

THE CO-OP BUSINESS MODEL

WHAT'S A CO-OP?

A co-operative, or co-op, is a legally incorporated corporation that is owned by its members. Co-ops are formed when a group of individuals come together to meet a common need.

Co-ops can provide almost any type of product or service imaginable and can operate either on a non-profit or for-profit basis.

99.1 % OF CO-OPS WITH EMPLOYEES ARE SMALL OR MEDIUM ENTERPRISES

PRINCIPLES

Co-ops are value-driven organizations that measure success using a triple bottom line; people, planet, and profit. All co-ops adhere to a universal framework of seven guiding principles.

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operation among co-operative
7. Concern for community

THERE ARE OVER **1180 CO-OPS** IN ONTARIO

7.9B CO-OPS CONTRIBUTE TO THE ONTARIO ECONOMY

THERE ARE **1.4 MILLION CO-OP MEMBERS** IN ONTARIO

CO-OPS ARE LOCATED IN **400 COMMUNITIES** IN ONTARIO

AFFORDABLE HOUSING
CO-OPS ARE HOME TO **125,000 PEOPLE** IN **550 HOUSING CO-OPS**

CO-OPS PROVIDE **19,140 FULL-TIME JOBS** IN ONTARIO



Sources: CHF Website, Co-operative Impact Study 2019 by Fiona Duguid and George Karaphillis



WHY CO-OPS?

Co-operatives can be effective for start-ups, business conversions during succession planning, or for scaling existing operations. By understanding how co-operatives contribute to economic development, you can better identify opportunities for collaboration, co-operation, and job creation within your client base and local communities.

INCORPORATION

Incorporating as a co-op grants the organization legal status and rights to own assets, incur debt, and raise capital. As incorporated entities, co-operatives can also enter into contracts and access loans just like other types of corporations.

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**IN CO-OPERATIVE
CORPORATIONS,
LIABILITY IS
LIMITED TO
INVESTMENT.**

TAX STATUS

The tax status of an organization is dictated by the Income Tax Act and overseen by the Canada Revenue Agency, not the provincial legislation that covers incorporation and operations of co-ops or corporations.

PROFIT DISTRIBUTION

In a co-op members control the capital. Profits are distributed based on how much business a particular member does with the co-op or how much they use the co-op's services.

For more information visit
The Ontario Co-operative Association

 www.ontario.coop

or contact

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CO-OP SELF-ASSESSMENT

This set of questions is a helpful starting point for assessing whether a business is well-suited to the co-op model. Look for responses that show an interest in collaboration, shared decision-making, and creating social, cultural, or environmental value in addition to financial returns.

Are there at least 3 people willing to commit to working on this business idea?

Does your business idea fill a need for specific products, services or employment in your community?

Do you have evidence that this business is viable, ie. feasibility study and/or business plan?

How important is it to you that the stakeholders involved in this business have an equal say in major decisions?

Who do you see as the members of your co-op, that is, which stakeholder group(s) will benefit most from it, invest capital, and participate in key decisions?

When you think about profits or surplus, what feels most right: maximizing returns for a few owners, or sharing benefits fairly among the people who use and support the business?

In five years, how would you like stakeholders to describe your business's impact on its members and community?

CO-OP QUICK REFERENCE

CO-OP DEVELOPMENT SUPPORT

[Ontario Co-operative Association](#) - Planning and development advice and resources.

[Co-operatives and Mutuals Canada](#) - Canada's apex organization of co-operatives and mutuals.

[Canadian Worker Co-operative Federation](#) - Starting a worker owned co-operative

[Government of Canada](#) - Turning an idea into a co-operative: Steps and Resources

[Canada Co-operatives Act](#) - Federal incorporation act

Ontario [Co-operative Corporations Act](#) - Provincial incorporation act

[Guide to the Act](#) - Comprehensive, plain-language explanation of the details within the Ontario Co-operative Corporations Act.

[Co-op Service Providers](#) - Access individuals and organizations with specialized expertise on co-operatives to help you with your business needs.

CO-OP LEARNING

[Co-ops 101 for Small Business Developers](#) - Self-guided learning module introducing small business or economic developers to the co-operative business model.

Visit OCA's [About Co-operatives](#) page to learn more.

[Co-op Convert](#) - Review results of a research project that aims to better understand the transition of converting to a co-op.

[Co-operatives in Canada: Success Stories](#) - A showcase of inspiring Canadian success stories to promote the co-operative model and its positive impact on our communities.

[Stories.coop](#) - Celebrating co-ops through storytelling.

FIND CO-OPS IN YOUR REGION

[Choose Co-operative!](#) - A list of co-operative organizations representing diverse business sectors across Ontario.

[Co-ops 4 Co-ops](#) - A list of Canadian co-operative businesses.

[Co-operatives and Mutuals Canada Database](#) - Map and online directory of co-operatives, credit unions, caisses populaires and mutuals in Canada.