Innovative Co-ops in the Social Services Sector:

A research study to benefit people with developmental disabilities and mental illness

Kate Sutherland, lead researcher
and
Tim Beachy, CEO
United Community Services Co-operative
Vancouver, British Columbia

March 2004

Innovative Co-ops in the
Social Services Sector
Table of Contents

page

Acknowledgements

First and foremost, we acknowledge the profound contribution made by the pioneers – the co-op members, volunteers, co-op developers, funders, staff and directors of incubating social agencies and others – who have done the hard work of going first and opening up new territory. Without them this report would not exist.

We are thankful to the Co-operatives Secretariat, Government of Canada for their support. Without it this report would not have been undertaken. We express our thanks to Trent Craddock and Albert Daoust for their personal interest and support.

And we are deeply grateful for the generous collaboration of dozens of people from across Canada and around the world. Their support has been truly remarkable, often involving multiple exchanges of information and hours of work. We believe that the support this project has garnered is an example of the goodwill people have for social co-ops and the people they serve.

We acknowledge support from:
- Margaret Bau -- USDA Rural Development, Stevens Point, Wisconsin
- Jill Bloom – Fraserside Community Services Society
- Caroline Bonesky – Fraserside Community Services Society
- Marc Boucher – United Community Services Co-op
- Luke Bowden – Ontario Co-operative Association
- Paul Cabaj -- Taktika Human Resources and Consulting
- Lizanna Carlberg -- Expressway Printing Co-op
- Melanie Conn -- DEVCO
- Hazel Corcoran -- Cdn Worker Co-operative Federation
- Garry Cronan – International Co-operative Association, Geneva
- David Driscoll -- VanCity Community Foundation
- Dave Dunlop – Friendship House, Fraserside Community Services Society
- Ralph Eastland – Eco Creations Co-op, Duncan, BC
- Lise Ecclestone -- Interior Health, Penticton, BC
- Sorcha Edwards – CECODHAS
- Kristina Fairholm Mader – Canadian Mental Health Association, Vancouver Burnaby Branch
- Richard Faucher – Burnaby Association for Community Inclusion
- Marty Frost – DEVCO
- Kathleen Gabelmann – BC Institute for Co-operative Studies
- Peter Gates -- The Mercury Centre, Sydney, Australia
- Claus Hachmann – International Co-operative Housing Organisation (Germany)
- Brian Iler -- Iler Campbell, Toronto
- Cathy S. La France -- Collaborative Learning Strategies Inc

- Dave Langdon – Nundah Community Enterprise Co-op
- Carolyn Lemon -- Common Ground Cooperative
- Monica Loss -- Istituto Studi Sviluppo Aziende Non Profit, Trento, Italy
- Kim Lyster – Penticton & District Community Resources Society
- Lynne Markell – Canadian Co-operative Association
- Vivienne Miller -- MHS Conference Director, Balmain, Australia
- E.G. Nadeau -- Cooperative Development Services; Madison, Wisconsin
- Rainer Persicke – Penticton & District Community Resources Society
- John Restakis – BC Co-operative Association
- Ann Reid – L'Abi en Ville, Montreal
- Bruno Roelants – CICOPA: International Organisation of Industrial, Artisan and Service Producers' Cooperatives
- Elizabeth Rogers -- Expressway Printing Co-op
- Shannon Rohan -- Canadian Co-operative Association
- Dave Saranchuk -- Expressway Printing Co-op
- Gail Saunders – Kamloops Society for Community Living
- Rick Simcock – Fraserside Community Services Society
- Brian Smith -- Philia
- Jack Styan – Planned Lifetime Advocacy Network
- Jan Taylor – BC Co-operative Association
- David J. Thompson
- David Wetherow – CommunityWorks
- Lee Wilson – ACCORD, Australia
- Wade Wright -- Community Living Kingston

Executive Summary

This research grew from the desire of the United Community Services Co-op of British Columbia to assist three organizations to achieve their goals of improving access to housing and employment for people with developmental disabilities and mental illness. The organizations wished to gain better understanding of the potential of co-op models of enterprise to benefit vulnerable populations, and to explore options for incubating "social co-ops" as a way to assist their clients to live better and more fulfilling lives.

The research focused on finding and documenting the development of social co-ops around the world, developing several case studies, documenting 'key learnings', putting forward for discussion a matrix for analysing social co-operatives, and acquiring responses to the research from a focus group in BC.

Social Co-ops have sprung up in many places in the world, though with the exception of Northern Italy, the depth and breadth of experience is still marginal. Quantitative research in this field is rare. The local experiments we found provide a rich source of anecdotal material but outside of Italy there is not yet a dynamic that would characterize a movement on a world-wide, national or regional scale.

The Italian experience is instructive, but of limited immediate applicability to Canada given the unique legal and social support systems in Italy that provide a more receptive context for social co-ops. It will likely be years before the pioneering work on social co-ops in Canada generates momentum for regulatory reform and increased public and institutional support. The Italian experience is important as it clearly indicates the very significant potential of social co-ops to improve the quality of life for vulnerable populations and their communities.

Our research gathered information on over twenty social co-ops and provided detailed case studies of five co-operatives and one non-profit organization that are populated by or provide service to adult individuals with a developmental disability or mental illness. Each one is unique in contextual factors, organizing history, scale, incubation processes, capitalization and financing, and focus of production work.

The learnings gleaned from the research are documented in the first section. These lessons are preliminary and fragile. Translation of unique situations into other situations may not work and a body of professional observations has not yet developed. The learning must be considered as a starting place rather than definitive.

Apart from the concrete learnings discussed in the report, there are several issues to highlight in this summary.

❖ Social co-ops have a unified bottom-line, achieving social-values and financial-values as one enterprise. The case studies show that there is no consistent understanding of this reality by policy makers and funders, and, as

---

of yet, no patterns of adequate in-kind and financial support. This presents a very difficult challenge. The recent advent of federal government support for the 'social economy' may provide some hope that issues of capital investment, sweat equity and contribution and on-going financing can be addressed.

❖ There is a need for people working in and with social co-pops to connect and support one another. Canada is in the pioneering phase of a very promising approach to meeting social goals more effectively and efficiently. Pioneering is hard work, and many very challenging roles are being learned and re-learned. We found no group or web based community of interest to support networking and learning from the experiences of others.

❖ In the long term there is a requirement to build understanding and acceptance of social co-ops as effective organizational structures to address the social and financial goals of groups of vulnerable and disabled people and those working in their support. A high quality definition and branding effort is needed to achieve that goal. Extensive policy research is required along with sectoral development.

These and other issues are addressed in the Conclusions and Recommendation section of this report.

Finally, it is important to acknowledge the incredible effort and heart of the founding individuals (and organizations that supported them) in setting up the social co-ops at which we looked. Against many odds and in unfamiliar, sometimes hostile environments, these people have worked with profound commitment and dedication. We salute them.

Introduction

Context

For the past six to twelve months, three different community groups have been in the initial stages of developing grassroots-driven innovative co-op models in the social services sector. Each of these pilot projects is intended to benefit people with developmental disabilities or mental illness. (See Appendix A for a brief description of the three pilots.)

With the shifting policy and funding context in British Columbia, there is rapidly growing interest in innovating new social co-op models. The core intention of this research project is to help these new initiatives to be successful. To this end, we aimed to learn as much as possible from the successes and failures of innovative co-op initiatives from around the world.

The research also built on and complements the Building Community Assets policy framework of the Canadian Co-operative Association (March 2004). The CCA framework answers the question of "how to approach" the development of co-ops to serve people with low incomes and/or low income communities.

This report goes further in two ways:
- It tackles specific lessons re "how to implement" social sector co-ops
- It offers specific program and policy recommendations to the key stakeholders in BC re supporting innovative social sector co-ops.

Purpose

The overarching purpose of this report is to support successful innovations in the provision of housing and employment to persons with mental disabilities and/or mental illness. To this end, the research had three objectives:

1. To identify specific challenges and opportunities (financing, governance, scale, etc.) for social service coops to benefit people with developmental disabilities and mental illness, with particular focus on three pilot projects.

2. To research co-operative successes and failures from around the world for lessons relevant to the specific challenges and opportunities facing these types of social service coops.

3. To prepare a report that
   - Presents the findings, success stories, and failures related to starting innovative social service co-ops to benefit people with developmental disabilities and mental illness.
   - Identifies the lessons learned for co-ops to benefit other segments of the population with low incomes in Canada.
   - Outlines policy and program policy recommendations for organizations, government and other stakeholders.

Players

The principle partners for this research study are the three organizations/ communities in the developmental stages of launching grassroots-driven innovative co-ops in the social services sector. Each of these organizations asked questions and posed issues to be researched. The on-the-ground experience in these three communities provided a set of concrete settings where findings can be tested and evaluated over the next period.

Appendix A provides more details on the current situation and proposed pilot in each of the three communities.

Methodology

The principle steps in preparing this report have been:
- Grounding the research in the needs of the three pilot projects through site visits, telephone calls, and review of background documents. See Appendix B for the questions covered, and Appendix C for additional questions surfaced through the interviews/visits.
- Researching over twenty social co-ops serving the target populations – Internet research and key informant research by phone/email.
- Contacting between one and four key persons for each of six social co-ops for in-depth interviews/email exchanges on how their co-ops developed and key lessons learned.
- Drafting six case studies, and circulating them for review to the people contacted in their preparation.
- Drafting Key Findings
- Convening a multi-stakeholder focus group (See Appendix D for minutes including a list of participants.) Four case studies and the Key Findings were circulated to the focus group participants in advance of the meeting/conference call. The research was presented to the focus group, and the group explored its policy implications.
- Integrating input from the focus group into the key findings, and drafting the final report.

It should be noted that time and resource constraints precluded documenting more than six case studies. The original intention of circulating this report to the reference group for comment has not been possible, again due to time constraints. Responsibility for the analysis and conclusions therefore rests entirely with the authors.

Matrix for measuring success and sustainability of social co-ops

Throughout the project, we found the following matrix helpful for framing the many issues relating to social co-ops – and in particular, how to evaluate their success. Professor Lou Hammond Ketilson, Centre for the Study of Co-operatives, University of Saskatchewan, described this matrix. (Lecture notes, University of Bologna, July 17, 2003; lecture presented by LHK).

Dr. Hammond Ketilson notes that all co-operatives have a combined set of outcomes: community/social goals and values they are striving to achieve, and financial goals and values that they must achieve to be sustainable or profitable.

The social values are of primary concern to social co-ops. Financial values tend to be seen as instrumental – a way to be sustainable while achieving the highly valued social goals. Success for social co-ops is more likely measured as achievement of social goals while sustainability is dependent on financial viability. That said, for some worker-members (Expressway, Prepco and others), having their own (viable) business was articulated as a social goal (distinct from the sustainability aspect.) Members wanted ownership in a business; to participate in society in a way judged more real and valid than sheltered workshops/programs.

Community & Social Values

High achievement of social goals		**Successful** **Sustainable**
Low achievement		

Low sustainability   *High sustainability*

Financial Values

The co-ops in our case studies have identified social values. Some examples are: meaningful employment for persons normally excluded from workplaces, high participation in decision-making by worker-members, opportunities to learn skills, social inclusion, and flexibility of scheduling and task definition to accommodate the preferences and capacities of members.

The Case studies also illustrate the importance of sustainability. Key outcomes mentioned are: developmental funding for the first 4-6 years; a sound business planning process that matches productive output to the interests and capacities of the members; investment of resources in training; the level of community support ("social tendering", volunteering, mentorship,); and, the cost-benefit of job coaching/ supervision and incubation support needed.

The matrix allows one to plot the evolution of a co-operative over time. Many co-ops start in the upper left quadrant (high on social values and low on financial viability). Over time co-ops that survive tend to migrate through an arc down to the bottom right quadrant (low on social values, high on financial viability.) The challenge for social co-ops is to get to the upper right quadrant – high on social values and high on financial viability.

Key Findings – Social Co-ops Research

General Observations

- **There is enormous potential for social co-ops to significantly and efficiently improve the quality of life for persons with developmental disabilities and mental illness.**
  This is evidenced by the Italian experience. There, social co-ops are supported by public policy, and the communities with a high proportion of social co-ops demonstrate clear benefits on the triple bottom line of economic return, health, and empowerment. (See Restakis, and Social Enterprise London)

  The Canadian experience with social co-ops is so far modest. Our social co-ops are both breaking new ground and do not have a regulatory context that supports their development the way social co-ops are supported in Italy.   In this challenging context, it is all the more significant the amount Canadian social co-ops have been able to accomplish. (See Case Studies.)

  Strategies that increase ownership and responsibility for people with development disabilities and mental illness have repeatedly created unanticipated increases in productivity, health, well-being, self-esteem and self-confidence. Challenging behaviours tend to be absent or significantly lower in social co-ops versus sheltered workshops/institutions.

  > "Peoples lives are 100x better in the co-op than they were in the sheltered workshop."
  > *Wade Wright, Prepco.*

- **The Co-op Advantage**
  Social co-ops blend of entrepreneurship/ownership and social care/benefit. Where private enterprise typically neglects community benefit, and non-profit organizations tend to lack entrepreneurship and innovativeness, social co-ops offer, literally, the best of both worlds.

  See Introduction (Part D) for a graphic representation of the potential of social co-ops.

  In addition, social agencies that incubate social co-ops benefit from exposure to business culture themselves. Agency workers have made links with business people and these relationships have brought the benefits of fresh perspectives, improved analysis of cost effectiveness, and more innovative thinking. One correspondent believes there is very significant potential for community benefits and mutual benefit on both sides the more businesses and social agencies interact.

- **The importance of "Heart"**
  One of the overarching and important findings has been the importance of "heart". Some co-ops have more "heart" – i.e. they embody more trust, depth, caring, love,

---

vision, integrity, passion, commitment and respect. These co-ops generally attract more support in all forms. They tend to be more "alive", and they tend to be more successful at achieving their founding purposes. (The fact that social co-ops involve people from marginalized/vulnerable populations helps to highlight the importance of this dimension, but it is true of all successful initiatives – whether co-operatives or not.)

In some co-ops, an important manifestation of "heart" is the presence of one or more strong champions. Champions work for the good of the whole. They are not necessarily the Chair or Secretary, nor the loudest, but someone who believes in the idea and what it can lead to; someone that holds a vision for the future.

- **Diversity of capacity**
    - o There is significant diversity of capacity within the population of persons with developmental disabilities. Some are highly functional and others are less functional. I.e. some persons can access public transit on their own while others require transport. Some are capable of mastering tasks, others require ongoing close supervision and support for even simple tasks.
    - o There is significant diversity of capacity within the population of persons with mental illness. Some are chronically ill with no mainstream employment experience. Others can have had decades of successful professional careers under their belts before developing mental illness that manifests in acute episodes interspersed with periods of normal or high functioning. Some have high energy, some low. Others are various combinations of all of the above.
    - o In general, people with developmental disabilities and mental illness thrive in the context of a social co-op due to the greater ownership, flexibility, dignity and responsibility it affords them. It is important, though, to find a good match between the business of the co-op and the capacities of the members.

- **Diversity**
  Social co-ops come in many shapes and sizes. This reflects the diversity of the membership, visions, circumstances and the businesses undertaken. The case studies offer more in depth descriptions of a range of models (Appendix E). The case studies also reveal a diversity of needs: Some co-ops benefited from starting slow, others were hampered by a slow start; Some needed more financial support, others found that financial support didn't necessarily help.

- **Inclusiveness, integration and segregation**
  There is a range of opinion on the benefits and drawbacks of inclusiveness, integration and segregation. Some respondents believe social co-ops for persons with mental illnesses offer an ideal balance: Members feel safe to express their needs and express their uniqueness because they are with others who understand (segregation), and at the same time operating a business puts them in touch with

suppliers and clients (integration). Some correspondents involved with co-ops for people with developmental disabilities make the same argument (See Lemon).

On the other hand, one correspondent holds the view that "In North America and elsewhere, people with disabilities are vulnerable to both unintentional and institutionalized patterns of social isolation, segregation (separation from non-disabled peers), and congregation (being 'placed' in settings where there are numerous other persons with disabilities).

"As a result, contact with non-disabled peers and role models can become extremely limited, social learning may be inappropriately limited, and the visibility of this pattern creates a strong public perception that the affected individuals wish or need 'to be with their own kind', that they are incapable of functioning in more typical environments, and that they are more disabled than they truly are."

This leads the same correspondent to express concern about the possibility "that the European 'social cooperatives' have been organized in ways that may perpetuate this pattern of disability-based segregation and congregation."

Based on experience in developing *inclusive* housing and employment cooperatives, the correspondent suggests that "we face a fresh opportunity to pursue a strategy of developing *inclusive* housing, service and employment cooperatives. The advantages are numerous, including a much broader range (within each cooperative) of skills, personal connections, experiences, and shared capacities. The message to the larger community is that we all belong together, that people with and without disabilities can create successful enterprises, and that it is valuable to create enterprises that consciously identify and mobilize the gifts and capacities of all citizens."

Social co-operatives where membership is inclusive have the potential benefit of self-organizing internal support and supervision among members. An example could be youth and/or seniors working along side people with developmental disabilities. Such inclusiveness has important implications for sustainability: the cost of job coaches and mentors was a significant ongoing expense that was a challenge to finance for several co-ops studied. The more supervision and mentoring can come from within the membership, the less need there is to finance staff salaries and the more viable the co-op.

Implications for public policy

- **Net gain**
  Government support for social co-ops can be beneficial to co-op members and taxpayers alike. Social co-ops tend to significantly improve quality of life for their members, and this translates into reduced costs for hospitalization, crisis intervention, medical expenses, policing, etc. One cost benefit study showed that

on average, mental health survivors participating in consumer run businesses used $13,000 less in social services/year than a comparable population. Government grant support of A-Way Express Courier co-op/member for the comparable year (1999) was less than $8,000.

- **"Social Tendering" can play a key role in social co-ops**
  The term "social tendering" was coined by Dave Langdon and Ingrid Burkett of the Nundah Community Enterprise Co-operative in Nundah, Australia. Social tendering occurs when procurement policies favour suppliers who demonstrably contribute to the social good. This can apply to purchasers such as governments, businesses and institutions.

  In NCEC, the City of Brisbane contracted with the co-op for the maintenance of initially three and later eight city parks – affording the co-op a significant revenue stream and an excellent interface with the community. This move was spearheaded by one city councilor who led the way to adapting their contracting procedure to accommodate social tendering.

  In Europe, preferential treatment of social co-ops by municipalities is not contested as a breach of competition policy provided the organizations meet a minimum requirement on employment of disadvantaged workers, and provided each contract is valued at below L125,000/Euros200,000.

  The Prepco case study is a clear example of a Canadian social co-op that has benefited enormously from social tendering.

  There is very considerable potential for governments, institutions and corporations to use social tendering to achieve community benefit through their purchasing programs.

- **Government support for training is a significant support**
  For example, the Advantage Worker's Co-op in Dawson Creek, BC was able to secure training for its workers through a partnership with Northern Lights Community College and funding from ABESAP (Adult Basic Education Support Assistance Program.) Training can be a key factor in the success of co-ops to support populations that face multiple barriers to employment. For example, training can support social co-op members to learn:
  - a trade, including gaining certification/tickets
  - about the co-op model
  - life skills
  - how to run a meeting
  - about the responsibilities of a co-op director
  - financial management

- **Program and benefits policies create barriers.**
  - Workers who are capable of getting off disability benefits at certain times may be reluctant to take that risk, based on the length of time it takes to get back onto benefits or the possibility that they will be denied benefits in the future.
  - The same thing occurs when workers are faced with the prospect of losing medical benefits
  - Persons report having to jump through unnecessary administrative or 'eligibility' hoops. For example, to access training support through Achieve, applicants are required to develop a vocation plan and undergo an assessment that duplicates other assessments and vocation planning processes they have done.

- **Ongoing support is likely necessary**
  See key findings re Sources of Finance and Resources.
  Ongoing support for social co-ops can be an efficient and effective policy tool particularly when the triple bottom line (Financial, environmental and social benefit) is taken into account. Social co-ops, like many other small businesses, need at least five years to become self sustaining. The research indicates that stable "core" funding and/or procurement policies for social co-ops are important. Where they exist, co-ops are thriving.

- **Social Benefit needs to be measured.**
  There growing awareness of the Triple Bottom Line approach (Financial, Environment and Social benefit). As a society, we are good at measuring financial impact, and we are reasonably good a measuring the environmental benefit/harm. We need to build the metrics for measurement of social benefit. This is a big issue with significant implications for social co-ops. People involved in social co-ops and working with the populations involved have a clear sense that the co-ops make very significant contributions to the community, and that they are efficient/effective ways to achieve community benefit. This needs to be better documented.

- **The regulatory context needs to better support social co-ops**
  There are many federal government programs to support and invest in the small business sector -- this in recognition of the net benefit to the community. It is not recognized as a subsidy, but rather as an investment. We need more investment in co-ops in recognition of their benefit to communities. One focus group participant shared that the federal government recently identified 80 initiatives that support small businesses that are not available to people starting co-ops. Social co-ops could benefit enormously if programs to support small business start-ups were extended to them.

  The correspondent argues, "If you want the benefits of a diversified economy and the benefits of small business enterprise you should care nought whether the

beneficiary has an individual as the recipient of the growth or whether the community as a whole is built into the residual benefit through non-profit enterprise or the co-op model."

The incubating role for social agencies

- **Cultural shift**
  To be successful at sponsoring social co-ops, most social agencies need to embrace a significant cultural shift. Many frame this as the shift from **running a program** to **developing a business**. Starting a successful business requires entrepreneurial sensibilities and temperament. Social agencies may lack staff with relevant business skills, and may be generally less comfortable with risk and the demand for quick responses to obstacles and challenges.

  Social agencies themselves benefit from increasing their awareness of how businesses work – e.g. greater attention to the efficiency and effectiveness of programs, and the development of creative partnerships.

- **Clarity of vision is critical**
  Clarity of vision helps with internal cohesiveness and effectiveness. It also increases the co-op's ability to attract support. A clear vision sends a signal that can be heard far and wide. This draws people and resources to the co-op. Where co-op members have competing visions the co-op is less likely to succeed (ECBC).

  Is the vision to support people to work, or to support people to get off benefits? Is it to support people to engage in the work of their dreams, or is it to support people to be owners of a viable business?

- **Member driven**
  The purpose of social coops is to meet the needs of their members for employment, housing, etc in ways that are effective, respectful, and empowering. It is therefore crucial that decisions and the overall direction of such co-ops be driven by the members.

  For incubating organizations, this means facilitating the process in ways that maximize member's ownership and responsibility. Where co-ops have been formed in this way, there were many good decisions made that social agencies would not have made on their own. Correspondingly, the case studies revealed instances where social agency staff made decisions without consulting future co-op members in ways that reduced the co-ops' effectiveness.

  In the case of Advantage Workers Co-op, the vision was to support members to do the work that they were interested in as opposed to the normal expectation that people facing multiple barriers should take whatever they can get. This spirit of supporting people to live their dreams was very motivating – both to the people with barriers and to the resource people involved.

A key learning at Prepco was "To involve members in as many decisions as possible no matter how small. Our folks needed to know their opinion counted and that they actually did have ownership. It was amazing to watch people as they began to realize that what was important to them influenced decisions."

- **The definition of work**
  Church, Rasmussen and others identify the importance of opening up the definition of work for employment-related co-ops. For example, mainstream culture emphasizes full-time work while most workers in the co-ops researched either did not want to work full time or did not have the stamina to work full time. For persons with mental illness, pooling work allowed them the flexibility to take days off when needed and this flexibility is highly valued.

  For some, the earning an income is the dominant defining feature of work. For others making a contribution, getting out of the house, or being with their friends is what's most important.

  Several stories indicate the importance of not making assumptions about needs and what is most important to the people a social co-op is intending to benefit.

- **Excellent communications are vitally important.**
  Successful co-ops require business development and also group development. For both these functions, excellent communications are essential. It is important to have formal communication systems (meetings, reports, email updates), and informal communication systems (hubs of activity, socializing time, chats at the water cooler, strong personal relationships). Formal and informal communication supports engagement, informed decisions, creativity and healthy relationships. Poor communication undermines these same parameters.

  In addition, co-ops benefit from being proactive where there is communication breakdown or conflict. Advantage Workers Co-op has a system for mediating conflicts within the co-op. The mediator was one of the members who was respected and has both a passion and a flair for helping people to resolve conflicts. This enabled the co-op to work through difficulties on several occasions.

- **Hybrid models may be better than pure co-op models in some cases.**
  Common Ground Co-op (CGC) in Toronto opted for a business partnership model for the catering and food service businesses it supports. Workers with developmental disabilities are partners in small businesses rather than members of small co-ops. This decision was made on the advice of Brian Iler, a lawyer specializing in co-ops.

- **Variety of Models**

  Social co-ops have adapted the co-op model to meet their needs. **Please see the case studies and the resources section for more detailed descriptions of the models briefly sketched below**.
    - o Prepco (Employment for persons with developmental disabilities.) Prepco is structured as one of four co-ops, each with 4-5 members that are subcontracted to provide document preparation services by Kingston & District Association for Community Living. The co-ops in turn contract with KDACL for supervisory staff and delivery services. The small size of the co-ops reflects the natural working group preferences of the members and simplifies their group process and decision making.
    - o L'Abri en Ville (Affordable housing for persons with mental illness). L'Abri is structured as an umbrella non-profit organization (that could equally well be a co-op). L'Abri leases ten affordable 3 bedroom apartments and provides related coordination and of social work services (three social workers jointly provide 90 hours/week of services). Each apartment provides stable affordable housing for three persons with mental illness. Each apartment is supported by a team of volunteers. The size of the organization is capped at 10 apartments/30 people to maintain the intimacy of the relationships.
    - o Advantage Workers Co-op (Employment for persons with significant barriers to employment. AWC involved as many as 43 members. Staffing came from in-kind support from Northern Lights Community College, and job coaches/supervisors were volunteers from the community or students fulfilling practicum placements through the co-op. This enabled the co-op to keep supervisory salary expenses to a minimum, and therefore to afford to pay members at levels close to minimum wage.
    - o Common Ground Co-operative (Umbrella group for business partnerships providing employment to persons with developmental disabilities.) CGC is structured as an umbrella co-operative providing job coaches, and coordination, publicity and outreach services to three small businesses structured as business partnerships. CGC wishes to grow to support four small businesses, but will then cap its size to preserve the quality of relationships and service. Expenses for CGC are covered by grants, allowing the business partnerships to pay partners close to minimum wage in good months.
    - o L'Avenir (Personal assistance services.) L'Avenir provides personal assistance services to persons with developmental disabilities living in Prairie Housing Co-op. The intention is to separate the provision of housing and the provision of personal assistance services so that if a person moves they do not simultaneously lose both.

- **Viability is crucial**

  Creating a successful business requires a viable business plan. Productivity determines viability. "If you don't have a sound business idea, don't think starting a co-op will make things work out." Several projects had overly

optimistic business plans, underestimated the need for supervisors/job coaches, or made decisions without adequately researching their markets and technologies. Quality and reliability are also important.

- **Social Capital is an asset**
  "The project sells itself." People want to help. Customers are very loyal – provided the service/product meets their needs for quality and timing. Social co-ops can compete on the basis of adding social value versus price. This is an important point. Some social agencies have started sheltered businesses that charge well below market rates for their products and services. It means these proto-businesses are leaving potential revenue on the table.

- **Partnerships are key**
  Successful social co-ops have formed partnerships. Examples include partnerships with:
  - a community college for training and staff support (Advantage),
  - an advisory group of entrepreneurs (Prepco),
  - another business to extend the product line (Expressway),
  - an onsite organization for casual supervision, community, and word of mouth marketing (Common Ground Co-op)
  - governments – for "**social tendering**" – e.g. contracts to provide products/services (Prepco, Nundah)

- **Starting slow has been important for many social co-ops**
  One case study explicitly mentioned the value they saw (in hindsight) of resource constraints that forced them to start slowly (Nundah). It allowed them to learn how to work in ways that truly supported the workers and reflected their unique needs. Too much production pressure too early would have short changed that learning.
  The Cowichan Community Economic Development Co-operative says building trust and taking time to build the co-op "from the inside out" is essential. Only in this way will the co-op truly serve the members. It takes time to get it right when you are creating something to serve people who have been excluded from the mainstream.

  Correspondingly, social co-ops that started quickly – like the Eastside Coffee Bar Co-operative that took over an existing business – acknowledge that part of their later difficulties stemmed from not having had time for group development.

- **"Just start"**
  Many groups got contracts and started working before they even discussed or thought of forming a co-op. This seems to have created momentum and drawn people in. Prepco created as pilot initiative several months before being incorporated as a co-op.

- **Supervision is critical**
  Few social co-ops can make it without the support of persons with 'mainstream' skills and connections. Co-ops have been very creative about where this support comes from. For example, the Common Ground Co-operative supplements support from hired staff (paid for by grants) with partnerships with on-site organizations that informally offer mentorship, companionship and assistance to workers.

  The Advantage Worker Co-op attracted a core of highly committed volunteers and *all* of their supervisors were volunteers. Coordination was done by an instructor on the payroll of Northern Lights Community College. This enabled the co-op to pay workers close to minimum wage.

  Co-ops where workers function at a range of capacity levels can have internal supervisory relationships. This is particularly true for workers with mental illness – some are highly functional professionals (e.g. those who developed mental illness later in life or who have acute phases followed by periods of high functioning) who play an important mentoring or supervisory role for others who have never had work experience due to chronic or early onset of mental illness.

  Other co-ops pay staff, generally fundraising to cover supervisory salary expenses. Ideally these people have entrepreneurial sensibilities, great patience, and dedication to supporting workers to take ownership of the co-op.

  One consultant spoke of the importance of letting organizations know when the actions of a staff person from a social agency were compromising the success of a co-op.

- **Balancing participation and production**
  Social co-ops must constantly and creatively balance participation and production. Supporting a worker to learn a new skill takes time and may lead to missing a deadline. Missing the deadline could jeopardize a client's willingness to use the co-op's service, but not taking the time to teach the worker the new skill reduces the worker's ability to participate. This and countless other balancing acts are made more intense the tighter the financial margins and the more deadline-driven the business. Also, balancing participation and production can take a significant toll on staff. One co-op (Nundah) explicitly supports its staff with opportunities to work off the front line.

- **Replication better than continued expansion.**
  Prepco has 4 workers and one support staff. L'Abri en Ville has capped its size at 10 apartments with 3 persons with mental illness each. Common Ground Co-op has capped the number of partnerships it supports at four. All three say that scale matters, and that growing beyond a certain size reduces the quality of relationships – a key element of successful co-ops. All three have nurtured

---

replication as a way of responding to the pressure to include more people. Some groups of small cooperatives have developed or joined 'umbrella' co-ops as a way of generating economies of scale with respect to specific support functions.

- **Separate provision of housing from provision of services**.
  A co-op developer and some parents feel very strongly that the provision of housing for persons with mental or developmental disabilities should be kept separate from the provision of support services (e.g. day programming or personal assistance services). This is so that if a person chooses to leave a housing co-op, that person does not simultaneously lose their support services, and vice versa. Not putting all a person's eggs in one basket is important, especially for people who may have a strong reliance on the continuity of support arrangements and personal relationships.

- **Training is essential**.
  Start-up co-op members generally need lots of training. Training can support members to develop or strengthen the skills they need to do the work and to run the co-op.

  One excellent option for accessing training is through a partnership with a local community college. For example, Advantage Workers Co-op partnered with Northern Lights College. A Career and Life Skills instructor at the College supported the students' drive to create the co-op. She trained students for a 12 week period, cultivating trust and relationships with and among the students. The training included vocational counseling that helped the future co-op members to identify their interests, their skills and their learning needs.

  In addition, the college could offer specific vocational training in a wide variety of areas. For example, one student trained in **welding**, and others in **prep cooking** and **camp cooking**. Students who completed training in **custodial care** or the **building services worker program** would receive a certifying ticket. If a co-op member was having trouble with anger, they could step out of the day to day activities of the co-op to participate in **anger management** training and return when they had learned positive ways of dealing with their feelings.

  Another key strength and practical support from the college was training of co-op members in **Life Skills**, and **how to run effective meetings**.

  Another excellent option for skill development re running a co-op is to **involve a person who has been part of a local credit union board of directors**, since the credit union movement has some of the best board training programs in the province. This way, the co-op has access to in-house expertise that can be shared with the rest of the board.

- **Ensuring work readiness**
  The Advantage Workers Co-op stressed the importance of workers demonstrating that they could be on time, "present well", have their own transportation, and have

the training/certification they needed for the job. And AWC Resource people would endeavor to secure the requisite training to support people to do the work that interested them. Decisions about work readiness of members were made at members meetings.

Ensuring work readiness helps to ensure members have a positive work experience. It gives them the skills and the confidence to do well and sets them up for success. It also helps to ensure that clients have positive experiences with the co-op.

- **The Job Developer position**.
  A job developer is someone who bridges the worker and the work opportunity. In a mainstream contracting situation, the role is analogous to the person who bids a job and gets the contract that then employs a crew of workers.

  For people who face multiple barriers to employment, this model can work very well. A job developer learns the capacities and interests of the workers, and then goes out to find and secure appropriate work opportunities. The workers then share the work according to their capacities, needs and interests.

  The model allows for the flexibility people with multiple barriers to employment need. There is no pressure or expectation to work full time or other set hours. If people are having a bad day, another can take their place. If a person prefers to work with a buddy, this can be arranged.

- **Importance of the "prime mover"**
  The experience of several co-ops indicates the importance of a prime mover or champion – perhaps as a manifestation of the "heart" factor identified above. Important dimensions in a prime mover are vision, dedication, continuity, longevity and trust. For example, the prime mover for Advantage Worker Co-op moved to another city, and this was part of the reason AWC shut down. As another example, the length of involvement and depth of commitment of a key staff person has been central to Prepco's success.

- **Needs may change over time.**
  Frequently, people will seek different employment, social or housing options over time. For example, someone's needs may change in terms of the type of housing stock or the organizational structure. See the excellent article by Cathy Ludlum at www.specialed.ccsu.edu/Pancsofar/June%20Essays.htm (search page for "Cathy Ludlum"). Cathy, a physically disabled person, worked very hard for five years to create her dream of independent living through a housing co-op. But then, after a further five years living in the co-op she found herself longing for a simpler more private housing option in a different location. At first she felt that this desire was a betrayal of all the hard work and support she had received from many friends. But by imagining that a friend came to her with the same situation,

she came to realize that of *course* disabled people's needs and desires change over time like anyone else's.

- **Financial oversight can be important**
  In two instances co-ops could have benefited from more stringent financial oversight provisions (Advantage and Eastside Coffee Bar Co-op (ECBC)). Advantage wanted to operate on the basis of trust, and to not subject their treasurer to having to "jump through hoops". In the end though, the treasurer absconded with $30,000 and the same co-op members would now require a police records check. At ECBC, some money went missing, and this undermined the cohesiveness of the co-op.

Sources of finance and resources

- **Support needed in the developmental stages**
  Co-ops of all kinds need up-front money to establish themselves. It is important to remember that today's co-op success stories generally had help when they were starting out. Social co-ops have a greater need for start-up support given the population they work with.

- **"Developmental stages" can mean five years or longer.**
  According to Elizabeth Rogers, the average mainstream small business takes five years to establish itself. Given the populations they are serving, social co-ops may always need support – either direct or indirect – e.g. through social tendering, training partnerships or technical assistance partnerships.

- **A pot of money does not a successful co-op create.**
  It is relatively easy to start a co-op if there is developmental support. Keeping one going requires a lot of hard work. It requires that the co-op business is essentially viable, and that the co-op takes care of both the group development and the business side of things. There is some indication that if funding is too readily available in the beginning co-ops may be launched without laying a strong enough social or educational foundation.

- **In-kind support.**
  Co-ops benefit enormously from all kinds of in-kind support – e.g. free space, accounting services, staffing, training, mentoring, volunteers…. There is tremendous good will to support social co-ops. Many have been able to attract significant in-kind support.

Process and outcome evaluation

- **Measuring inclusion outcomes and the public portrayal of members**
  There are several reliable program evaluation tools that include measures of the critical factors of social integration, inclusiveness in membership development, and the public portrayal of members who live with challenging conditions. PASS and PASS-ING are two such tools.

One of our correspondents recommends that emerging cooperatives and the organizations that are founded to support their development familiarize themselves with these instruments and obtain planning and evaluation support from people who are trained in their use.

Planning next steps for a social cooperative initiative

- Just as it is important for individual cooperatives to be very clear about their vision, direction and work-plans, it will be critical for those undertaking local, Provincial and National initiatives to take formal opportunities to define:
  - The vision that defines and describes their enterprise
  - Clear descriptions of what they would expect to accomplish if they were doing effective work in the direction of that vision for a specified period of time
  - A 'snapshot' inventory of where they are now (resources, current capacities (current level of organization, skills and connections), obstacles and opportunities
  - Who we need to enroll, and specifically what we want to request of those identified individuals and organizations
  - What do we need to do to develop the connections, capacities and skills needed for the undertaking
  - Time-lines and milestones on the critical development issues, and
  - Concrete next steps

Interest groups benefit from a facilitated process of defining these elements, and a group graphic (such as one developed in the PATH planning process) can be helpful in conveying the vision and describing and tracking project performance.

Conclusions & Recommendations

Several conclusions and recommendations emerge out of the findings. These are presented tentatively and as conversation starters for those interested in social co-ops: practitioners, professionals, community organizations and workers. We have kept the number of conclusions and recommendations small as a way to focus attention on key factors and issues.

Conclusion #1

There is tremendous potential community benefit from the application and innovation of the social co-op model to serve people with developmental disabilities and mental illness (and other vulnerable populations).

Recommendation #1

We recommend that community organizations, communities and governments find ways to support the social co-op movement through increased funding, development of more sophisticated evaluation tools and processes, and better support of social co-op activist networks. The latter will help the social co-op movement to help itself: there is a critical need for knowledge transfer and to build a critical mass in this field.

Conclusion #2

There is a broadly based lack of knowledge of social co-operatives: the work they do and the potential they have for helping vulnerable populations be more included and more actively part of civil society.

Recommendation #2

We recommend that two important initiatives be supported:
- Development of a certification process that will clearly identify 'social co-ops' as a unique form of social support – a form worthy of extraordinary public and private contributions.
- Development of a branding and image building program that will enhance the visibility and understanding of this form of social support among the general population and within funding bodies in Canada.

Conclusion #3

Governments, foundations and other potential support bodies have largely focused on the good work of non-profit associations and charities to the exclusion of social co-ops. The heightened awareness and trust for charities have, in effect, delayed the potential for social co-ops to innovate and try new forms of ownership and work practices.

Recommendation #3

We recommend that this study and other materials on social co-ops be circulated widely and that follow-up outreach and education be supported to assist public policy and public program sponsors to become informed of the potential of social co-ops and of ways to be more supportive of social co-ops.

Conclusion #4

There is not yet a consensus about where the social co-op fits within a spectrum of social and economic forms and vehicles for community improvement. The potential of the social co-op sector is in part under-realized due to the sector's relative newness and isolation from the spectrum of social and economic forms and vehicles for community improvement.

Recommendation #4

We recommend that the co-op movement and appropriate government bodies consider the social co-op movement as part of the broader social economy of Canada and support initiatives to network-the-networks. The goal is to quicken realization of the potential benefit of social co-ops. Networks to network include fair-trade initiatives, social venture philanthropists, CED groups, entrepreneurial associations, Community Futures and other programs.

Conclusion #5

Public policy is out of date and inappropriate for people with developmental disabilities and mental illness who are attempting, through social co-ops, to become more fully integrated in the economic mainstream of the community. The concepts of marginal income maintenance, sheltered-workshop program funding, project to project financing, and exclusion of asset development were all geared to the needs of another time.

Recommendation #5

We recommend that a citizens' panel be established to explore ways in which public policy can be re-oriented to provide for more inclusion of vulnerable populations in local enterprises and the potential utility of social co-ops and other local enterprises. Such a panel could consider, from a public policy point of view, issues that we have identified through the case studies: social tendering, the effects of disability pension programs, the potential for on-going enterprise support systems, public support for private sector involvement, accessibility for social co-ops to support programs currently targeting small businesses and ways to support the sharing of learnings between social co-ops and amongst social economy related networks.

Resources

Canadian Co-operative Association. Building Assets in Low Income Communities: Policy Research on the Co-operative Model. 2004.
http://www.buildingcommunityassets.coop/en/research%20document.pdf

Church, Kathryn. **Because of Where We've Been: The Business Behind the Business of Psychiatric Survivor Economic Development**. Ontario Council of Alternative Businesses, January, 1997. http://www.icomm.ca/ocab/bwwb.htm

Church, Kathryn. **Build Your Own Boat**, Speech to "Navigating the Waters" Canadian Association of Independent Living Centers, Ottawa, September 15, 2000

Conn, Melanie and Kristina Fairholm Mader. **Eastside Coffee Bar Cooperative: A Collection of Learnings,** Canadian Mental Health Association – Vancouver-Burnaby Branch, Vancouver, July 2003.
http://modena.intergate.ca/cmha-vb/test/Pages/ecbceval.pdf

Co-operative Housing Federation of Canada. **Inclusiveness in Action: Case Studies in Supporting Diversity and Integrating Special Needs in Canadian Housing Co-operatives.** August 2002. http://www.chfc.ca/eng/pdf/inclusiveness.pdf

Hooper, John. **Participation and Production – A Resource for Community Enterprise.** Nundah Community Enterprises Cooperative Ltd, 23 Nundah Street, Nundah, Queensland, Australia, 4102, 2003. 32 pages.

Lemon, Carolyn and Jim, "Community-Based Cooperative Ventures in Housing and Employent for Adults with Intellectual Disabilities." **The Canadian Geographer**, Volume 47 (4), Winter 2003, pp. 414-428.

Randall, Bill. **Breaking Down the Barriers: Social Housing for People with Disabilities in Europe.** CEDODHAS, 2003.
http://www.cecodhas.org/rightclick.cfm?id=924

Rasmussen, Pat, with Dr. Kary Krogh and Cathy LaFrance. **Our Story: A case study of developing a cooperative from the location of living with a disability.** Cowichan Community Economic Development Co-operative, Cowichan, BC, December 2000.

Restakis, John. The Rise of Social Co-Operatives: Social Co-ops and Social Care: An Emerging Role for Civil Society. **InterSector, Newsletter of the Canadian Co-operative Association.** Volume 7, #3, Winter 2004.
http://www.coopscanada.coop/NewsLetter/InterSector/Winter2004/

Roberts Enterprise Development Fund. **Social Return on Investment.** Several papers.
http://www.redf.org/about_sroi.htm#excel

Sikking, Maggi. **Co-ops with a Difference: Worker Co-ops for People with Special Needs.** ICOM Co-publications, London, 1986. ISBN 0 946776 07 S. 67 pages.

Social Enterprise London. **Social Co-operatives in Italy: Lessons for the UK**. Social Enterprise London, 1a Aberdeen Sutdios, 22-24 Highbury Grove, London N5 2EA, 2003. http://selmain.test.poptel.org.uk/publications/ViewADocument.asp?ID=331&CatID=8

Wetherow, David and Faye. **Prairie Housing, L'Avenir, and Second-Level Community Co-operatives.** September 2000. http://www.communityworks.info/articles/cooperatives.htm

Sites re specific social co-ops

A-Way Express Courier Service

http://www.icomm.ca/away/

EcoCreations Co-op, Duncan, BC

http://www.interimauthorityclbc.ca/innovation/submissions/innovation28.htm

Eastside Coffee Bar Cooperative

http://modena.intergate.ca/cmha-vb/test/Pages/ecbceval.pdf

Prairie Housing and L'Avenir

http://www.communityworks.info/articles/cooperatives.htm

Trieste Mental Health Services

http://www.triestesalutementale.it/inglese/frame/guida_frame.htm

Other relevant sites

Fast Track to Employment – a portal supporting procurement policies that favour community benefit and/or the triple bottom line. http://www.dtes.ca/fte/