



California Center for Cooperative Development

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Steps to Starting a New Worker Cooperative

This list is a generic guideline of the elements involved in launching a cooperative. In reality the steps overlap and there will be times when it is important to go back and revisit a previous "step." Each step in the formation process ends with a group assessment: do we move forward?

Step 1. Needs Assessment--Core group clarifies shared needs and expectations and the potential of a cooperative business model to address shared needs

- A) Identify shared group need
- B) Collect Information; learn about co-ops & industry selected
- C) Evaluate: Is a co-op the appropriate model?
- D) Draft basic purpose statement

Step 2. Organize (remember a co-op includes at least 3 members)

- A) If you don't already have a core group, begin member outreach
- B) Identify member talents & skills and how they can fuel various aspects of co-op development
- C) Coordinate the collection of needed information & business research
- D) Establish/elect Steering Committee to lead the start-up process (*this can include everyone if the group is small*)
- E) Develop workplan and timeline; assign tasks and align with dates

Step 3. Market Research and Member Analysis

- A) Clarify and evaluate market for proposed products or services
- B) Assess interest and commitment of potential members
- C) If appropriate, develop member outreach strategy

Step 4. Feasibility Analysis

- A) Identify business needs and relative costs and income sources
- B) Identify factors necessary for success
- C) Define risks and benefits to potential members
- D) Share findings with potential members

Step 5. Develop Business and Organizational Plan

- A) Develop business plan that forecasts revenue and expenses over 3 to 5 years; present to members; modify as needed
- B) Develop management job description
- C) Finalize capitalization plan; initiate banking relationship
- D) Conduct member equity drive

Step 5. Draft Bylaws

- A) Utilize technical support: professional cooperative developer, legal and accounting counsel
- B) Embrace bylaw development as an important cooperative decision making process
- C) Develop membership agreement

Step 7. Incorporation; prepare for start-up

- A) Prepare Articles; Incorporate and elect board of directors; formally adopt bylaws
- B) Complete capitalization: secure memberships; finalize agreements and financial commitments.
- C) If appropriate, search for & hire management
- D) Acquire facilities & equipment
- E) Establish accounting procedures

Step 8. Start Operations: Implement the business plan

- A) Develop Operating Policies
- B) Begin operations

CONGRATULATIONS!
Now you can start working!