

## How to Start a Cooperative

(The totally legitimate version, from the NCBA website)

Follow the sequence of events to start a cooperative in your community:

1. Hold a meeting of leading persons to discuss a need that forming a cooperative might meet.
2. Hold an exploratory meeting of interested persons. Vote whether to continue. If affirmative, select a steering committee.
3. Conduct a survey to determine cooperative feasibility.
4. Hold a second general meeting to discuss the survey results. Vote on whether to proceed.
5. Conduct a market or supply and cost analysis.
6. Hold a third general meeting to discuss the results of the market or supply and cost analysis. Vote by secret ballot on whether to proceed.
7. Conduct a financial analysis and develop a business plan.
8. Hold a fourth general meeting to hear results of the financial analysis. Vote on whether to proceed. If affirmative vote on whether the steering committee should remain intact or whether changes should be made.
9. Draw up necessary legal papers and incorporate.
10. Call a meeting of all potential charter members to adopt the bylaws. Elect a board of directors.
11. Call the first meeting of the board of directors and elect officers. Assign responsibilities to implement the business plan.
12. Conduct a membership drive.
13. Acquire capital - develop a loan application package.
14. Hire a manager
15. Acquire facilities
16. Start up operations.

The primary organizational documents for cooperatives are the Articles of Incorporation and the Bylaws. Other legal documents may include the membership application and membership certificate.

The Articles of Incorporation state the kind and scope of the cooperative business. Often broad operating authority is stated even though services may be limited at the beginning. The articles usually contain the following:

- name of the cooperative
- principle place of business
- purposes and powers of the cooperative
- proposed duration of the cooperative
- names of the incorporators
- a provision for redemption of member equity although sometimes this is in the bylaws

The Bylaws state the rights and obligations of the cooperative's board of directors and members and guide the day-to-day operations of the cooperative. The bylaws usually specify the following:

- requirements for membership
- rights and responsibilities of members
- grounds and procedures for member expulsion
- procedures for calling and conducting membership meetings
- voting procedures
- procedures to elect or remove directors and officers
- the number, duties, terms of office, and compensation of directors and officers
- time and place of the directors meetings
- dates of the fiscal year
- information on how the net earnings will be distributed
- other rules for management of the cooperative