

Special

The co-operative advantage

Canada's co-ops offer a better way for members – and communities

Canada's co-operative movement includes some of the biggest players in business and represent virtually all sectors of the economy. Household names such as Desjardins, Vancity, Gay Lea Foods, Federated Co-operatives Limited, Mountain Equipment Co-op, Agropur, Citadelle and The Co-operators are just a few titans. These and other co-ops provide goods and services daily for millions of Canadians in areas ranging from our largest cities to the most remote regions of the country.

Despite this heft, many Canadians remain unaware of the vital role that co-ops play in our economy and society, says Canadian Co-operative Association president Bill Dobson.

"Educating people on the value of co-operatives is an ongoing process," he says. "There may have been a time when the perception was that you started a co-op if you couldn't get a real business going, but that's long past. The co-op business model works; we prove that every day – and we improve every day."

Scott Banda, CEO of Saskatoon-based Federated Co-operatives Limited (FCL), which is owned by 235 retail co-ops across Western Canada, knows that continuous improvement is crucial, not only for the members of his organization, but for co-ops in general.

"Even though an organization like FCL is large in business terms – we had sales in 2012 totalling \$8.8 billion – it's still local," he says. "The majority of our co-ops' customers are member-owners of the business, most of which were started by local residents more than 80 years ago when they put up the capital to get it going and began sharing in the profits. That's very significant in creating an attraction and a commitment to the organization at a high level, and it creates a loyalty that's pretty unique."

Mr. Banda adds that the stability inherent in the co-op model allows managers to plan well into the future, rather than make decisions based solely on quarterly objectives. This is because individual retail co-ops, and their member-owners, are committed for the long-term and have a vested interest in the organization's success.

"It's the critical piece that we keep coming back to: we are successful because we are local," he says. "We are western Canadian: our owners are here, our operations are here, our profits stay here, and that's core to our brand."

Noting that the retail co-ops that own FCL are the backbone that supports the organization's success, Mr. Banda says these members don't have to buy goods wholesale from FCL. "We have to earn their business, and we do. Their commitment to us has been a very important part of allowing us to go forward."

FCL's reinvestment in local communities also illustrates a core value shared among co-ops. Over the last 10 years, retail co-ops and FCL have returned more than \$5.1 billion to communities and individuals in Western Canada.

While acknowledging the success of organizations like FCL, Mr. Dobson says more must be done to spread the story of the co-op movement's success and demonstrate the contribution of co-ops to the well-being of all Canadians, not just their members. And efforts to do that, both in Canada and internationally, have already borne fruit.

Andy Morrison, CEO of Arctic Co-operatives Limited (ACL), which is owned by 31 community-based co-ops in Nunavut and the Northwest Territories, says the success of the co-ops under the ACL umbrella can literally be a matter of life and death for members.

"The area we serve represents



Bill Dobson, president of the Canadian Co-operative Association, says even more must be done to educate people on the value of co-operatives. SUPPLIED



"We have to be proactive and grow our business. We do this by building on our tradition of being locally invested, community-minded, providing quality services and products, and giving our members and customers more value overall than they could get anywhere else. That's what motivates us."

Scott Banda is CEO of Saskatoon-based Federated Co-operatives Limited

about one-third of Canada's land mass," he says. "There are very few roads, so transportation is a significant challenge. We supply retail stores primarily by air, but also by sea, when we can get through during the short summer months. And those communities will not be resupplied until we can get in again the following year, so we have to do it right."

Co-ops face significant challenges in providing services in the North, explains Mr. Morrison. "It's where we operate, and we look at it as a normal part of our everyday life. We work to find solutions to help our member co-ops provide top-quality service in their communities."

Mr. Dobson believes that co-ops set the benchmark for member service and sustainable business practices, understanding and meeting customers' needs in ways that other private sector organizations have tried to emulate. However, co-ops cannot rest on their laurels.

"We compete with all other businesses, and competition is getting stronger all the time," he notes. "We don't have the same

access to capital as the private sector, and that's a challenge, but we are stable and resilient, and we have shown that we can compete in good economic times and weather the bad. But we need to be innovative to keep progressing."

Mr. Banda says competitors that operate in communities served by retail co-ops have become larger and more sophisticated because of consolidation in the marketplace.

"If we sit still, we will be caught and passed and we will lose market share," he says. "We have to be proactive and grow our business. We do this by building on our tradition of being locally invested, community-minded, providing quality services and products, and giving our members and customers more value overall than they could get anywhere else. That's what motivates us."

Like other champions of the

ABOUT CO-OP WEEK

Co-op Week is an annual celebration of co-operatives that takes place across Canada each October. It coincides with International Credit Union Day, which has been marked on the third Thursday in October since 1948. The week provides an opportunity for co-op members and employees to highlight the contributions of co-operatives to Canadian society and to promote the co-operative business model to the broader community.

The theme of Co-op Week 2013, being held from October 13 to 19, is "A Better Way," positioning the co-operative as an effective and sustainable alternative to other business models. Co-operatives all over the country are holding special activities during the week, including conferences, receptions, banquets, co-op tours, flag-raising, employee events and even a co-op curling bonspiel.

For more information about Co-op Week 2013, visit <http://s.coop/coopweek2013>.

co-op movement, Mr. Banda says the model is a win-win for Canadians.

"The three things that set co-op apart are: people who care, products you trust, and value for life," says Mr. Banda. "Key to this is our employees. Co-op employees are local, they are knowledgeable, and many have worked for co-ops for years. They really do care, because the customers they serve are their friends and neighbours."

LEADERSHIP

A focus on sustainability, corporate citizenship part of winning formula

Canada's co-operative sector places considerable emphasis on sustainable business practices. It's not surprising, then, that some of the country's leading co-ops are consistently ranked among the *Best Corporate Citizens in Canada*, published by *Corporate Knights* magazine.

In the latest list, released earlier this year, four co-ops were rated among the top 10 corporate citizens: Vancity was ranked at number one, The Co-operators at number three, Mountain Equipment Co-op at number five and

Desjardins at number eight.

Canadian co-operatives are at the forefront of the movement to make business more environmentally and socially sustainable – with the belief that their

actions are good for the environment, society and their members.

Barbara Turley-McIntyre, senior director of sustainability and citizenship at The Co-operators **Citizenship, Page CO-OP 2**

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International Summit of Cooperatives returns to Quebec City in 2014. Page CO-OP 2

Lobbying effort aims to protect funds for co-op housing. Page CO-OP 4

By the numbers

9,000

Co-operatives in Canada

18 million

Canadian co-op members

155,000

Canadian co-op employees



northern images
A Division of Arctic Co-operatives Limited



Traditional Inuit art captures the beauty, truth and spirit of Canada's Arctic

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THE CO-OPERATIVE ADVANTAGE

GLOBALISM

International summit in 2014 will address issues critical to co-ops – and the planet

It didn't take long after the inaugural International Summit of Cooperatives came to a close on October 12, 2012, for Desjardins Group to make a commitment to host a second such summit in 2014.

As one of three co-hosts of that first summit in Quebec City, Desjardins was well aware of just how significant a subsequent one would be. With 2,800 participants from 91 countries coming together to hear 160 speakers, the event was the biggest and most influential gathering of the global co-operative business leaders ever held.

Monique Leroux, Desjardins Group's president, chief executive officer and chair of the board, described the 2012 summit as a "Davos for the co-operative movement." And it's happening again next year from October 6 to 9 in Quebec City.

The program and speaker line-up are still being finalized, but Suzanne Gendron, managing vice-president of Cooperation and Corporate Affairs for Desjardins, says the 2014 International Summit of Cooperatives



Dame Pauline Green, president of the International Co-operative Alliance, will be a key participant in next year's summit. SUPPLIED

"We want to demonstrate that co-operatives are innovative and forward-thinking."

Suzanne Gendron is managing vice-president of Cooperation and Corporate Affairs for Desjardins

will once again provide an unequalled opportunity for the co-operative community leaders to forge valuable strategic alliances, stay in touch with major international developments and gain a solid understanding of the global co-operative movement as well as the business opportunities it offers.

"Although we were well prepared, the first summit was quite

an adventure," she says. "We had no track record, and no one really knew what to expect. But we were still able to attract leaders of some of the world's largest co-operatives and speakers of the highest calibre, such as Economics Nobel Laureate Michael Spence and former United States Secretary of State Madeleine Albright."

Next year's summit will again be co-hosted with the International Co-operative Alliance (ICA), the world's largest non-governmental organization. It will focus on five themes: developing co-operative and mutual businesses, financing and capitalization, food security, health and social care services, as well as employment.

Ms. Gendron says the organizers have pulled together a team of 70 people from co-ops and other organizations around the world to develop a program that will engage and inspire delegates.

"Our themes will address issues that are important not only to the co-operative movement, but to the planet as a whole," she says. "We want to demonstrate



Desjardins' Suzanne Gendron. SUPPLIED

that co-operatives are innovative and forward-thinking. For example, the food security theme will address the issue of how to feed a global population of nine billion by 2050."

Co-operatives play a big part in helping find solutions to the food security challenge, adds Ms. Gendron, because one out of every two people in the world depends on co-ops for their livelihood. "By working together, we can help meet the challenge."

For more information about the 2014 International Summit of Cooperatives, visit www.intlsummit.coop.

MARKETING

Innovative effort brings northern art to a worldwide audience

The artworks shown on the website of Canadian Arctic Producers (CAP) are iconic: a small musk ox carved in stone, an Inuit fisherman in a kayak crafted from whalebone, an inuksuk made from green jade and dozens of other images that reflect the life and culture of Canada's Arctic.

Some of the pieces by top artists sell for sums that only museums and serious collectors can afford. But most are priced to find a place in the homes of people throughout the world who appreciate these unique art

forms. That's due largely to CAP, the wholesale art marketing arm of Arctic Co-operatives Limited (ACL) and its retail arm, Northern Images.

Debbie Jones, vice-president of art marketing at ACL, which has been marketing member-produced art for nearly 50 years, says that many northern artists live in such remote and isolated communities that it would be nearly impossible for them to sell their works without CAP's support.

"We help them establish themselves with a gallery, and make it

easier to build their reputation and recognition in the international market," says Ms. Jones. "We have a dedicated marketing team, which lets the artists focus on simply creating, while we roll up our sleeves, find the market and find the collectors."

Ms. Jones says revenue generated by art sales is crucial to many northern communities, where as many as 60 per cent of residents are artists. CAP ensures that these artists receive a fair price for their efforts and that they are paid as quickly as possible, giving them a steady income.

Most of the works are stone sculptures, but they also include limited-edition prints, crafts and art-related books. While the market for Inuit and Dene art is global, it is particularly strong in Asia, adds Ms. Jones, partly

because of the popularity of the Arctic region among Asian tourists.

For more information about Canadian Arctic Producers, visit www.canadianarcticproducers.com.



Canadian Arctic Producers helps Inuit artists sell their works around the world. SUPPLIED

By the numbers

50+ billion

Canadian co-op annual revenue

100 million

Co-op employees worldwide

1 billion

Co-op members globally

\$2 trillion

Global co-ops annual revenue

FROM PAGE CO-OP 1

Citizenship: Member-focused

Group, one of Canada's leading insurance companies, says the governance structure of co-ops makes it easier to focus on being sustainable businesses.

"Our co-operative roots and structure are a natural alignment with sustainability at the social, economic and environmental levels," she says. "The primary focus of a publically traded business is to maximize profits for their shareholders; while profit is important for co-ops, it is equally important to consider social and environmental activities."

The Co-operators' vision, adds Ms. Turley-McIntyre, is to be a catalyst for a sustainable society, based on six areas of focus. Each has its own key performance indicators, which are monitored, and progress is recorded in the company's annual sustainability report. While initially there may have been some internal sceptics who questioned whether a focus on sustainability was a fit with the insurance core business time has proven that this direction was the right one.

"For example, the extreme weather events across Canada over the past couple of years have driven home the impact of climate change on the insurance industry," she says. "Sustainability, extreme weather events and the resiliency of cities are all interconnected and are very relevant to our core business."

Tamara Vrooman, CEO of Vancity, Canada's largest credit union, says the well-being of members and customers is a "top-of-house" issue for her organization.

"You likely won't see another financial institution with that focus," she says. "It's a metric that speaks to our vision of redefining wealth, which says you can only truly prosper as an individual if you are surrounded by and connected to a vibrant, healthy community that is sustainable



The Co-operators' Barbara Turley-McIntyre. SUPPLIED

for the long term."

Ms. Vrooman believes that the type of financial co-operative structure that Vancity uses, is undervalued and underestimated. "It is responsive to local needs, mitigates risk, broadens input for decision-making and can make solid returns across a number of measures – the ones that matter to bankers most and those that matter to a broader public."

The insurance business has also changed considerably over the past few decades, and organizations like The Co-operators now embrace the concept of "shared value," Ms. Turley-McIntyre says.

"In the past, the main expectation of an insurance company was that it provided the right policy and was there at the time of a claim, and that continues to be relevant" she explains. "But today there is also a much closer blend between business and society working together to find solutions for social and environmental issues that go beyond the business organization's core function. It's a collaborative approach that is well suited to the co-operative movement."



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THE CO-OPERATIVE ADVANTAGE

OPINION

Building a co-operative future



By Denyse Guy,
Executive Director of the Canadian
Co-operative Association

Co-op Week is a time to celebrate the contributions that co-operative enterprises have made to Canadian society, but it is also a time to look toward the future. And our vision of the future – which is shared by more and more people in Canada and around the world – is one in which co-operatives become the 21st century's fastest-growing business model.

The case for co-operatives has never been stronger. In the five years since the global financial crisis of 2008, a growing number of Canadians have called for a more equitable, people-centred economy. Consumers are increasingly conscious of where the products and services they buy come from and how they are produced. And co-ops have a solid track record of creating jobs, embracing innovation and keeping wealth in local communities, while adhering to the values and principles that underlie the co-operative movement.

The International Co-operative Alliance (ICA), which represents co-operatives in 100 countries, has addressed both the opportunities and the challenges facing co-operatives in its *Blueprint for a Co-operative Decade*, the ICA's roadmap for building a co-operative future.

The document focuses on five key themes, which are as relevant to co-operatives in Canada as in other parts of the world.

PARTICIPATION

Member participation is a co-operative's greatest asset. With that in mind, co-operatives need to find new and innovative ways to make it easier for members to participate in their affairs. They also need to attract new members, including young people and new Canadians. It is essential that co-ops move beyond the boardroom or conference hall and embrace the use of social media, teleconferencing and other forms of virtual participation.

SUSTAINABILITY

Co-operatives are among the world's most sustainable businesses, economically, socially and environmentally. Studies in Quebec, British Columbia and Alberta show that new co-operatives are more likely than are other new businesses to still be operating in five or 10 years. Other studies show that co-ops were more resilient during the economic crisis, as they were less likely to take risks in an effort to maximize profits. Co-ops are also known for their commitment to environmental sustainability; Vancity, Mountain Equipment Co-op and The Co-operators frequently top the list of our country's "greenest" employers. Co-operatives need to build on these obvious strengths and clearly show that sustainability is one of the co-op model's intrinsic features.

IDENTITY

Co-operatives in Canada have some 18 million members and are some of our best-known businesses. Yet many Canadians – including those who regularly purchase co-op products – remain unfamiliar with co-operatives. If we are to build a co-operative future, co-ops themselves must promote the co-operative difference when marketing their prod-

ucts and services. And educators need to include the co-operative model in their curricula, so that the next generation grows up knowing what a co-operative is and how it works.

LEGAL FRAMEWORK

As a federated country, Canada is a complicated place to incorporate a co-op. Legislation governing co-operatives varies from province to province, and co-ops that operate in more than one province are governed by federal co-op legislation. The federal and provincial governments should work together to explore best practices in creating a supportive and enabling environment for co-operatives, and make an ef-

"Co-operatives in Canada have some 18 million members and are some of our best-known businesses. Yet many Canadians – including those who regularly purchase co-op products – remain unfamiliar with co-operatives."

fort to minimize the differences between jurisdictions.

CAPITALIZATION

Ask a new or emerging co-operative about its greatest challenge; nine times out of 10 the answer will be access to capital. As membership control is at the root of the co-op model, member contributions are the primary source of financing. Governments need to recognize the special nature of co-ops in their business development programs, and new mechanisms for co-op financing must be developed.

To read the *Blueprint for a Co-operative Decade*, please visit <http://ica.coop/en/blueprint>.

FUNDING

Housing lobby faces greatest test

Looking after the interests of Canadians who depend on affordable co-op housing is the main focus of the Co-operative Housing Federation of Canada (CHF Canada). That means lobbying federal politicians is a primary activity for CHF Canada executive director Nicholas Gazzard – and one at which he excels.

Earlier this year, his achievements were recognized by *The Hill Times*, the Ottawa-based weekly newspaper that covers government and politics, when it named Mr. Gazzard (along with Canadian Co-operative Association executive director Denyse Guy) among the top 100 lobbyists in 2013.

The newspaper was impressed by how Canada's co-op sector used the International Year of Co-operatives in 2012 to get noticed by the federal government, and it specifically mentioned CHF Canada's success in negotiating fair mortgage pre-payment penalties for housing co-ops.

Mr. Gazzard's lobbying skills will soon be tested again in dealing with the potential loss



Conservative MP Harold Albrecht (second from left) tours the Country Hills Housing Co-op in Kitchener. The co-op's federal funding ends in February 2014, affecting 32 low-income households. SUPPLIED

of funding for a half a million vulnerable Canadians living in 200,000 units of co-op, non-profit and public housing under federal programs.

"This is the most important issue facing Canada's co-operative housing movement," says Mr. Gazzard. "In order to preserve our successful model of diversity and inclusiveness, we need to maintain rent-geared-to-income subsidies for low-income Canadians living in co-op communities across the country."

He warns that the lives of thousands of vulnerable people, including seniors, new Canadians, Aboriginal people and persons with mental and physical disabilities will be harmed if action is not taken.

"By 2020, most of the existing co-op homes currently affordable for low-income residents will become unaffordable if governments across the country do not work together to protect housing affordability," says Mr. Gazzard.



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