

## Questions Asked Throughout the JEDDI Business Conversion Project

\*\*the names of those who **responded** to the question are included for your reference

### *Section One: Equity-Denied Groups & Co-ops/ Social Purpose Organizations (SPOs)*

**Q: How can the social acquisition process be used to mitigate gentrification, disruptive urban planning initiatives, and other forms of systematic displacement of people and culture to save the businesses that are important fixtures in their communities?**

*CWCF Conversions Information Webinar (Feb. 2023); Juliet 'Kego Ume-Onyido*

A: The social acquisition process can firstly give awareness that these problems are real and that they exist in order to pave the way for a world beyond profit, where people and community are central. From the pandemic, we have learned there must be a radical shift from what has been accepted as the status quo, for both how business is conducted and how lives are lived. Climate crises and tensions all around the world further highlighted this need. Social mobility (moving up the ladder), and its pursuit, can make people forget these values around community in favour of the ones that allow for greater success, wealth, and power; perpetuating a cycle of subjects of displacement- going on to displace and gentrify others. Greater consciousness needs to come at the level of policy and at the level of community and the Co-op model and Solidarity Economy is a good place to both model and reflect this commitment to community values. This knowledge can be brought to curriculums, ranging from elementary schools to business schools, so that it is common knowledge, leading to larger conversations about how to combat the issues presented by capitalism.

**Q: Do you have some strategy to reach Indigenous enterprises located on reserves, many of which are sole proprietorships?**

*CWCF Conversions Information Webinar (Feb. 2023); Hazel Corcoran & Janielle Maxwell*

A: Co-operatives First is doing excellent work in that area and with Indigenous communities in general, focused on Western Canada. Further, it is important that those of us who are not Indigenous are educating ourselves about Indigenous terminology and conceptual correlations around Co-ops and Social Purpose Organizations before we go into their spaces, as a way of recognizing the knowledge that already exists around the values we are trying to promote.

**Q: What are some examples of Indigenous-led or serving Co-operative organizations?**

A: Most Indigenous Co-operatives in Canada are concentrated in the Arctic and Prairie provinces. Co-operation (though not necessarily as defined by settlers) is and always has been a way of life for Indigenous peoples. Many Indigenous-led Co-ops are focused on activities that are key parts of Indigenous culture and survival, e.g., fishing, crafting, groceries, etc., and some of them operate informally. As a result, Co-ops in Indigenous communities may be under-reported.

- Arctic Co-operatives Limited: <https://arctic-coop.com/index.php/member-co-ops/>
- La Fédération des coopératives du Nouveau Québec:  
<http://www.fcnc.ca/en/qui-nous-sommes>
- A Brief Survey of Indigenous Co-ops in Canada by Co-operatives First:  
<https://cooperativesfirst.com/blog/2018/07/20/context-and-opportunity-a-brief-survey-of-indigenous-co-ops-in-canada/>
- Slideshow Presentation by Co-operatives First: Indigenous Co-ops in Canada- Current State and New Opportunities:  
<https://www.edo.ca/downloads/indigenous-cooperatives.pdf>
- Peer-reviewed article on Indigenous Co-operatives in Canada by Ushnish Sengupta:  
<https://euricse.eu/wp-content/uploads/2016/06/6sengupta13aug2015.pdf>
- An Article on Indigenous Co-ops in Manitoba and Saskatchewan:  
<https://www.thenews.coop/129544/sector/making-difference-indigenous-co-ops-manitoba-saskatchewan/>
- An Article on Ways Indigenous Entrepreneurs are using Co-ops:  
<https://yourwaytogether.ca/5-ways-indigenous-entrepreneurs-are-using-co-operatives/>
- A report on Aboriginal Co-operatives in Canada:  
<https://usaskstudies.coop/documents/books.-booklets.-proceedings/aboriginal-co-ops.pdf>

*\*Long, more for research purposes*

## *Section Two: Co-op Scope and Investment Readiness*

**Q: How do we spread this message about the values of community and radical shifts being presented in the Co-operative space to workers who are in the mainstream...everyday workers who are not aware of these spaces, these conversations, these paths?**

*CWCF Conversions Information Webinar (Feb. 2023); Juliet 'Kego Ume-Onyido & Hazel Corcoran*

A: There isn't one straightforward path. We have to spread the word through social media and amplify the voices that already exist in these spaces. Some of the institutions that shape our lives do not want these messages to spread, as it undercuts the profit-driven world we live in, and so there is not enough awareness or education, even in the most basic sense, of worker co-ops or other co-op models. For example, presenting worker buyouts/community buyouts as a valid option for many business owners who face retirement and are looking to sell their businesses, with the hope it will catch on and raise even greater awareness. We have to talk about co-ops in every space that we are in, seeking out trusted people (e.g. community elders, business leaders, religious leaders) in the community to spread the word to reach not just workers and co-operators, but people in general. We want this to be mainstream knowledge. As co-operators, we have to step into the responsibility to make this mainstream because no one will do it for us.

**Q: What qualifies investment readiness for Co-ops?**

*Lunch & Learn with CWCF and Co-operatives and Mutuals Canada (CMC) (March 2023); Sope Ogunrinde*

A: Co-operatives are eligible to be part of the [Investment Readiness Program](#) because they are also identified as Social Purpose Organizations (SPOs), as per the definitions that were laid out by Employment and Social Development Canada (ESDC). Note that this Program is not currently accepting applications.

**Q: What does it mean to be investment-ready for Co-operatives and Social Purpose Organizations (SPOs)?**

*Lunch & Learn with CWCF and CMC (March 2023); Sope Ogunrinde*

A: The Investment Readiness Program (IRP) seeks to prepare Co-operatives and SPOs through knowledge sharing (webinars) and by providing access to a resource database for conducting feasibility studies, business modelling, overseeing market research, etc. This is what is meant by investment ready, getting SPOs prepared by accessing and using expert service providers to position themselves in a way that showcases their strength as the [Social Finance Fund](#) is rolled out.

**Q: What is unique about the Co-op investment readiness journey, especially when many are more familiar with non-profits or sole proprietorships?**

*Lunch & Learn with CWCF and CMC (March 2023); Juliet 'Kego Ume-Onyido*

A: We're creating a hub, an actual ecosystem of Co-ops coming together in order to learn from one another to get ready - this lends itself to a kind of power, as one does not feel quite as excluded, instead fostering the feeling that resources are available. You go through the investment readiness journey and feel greatly prepared. With regards to funding, there is the challenge of equity but also the challenge of feeling prepared enough. In the Co-op space, the process of preparing for investment creates a clarity of vision, so when we are demanding or asking for what we feel we deserve it's coming from a place of readiness and having done the work.

*Section Three: Questions on How to convert a Business to a Co-operative or Social Purpose Organization (SPO)*

**Q: What are some sources of funding or grants available to support our transition to Co-op or Social Enterprise models?**

A: Some sources of funding for Co-ops include:

1. Co-operatives and Mutuals Canada (CMC): <https://canada.coop/en/financing/>

*A general list of funding and grant sources that CMC has curated. Some funding for general Social Enterprises is available.*

2. Co-operatives First:

<https://cooperativesfirst.com/wp-content/uploads/2020/03/Financial-programs-for-co-operative-businesses.pdf>

*A summary of financial programs available to Co-operatives across Canada.*

3. CWCF's Funding Programs: <https://canadianworker.coop/funding/>

*Links to CWCF funding for incorporated Co-ops (worker co-ops and multi-stakeholder co-ops with substantial worker control) and to a lesser extent, individuals and other types of entities.*

4. CWCF's Technical Assistance Grants:

<https://canadianworker.coop/funding/technical-assistance-grants/>

*Up to \$4,000 is available to CWCF member co-ops to cover specialty consulting services. Smaller amounts are available to non-member co-ops for start-ups, conversions & expansions.*

5. CWCF's other funding page: <https://canadianworker.coop/funding/other-funding/>

*A small general list of funding and grant sources that CWCF has curated.*

*Contact email: [communications@canadianworker.coop](mailto:communications@canadianworker.coop) for more information on these*

6. Federated Co-operatives Limited's Community Investment Fund:

<https://www.fcl.crs/sustainability/community-investment-fund>

*Funding for Co-ops that serve Western Canada (Calgary, Edmonton, Regina, Saskatoon, Winnipeg). Must be a registered non-profit or charitable organization.*

7. The Agency for Co-operative Housing:

<https://www.agency.coop/news/your-co-op-taking-advantage-funding-programs>

*Information on funding available for Co-operative housing.*

8. The Agency for Co-operative Housing Environmental Sustainability Funding:

<https://www.agency.coop/environment/grants-and-loans>

*Funding available for Co-operative, community, and affordable housing initiatives that incorporate environmental sustainability.*

9. Carrot Cache Grant (for agri-food related Co-ops, in Ontario):

<https://www.carrotcache.com/funding-criteria-carrot-cache-funding>

*Applicants who are BIPOC, persons with disabilities, & members of the LGBTQ2S+ community will be prioritised. See the link above for full criteria.*

10. Carrot River Co-op Community Support Fund:

<https://www.carrotriverco-op.crs/sites/carrotriver/local/detail/community-support-fund>

*\*\* Organisation must serve Western Canada to be eligible.*

Some sources of funding for Social Enterprises/ Social Purpose Organizations (SPOs) include:

1. Alterna Savings & Business Development Bank of Canada Joint Loan Program:

<https://www.alterna.ca/en/business/small-business/microfinance/loan-program>

*Eligible applicants include:*

- *Black entrepreneurs who have at least 51% ownership interest in the business*
- *Social (for-profit) entrepreneur – engaged in a business that uses a creative and innovative approach to solve economic, social and environmental issues.*
- *Women entrepreneurs : must have at least 51% ownership interest in the business*

2. Alterna Savings Microfinance Program:

<https://www.alterna.ca/en/business/small-business/microfinance>

*Qualified low-income individuals can access loans of up to \$5,000 to support the startup or growth of their full or part-time business. Must be a legal resident of Canada, at least 18 years old and live and work in Alterna's service areas.*

3. The Fair Finance Fund: <https://www.fairfinancefund.org/apply>

Loans to food and farm enterprises from \$20,000 up to \$200,000 for a 5-year term. Business must be in Ontario and registered as a non-profit, charity, Co-op, or a business with clear social and/or environmental values. See page 2 on this document for additional information on eligibility:

<https://static1.squarespace.com/static/5eac0e88629a1c2ac6cbf7a4/t/61dd71563e4109210264c43f/1641902422566/Application+Guide.pdf>

4. The Fair Finance Fund's Inclusive Prosperity Project (for BIPOC farmer's land access):

<https://www.fairfinancefund.org/inclusive-prosperity>

Applicants must identify as Black and/or from an Afro background

Contact email: [afua@fairfinancefund.org](mailto:afua@fairfinancefund.org)

5. Carrot Cache Grant (for agri-food related projects/organisations, in Ontario):

<https://www.carrotcache.com/funding-criteria-carrot-cache-funding>

Applicants who are BIPOC, persons with disabilities, & members of the LGBTQ2S+ community will be prioritised. See the link above for full criteria.

6. Carrot River Co-op Community Support Fund:

<https://www.carrotriverco-op.crs/sites/carrotriver/local/detail/community-support-fund>

\*\* Organisation must serve Western Canada to be eligible.

**Q: Where can I find educational resources for developing a Co-op or Social Purpose Organization (SPO) or converting an existing business to one?**

A:

1. CWCF webpages:

- How a Business Conversion Works:

<https://canadianworker.coop/how-a-business-conversion-works-for-buyer-and-seller-side/s/>

- Business Conversion Resources:

<https://canadianworker.coop/business-conversion-resources/>

\*There is a lot of useful educational material on this page; scroll through its entirety.

- Worker Co-op Academy: <https://canadianworker.coop/worker-co-op-academy/>

- Social Acquisitions/ business conversion case studies:  
<https://canadianworker.coop/case-studyexamples-of-social-acquisitions-business-conversions/>

2. CWCF webinars and events

- CWCF events calendar: <https://canadianworker.coop/upcoming-events/>

3. Local Food and Farm Co-ops : <https://www.localfoodandfarm.coop/courses>

*\*For agri-food related Co-ops & Social Enterprises*

4. Coopérative du développement régionale du Québec:

<https://cdrq.coop/en/our-trainings>

5. Ontario Co-op Association resources:

- Academic & non-academic educational options:  
<https://ontario.coop/co-operative-education-opportunities>
- Free Interactive Guided Learning Presentations: <https://ontario.coop/guided-learning>

6. Saint Mary's University Programs & Courses (International Centre for Co-op Management) :

<https://www.smu.ca/iccm/programsandcourses/>

**Q: What are the different types of Co-operatives and which type(s) of operations would be best suited for each?**

A: There are many different types of Co-operatives. Most fall into one of the following 7 categories:

1. Worker Co-operatives: businesses that are owned and democratically controlled by the worker-members. They follow a 'one member one vote' principle. The main purpose of a worker co-operative is to provide employment for its members through operating an enterprise that follows the [Co-operative Principles and Values](#). When new employees join the business, after a successful probationary period they are encouraged to apply for membership. The worker co-op is, in principle, designed to provide benefits not just to



the founding members but also to all future employees /members. [Click here for more on worker co-operatives.](#)

2. Consumer Co-operatives: businesses that belong to the people who purchase from them. It can be described as an organisation that is owned by its customers, for the mutual benefit of its customers. Consumer co-operatives aim to offer goods and services at lower cost and/or with better quality to the consumer-owners, as opposed to serving the interest of stockholders. They share their surplus (profit) with the customer-owners and/or re-invest the funds into the business' growth and stability. [Click here for more on consumer co-operatives.](#)
3. Producer Co-operatives: Producer co-ops were one of the first kinds of Co-operatives, initially designed to help solve farmer production problems in the 1800s. These businesses are collectively owned by people who produce the same types of goods. Through pooling member products, they often achieve access to larger markets and are able to negotiate more suitable prices. Producer co-ops are sometimes thought of as Marketing Co-ops, where the producer-members supply the Co-op with the same production the Co-op markets but in a value-added or otherwise modified form. Many agricultural Co-operatives fall into this category, as do most fishing and artisan co-ops. [Click here for more on producer co-operatives.](#)
4. Financial Co-operatives: This describes a structure that allows a financial organisation to be owned and operated by its members, i.e., a credit union. The credit union offers banking services, though with greater commitment to the members' financial wellbeing than most traditional banks. Operating under democratic control, each member gets one vote. The ownership of shares does not play a role in the amount of control they're given. [Click here for more on financial co-operatives.](#)
5. Housing Co-operatives: This is a type of non-profit housing arrangement that is owned and operated by the people who live in it. In this type of Co-op, the members' monthly payment (rent) is known as a 'housing charge' and it is typically less costly than living in a privately owned apartment or may be subsidised by the government. Like all other types of Co-ops, they operate on a 'one member one vote' basis and decide the rules, by-laws, and policies of how the organisation will operate. [Click here for more on](#)

[housing co-operatives](#). Note that there are also equity housing co-ops where members own their units, but these are much less common in Canada.

6. Platform Co-operatives: These are democratically governed businesses that operate a two-sided market using a website, computing platform, app, etc. to sell goods and/or services. They are owned and operated by their members and have developed as alternatives to mainstream digital labour platforms to encourage better working conditions. Corporate 'sharing' platforms typically distribute value to shareholding owners who aim for increased returns on their investment, while Platform Co-ops delegate ownership and management of the business to its participants - typically workers, though can include producers and/or customers. [Click here for more on platform co-operatives](#).
7. Multi-stakeholder Co-operatives (MSCs): This model is owned and controlled by more than one type of member, e.g. a Co-op that has both consumer and producer members would be considered a multi-stakeholder co-op. A brewery pub that is owned by workers and consumers would also fall into this category. Like all other Co-ops, they utilise the 'one member one vote' rule to elect board members, however, each member class has a set number of seats on the board. MSCs can improve services, transaction costs, and improve the range of services available to members. [Click here for more on multi-stakeholder co-operatives](#).

**Q: What kinds of questions would be best to ask in gauging how current employees feel about converting the business to a Co-op?**

A: Examples include the following:

Are you interested in business ownership on a democratic basis?

Do you currently feel you have the necessary time and financial capacity to commit to converting to a different business structure?

Do you believe a (\*insert type \* i.e. worker) Co-op would align with current company values and operations; why or why not? Then you'd want to have an open and honest discussion on this.

How would you feel about being a co-owner of this business?

\*Other considerations include the share purchase amount for employees to 'buy in' and how exactly the transfer to Co-op ownership will occur.

**Q: What legal structure would be involved to convert from a privately owned for-profit business to a Social Enterprise/ Social Purpose Organization?**

A: Given that the definition of Social Enterprise has changed over the years and there isn't a single definition for it, organisations operating as such can run in many different ways and thus, the legal structure can vary.

**Q: How much time does it take to convert a business to a Co-op?**

A: Timeframes vary largely depending on the type of Co-operative conversion i.e. to a worker vs. multi-stakeholder co-op, and on a case-by-case basis. For example, some business owners may continue to engage with employees to plan the conversion while others may be looking to retire or transition out of the business faster. However, the process can take as little as 6 months or up to around 3 years, depending on the size and culture of the organisation.

**Q: What changes in terms of operations and finances would I see if, for example, my company became a Co-op tomorrow?**

A: The way the enterprise is governed would change substantially, with democratic ownership and more engagement by the members. However, operations may not change significantly; that would be decided by the members who then collectively own and control the business. With regard to finances, the Co-op would have had to come up with the funds to purchase the business, and after the purchase any surplus (profits) would be shared with the members on the basis of patronage, and/or kept in the Co-op to assure financial stability.

**Q: Is there a major difference in being a for-profit vs. a non-profit Co-op?**

A: The main differences are that in a non-profit co-op, members can not share in the surplus but rather it must all be retained for use by the co-op, the co-op does not pay corporate income tax, and upon dissolution the retained earnings must be given to another non-profit organisation. There is some variation based on the jurisdiction in which the co-op is incorporated.

**Q: If for example, my business was appraised at \$50,000 how would a Co-op buy it?**

A: One of the more challenging aspects of converting to a Co-op is agreement by the seller and the buyers on the valuation of the business. Once the selling owner and the buying owner group agree, there are a variety of ways to finance the purchase. Financing would include member investment and could also include a combination of conventional lending (credit unions / banks),

[social finance funds](#), investment by friends and family, and/or a loan from the seller. A Co-op developer would be helpful in determining the specifics of your situation. Our service provider directory: <https://canadianworker.coop/service-provider-directory/> can help you find a Co-op developer tailored to your organisation's needs.

**Q: At what point (in the conversion process) do people usually look into hiring a co-op developer or consultant to get it incorporated?**

A: Getting incorporated is not the first step, however getting an experienced co-op developer involved in the conversion process early on is a good idea. A developer can help walk the group through the process. You can find the list of steps in a conversion on this [slide deck](#), starting at p. 15.