

# Benefits of a cooperative

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Cooperatives are members-owned organisations offering small businesses an attractive alternative to traditional structures. They combine democratic decision-making, resilience and community impact with financial benefits, and are gaining increased interest as part of a wider shift towards alternative business models.

There are now more than 16 million cooperative members across the UK, equivalent to more than a fifth of the UK population. Members can be customers, employees, residents or suppliers.

Find out more about the benefits of a cooperative for small business owners thinking of transitioning to a coop model and how to grow and communicate your impact if you're already part of a coop.

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# Benefits of being a cooperative

**Coops are owned and controlled by their members** – typically workers, customers or the local community – and operate under democratic principles.

## Key benefits

Benefit	What it means for your business
Democratic ownership	The “one member, one vote” principle ensures fair decision-making.
Shared profits	Surplus reinvested in the business or returned to members.
Tax incentives	Some community investment schemes offer tax relief to eligible investors – always check the <b>latest guidance</b> .
Resilience	Higher survival rates than traditional businesses.
Community impact	Support local projects and strengthen customer loyalty.
Diverse sectors	<b>Case studies</b> show how coops thrive across sectors, from housing to arts and culture.

## Differences with traditional business models

Feature	Coop	Traditional SME
Ownership	Members	Shareholders
Decision-making	Democratic	Often centralised
Profits	Reinvested locally	Distributed to investors
Resilience	High	Varies

## Financial advantages

- **Community shares and patient capital:** Raise investment from members, with interest often treated as a business cost.
- **Access to grants and social investment:** Many funders prioritise democratically owned, community-focused organisations.
- **Pooling resources:** Shared ownership reduces reliance on personal guarantees or single-source funding.

## Why coops are resilient

Data from the **Co-operative and Mutual Economy 2025** report shows new coops have an 82% survival rate after five years, compared to just 39% for UK businesses at large, so they tend to survive longer than other startups, as well as create fairer workplaces and reinvest more in communities.

## Key advantages compared with traditional business models

- **Democratic decision-making:** Members have a real say in strategy and priorities.
- **Stronger loyalty:** Customers, workers or residents who are members are more likely to stay engaged and supportive.
- **Long-term outlook:** Coops often focus on stability and community benefit, rather than short-term shareholder returns.

Discover **how coops began**.

# How to communicate coop purpose, value and social impact

For existing coops, clear communication helps you attract members, partners and funding.

## Tell your coop story clearly

- Explain who owns the business, how decisions are made and where surplus goes.
- Use simple language and avoid legal jargon.
- Link to the internationally recognised [cooperative values and principles](#) so people understand what makes you different.

## Build trust through transparency and member voice

- Make it easy to join as a member and explain the benefits.
- Share key decisions and show how members were involved.
- Highlight member roles in your communications.
- Many coops publish impact stories or short annual reviews showing member engagement and decision-making.

## Demonstrate social and economic impact

- Track outcomes such as jobs created, community initiatives and member benefits.
- Link to [wider evidence](#) about the cooperative and mutual economy when talking to funders and policymakers.
- Share stories via blogs, videos and podcasts.



## Joining the coop community

Coops foster shared ownership and democratic decision-making, offering financial resilience that benefits both individuals and small businesses. Many are already making the switch to coop models, and if you're considering this transition, they can help you pool resources and distribute profits equitably, creating lasting community impact. They also support sustainable growth, innovation and collaboration, making them particularly relevant for emerging enterprises.

### Tips for success

If you're thinking about starting or converting to a coop, or already run one and want to grow, you don't have to do it alone.

- Contact the Hertfordshire Growth Hub to discuss finance and wider business support options.
- Find specialist coop advisers in your area through the [Practitioners directory](#).
- Browse the [Co-operatives UK case study library](#) to see how coops work in real life and spark ideas.

### 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](mailto:enquiries@hertsgrowthhub.com).

