

3.1 Cooperatives start-up in real world environment - methodologies for the development of ideas in innovative projects

3.1.1 Why a cooperative



e-module 3 (Social) entrepreneurship – cooperative start-up implementation
October/2021

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This lecture addresses the following topics:

- The circular economy and the collaborative economy
- Reasons why choosing a cooperative to create a business
- Principles and values of the cooperative
- Benefits of the cooperatives

The circular economy and the collaborative economy

The goal of the circular economy is to redefine products and services to eliminate waste, while minimizing negative impacts.

Driven by a transition to renewable energy sources, the circular model builds economic, natural and social capital.

On the other hand, the consumer today is increasingly aware of the environment and demands a more sustainable use of resources and greater transparency from companies.

The consumer is also increasingly concerned about food and demands more organic products.



The circular economy and the collaborative economy

The responsible consumer realizes that he or she has unused resources, with which can make a profit, either financially, or through the exchange of goods and services. And that is the origin of the collaborative economy.

Given this opportunity and using the accessibility of technology, new and disruptive business models emerge.

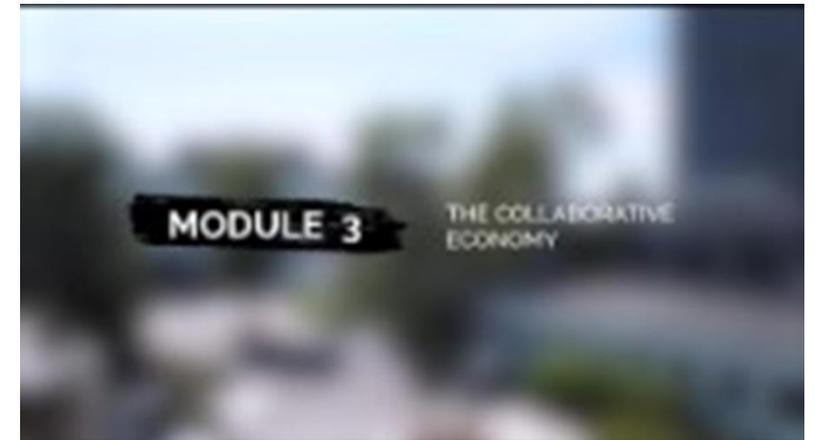
Both the circular economy and the collaborative economy represent a fertile field for the exploitation of new innovative business models.

Cooperative start-ups are in a position to take advantage of the opportunities that arise from this new economic model.



Look at the following video about collaborative economy

<https://www.youtube.com/watch?v=Cw4Lm5d9Qa4&t=9s>



03 Reasons why choosing this model



Today, undertaking a business is a risky and difficult task, there is a lot of competition, but there are also many new niches in which to develop innovative ideas. Many people who launch a business, the first thing they do is develop a business plan or choose a legal structure. These are very important aspects, but it also requires considering many other aspects.

A person who wants to start a business must work and enhance a series of capacities, such as initiative, leadership, the capacity for risk, work and dedication, patience, creativity, self-confidence and the capacity for observation and to learn from others.



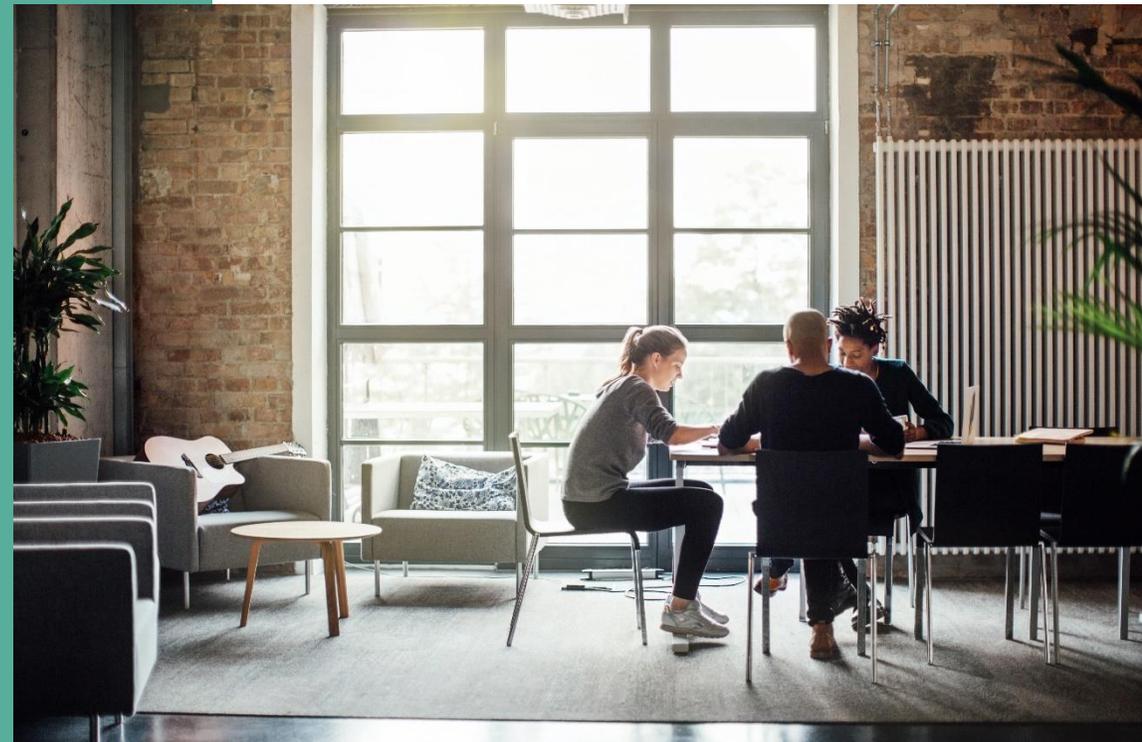
Reasons why choosing this model



In any case, in collective entrepreneurship projects, those individual qualities are joined to the collective ones.

People who work as a team and know how to complement and coordinate each other, know how to give the best of themselves and, at the same time, make those who accompany them in this business adventure unfold their full potential.

This is one of the many advantages that collective self-employment can provide: mutual support and the complementarity of knowledge, skills and abilities.



Reasons why choosing this model



A cooperative is a **democratic** and **participatory** company model, based on **people and not on capital**, which allows a greater development of people and teams of people.

It transfers to the business world a way of seeing life and human, business and professional relationships, being as profitable as any other legal form.



Reasons why choosing this model

In addition, in a context of crisis, cooperatives manage, thanks to internal **flexibility** and the ability to reinvent themselves, to maintain the jobs created and even continue to grow. The risk is **shared between partners**.

Many of the entrepreneurs who have chosen the cooperative as a legal form are young people who have seen the solution there to **create their own job** and not face the challenge of setting up a business alone.



Defying the Crisis - The Spanish Collective Mondragón



Together. How cooperatives show resilience to the crisis.



Reasons why choosing this model



Defying the Crisis - The Spanish Collective Mondragón

<https://youtu.be/zaJ1hfVPUE8>



Together. How cooperatives show resilience to the crisis.

<https://www.youtube.com/watch?app=desktop&v=2Gx4IRYQXxM>



Principles and values of the cooperatives



The cooperative is a **society made up of people who freely associate** to carry out a business activity that allows them to satisfy their economic and social needs and aspirations.

It is a business model in which economic and business objectives are integrated with others of a **social nature**, achieving economic growth based on **stable employment**, **equality** and **social equity**, and offers great possibilities for entrepreneurs to make their way professionally.

There are cooperatives in all productive sectors and branches of activity, which shows that any type of business project can be carried out with a cooperative.





There are seven cooperative principles that define how a co-op operates, common all over the world ([International Cooperative Alliance](#)):

1. The coop is owned and controlled by its members. It exists for the benefit of its members (customers, workers, suppliers or the wider community).
2. It is democratic -every member has an equal say.
3. Every member contributes financially in some way -buying products, working for the co-op, investing in it or deciding how to spend its profits.
4. It is an independent business, owned and controlled by its members.
5. It offers education and training to everyone involved.
6. It co-operates, works with and supports other co-ops.
7. A co-op supports the communities it works with.



Cooperatives are all over the world



Watch following video on Coops (1'40'')

<https://www.youtube.com/watch?v=8RCZPrUIU0o>



Benefits of the cooperative



Profits and earnings generated by the cooperative are distributed among the members, also known as user-owners.

Cooperatives have a series of advantages over other types of companies:

- ❑ **Less taxation:** members of a cooperative are only taxed once on their income from the cooperative and not on both the individual and the cooperative level.
- ❑ **Funding opportunities:** depending on the type of cooperative, there are some subsidies or grants available for cooperatives.
- ❑ **Reduce costs and improve products and services:** taking advantage of its size, when they are bigger, cooperatives can more easily obtain discounts on supplies and services.
- ❑ **Perpetual existence:** the cooperative structure brings more continuity to the business. Members can leave the business without causing dissolution.
- ❑ **Limited liability** of the members
- ❑ **Mutual aid and cooperation** without speculation.



TRAIN-CE-FOOD project

<https://trancefood.si/en/home-english>

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