

An introduction to cooperatives

Are you an aspiring entrepreneur or small business owner looking to set up a new company or grow an existing business that contributes to your local community?

Starting a cooperative, growing an existing one or transitioning to a coop business model could be the way to get your project off the ground.

Cooperatives have been around since the mid-19th century, and there are now more than 7,000 in the UK. Find out about the benefits of cooperative working, the support available to new and existing coops and why this business model could be the right choice for you.

What is a cooperative?

A cooperative is an organisation owned and democratically run by its members, who may be workers, customers, residents or manufacturers.

Instead of existing to maximise profits for outside investors, cooperatives focus on meeting their members' shared goals and needs. Some cooperatives run businesses, whose profits are then shared between members or spent as they see fit.

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Cooperatives around the UK

You can find cooperatives in every sector and industry. The UK's 7,000-plus cooperatives include farms, bookshops, graphic design studios, sports clubs, energy suppliers and more.

Here's a sample of the UK's many cooperative success stories:

- **The Bell Inn:** When this much-loved historic Bath pub went up for sale in 2013, locals feared it would become a chain pub and lose its identity. With the help of an initial grant from the Booster Fund, a group of customers formed a cooperative and raised the funds to buy it. Now owned by around 500 customers, fans and workers, it's one of many thriving community pubs around the country.
- **Suma:** This wholefoods retailer specialises in organic, ethically sourced and vegetarian goods. Suma is owned by its employees, who all get the same hourly wage and have an equal say in the direction of the company.
- **The Drive:** Backed by a loan from Co-operative & Community Finance, a group of Londoners bought this once-derelict, 19th-century children's home in Walthamstow, to tackle London housing costs and social isolation.
- **Together TV:** The world's first supporter-owned national TV channel offers fun, inspiring shows that help viewers discover new ways to do more in their local community.

What are the benefits?

- **A people-focused way of working and living:** Driven by shared values rather than profits, cooperatives offer their members a real sense that what they do matters, motivating everyone to give their best.
- **More resilience:** After five years, 82% of new cooperative businesses are still going, compared to just 39% of other new businesses!
- **Better, fairer jobs:** Cooperative businesses are four times more likely to be accredited as Living Wage Employers than the UK average.
- **Greater gender equity:** Cooperative businesses have a smaller gender pay gap than traditional businesses and are more likely to be led by women.

Source: [Co-operative and Mutual Economy report | Co-operatives UK](#)

Should you start a cooperative?

Cooperatives offer a powerful alternative to traditional business models, but they're not for everyone.

Weigh up the pros and cons to identify whether your business is suitable.

Advantages

Strength in numbers. Pooling resources and skills can allow members to achieve more: for example, sharing costs could help you access expensive equipment.

Democratic decision-making. All cooperatives give their members an equal voice on issues that matter to them.

Greater loyalty and commitment. Everyone involved benefits from the organisation's success, so everyone is incentivised to make that happen.

Specialised finance options. It's not just a question of membership fundraising: the government is committed to doubling the size of the cooperative economy with resources like Co-operative & Community Finance and the Booster Fund.

Challenges

You can't keep as much control. If your idea is your baby and you wouldn't be comfortable giving up the final say, a cooperative model may not be right for you.

Slower decision-making. The trade-off is that it can be harder to move quickly when everyone gets a say!

Risk of burnout. Projects that rely heavily on unpaid work by members can struggle if tangible benefits don't materialise soon enough.

Difficulty securing conventional finance. The absence of focus on profit can leave mainstream banks wary. Establishing a cooperative typically takes longer than setting up a traditional business.

Support for cooperatives

Whether you are already running a cooperative, thinking of setting one up or transitioning business models, you don't have to go it alone.

Getting started

- [Co-operatives UK: Start a new coop](#)
- [International Cooperative Association: Cooperative identity, values and principles](#)

Networking and training

- [Co-operatives UK: Events calendar](#)
- [Co-operatives UK: Business support for coops](#)
- [EOA: Employee Ownership Events](#)

Funding

- [Co-operatives UK: Community Shares Booster Fund](#)
- [Co-operative & Community Finance](#)
- [My Community: Funding](#)

Wondering if a cooperative is right for you?

For more information speak to our Business Information Adviser: 01707 952777 (Mon–Fri, 9am–5pm) or email enquiries@hertsgrowthhub.com.