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9B17C026

FEDORE COOPERATIVE: EFFECTIVE CONFLICT RESOLUTION AND DECISION MAKING

Claudia Sanchez Bajo, Jamie Campbell, Kaye Grant, and Nora Russell wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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On the morning of December 16, 2009, Marysa Burns finally came to the realization that Fedore Cooperative (Fedore), the worker cooperative of which she was a member, was at a critical juncture. The evening before, she had been at a general meeting comprising all members, which had been convened to resolve conflicts that had been brewing for some time and threatening the survival of the business. The members were inspired by the ideals of participation and equality, and had always made decisions based on consensus. Unfortunately, they had become deeply split over the poor financial performance of the business and a fundamental disagreement between two influential members about how to solve their problem. The situation had stalled their cooperative decision-making process. As a member, Burns could influence how events unfolded. However, the question was how to present the issues so the group’s members could come to a consensus about how to work their way through the problem and find a solution.

**background on Cooperatives**

Cooperatives

A cooperative was defined as an “autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”[[1]](#footnote-1) Cooperative principles were “guidelines by which cooperatives put their values into practice.”[[2]](#footnote-2) They comprised voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training, and information; cooperation among cooperatives; and concern for community.[[3]](#footnote-3)

Differences[[4]](#footnote-4)

Cooperative organizations differed from other businesses in three key ways: (1) cooperatives and credit unions met the common needs of their members, whereas most investor-owned businesses existed to maximize profit for shareholders; (2) cooperatives and credit unions used a system of one member/one vote, not one vote per share, which helped them to serve common interests and ensure that people, not capital, controlled the organization; (3) cooperatives and credit unions shared profits among their member-owners on the basis of how much they used the organization, not on the basis of how many shares they held.[[5]](#footnote-5)

Cooperative Types

“There were different types of cooperatives, among which were worker cooperatives. Worker cooperatives had certain basic characteristics. Their ‘internal regulation was formally defined by regimes that were democratically agreed upon and accepted by the worker-members. They were autonomous and independent, before the state and third parties, in their labour relations and management, and in the usage and management of the means of production. They had the objective of creating and maintaining sustainable jobs and generating wealth, in order to improve the quality of life of the worker-members, dignify human work, allow workers’ democratic self-management and promote community and local development.’ The free and voluntary membership of their members, in order to contribute with their personal work and economic resources, is conditioned by the existence of workplaces. As a general rule, work was to be carried out by the members. This implied that the majority of the workers in a given worker cooperative enterprise were members and vice versa. [Most staff are members, and most members are staff].”[[6]](#footnote-6)

Worker cooperatives were often registered as industrial, service, or social cooperatives, and in the United Kingdom, as provident societies. Based on the one-member, one-vote principle, every worker-member had equal ownership rights and responsibilities. Where management structures were formalized, people were more likely to be elected rather than appointed. Some worker cooperatives, such as Fedore, had a single pay grade.

History of FEDORE COOPERATIVE

Fedore, a value-based, dynamic worker cooperative in the retail and service sector in Western Canada, had been an innovative community organization dedicated to social change since the mid-1990s. Fedore’s story began in 1995, when Jean, one of the founders, received a large inheritance and used it as collateral to secure a mortgage for a heritage building in the old city centre. He and 16 other young people decided to establish a worker-owned business. Due to their lack of awareness of the cooperative model, they did not actually incorporate as a cooperative until 2003. However, once aware of the model, they realized it was the best organizational fit for members’ values.

Fedore incorporated as a worker cooperative in which workers were also members and owners of the business. Each member paid CA$800[[7]](#footnote-7) to acquire a stake in the business, which provided equal voting powers and control. New members were required to go through a probationary period, during which they were called provisional members. Members ran Fedore as a self-managed business using consensus decision making. They opted for a flat management structure and paid salaries equally to all based on the minimum hourly wage mandated by the government. Members drafted and agreed on a policy handbookto guide their decision-making process (see Exhibit 1).

All strategic decisions had to be approved by the whole group in general meetings, while operational decisions were decided through smaller committees. Working routines followed the concept of a “balanced job complex,” which, in theory, gave everyone a balance between the creative/empowering aspects of work and more repetitive/menial tasks. In practice, however, it came to mean that everybody was multitasking—rotating tasks with little specialization. When new members came in, they looked to more established members for knowledge, training, and advice. Accordingly, they were typically so busy learning the practical aspects of the business that they were less involved in decision making. Thus, the older members gradually became more influential in the business.

Initially, the business had two units, a small bookstore and a café, with the bookstore having the most prominence. After an initial period of adjustment, Fedore became a unique gathering place for discussions on community economic development, social justice, workplace diversity, feminism, and healthy food; people flocked to the premises. The city welcomed its innovative approach and democratic initiative, and the fact that it was one of the few businesses committed to reviving the historic city centre.

By 2002, both business units had expanded their offerings. The café added catering, and the bookstore started selling textbooks to university students. Over the years, the café grew to be more of a restaurant than a café, while the bookstore shrank to half its initial size. Eventually, uneven seasonal demand in the bookstore and inventory issues in the café began to cause financial problems for the business (see Exhibit 2).

Community Engagement

Fedore was a community hub that provided learning and training opportunities. It gave the community access to its space for events. Members also gave talks at high schools, participated in local development workshops, and promoted book swaps in the café. Fedore offered training opportunities for youth by working with initiatives such as the student programs at the city’s culinary institute.

The cooperative generously allocated gift certificates for community events. It advertised through university radio stations and student magazine, and through street posters. Finding free time for volunteer activities overstretched worker-members, and the constant task rotation left no one in any business role for longer than a few days. Promotions and other business-related activities thus lacked professional or sustained campaigning.

Fedore engaged in exchanges with cooperatives in other cities and supported those who wanted to start worker cooperatives. The organization was, in fact, instrumental in two new start-ups. It also participated in national and international conferences, which occasionally brought free access to a cooperative developer. However, such contacts were sparse, and management decisions were haphazard.

Financing Issues

In 2003, Fedore became incorporated. In 2005, it found itself in great financial difficulty, but after conducting a series of highly successful fundraising events, it recovered well. Solidarity among the members was strong, and there seemed to be no serious internal conflict.

In 2006, consensus was put to the test when one of the cooperative’s large front windows was broken. There was a serious dispute over whether to replace the window or use the space for some other purpose. It took a couple of years of discussions before the window was replaced. In 2008, the bookstore enjoyed a brief revival.

Decision to Diversify

In 2008, with the intention of achieving synergies with the café, Fedore diversified by adding a grocery store that sold organic products. The new business start-up required a major loan, and because the cooperative had neither reserves nor equity, the lender requested guarantees. Two members, Eric and Sonia, stepped forward with personal guarantees.

The new business opened in April 2008. At the time, Fedore had nine member-owners plus four provisional members. They had not made adequate preparations for the diversification: they had no prior knowledge of the grocery business, and competition was substantial. In addition, training in three different business activities was exceedingly complex, and many of the members undertaking shifts in the grocery store were not performing well. Tensions heightened. A hierarchy was developing in which some members were not given enough training or support.

Stalled Strategic Decision Making and Mounting Risks

Members sought to improve Fedore’s situation but consensus was difficult to achieve and meetings became confrontational and unproductive. The new business lost money from the beginning. Some members called for it to be shut down immediately, while others insisted that it needed more time. The group decided to give it a year, but the situation did not improve. By the end of 2009, it had become the cooperative’s most contentious issue.

As of December 2009, Fedore’s balance sheet showed liabilities of more than $146,000 and assets under $60,000, which resulted in negative equity of –$90,011 (see Exhibit 3). Worse, the income statement for 2009 showed a loss of just over $16,000 (see Exhibit 4). Fedore’s members needed to determine how to bring the business back to profitability. However, Eric and Sonia, with their personal guarantees on the loan, faced a significantly higher personal risk compared to the other members.

FEDORE’S CURRENT SITUATION

It turned out that Eric and Sonia—two highly respected members, each with a large financial stake in the enterprise—had opposing visions for the business. Eric was a long-standing member, though not a founder. He wanted to run the business more professionally and to reward those who had more years of work and experience. Although he did not fully agree with task rotation, it was part of the enterprise culture and he embraced it by taking part in all Fedore committees. He was in favour of specialization. His key intent was to find and have access to all business information and gather it together. Business success was at the centre of his life, and he was looking for community influence as a successful businessman.

As one of the few remaining founders of Fedore, Sonia represented a respected voice within the organization. She was opposed to changing the business model of equal pay for all, a flat structure, and rotating tasks. She believed that improvement was necessary but was against closing the grocery business. She favoured consensus and passive trust in committee operational decisions. She felt that profit was good only if values were respected. Sonia was looking for social change, community influence, well-being, and creativity. However, she also had other interests outside the cooperative enterprise, and tracking down all information was not a priority for her. She thus saw Eric’s attitude as suspicious.

Eric and Sonia were each supported by a small group of members. Things came to a head in December 2009 at a general meeting. With all members present, Eric and Sonia engaged in a heated discussion. Eric stated:

We should never have opened the grocery store! We’re selling only a thousand dollars’ worth of groceries a day, and our salaries come to the same amount. We can’t pay for training, and we barely pay our suppliers. We should cut our losses and close the grocery, and then work on regaining market share through better marketing of the other two units. We also need to get more realistic about the business. We should allow people to specialize; we should be recognizing skills and knowledge through better pay; and we must change our decision- making method, the old one isn’t working anyway. I also want to make sure we’re in a position to repay that loan because I gave a personal guarantee so I’ve got more on the line here than most of you!

Sonia replied:

I think we should keep the grocery [store] open and improve efficiency in the other two units. We need to protect the cooperative’s founding values, which don’t include different pay according to skills and knowledge, but have always included consensus decision making. As far as I’m concerned, all worker-owners are taking the same risk and that risk is shared. You’re just making a power grab, and I’m not going to let you change the original vision of the founding members!

At that point, Eric shouted, “Don’t be ridiculous! You think of the business as if it were your family. This is not a family! This is a business and it needs to be run like one, and if we don’t do something soon, we’re going to lose it!”

Newer members watched the fight, and some took sides. Paul, a member with several years of experience, agreed with Eric: “We haven’t been very efficient. We don’t even have an accurate picture of our sales and expenses. I’m on the finance committee, and we can only present approximations to the general meeting. We should be doing more marketing as well.”

Rose, who had only recently become a full member of the cooperative, shared similar feelings: “I agree with Eric. He’s on every committee; he knows everything, and he’s the only one with all the information.”

Peter, a new provisional member, had another view: “Sonia’s a founder. She carries our values and our motivation and should be respected for that. I’m willing to be paid the same as everyone else. And why haven’t we looked to our policy handbookfor guidance in this mess? Isn’t that what it’s for?”

Burns, a full member since 2005, shared the group’s original ideals of participation, equality, and improvement for society, but she was more thoughtful about the situation. Things seemed to be going well before they decided to open the grocery store. Fedore’s members managed to run the café and bookstore, and generally seemed to work well together. They made decisions by consensus, and overall, it seemed to work. What changed after they opened the grocery business? That decision was made by consensus, but there was an underlying feeling of unease about it. Maybe some members just agreed because they did not want to rock the boat, or they did not have a strong opinion at the time.

Now the members were split by two opposing visions for the business. No one trusted anyone. And the situation was complicated by the fact that the two contending leaders had signed personal guarantees for the grocery store loan: they both had a big stake in this. The group needed to find a way to solve this conflict, which was making it impossible to get anything done*.*

Burns struggled with her ideas. On the positive side, no one seemed ready to abandon the business. She felt it was important to maintain the cooperative’s values, but it was equally important to break even. She was also concerned that no one was following the policy handbook. Did Eric want to take over after they had all worked together for so many years as a tight group? At present, the group could not decide on anything; only committee decisions were carried forward, and (perhaps tellingly) Eric was on all the committees!

Perhaps a mediator could help, or should it be a facilitator? Burns knew there would be another general meeting in five days. She decided to prepare a proposal that she hoped would guide Fedore towards a means of solving the conflict so that its members could rebuild trust and prepare the cooperative for success.

Exhibit 1: Excerpt from Fedore Cooperative Policy Handbook

Statement of Principles

1. Fedore is a workers’ collective inspired by, and organized along the lines of Participatory Economics (ParEcon). Existing economic structures have failed to meet the material and psychological needs of the majority of humankind. A ParEcon system, however, seeks to organize work and workplaces, consumption, decision-making and the allocation of resources in ways that promote certain basic values, such as solidarity, equality, and self-management, which are consistent with empowerment, creativity and other human needs.
2. We believe in ParEcon because it is consistent with direct democracy, which guarantees that individuals will have a direct say over decisions to the degree that they are affected by those decisions.

It is also consistent with socialism, which guarantees workers’ control over the workplace, and remuneration on the basis of effort and sacrifice. In emphasizing free association, non-hierarchy, and collective decision-making, ParEcon poses an alternative to authoritarian ideologies and forms of organization on the one hand, and anti-organizational theory and practice on the other. Fedore is part of the larger goal of establishing a self-sustaining infrastructure. A self-sustaining infrastructure is one which is dependent on neither government grants nor private charity. As such, it generates its own resources, and strives to keep production and wealth within the community, rather than siphoning it off in the form of taxes, rents, and profits.

1. We believe that a self-sustaining infrastructure can be achieved, in part, by supporting other progressive businesses and organizations (both local and global), and by withdrawing support for products and companies that violate principles of fair trade, workers’ and human rights, as well as ecological sanity. It is also our belief that collective ownership of the means of production (from food production and housing, to desktop publishing and alternative media) is integral to this goal.

**Free Speech & Censorship**

Fedore advocates absolute freedom of expression, especially for views that we oppose. We do not support efforts by organizations or the State to prohibit speech or censor ideas. This does not prevent us from speaking out against, challenging, or debating ideas.

Decision Making

One of Fedore’s goals is to create a work environment in which each worker-member can carry out their tasks without managerial supervision, and each is taught the necessary skills to make any day-to- day business decisions that might be required. Part of the reasoning behind this is to avoid a workplace characterized by unequal knowledge and divisions of labour, in which a single individual is considered indispensable, or might argue for special privileges on the basis of their monopoly on information or skills. Re-phrased in positive terms, it has to do with the construction of a workplace that empowers its members, fosters solidarity, and puts democracy and equality into practice.

The collective as a whole will establish and implement all business and personnel policies, specify hiring goals, approve all job descriptions, interview all serious apprenticeship candidates, and conduct all collective staff evaluations. It will also be ultimately responsible for mediating and resolving disputes and grievances among collective members, or for finding a neutral party to do so. Fedore strives to make decisions in ways that respect the emotions and opinions of all concerned. However, in most cases

Exhibit 1 (continued)

where agreement is not unanimous, the sentiment of the majority carries. Ultimately, the basic goal of the workplace (vis-a-vis decision-making) is to give each staff member a good deal of latitude for self-management of their own work circumstances, within the constraint of meeting collectively agreed upon priorities, tasks, and policies that affect the group as a whole. In other words, the idea is to develop a system that meets individual and collective needs in a way that is both fair and efficient.

Day-to-Day Decisions

Each full member of the collective must develop the common sense, training, knowledge, and individual initiative to run every facet of the business, and solve day-to-day problems and crises as they arise. A system or guidebook should be established which will aid workers by anticipating certain problems, as well as train new and apprentice members for this eventuality. Such a guidebook (currently being written) should anticipate such questions as the everyday ordering of new stock, the breakdown of equipment, computer and point-of-sale problems, medical emergencies, theft, and even random or organized violent disturbances, and it should include a phone list with names and contact numbers to aid staff. At the same time, however, it should be emphasized that there will always be situations arising that the collective has not anticipated, and for which no policy has been established. In these cases, individuals are expected to do a quick poll of those members present, and based on the immediate circumstances, act in a way that is mindful of the safety of all members and customers, as well as the interests of the overall business.

Major Decisions

Each member of the collective must learn to distinguish between those decisions that require immediate attention and resolution, and those that should wait for collective input. As a general rule, the more serious the issue, the more important is the need for full debate and discussion. Examples of this might include the hiring and dismissal of members, purchasing new equipment, switching major food or bookstore suppliers, altering the aesthetics or functionality of some part of the business, and so on. At the same time, however, there may be crises that cannot wait for the next general meeting even though their resolution entails the expenditure of Fedore funds. Examples of this might include frozen water pipes, gas leaks, furnace breakdown, or a computer system crash, all of which would require immediate servicing.

Ultimately, each member of the collective must be able to strike a balance between these two, often- conflicting needs.

Job Complexes

A job complex is simply a grouping of jobs and job types, in a way that strikes a balance between creative and empowering types of work on the one hand, and more rote and menial tasks on the other. One of the central reasons for such a system is a desire for equality, in terms of both opportunity and practice.

Another factor is the recognition that human material and psychological needs, as well as creative capacities, cannot adequately be realized under a class system, with institutionalized or hierarchical divisions of labour. In other words, when one class in society receives a disproportionate amount of social wealth,

Exhibit 1 (continued)

decision-making power, and leisure time, while another is relegated a disproportionate amount of the unsavoury and hazardous work, with little voice or power over their workplace or destiny, then neither is allowed to develop to their full potential.

Remuneration

It is a basic assumption of the collective that remuneration should be based solely on the number of hours worked. This is one of the few ways that one can quantify and reward effort, and is far more just and equitable than the traditional criteria for valuing work (such as ownership or investment, seniority, knowledge and expertise, job type, or gender). This system does not reward individuals for such vague characteristics as “talent.” It seeks to raise each member’s knowledge and skills up to the rest, and prohibit conferring power and privileges on the basis of one’s specialized knowledge or training.

Grievances and Conflict Resolution

Alternative institutions need to be able to deal with internal problems—particularly because we all bring lots of baggage from hierarchical, competitive, sexist, homophobic, ageist, classist, and racist institutions. The best structure cannot prevent tensions and depressions, often due to different work styles and self-images, oppressive office culture, confidence, and other personality factors. Workplaces (and other types of organizations) have to find methods of dealing with these problems, through internal mediation, outside mediators, regular social relations discussions, and by being flexible about tactics and structure without betraying the founding principles. The question of inequality among collective members is central here, though not necessarily exclusive. There are inevitable problems between men and women, younger and older, apprentice and veteran, as well as between experts (real or imagined), and specialists (real or imagined). Structures set up to equalize skills and knowledge do not automatically do so, and great care needs to be made to ensure openness to criticism, as well as willingness and opportunities for both interpersonal dialogue and needed structural changes. There will always be room for improvement in these areas, and unrealistic expectations about a “conflict-free,” “harmonious family” of activists, happily marching towards egalitarian “paradise,” are simply a fast road to burnout and despair.

Grievances

Grievances may be classified in general terms as either minor or major. It is hoped that minor grievances can be resolved on a person-to-person level. Major grievances, however, include personal, as well as political and business-related conflicts that negatively affect the work environment of Fedore’s members, or impact on the collective as a whole. Any collective member who feels they have been the victim of discrimination by another collective member because of colour, ethnicity, sex, religion, national origin, age, sexual preference, or disability has the right to seek resolution of the complaint through normal collective conflict resolution methods (outlined below), or, if ongoing and unresolved, the gross misconduct process outlined in the section on dismissal.

Furthermore, if any collective member feels that a collective decision or policy discriminates against them for any of these same reasons, they may appeal the decision, and explain their position (either verbally or in writing), and have the issue formally reconsidered. If necessary, the collective will seek outside mediation from a party mutually agreeable to all sides of the conflict. The goal of this process is to ensure fairness and due process, while constructively resolving all disputes.

Exhibit 1 (continued)

Conflict Resolution

The first step in attempting to resolve any grievance is for the aggrieved to raise their concerns with the individual or individuals in question. It should be noted, however, that the tone and manner of raising the grievance is often as important as the fact that it is raised. If there is no subsequent resolution (whether this includes a continuance of the behaviour giving rise to the grievance in the first place, or a disagreement

between the parties as to the significance of the grievance), then the next step for the aggrieved is to broach the subject with one or more other members of the collective. As a last resort, personal or political grievances can and should be raised at any general meeting of the collective (either verbally or in writing), and any resolution, compromise, or disciplinary actions will be adjudicated by the full membership present. In all cases, members should attempt to resolve conflicts through open, respectful, and mature discussion, attempting to understand and empathize with the other side’s perspective, and perhaps reach a compromise leading to consensus. The conflict resolution process will be adapted to the people involved. It will be conducted in a respectful manner, being careful of tone, language, and individual considerations. The collective may appoint a mediator to meet separately with each of the members involved and listen to their complaints, who may then make a recommendation to the collective as to resolution of the conflict. However, in cases where agreement cannot be reached, or there is a motion to dismiss, place on probation, or otherwise discipline a particular member of the collective, the full members of the collective may resort to a vote on the basis of consensus minus ten percent (10%), or one member, whichever is greater.

While the collective will strive to reach consensus on major financial and political decisions, we agreed to abide by majority rule. If any two members of the collective feel the decision is in opposition to Fedore’s Statement of Principles or the spirit of the project, or will threaten the survival of the business, or will make their work life intolerable, their written or formal verbal assertion of that opinion will initiate a 2-week moratorium on the implementation of the decision. This period will be used to schedule further discussion of the decision, with a vote on whether to overturn the decision scheduled at the end of the 2-week period.

Obviously, there is no blueprint for conflict resolution. Real human beings respond differently to confrontation, and their preferred methods of interacting with others under such circumstances are not always healthy, open, or respectful. Collective members must attempt to overcome their tendencies to either “bottle it up,” or lash out without regard for timing or the feelings of fellow workers. Circumstances and individual preferences should be taken into account as best as possible.

Source: Company documents.

Exhibit 2: Fedore COOPERATIVE Business Timeline

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1995** | **2002** | **2003** | **2005** | **2008** | **2009** | **2010** |
| * Launched café and bookstore * 17 founding members | * Expanded   café and  shrunk  bookstore to  half its initial  size   * Started selling student textbooks | * Legally incorporated as a worker cooperative * Secured loans with outside lenders | * Financial challenges * Period of intense fundraising | Added third business unit—grocery store | Internal conflict intensified | Operational challenges |

Source: Company documents.

Exhibit 3: Fedore Cooperative Balance Sheet as of December 31, 2009

(IN CA$)

|  |  |
| --- | --- |
| **Assets** |  |
| Cash  Cash | 1,195 |
| Accounts receivable | 425 |
| Inventory | 28,000 |
| Equipment, land, & building | 26,747 |
|  |  |
| **Total Assets** | **56,367** |
| **Liabilities** |  |
| Line of credit | 15,000 |
| Accounts payable | 67,000 |
| Taxes payable | 1,800 |
| Loans | 62,578 |
| **Total Liabilities** | **146,378** |
| **Equity** |  |
| Member shares | 9,600 |
| Retained earnings | (99,611) |
| **Total Equity** | **(90,011)** |
| **Total Liabilities and Equity** | **56,367** |

Source: Company documents.

Exhibit 4: FEDORE COOPERATIVE Income Statement as of December 31, 2009 (IN CA$)

|  |  |
| --- | --- |
| **Revenues** |  |
| Bookstore | 30,000 |
| Café/catering | 303,600 |
| Grocery store | 31,500 |
| **Total Revenue** | 365,100 |
| **Cost of Goods Sold** |  |
| Bookstore | 16,500 |
| Café/catering | 133,584 |
| Grocery store | 22,050 |
| **Total Cost of Goods Sold** | 150,084 |
| **Gross Profit** | 215,016 |
| **Expenses** |  |
| Wages and benefits | 168,150 |
| **General Expenses** |  |
| Depreciation | 1,477 |
| Interest | 3,164 |
| Advertising & promotions | 1,200 |
| Bank charges & point of sale machine | 5,100 |
| Courier, freight, customs, & interest | 2,400 |
| Dues & subscriptions |  | |
| Equipment purchase & rental | 960 | |
| Insurance—liability | 2,409 | |
| Licences & permits | 960 | |
| Linens | 720 | |
| Pest control | 420 | |
| Professional fees | 0 | |
| Rent | 20,400 | |
| Repairs & maintenance | 3,180 | |
| Security | 420 | |
| Special event expenses | 3,200 | |
| Staff training & education | 240 | |
| Supplies | 7,020 | |
| Taxes | 1,752 | |
| Travel | 960 | |
| Utilities | 6,900 | |
| **Total General Expenses** | 62,882 | |
| **Total All Expenses** | 231,032 | |
| **Total Profit/Loss** | 16,016 | |

Note: The costs of sales for the bookstore (55%) and café/catering (44%) units are based on company calculations, and for the grocery store (70%), it is based on an estimate using information from a similar enterprise in the same city. Salaries are based only on scheduled staff shifts in the business units at the government mandated minimum wage of $9.50/hour. Members were not paid for work activities related to meetings, committee work, or related work as member-owners. Scheduled staff shifts were calculated to require 354 paid staff hours per week. The café was open Tuesday to Saturday from 11 a.m. to 10 p.m. and Mondays from 11 a.m. to 4 p.m. The loan was a consolidated bank loan that included a previous loan before 2009 and the loan received in 2009 for the opening of the grocery store.

Source: Company documents.

1. “What Is a Co-operative?” International Co-operative Alliance, accessed March 18, 2017, http://ica.coop/en/what-co-operative. This official definition of “cooperative” was given by the International Co-operative Alliance and voted on at the Manchester Congress in 1995. The definition was incorporated in 2002 into Recommendation 193/2002 on the Promotion of Cooperatives of the International Labour Organization. The United Nations’ organizations and the *Canadian Cooperatives Act* use the word cooperative without a hyphen. However, some organizations and people still use a hyphen. [↑](#footnote-ref-1)
2. “Co-operative Principles,” International Co-operative Alliance, accessed March 18, 2017, http://ica.coop/en/what-co-operative. [↑](#footnote-ref-2)
3. Ibid. [↑](#footnote-ref-3)
4. Louis Edwin Gossen, “Benefits of the Co-op Ownership Model,” *An Introduction to Cooperative: A Self-Study Program*, Cooperative Development Services, Branch of Growth, Enterprise & Trade, Province of Manitoba, Canada, 1975, accessed September 17, 2016, www.gov.mb.ca/jec/coop/pdf/rib01s05.pdf. [↑](#footnote-ref-4)
5. “Co-ops Are Different—in Great Ways,” British Columbia Co-operative Association, accessed March 17, 2017, http://bcca.coop/content/co-operatives-differ-business. [↑](#footnote-ref-5)
6. CICOPA, *World Declaration on Worker Cooperatives*, 2005 (also adopted by the International Cooperative Alliance General Assembly on September 23, 2005), accessed March 16, 2016, www.cicopa.coop/IMG/pdf/Declaration\_approved\_by\_ICA\_EN-2.pdf. [↑](#footnote-ref-6)
7. All currency amounts are in CA$ unless otherwise specified. [↑](#footnote-ref-7)