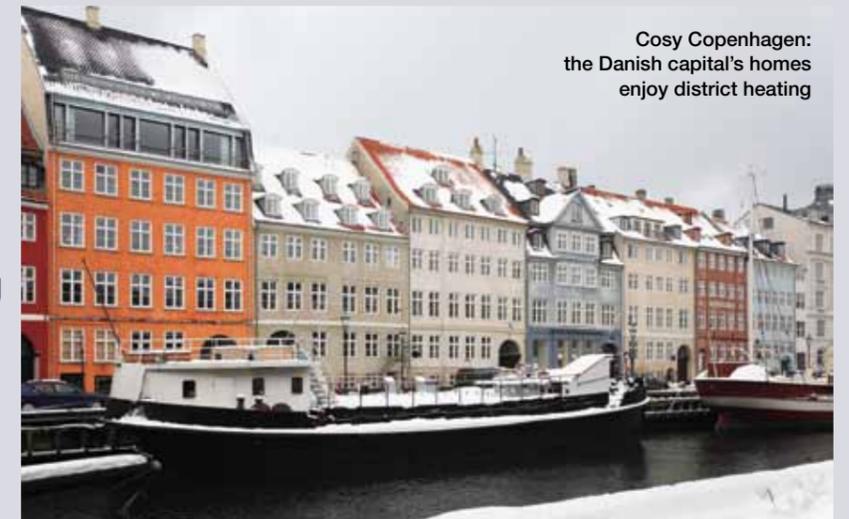
Successive UK governments have committed themselves to making our energy system more sustainable. But their plans to do this are seriously flawed. Specifically, they are making five key mistakes.

The first is to believe that only large energy companies can deliver meaningful quantities of low-carbon energy, and that the contribution of local government or community groups will just be window dressing.

The regional government of Upper Austria is just one of many examples proving that this needn't be so. Home to 1.4 million people, it has promoted (and subsidised) renewable heat. As a result, it now boasts over one million square metres of solar thermal panels, 35,000 wood pellet stoves, 30,000 heat pumps and 12 biomass power stations, running mainly on waste wood from the area's own forests. Many public buildings have been connected to district heating systems, and over 4,500 jobs have been created.

The UK's second mistake has been arm-twisting energy suppliers into reducing their customers' energy use. But these firms make their profits from generating electricity, trading in energy markets and supplying gas and electricity to customers. Mandating them to install energy efficiency goes against their nature. It also lacks credibility with customers, who are suspicious of any company trying to persuade them to buy less of their product.

A much more effective approach is demonstrated in Vermont. There, the state government has awarded an NGO a contract (funded by energy suppliers) to run a new initiative called Efficiency



Cosy Copenhagen: the Danish capital's homes enjoy district heating

Vermont. This seizes opportunities to reduce energy use which utility companies themselves would shun, such as working with architects to re-orientate new buildings so their windows face the sun.

A third mistake is the belief that the best way to cut emissions from heating buildings is to replace gas with heat pumps that use low-carbon electricity. We believe large-scale district heating using combined heat and power (CHP) is better in many densely populated locations.

Take Copenhagen, where nearly all homes are heated by district heating from burning waste or using large, efficient power stations like the 1GW Avedøre CHP plant. Unlike a 'power-only' plant operating at 50% efficiency, the CHP variety can utilise 95% of the energy in the gas in winter. And in time, it could be fitted with carbon capture and storage – making its output truly zero carbon.

Britain's fourth mistake is the notion that only large corporations can finance innovative (and risky) new measures. Again, though, the evidence doesn't bear this out. The first wind farms in Germany and Denmark were sponsored by non-corporates. One of the world's first offshore wind farms – the 40MW Middlegrund in Copenhagen – is jointly owned by 8,000 local residents and the municipal authority. This local buy-in meant it was up and running within four years of the application being submitted.

The fifth mistake is the belief that consumers will adopt energy efficiency voluntarily. The voluntary Green Deal programme will soon be

the main mechanism for improving existing homes. But will householders really take this up? Take-up rates for previous voluntary schemes have been disappointing.

A simple alternative is to make it compulsory. The city of Berkeley, California, has successfully applied its mandatory Residential Energy Conservation Ordinance for 30 years. This requires residents to install energy efficiency measures (costing up to \$2,000 in total) whenever they renovate or transfer ownership of their homes. As a result, energy use has been cut by up to 20%.

Of course, big energy companies with big balance sheets have their uses: we still need major investments in offshore wind, tidal and wave power, as well as carbon capture and storage.

But local solutions must be dramatically scaled up. To achieve this, local government should be made responsible for planning community energy programmes.

New national laws may also be needed. After the 1970s oil shocks, for example, Denmark made it compulsory for properties to connect to district heating systems once they are constructed. This transformed the economics of district heating. In the UK, this approach is being used at the Olympic Park in London. The Olympics will showcase British excellence. Perhaps they will also spur us to rethink our approach to delivering green energy.

Prashant Vaze and Stephen Tindale are the authors of Repowering Communities: Small-scale Solutions to Large-scale Energy Problems (Earthscan, 2011).

Photo: Shutterstock / thinkstock

Business, but different

Measured by conventional business yardsticks, The Co-operative's on a roll – doubling its profits in the last four years. But is it making as much progress on ethics and sustainability? **Simon Birch** and **Martin Wright** investigate.



The view from the sixth floor of The Co-operative's Manchester headquarters is characteristically murky, thanks to the city's signature rain hammering down outside.

It's tempting to come up with all sorts of clichés about northern grit and gloom, about struggling through tough times with 'nowt but a whippet and north country pluck'. But unlike the Mancunian skies, the cliché just wouldn't hold water. Because this is the HQ of a business that has doubled its income and its profits in the last four years. It's one which controls a vast empire of operations, from insurance and food stores to pharmacies and farming – and is possibly about to become one of the most prominent banks on the High Street.

It's no coincidence that this growth spurt has coincided with a loss of confidence in 'casino capitalism'. First, The Co-operative's operating principles meant it avoided exposure to the sort of dodgy dealings which have hammered mainstream banks. And second, its solid ethical foundations have won new support from people shocked by what seemed to be a collective loss of moral compass by much of the financial world.

So it's been a good time to get ambitious. "We want to be clearly recognised as the UK's most socially responsible business", says Paul Monaghan, Head of Social Goals and Sustainability. "We want to show that it is possible for business to embrace the efficiencies of the market economy and to trade ethically. But, we're part of a wider world which is full of wrongs and injustices. So we need to be an even bigger part of the solution."

This solution was revealed in February 2011, with the launch of The Co-operative's self-styled 'revolutionary' Ethical Operating Plan (www.jointherevolution.coop). It featured nearly 50 pledges on everything from slashing carbon emissions to increasing investment in renewables, from championing human rights to boosting

funding for co-operative businesses and schools. "At a time when UK society is picking up the pieces from a recession exacerbated by corporate greed and speculation," said Group Chief Executive Peter Marks, "we are seeking to show that there is another way. The plc model is not the only game in town."

The Plan built on and subsumed earlier commitments, such as The Co-operative Bank's longstanding ethical policy. As part of the new initiative, this was extended to The Co-operative's insurance arm, making it the world's first insurance provider to ethically screen all its general products. This means that its £1 billion worth of assets will no longer be invested in companies involved in activities such as fossil fuel production or tobacco.

Rob Harrison, co-editor of *Ethical Consumer Magazine*, believes this marks a milestone for the provision of ethical finance: "We've been campaigning for over 15 years for insurance providers to ethically screen their investments. If The Co-operative can explain to consumers the story behind its screening policy, and demonstrate to the industry that it's generating additional market share and increased profitability, then other businesses will follow."

Some goals are already being revised upwards. "We set ourselves the target of cutting carbon emissions across our group of businesses by 35% by 2017", says Monaghan. "We've already reached this target whilst growing the business, which I think is phenomenal. So now we have a new target of 50%, saving 500,000 tonnes of greenhouse gases annually by 2020."

Interestingly, that's similar to the goal recently set by Unilever – to halve emissions per consumer use [see GF 83, p20]. And it's not alone. Some other major businesses, such as Marks & Spencer with its celebrated Plan A, are also setting some pretty bold targets on ethical issues. Monaghan acknowledges that all this activity among major corporates can act as a spur. "Our new plan partly arose from the need to integrate our ethics better with our business planning, especially given our recent economic renaissance. But we've also, if I'm honest, been driven by an erosion of our leadership on ethics in the eyes of the public. We track these things quarterly, and whilst we were still seen as being 'number one', the gap had narrowed – and that's not something our members would be happy about. They don't want us to lead on these issues, they expect it."

Inevitably, success brings greater scrutiny – and criticism, too. Some have questioned whether The Co-operative's rapid growth can really be compatible with its ethical foundations. Monaghan agrees it's an issue. "There is a dilemma within the co-op movement between those who think that small is beautiful, and those who say that the only way to compete with big business is to have a big co-op." But it's one on which he's happy to take sides. "[We are] firmly of the view that if we are to operate effectively in the food and finance sectors then we need to have scale. We need to be big to enable us to compete with the likes of Tesco on price and availability."

But the criticism doesn't stop there. Along with many other food businesses, The Co-operative has also drawn flak over its policies on soya – demand for

which is driving rainforest destruction in the Amazon [see GF82, p9]. Friends of the Earth, in particular, is calling on The Co-operative and other retailers to set clear targets to reduce the amount used in its animal feed. Again, Monaghan agrees, "this is an area in which we have more work to do to source sustainably".

Then there's the tricky, politically charged issue of whether to prioritise reducing poverty abroad – or accept that, for many people, charity begins at home. Monaghan insists that The Co-operative's members are "hugely supportive of our work in tackling global poverty through our championing of Fairtrade". But he acknowledges that they "now want more emphasis on helping to alleviate poverty closer to home". In response, he says that The Co-operative has "committed £5 million to tackle poverty around our stores and branches across the UK. We aim to start rolling out this programme in 2013".

As well as getting its own house in order, though, he says, "we want to encourage the next big co-ops of the future – which are inevitably going to start small". And that's the focus of The Co-operative Enterprise Hub, an initiative offering free advice and training to nascent co-ops. Launched in 2009, it's

Buying a round

After standing empty for a year, The Butchers Arms – the only pub in the Cumbrian village of Crosby Ravensworth – reopened in August 2011 with new owners: a community co-operative of 300 local people and supporters from elsewhere. With support from The Co-operative Enterprise Hub, the determined community made an offer to buy their local pub and launched a community share issue to raise the money needed to purchase and refurbish the premises. The Co-operative Loan Fund provided a loan to help with working capital. Cameron Smith, treasurer of the new co-operative, said: "This has been an incredible community project to be involved in and this pub will now benefit from having around 300 'co-owners' committed to its future success. We have been overwhelmed with the interest in the project. Around half of our members are local, but we have had investors from as far afield as Alaska, America and Australia."



Photo: Stuart Walker Photography 2011

helped over 500 new co-ops set up in business, and given support to an additional 165 established ones.

In doing so, The Co-operative is in some ways returning to its roots. Monaghan gestures at a picture on the wall behind him, showing the 28 'Rochdale Pioneers' – the founding fathers of the movement back in 1844. "These guys started a revolution. One that in 20 years inspired 350 other co-operative societies the length and breadth of the UK, who between them had over 100,000 members ... These people were banging on about one member, one

vote, within a customer-owned business, at a time when not only women lacked enfranchisement, but the majority of working class men too! How the hell do you live up to that?!"

In some ways, of course, nothing The Co-operative does today could quite match the courage of those early pioneers. But, says Monaghan, "I'd like to think that what we've come up with recently, with the Ethical Operating Plan and so on, would at least lead them to doff their caps, and maybe throw us a paternal smile..."



Into the future...

If you're looking for a spiritual heir to the Rochdale Pioneers, you could do worse than pick the sofa-surfing dude logging onto the net to bag a night's stay via Airbnb.

At first glance, that may seem an odd – even cheeky – comparison. But in some ways the rapid rise of peer-to-peer trading, along with collaborative consumption, has a lot in common with the founding principles of the co-operative movement. They're both about individuals coming together to improve their lot in a way which can strengthen bonds between communities – without draining the resources on which we all depend.

Such initiatives may not be co-operatives in name – although some of them are. But they are certainly co-operative in nature. Far from being consigned to a worthy past of flat caps and corner shops, they are helping take the co-operative ideal into the future.

"You see examples bubbling up all over the place", says Michael Fairclough, Head of Community and Co-operative Investment. "People coming together to make bulk buys, whether it's food for the community, or groups of walkers or sports enthusiasts buying gear at cheaper prices." And he sees a clear role for The Co-operative in supporting them. "Take village stores. If you run these on a plc model, they don't work because they haven't got enough turnover. But if the community comes together, through a mixture of ownership,

investing and volunteering, they can be viable again. Now we're piloting a scheme via the Enterprise Hub where we plug them into our buying power to secure green electricity for them at affordable prices."

Meanwhile, he says, the internet, and social media in particular, has a major role to play in the co-ops of the future. "One of the sticking points for larger co-ops has been the question of democracy: how can you make sure everyone has a sense of ownership? How can you make sure that those who own the business in large numbers can still feel plugged into it? The internet is allowing that to happen as never before. It's about large-scale democracy, and it has huge potential."

– Martin Wright



Photo: Digital Vision / iStockphoto

Big and bold is beautiful

The Co-operative isn't alone in championing sustainable business, says **Sally Uren**. But its bold ambition has marked it out as a leader of a growing pack.



The Co-operative's CEO Peter Marks (pictured below) is in good company.

He isn't the only high-profile chief exec calling for 'another way'. Paul Polman, CEO at Unilever, has publicly said he wants an "equitable, sustainable capitalism". Ian Cheshire of Kingfisher has argued that "instead of the goal of maximum linear growth in GDP, we should be thinking of maximum wellbeing for minimal planetary input. That starts to challenge business to go beyond efficiency gains, useful though they are, and really redesign their business models". Even the august *Harvard Business Review*, in an article on global capitalism at risk (September 2011), has called on CEOs to "fix the system".

So it's good news then: we finally have a new breed of business leaders who are using the word 'sustainable' alongside 'business model'. But just what do we mean by a sustainable business model? At its simplest, it is one which delivers commercial success (the familiar bit), and goods and services which have a social value (the harder bit: does everything we think we need have a social value?), within environmental limits (the really hard bit). Right now, many businesses succeed commercially, provide goods and services that improve people's quality of life – but are using multiple planets' worth of environmental resources.

So, credit to The Co-operative for coming up with a pretty credible version of a sustainable business model. Its success in cutting carbon, and its new, stretch target of a 50% reduction in emissions by 2020, is indicative of a business serious about reducing its impact on the environment.

In addition, the concept of social value is integral to the business model, both directly through the governance of the business, with its members all benefiting from its success, and also indirectly, through specific initiatives designed to benefit local communities.

There are two more features of The

Co-operative's business which make it stand out from the crowd. The first is that it recognises its role in creating a sustainable society. In the long run, it just isn't possible to have a sustainable business in an unsustainable society. So a truly sustainable business needs to understand the shifts required in the system around it, as well as in its own operations.

The Co-operative's pledge to become the first insurance provider in the world to ethically screen all of its general insurance projects is potentially game-changing, and could indeed help 'shift the system'. By declining to invest its assets in sectors that are not inherently sustainable (such as fossil fuels), The Co-operative could help direct capital investment from companies tied to the past, towards ones better placed to deliver a sustainable future (think renewables).

Now it needs to explain this decision to its consumers, and use that raised awareness to drive positive choice. If it can do so, it will address one of the biggest barriers to mainstreaming sustainability for everyday consumers, which is that they are, by and large,

disconnected from the impacts of the products they buy, whether it's car insurance or a bunch of bananas.

The second stand-out feature is that The Co-operative understands the importance of experimentation, learning what works, and then scaling it up. Thanks to its sheer range of activities, it has been able to experiment in delivering sustainability as part and parcel of its core business – whether for farmers (by ensuring fair prices) or communities (by providing green energy). And through establishing initiatives such as the Enterprise Hub, it is helping new co-ops to benefit from its own experience.

The Co-operative's business model shows that big can be beautiful and, critically, has the potential to be sustainable, too. But to be successful, The Co-operative also realises that big has to be bold. The huge social, environmental and economic challenges we currently face will not be overcome by a timid business-as-usual attitude. The Co-operative's big and bold ambition is exactly what we need.

Sally Uren is Deputy CEO of Forum for the Future.





Inspiration Street

A dramatic street gallery of images telling the story of co-operation, its history, scale and scope, will tour high streets across the UK this year, as part of the UN International Year of Co-operatives 2012.

www.co-operative.coop/2012

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The United Nations has declared 2012 the International Year of Co-operatives. Against the backdrop of a challenging economy, the co-operative sector has continued to grow with more than 5,000 co-operatives nationwide – and 1 billion co-operators globally – involved in everything from food retail to housing, farming and education.

The Co-operative helped 700 co-operative enterprises to grow and prosper in 2011 and is committing £17 million to support co-operatives, including through the International Year, so more people than ever will appreciate the co-operative approach.

Find out more:
www.jointherevolution.coop
www.co-operative.coop/2012

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www.greenfutures.org.uk
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