



# CoopZone Telelearning Session May 29, 2008

Quintin Fox  
Canadian Co-operative Association

# Presentation: overview

- Background: Wave of Succession
- A Co-op Solution?
- Identifying conversion opportunities:
  - Types
  - Experience from the project
  - Barriers to conversion
  - Watch system
- Resources and Tools
  - Outputs from BSiRC
  - Conversion Guides
  - Further information and links

# Wave of Succession

- 27% of owners of family businesses with sales > \$1m will retire in next 5 years
- 56% will retire in next 10 years, 78% in next 15 years
- In Quebec, over half of the 175,000 SMEs and microbusinesses will undergo some form of succession in next 5-10 years
- Over two million jobs at risk in Canada due to succession / conversion (source CFIB)
- Not just North America, in Europe it is expected that 1/3 of businesses will transfer ownership in next 10 years
- Impact on rural areas will be greatest due to the already growing decline in rural service provision, structural unemployment, out migration and growing social exclusion amongst more disadvantaged sections of community

# A Co-operative Solution?

- Research undertaken by CWCF (2005) on employee ownership conversion
- Funding under CDI I&R (2006) to develop resources and tools in Quebec (Relais COOP)
- CCA, provincial associations and CWCF I&R-funded project (2007) to pilot Relais COOP tools, capture and share best practices and promote the co-operative model as viable alternative (BSiRC)
- Opportunity also to identify and support new models of co-op development (over 200 community-owned stores established in UK in 10 years using 1 co-op model)

# Identifying Conversion Opportunities: Types

- Employee-owned
- Multi-stakeholder/community owned
- Producer
- Consumer

# Experience from the project

- 1 community owned (consumer)
- 5 employee owned in a range of sectors
  - Social care
  - Timber/production
  - Construction/manufacturing
  - telecoms

# Barriers to Conversion

- Role of traditional adviser
- Viewpoint of the owner
- Confidentiality
- Role of the employees

# Watch System

- Original plan
- Quebec experience
- 3 recommendations
  - Co-op specific conversions website
  - Work with local development organisations, co-op specialists and local/regional govt
  - Build up baseline of data on rural service provision in Canada

# Resources and Tools

- Outputs from BSiRC:
  - 6 case examples
  - Translate, utilise, refine Relais COOP tools
  - Action research with 6 groups undergoing conversion (9 in total)
  - Education and promotion of co-op model in conversion process
  - Training and development opportunities
  - Web-based resource  
(<http://www.coopzone.coop/succession>)

# Guides: Co-op Group

- Key stages:
  - Define co-op advantage
  - Establish transition plan
  - Co-ordinate sale/purchase plans
  - Establish role of owner post-conversion
- Focus on the human aspect

# Guides: Owner

- Key stages:
  - Establish personal objectives for the owner
  - Understand needs of both groups and establish trust
  - Establish co-op steering committee
  - Establish role of owner post-conversion
- Focus on the human aspect

# Guides: Co-op Adviser

- Role of the adviser – mediator/facilitator plus traditional developer/business advisor
- Key objective – establishing value of the business
- Preparing purchase and business plans
- Canvassing support
- Raising capital
- Role will decrease over time – creation of co-op committee important stage in this process

# Further information / links

- BSiRC Project website: ([www.coopzone.coop/succession](http://www.coopzone.coop/succession))

## ***Relais COOP Project partners***

- La Fédération des coopératives de développement régional du Québec (FCDRQ) (<http://www.fcdrq.coop/>)
- ORION coopérative de recherche et de conseil ([www.orion.coop](http://www.orion.coop))

## ***International Links***

- Growing Rural Businesses through Collaborative Solutions (Co-operativesUK / Plunkett Foundation business succession project) ([www.cooperatives-uk.coop/rural](http://www.cooperatives-uk.coop/rural))
  - *Resources and toolkits* ([www.cooperatives-uk.coop/NewVentures/rural/resources](http://www.cooperatives-uk.coop/NewVentures/rural/resources))
  - *Case studies* ([www.cooperatives-uk.coop/NewVentures/rural/caseStudies](http://www.cooperatives-uk.coop/NewVentures/rural/caseStudies))
- Co-operativesUK ([www.cooperatives-uk.coop](http://www.cooperatives-uk.coop))
- Plunkett Foundation ([www.plunkett.co.uk](http://www.plunkett.co.uk))
- Ohio Employee Ownership Centre (<http://dept.kent.edu/oeoc/index.htm>)
- Ohio Employee Ownership Centre Library (<http://dept.kent.edu/oeoc/oeoclibrary/index.htm>)