

# **Member Handbook**

**Worker-Owned Restaurant Corporation,  
DBA Casa Nueva**

## **Mission Statement:**

**Casa Nueva is an innovative worker-owned cooperative based in Southeast Ohio. We are dedicated to strengthening the environmental, economic and social well-being of our community by promoting wholesome products, democratic participation and responsible practices.**

**Revised Fall 2011**

Congratulations on being accepted as a Trial Member/Member of the Worker-Owned Restaurant Corporation, doing business as Casa Nueva. This Handbook has been designed to aid you in understanding how our cooperative is structured and run as well as your role within the Cooperative. The information within has been chosen to help you gain a holistic view of our cooperative.

### Introduction

“The major problem cooperatives experience, difficulty achieving long-term survival, is a problem not encountered by their capitalist counterpart: they must reconcile their internal requirements for democratic ownership and management with the external requirements of the marketplace...

Clearly the tension between the demands of a democratic workplace and the demands of the marketplace is reconcilable. But it is a tension that continuously recurs, and therefore, one that must be consciously and creatively addressed. Otherwise, worker cooperatives might fail as businesses while retaining their democratic principles; or they might fail as worker cooperatives while retaining their economic vitality. This means that in order to survive and flourish, cooperatives have to place a premium on certain kinds of workers – namely, those who can live with the ambiguity of such permanent structural tension, but who can also find creative ways of meeting contradictory demands.”

From: Worker Cooperatives in America edited by Robert Jackall and Henry M. Levin

## Casa's Goals

### Casa's Primary Goal:

Our primary goal for the future must be to continue to grow and develop both as a business and a cooperative. Neither aspect should take precedence overall. Each member must learn to consistently take both aspects into account in order to make good decisions.

### Business Goal:

To increase profitability through constant improvement in the following areas, as financially feasible:

- Worker performance, task orientation, and efficiency.
- Worker/management interface.
- Food quality and development of menu and specials.
- Effective use of advertising.
- Quality of equipment, physical space, and atmosphere.

### Cooperative Goals:

- To encourage a true sense of ownership leading to increased motivation, responsibility and participation by each member.
- To encourage each member to be aware of and try to follow cooperative ground rules to the best of their ability.
- To develop and agree upon an appropriate, consistent, useful, and clearly defined set of day-to-day policies and procedures to be used as a tool to orient new associates and trial members in day-to-day operations.
- To develop and agree upon by-laws in which the governance structure of the cooperative is outlined.
- To continue to refine our decision-making process.

**Worker-Owned Restaurant Corporation  
dba Casa Nueva  
4 West State Street  
Athens, Ohio**

**Cooperative Membership Agreement  
Certificate of Member Share**

- The undersigned applicant for membership (hereinafter referred to as “applicant”) hereby applies for and accepts membership in the Worker-Owned Restaurant Corporation (hereinafter referred to as the “Cooperative”), which is incorporated and doing business as Casa Nueva under the laws of the state of Ohio. The applicant hereby assents to and ratifies the by-laws of the Cooperative, together with all amendments thereto, if any, which are attached to this Membership Agreement (hereinafter referred to as “Agreement”). Receipt of a copy of such by-laws is hereby expressly acknowledged.
- The applicant hereby agrees to pay the membership fee of \$\_\_\_\_\_ in accordance with the terms determined by the Board of Directors and the Cooperative in order to issue a member share to the applicant. This Membership fee may be increased from time to time as determined by Membership, and the applicant agrees to pay the difference. The applicant agrees not to sell, assign any interest in, or otherwise transfer his or her membership share voluntarily or involuntarily, by operation of law or otherwise, except for a voluntary temporary transfer to the Cooperative during the period of membership in the Cooperative. Upon termination of membership, he or she agrees to transfer his or her membership share back to the Corporation following Article III of the by-laws.
- The applicant further approves and agrees to observe and be bound by the Operating Rules of the Cooperative as they may now or hereafter be in force and effect.
- Conditioned upon the approval of this Agreement by the Cooperative, the applicant hereby agrees to contribute his or her labor to the business of the Cooperative, and the Cooperative hereby agrees to utilize the services of the applicant in its business and to confer upon the applicant the rights of Membership including, but not limited to, voting rights and labor compensation rights.
- The obligations of both parties under the terms of this Agreement are subject to the right of the applicant to withdraw said contribution of labor, to terminate membership, and to terminate this agreement, provided that all conditions and restrictions on such right as are contained in the Cooperative by-laws, in the Operating Rules, and in this Agreement are fully complied with.
- The applicant specifically agrees to satisfy any Federal income tax obligation, which may arise pursuant to Article III of the Cooperative’s by-laws. Specifically, the applicant agrees to include in his or her taxable income the stated dollar amount of any qualified written notices of allocation received by him or her from the Cooperative, and to pay the tax thereon.

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(signature of applicant for membership)

(date)

**This Membership Agreement and Certificate of Member Share ratified by:**

---

(signature of President of Cooperative)

(date)

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(signature of Secretary of Cooperative)

(date)

# Worker Owned Restaurant Corporation

## CHRISTOPHER J. TOFU

*(Member)*

This shall certify that as of the 1st day of August, 2009, the above named Member has been accepted and approved by a vote of the existing Membership and is a full member and shareholder in the Worker Owned Restaurant Corporation (*WORC*), an Ohio Corporation and Worker-Owned Cooperative doing business as Casa Nueva Restaurant, Cantina and Bodega, whose primary place of business is located at 4 West State Street, Athens, Ohio.

By signing below, the Member agrees to have regular payments deducted from their semi-monthly paychecks until their Member Fee, currently \$1,800.00 (one thousand eight hundred dollars), is paid in full, pursuant to the By-Laws and/or operational procedures as set forth and amended from time to time by the full Membership of WORC.

Member further agrees to be bound and abide by any and all regulations, policies and/or operational procedures of WORC including, but not limited to those outlined in WORC's Articles of Incorporation, By-Laws and Member Handbook, including any future amendments.

Member now has the maximum of 1 (*one*) share in WORC and is entitled to the maximum of 1 (*one*) vote in all matters brought before WORC Membership.

This certificate may not be assigned or transferred, and supersedes and replaces any and all certificates previously issued to Member. Upon return to Member of all Member Fees paid, or Member's approved resignation, withdrawal or termination, this document shall be rendered null and void. This document has no monetary value.

1000-000

CERTIFICATE NUMBER

*MEMBER*

*PRESIDENT, WORC*

01/01/1900

DATE ISSUED

*SPONSOR/WITNESSING MEMBER*

*WITNESSING MEMBER*

# Table of Contents

Section I: The Cooperative Movement	
A. What is a Worker-cooperative? . . . . .	8
B. Cooperative Values: Their Meaning and Practical Significance. . . . .	11
C. International Cooperative Alliance Statement of Cooperative Identity. . . . .	13
D. Cooperatives and Industry Sectors. . . . .	14
E. Mondragon: The Remarkable Achievement. . . . .	18
Section II: History of W.O.R.C., dba Casa Nueva	
A. Newspaper Hi-lights. . . . .	21
B. Case Study: Decision-making in a Worker-cooperative. . . . .	23
C. History Charts. . . . .	26
Section III: Joining the Coop	
A. Hiring Associates. . . . .	29
B. Trial Member Process. . . . .	29
Section IV: Our Cooperative Culture	
A. Groundrules for Cooperation. . . . .	36
B. Roles in a Worker-Cooperative. . . . .	39
C. Our Structure. . . . .	41
D. Self Mangement. . . . .	42
E. Decision making process. . . . .	43
F. How to have good meeting. . . . .	47
G. Creating an agenda. . . . .	48
H. Roles for the Meeting. . . . .	48
I. Techniques for Discussion. . . . .	49
J. Common Problems in Meetings. . . . .	49
K. Meeting Hand Signals. . . . .	50
L. Writing a proposal. . . . .	51
Section V: Working Structure	
A. Associates. . . . .	54
B. Trial Members. . . . .	54
C. Members . . . . .	54
D. Board of Directors . . . . .	55
E. Coordinators . . . . .	57
F. Teams & Committees . . . . .	58
G. Creating a business plan . . . . .	59
Section VIII: Finances	
A. Wage Structure . . . . .	62
B. Payroll . . . . .	63
C. Benefits . . . . .	64
D. Internal Capital Account. . . . .	65
E. Financial Statements . . . . .	66
Section IX: On CD.	
A. Operating Rules	
B. By-Laws	
C. Coordinator Job Description	

# The Cooperative Movement

# What is a Worker Cooperative?

Adapted from a Cooperative Business Center Cooperative Training Publication  
Series #1, ACEnet 1989

## What is a Worker Cooperative?

A worker cooperative is simply a business, which is owned and controlled by the people who work there. A worker cooperative owned by its members only, and only workers can be members. Anyone joining the cooperative is usually admitted through a decision made by the other workers, after a probationary period. The new member then buys a membership share. The share can usually be paid all at once, or over time through payroll deductions. People who leave the cooperative must sell their membership share back to the co-op when they leave, although their share deposit is returned, often with interest and any earned profit shares. All businesses organized as worker cooperatives share three basic characteristics: there is democratic control based on “one person, one vote”; all members have the right to work in the cooperative; and return of profits to worker-owners is based on investment of labor rather than capital.

## How are Decisions Made? Who’s the Boss?

Most cooperatives have a conventional structure with management and a board of directors. The board is empowered to direct the business much as in any other corporation. The board hires management to oversee operations. Management has the normal kinds of responsibilities, though in worker-owned operations there is often less need for supervisory personnel. A system of decision-making parameters determines who decides what and when, with day-to-day decisions being handled by management, mid-level decisions by the board and important decisions by the total membership.

## Where do worker- cooperatives get their financing?

There are at least 6 ways that cooperatives raise money:

- A. Membership fees. Worker/members will usually have to invest capital in the form of membership fees to start the business. As new worker/members join the firm, they pay an equal amount or percentage as a membership fee. Payments are sometimes made through payroll deductions. When a worker retires from the firm, the membership fee is returned, assuming the company has been profitable.
- B. Reinvestment of Profits. Each year the cooperative must decide what to do with the monies left after payment of expenses. Given the need for capital, particularly in the first years of the business, the majority of the surplus will probably be reinvested in the business in order to promote steady, healthy growth of the company. All reinvested funds will be allocated to the internal accounts of the members on the basis of patronage and eventually it will be paid out to members.



- C. National Cooperative Bank and the National Cooperative Bank Development Corporation both provide debt and equity financing to worker cooperatives and Employee Stock Ownership Plans (ESOPs).
- D. Commercial Banks. Cooperatives can also sometimes borrow from commercial banks.
- E. Specialized Community Development Funds. Some state and local governments have established funds for the development of businesses that are more broadly owned than the normal business corporations. These “community development funds” often have guidelines, which make their use by worker cooperatives possible.
- F. Churches, Foundations and Other Private Groups. These organizations often devote a portion of their funds to community economic development and usually view worker cooperatives as eligible for funding, particularly through their loan funds. Examples of such groups are the Industrial Cooperative Association, the North Court Development Fund, the Campaign for Human Development and the Cooperative Assistance Fund.

### How are the Profits Split Up? Do Owners Own Stock?

Many cooperatives follow the Industrial Cooperative Association (ICA) model of internal capital accounts and patronage dividends (dividends based on labor) for their financial structure. Each member buys a member share, with an equity deposit that is placed in that member’s internal capital account. Each year a percentage of annual profits are distributed into each individual account, according to the percentage of total hours worked or of wages and salaries earned. A smaller percentage of the profit returns to the business. A business may also decide to “roll over” the profit distribution. For example, a co-op with a rollover period from 1988 to 1991 would enable the business to utilize the profit funds to capitalize it for three years. An added advantage to this system is that it makes it possible for profit level control through wage level control. Membership shares are not transferable like conventional stock, and can only be sold back to the co-op.

### If a cooperative fails financially, are the workers personally responsible for its debts?

No. In such a situation the workers would lose their membership fee and any profits accumulated in their internal accounts. However, there is no additional financial liability.

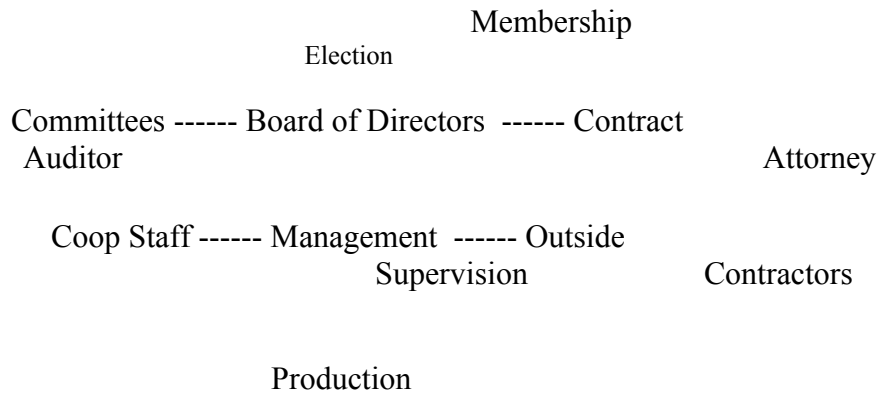
### What are the Advantages of Worker Cooperatives?

Probably the greatest benefit of worker cooperatives is to the communities and to the workers themselves. Worker cooperatives provide a very strong form of local ownership and local control. In this age of disinvestments, absentee ownership and capital flight, we continually see big corporations buying up companies and moving them out or closing them down with no consideration of the cost to local economies and local people. Worker-ownership protects the interests of the workers (i.e. job security and a healthy local economy). Meanwhile, participation of the worker-owners in the running of their business leads to personal growth and added skills. Worker cooperatives are also a form of worker-ownership relatively easy and inexpensive to understand and implement.

Is there any relationship between the worker-cooperatives and the union movement?

During the early days of the American labor movement, there was a very close relationship. For example, by the 1880's over one hundred cooperatives had been established by the Order of the Knights of Labor. At one point in the 1880's the national membership of the Knights voted to reserve 60 percent of its money for starting cooperatives, 30 percent for a strike fund and 10 percent for education. Since the turn of the century the American labor movement has concentrated on improving the working conditions in privately owned companies.

### Typical Organizational Structure of a Worker-Cooperative



# The Cooperative Values – Their Meaning and Practical Significance

by Sidney Pobihushchy

August 2002

from A Discussion Course on Cooperatives

Wisdom generated over the millennia of human experience proclaims that community is the optimal condition for human fulfillment. The cooperative movement and its business, based on the ten values proclaimed by the International Co-operative Alliance (ICA) in 1995, possesses the only contemporary social-political-economic philosophy/ideology which explicitly and practically promotes and actualizes community health and strength. The onus is on the leaders and members of the co-operative organization and its business to fulfill the objective of community. Co-operative education of the leaders and members of the co-operative is a necessary and, most likely, a sufficient condition for that to be accomplished. The foundation of co-operative education is in the ten values which the ICA proclaimed in 1995.

Each of the ten Co-operative Values discussed below has its own integrity and stands on its own merit. Yet each one of those values has an affinity to one or more of the other values. Also, each one of those values contributes a very important significance to the co-operative movement. The important message here is that while each one of those values is of critical importance to the movement, not one of them stands alone in defining the importance and integrity of the co-operative movement. Taken together, the ten Co-operative Values define, and provide parameters for, a world view/paradigm. That world view/paradigm is a wholesome and superior alternative to the status quo of the past and today, especially if human fulfillment and peace are important goals for any society to pursue. The clear implication of those ten Co-operative Values is that human fulfillment and peace are the only ethically and morally justifiable goals for any society.

Each one of the ten co-operative values is a sophisticated and complex concept. Any brief definition of each of those ten values is not likely to adequately convey their complexity. Nonetheless, the following definitions will convey enough of the meaning of each of the ten values to serve as a starting point for further thought and deliberation.

1. Self-Help: This value has a dual referent. On the one hand it refers to the individual person “self” and on the other it refers to the collective “self” such as a co-operative. Self-help as a value obligates/encourages the individual person to satisfy her/his own needs and obligations through personal effort to the extent reasonably possible under the circumstances. An important need and obligation is the contribution to the realization of a healthy sustainable community. This is a very important element in achieving personal human fulfillment. As a corollary, this same reasoning/logic applies to the collective “self” such as a co-operative. This value obligates/encourages the collective to satisfy its own collective needs and obligations through its own efforts to the extent reasonably possible under the circumstances. It is from this value that the idea flows that each individual member/owner of the collective.
2. Self-Responsibility: This value, similar to the previous one, has a dual referent. The individual person is obligated and encouraged by this value to be responsible for her/her own well-being and to take responsibility for any consequences that flow from whatever he/she does in pursuit of personal need satisfaction. The corollary to this is that the collective “self” is responsible for its own well-being and for the consequences that flow from that pursuit.
3. Democracy: Democracy is a philosophy/practice of governance in which the people are collectively the repository of authority. The exercise of that authority is democratically legitimate only if the people who will be affected by that exercise are consulted openly and freely. Popular elections in and of themselves do not a democracy make. Free and open discussion, deliberation and consultation are essential preconditions to elections as democratic elements. Of course, that means that the people/members have reasonable access to all the information relevant to the decisions respecting the exercise of the authority of which they are the repository.
4. Equality: Equality as a value flows from the traditional wisdom that each person, irrespective of talent, skill or appearance, possesses an intrinsic value and thus as a human is of no greater or lesser value than anyone else. Each person is valuable, without the attachment of inferiority or superiority. While certain skills and talents may be of greater importance to the well-being of a collective, be it a society, community or co-operative, each and every person as a human

being within that collective is of equal value. This value is particularly pertinent to decision-making and governance of the collective requiring that each person in that collective has a reasonable opportunity to participate in that decision-making and governance. This value is particularly and peculiarly relevant to **democracy** and **democratic governance**.

5. Equity: This value has two distinct but related meanings. One meaning of this value is as an END. The other value is that of a MEANS to an END. Equity as an END refers to FAIRNESS in the relationships between and among individuals and the manner with which authority is exercised over persons. Equity as a MEANS refers to the ownership of property/assets with which persons can protect themselves against exploitation by others, mainly corporate interests. In the co-operative, that ownership gives the owner/member the right to participate in the decisions of the co-operative which, along with the participation of all the other members/owners of the co-operative, assures each and all of them fairness in their relations with each other and the collective. It is the equity which provides the owner with the right and opportunity to structure the decision-making and governance process that will assure that fairness is an essential characteristic of the co-operative.

6. Solidarity: Solidarity as a value refers to the respect and dignity with which the individual persons of a community relate to one another. It is a relationship that grows out of each person seeing the other as valuable as the self. Solidarity also encompasses the concept of interdependency which is so critical to the health and vitality of the collective/co-operative. Community is an important product of solidarity, or as a corollary, solidarity is an essential characteristic of the successful community/co-operative.

7. Honesty: This value has the quality of both END and MEANS. Honesty is a good in itself and is a means to other goods. Honesty is an important prerequisite to continuing good relations among persons and within collectives such as co-operatives. Honesty is both a quality of, and a means to, human fulfillment. Truth is a critically important component of rewarding community and collective life. Honesty is the *sine qua non* for the individual and the collective of individuals experiencing and benefiting from the truth.

8. Openness: This value refers to the structured and reasonable availability to the membership of information and knowledge relevant to the successful life of the organization/collective. This value presupposes that the governance of the organization is a democracy, hence the membership collective is the repository of the authority exercised in that governance.

9. Social Responsibility: This value is most relevant to the public image which the co-operative enjoys/suffers in the community which it serve and beyond. On the one hand, it refers to the co-operative accepting responsibility for and ameliorating the negative consequences for society stemming from its actions and operations. On the other hand, social responsibility to work towards the betterment of society and towards the amelioration of oppressive conditions in that society.

10. Caring for Others: "Caring for others" was and continues to be the prime mover in the establishment of successful cooperatives the world over. This value refers to the obligation that each individual co-operator, each cooperative, and the cooperative movement as a whole must act in such a way as not to cause harm or difficulty for others either of today, tomorrow, or of the distant future. Additionally, this value imposes the obligation and requirement on every element of the cooperative movement to be pro-active in leadership towards rectifying the structural and social causes of oppression and indignity. This value flows out of the ancient, but nonetheless relevant, dictum: "***Do unto others as you would have them do unto you***"!!!!

# The International Cooperative Alliance Statement of Cooperative Identity

Adopted September 1995

<http://www.ica.coop/coop/principles.html>

**Definition:** A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise.

**Values:** Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

**Principles:** The cooperative principles are guidelines by which cooperatives put their values into practice.

- 1. Voluntary and Open Membership:** Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
- 2. Democratic Member Control:** Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.
- 3. Member Economic Participation:** Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.
- 4. Autonomy and Independence:** Co-operatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.
- 5. Education, Training and Information:** Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.
- 6. Co-operation among Co-operatives:** Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
- 7. Concern for Community:** Co-operatives work for the sustainable development of their communities through policies approved by their members.

# Cooperatives and Industry Sectors

by Johnston Birchall  
from Cooperatives and the Millennium Development Goals

## How Important is the cooperative sector?

How important is the cooperative sector? What sort of contribution has it made in the past to economic development? Does it still make a significant contribution, or has it been overtaken by the investor-owned business model? Here is a brief overview showing just how important cooperatives are to the economies of most countries. Because cooperatives have developed along several lines, it is important to analyze them according to the logic of each type.

### Agricultural Cooperatives

The most successful type of cooperative, measured by the market share, is the agricultural cooperative. Ever since the industrial revolution turned them into producers of food for distant markets rather than just for local consumption, farmers have needed to take control over three processes: farm inputs (such as fertilizer, seeds, and livestock); marketing of the produce; and food processing to add value to the product. They have also needed a supply of credit, to smooth out the seasonal variability in farm incomes. Without a strong membership organization to meet their needs, farmers are reliant on intermediaries, merchants who often find it easy to exploit them (particularly when they supply credit in exchange for produce or have control over transport systems). It was farmers in the USA who first invented the modern marketing and processing cooperatives in the 1820's, while the supply cooperatives were set up in Switzerland in the 1860's and credit cooperatives began in Germany at around the same time. However, it was in Denmark that the full potential of this type was realized; there, by the beginning of the 20<sup>th</sup> century virtually all the needs of rural communities were met by cooperatives.

The agricultural cooperative sector has grown to be a major economic force. The USA has the largest sector; in 1994 there were 4174 farmer-owned businesses with a membership of nearly four million and a turnover of \$89 billions. As one commentator recently put it “cooperatively owned businesses are considered a major player in rural America.” Its marketing cooperatives have well known brand names such as Land O'Lakes, Birds Eye, Sunkist, and Ocean Spray. These very large cooperatives have sales of more than \$250 billions, and 57% of the business. Similarly, in Canada cooperatives are big businesses, handling 40% of farm cash receipts. They are export-led and heavily involved in adding value through food processing; 18 agri-food cooperatives have been ranked in the top 500 corporations, and four, including the two wheat pools, in the largest 100 in Canada. In the Americas, Brazil comes next, with an output almost the same as that of Canada, at \$12 billions.

Recently, this sector has begun to face pressure from a rapidly changing and globalizing agri-food industry. In response, cooperatives have formed subsidiaries co-owned by external investors, or have opened up their own societies to investment by non-farmer interests. Some have demutualised and become investor owned. However, in most cases farmers are determined to keep control of their core business, and the future of the sector seems assured. Agricultural cooperatives are really the best known example of a broader type, the primary producer cooperative. Others include fishing and forestry cooperatives. Statistics are hard to find, but we know that the market share of the Korean Federation of Fishing Cooperative is 71%, and this is not untypical of the picture in many other countries. In Norway, cooperatives produce 76% of forestry products, in Canada 73%.

## **Consumer Cooperatives**

Consumer cooperatives trace their roots back to the Rochdale Pioneers who, in 1844 set up their store in Rochdale, in the rapidly industrializing textile belt of northern England. At that time, retailing was provided by small shopkeepers who charged high prices for poor quality, often adulterated food, and lending money to customers and thus preventing them from having much choice. The Pioneers provided clear principles and a successful business model which were copied all over the world. The key to their success was democratic control by customer-members, coupled with regular payment of a patronage refund which was a proportion of their expenditure in the store. This meant, effectively, that cooperatives offered goods at a cost prices plus expenses, with no profit being taken. Two business innovation also enabled rapid expansion of this type: the opening of branch stores with professional managers, and the founding of a wholesale society that organized distribution and manufacturing in a vertical chain that delivered high quality goods while preventing profit-taking by anyone other than the members. From the 1920s the cooperative share of customer spending had reached such a high level in Britain, France, and Germany that some economists began to speculate that cooperation's might soon "buy out capitalism" and create a "cooperative commonwealth". However, increasing competition from multiple chains meant that market share peaked in the 1950s (in the UK 12% of sales) and the sector began a slow decline. Faced with a loss of market share and falling surpluses, many cooperatives decided to abandon the patronage refund to members, which meant that the meaning when out of membership. It is this visible decline in the fortunes of a once vibrant consumer cooperative movement that has given cooperatives in developed countries a negative image.

In some countries- France, Belgium, Germany, Austria- the cooperative sector has virtually disappeared, while in others- Canada, the UK, the USA- it has declined steeply. In others it has remained a major player. In Norway, for instance, cooperatives have 25% of the market, in Finland 35%, Sweden 15%. The sector is also strong in Italy and Switzerland. Japan has 670 cooperatives, 14 millions members and sales of over \$33 billion a year. In quality of service, use of new technology, and innovation in promoting member involvement, this sector is the leading retailer in Japan. There are signs of new life, also, in sectors that have been in decline. Cooperatives in the UK are rediscovering a sense of cooperatives purpose; the largest, Cooperative Group, has become the national leader in convenience store retailing, and is setting new standards for food labeling, fair trade, and environmental concern.

## **Credit Cooperatives**

Credit cooperatives have been developed to meet the fundamental human need to find a way of saving and borrowing without taking risks and without handing over too much power to a money-lender. They were invented in Germany, by two business leaders: Raiffeisen, who set up a rural credit banking system linked to the agricultural cooperative sector, and Schulze-Delitzsch, who founded the urban cooperative banks. Both forms spread rapidly, and now in Western Europe there are around 11,000 local and regional cooperative banks, with over 56,000 outlets, a 33 million strong membership and a staff of more than 400,000. Their market share is 17% of savings, ranking third after the commercial and savings banks.

It is not surprising that membership-based businesses have been so successful. Financial services such as savings and loans, lending for house purchase, life and non-life insurance, and pensions provision are all concerned with directing flows of money and spreading risks. They do not really need injections of capital from a separate class of investors. The mutual form, in which members lend, borrow, and agree to insure each other, is effective, provided they do not take too many risks of invest too far from their core business. In the last decade there has been a wave of demutualization of mutual insurance (UK, South Africa, Australia), building societies (UK), and savings and loans (USA). The reasons given are usually that more capital is needed, or that they need to escape regulatory restrictions, or that they will be more efficient after conversion. There is also a large amount of self-interest among managers who want to enrich themselves with higher salaries and share options, sometimes helped by members who will receive large "windfall" payments on conversion. However, most of the cooperative credit sector has stood firm against this trend. In the UK, the

building society sector has shrunk to around 30% of its previous size, but the remaining societies are outperforming the investor-owned banks and gaining new business. They are also considered by customers to be much more trustworthy than their competitors.

### **Housing Cooperatives**

Housing cooperatives can take on of three forms. House-building cooperatives formed by people in need of housing enable them to build their homes collectively but then to own them individually. Common ownership cooperatives enable tenants collectively to become their own landlord, while the market value cooperatives enable them to win a share of the value of their own home. The oldest form is probably the “terminating building society”, which grew up in Britain early in the 19<sup>th</sup> century, but it was in Sweden and Norway that the continuing housing cooperative was invented. Here, the legal structure for ownership of multi-dwelling blocks favored cooperatives, with individual household being given the “right to occupy” by being cooperative members. In the second half of the 20<sup>th</sup> century, a “mother and daughter” structure of cooperatives which included savings banks became the main engine for urban development. As a result, 17% of housing in Sweden, and 14% in Norway, are now cooperative. In Britain, the USA, Germany, and Canada, cooperatives are a much smaller minority tenure, but in their common ownership form, they provided an alternative to public sector housing (often being developed to take over failing public estates), and in their market value form a way for elderly people to securely house themselves.

### **Worker Cooperatives**

Worker-cooperatives are, at first sight, quite different from other types, since they involve employees rather than users of a business. However, people need decent work, secure employment, and fair pay which, just like housing or farm inputs or consumer goods, can be provided through self-help. They began in France in the 1830s, and by the 1860s had spread to Italy, but expansion was slow and uncertain, and the most successful form was the simplest – labor cooperatives hiring themselves out in public works contracts. They suffer from recurring problems caused by the conflicts of interest between members as employees and members as owners. For instance, if they were successful, they tended to restrict their membership and become conventional small businesses. They had problems in allowing their managers to manage without interference and, because only workers could be shareholders, had difficulty raising capital.

The exceptions are clusters of worker cooperatives in Italy and Spain. The La Lega cooperatives of North Central Italy employ nearly 80,000; members account for about one eighth of Emilia-Romagna's GDP, and a far greater share in areas where they are more concentrated. The Mondragon Cooperative Corporation in the Basque region of Spain employs around 40,000 members, is now the largest business group in the Basque region, and the ninth largest in Spain. It has become Spain's largest exporter of machine tools, the largest manufacturer of “white goods”, the third largest supplier of automotive components in Europe, and included Spain's fastest growing retail chain, Eroski. In different ways, and without much contact with each other, these two worker cooperative systems have evolved specialized institutions such as banks, social insurance schemes, research institutes, purchasing and marketing consortia, and powerful federal bodies that have overcome the structural problems worker owners face. They provided important lessons for the promotion of worker cooperatives in developing countries and transitions countries of Eastern Europe.

### **Health and Social Care Cooperatives**

It is useful to divide health cooperatives into those that provide insurance to enable people to afford health care, and those that actually provide the care. Health insurance mutuals provide by far the largest contribution, in many countries being the main way in which both public and private funding are channeled into health care. In the delivery of care, the pattern is often one of cooperatives providing care until at some point government is able to take on the health system. In 1966, the wheat producers' cooperative of Manitoba provided 271 group



hospital cooperatives with a membership of over 50,000 people. What is that sentence supposed to say? In the USA, in the 1930's under the New Deal, the Federal Government introduced a rural health program that at its peak served more than 600,000 people. In one third of rural counties of the US, Health co-operatives were promoted alongside agricultural cooperatives as a way of combating rural poverty, until growing prosperity and withdrawal of government support caused them to close down. Urban-based health cooperatives began to flourish in the post-war period, following the example of the Puget Sound Group Health Cooperative, which is one of the largest health maintenance organizations in the USA. In 1995, the National Cooperative Business Association estimated that this consumer cooperative model now covered around 1.5 million members.

In Japan, the agricultural cooperative sponsored movement grew rapidly during the 1930's, followed by a consumer-cooperative inspired movement in urban areas until 1961, when a comprehensive public health insurance system began; such cooperative were the main way in which low-income households could secure medical services. After 1961, they shifted their aims towards preventative health and service for the elderly. In 1995, over 1.8 million households were members, a total membership of around 5.4 millions. There were 118 societies in 38 of the 47 prefectures. Over 4 million people were treated as in-patients, over 15 millions as outpatients. They had 80 hospitals and 246 clinics, with over 13,000 beds, and employed over 20,000 people. The agricultural cooperatives are also active in health care. In 1993, they had 115 hospitals with over 38,000 beds, 57 clinics, 25 rural health centers, six geriatric health centers, six home visit nursing centers and employed around 37,000 staff. Membership was somewhere between six and seven million households.

There are provider cooperatives of doctors, dentists, and other professionals engaged in primary care in many countries. Brazil has the largest system of provider-owned health cooperatives in the world. It came about because in the late 1960s medical professionals felt the need to organize against profit providers; like many others before them, they were essentially using cooperatives to eliminate intermediaries who they felt would take unnecessary profits. By 1995, there were 304 cooperatives. Their member doctors totaled 73,000, over 30% of the national total of 207,000, and they provided services to around 8 million patients. The largest, Unimed, has promoted similar cooperatives in Columbia, Uruguay, and Argentina. In Columbia, Saludcoop is the 23<sup>rd</sup> largest enterprise and the second largest employer, providing health care for 25% of the population.

In developed countries, there is a growing problem of how to care for elderly people. The burden of care of the elderly rests unfairly on women, both those workers may not be poor by the United Nations standard, but they are among the lowest paid workers in developed countries. What is that sentence supposed to say? For these reasons, care cooperatives are being developed in several countries. In *Rediscovering the Cooperative Advantage*, a case study showed these are developing rapidly in the USA. There are around forty care cooperatives in the UK, and the sector is expanding rapidly, with local authorities seeing them as alternatives to public sector provision. In Japan, over 30,000 care helpers have been trained, and thirty agricultural cooperatives have signed partnership agreements with local authority social care departments. In Canada, Sweden, and the United States cooperatives providing day care for children are important. However, it is in Italy that we find the most established cooperative care sector. Care cooperatives attract about 13% of the total budget for social welfare. They employ around 40,000 people, and mainly take the worker cooperative form, but increasingly care cooperatives around the world are experimenting with multi-stakeholding, having workers, career professionals, and those being cared for as members.

# Mondragon:

## The Remarkable Achievement

### By Robert Gilman

The following is part of an article about a group of industrious people who have carried the process of the importance of community and of the village scale considerably further and developed a form of business that could well be the basis for a significantly new economic system.

What is the Mondragon story, and why is it so important? It has roots that go back at least into the Spanish Civil War, but we can begin in 1941 when a young Basque priest, Father Jose Maria Arizmendi came to Mondragon. Arizmendi, like most Basques, had fought on the losing republican side. He had been imprisoned as a POW, and after his release, had entered the Church. His bishop had sent him to Mondragon with the charge of tending to the young, and he began his work by teaching in the apprentice school of the Union Cerrajera, the main industrial company in town. He soon found this too limiting, and by 1943 he had opened a technical training school with the support of the townspeople. In this school, he provided his students with not only a good technical education, but also a sophisticated understanding of Catholic Social Doctrine with its emphasis on cooperation and “the primacy of labor among the factors of production”.

After continuing their education, a number of his students tried, but without success, to apply his teachings within the traditional companies where they had found work. By 1954, five of his original 11 decided to form a new company (ULGOR) where they could implement these teachings, and by 1956, after raising funds from local townspeople, they opened their factory with 24 worker-members.

Twenty-six years later, in 1982, the Mondragon Cooperative Movement had 20,000 worker-members, 85 industrial cooperatives (producing everything from machine tools to refrigerators to electronic equipment), 6 agricultural cooperatives, 2 service cooperatives, 43 cooperative schools, 14 housing cooperatives, a large consumer/worker cooperative with over forty stores, plus four second level cooperatives that provide services to the primary cooperatives. These four are a bank (Caja Laboral Popular) with 120 branch offices, a technological research institute (Ikerian), the League of Education and Culture (including a Polytechnic College, a Business School and Professional College), and a social security and medical cooperative (Lagun-Aro). During this remarkable growth they have had only one failure—a fishing cooperative.

To appreciate these statistics, it helps to see them against the usual success rates for both new small businesses and producer cooperatives in general, neither of which have been very impressive. For example, in America 80-90 percent of new small businesses fail within 5 years. The situation with producer-cooperatives, which have been tried in various forms since the middle of the last century, is more complex, but basically most have either failed through poor management or succeeded as businesses only to be bought out after a short cooperative life.

The financial and organizational structure of these cooperatives is, in significant details, different from many of the less successful British and American attempts. The essential features of their system are as follows:

- All employees and only employees are members, with a one person-one vote control of the Board of Directors (all of whom must also be worker-members).
- The Board of Directors selects the top management, which then functions in a more or less conventional way. However, the general membership also independently elects a Watchdog Council to monitor the financial performance of the cooperative and a Social Council, which deals with a wide range of personnel affairs and makes binding decisions on safety, pay scale and social welfare.
- All new worker-members must contribute (over two years) around \$5,000 to the capital of the cooperative. While this may seem like a large sum, it is still only about 10% of the capital cost of

creating the new job, and it emphasizes the seriousness with which they take their role as owners as well as workers.

- To insure a sense of equality and solidarity among all the worker-members, they restrict the range of highest pay to lowest pay to an effective ratio of 4.5 to 1. In practice this means that the lowest paid earn more than comparable workers in ordinary companies, while the executives earn less than their capitalist peers. Those managers who have grown up within the system seem to appreciate the non-monetary rewards, but this rule has so far prevented the establishment of a cooperative hospital. (The doctors aren't willing to lower their pay scale.)
- Only part of the cooperative's earnings is paid out as immediate "wages", while the rest are retained in internal capital accounts that are assigned to each worker but available to them only when they retire. They have done this in a way that allows each worker to benefit from the equity value of his or her ownership, but does not threaten the integrity of the cooperative. Unlike ordinary corporate shares, these internal accounts cannot be sold and they carry no voting rights.

At the heart of their approach is a new relationship between capital and labor, and new rules for corporate ownership. We often use the word "capitalism" very loosely to refer to some vague notion of "our system", but its essential basis is the idea that labor should be rented while those who have ownership rights to equipment (capital) should take the risks and rewards and control the decision making. If you think about this for a minute, you will see that it is absolutely backwards in terms of motivational. Given adequate equipment, the performance of a company depends entirely on the human beings who are actually doing the work. The quality of performance by a machine is relatively fixed, but the quality from a human can vary over a wide range from moment to moment. It is the humans who need to feel the direct feedback through risks/rewards and the commitment that comes through participation and control.

The second thing they have done is to create a total system—a federation with its own services provided by the second level cooperatives. In fact, they cover the whole gamut of modern economic activity—heavy industry, light industry, agriculture, retail distribution, finance, housing, education and research. The Mondragon system is not built on a few rules and principles. It thrives on an active "village culture" within each cooperative. Yet it thrives even more because they have built a supportive network of these economic "villages", and the whole network has a supportive relationship with its region.

Yet perhaps most important, they have healed the split between labor and management/ownership, thereby allowing much more balanced and holistic decision-making. Consider what happens in our system when a plant fails to produce the profit expected of it. The owners look at the situation purely in terms of the return on capital, and if they could get a better return elsewhere, they may well close the plant. The investments the workers have in their community and all the social costs of the closing do not enter into the accounting of the relative profitability of keeping the plant open. In the Mondragon system, all these factors are considered. The Mondragon worker-owners are not sentimental and they will not tolerate a non-performing business, but when a cooperative runs into trouble, they are willing to put out the extra effort to find a new and better way. If it means lower income and lower profits for a while, they—as worker-owners, the business and the community—are willing to put up with it. They can make hard choices much more creatively and with more balance than those who are locked into adversarial roles.

Their model does not cover the full spectrum of business types, but only certain medium scale businesses. These cooperatives happily coexist with a large number of small businesses and it is not clear if an international airline or a major oil company could be successfully organized on the basis of a federation of self-governing units with less than 500 members. Even for the kind of medium sized industrial business that is the normal Mondragon type, different cultural conditions may make changes in the model appropriate. The people of Mondragon have been very pragmatic and we should be no less so. Yet their model stands out as so much more effective than other attempts at industrial cooperatives that it would be wise to take their achievement as a starting point.

# The History of W.O.R.C., dba Casa Nueva

# Crew Hopes to Start Worker-Owned Eatery

By Lisa Stettler

Athens NEWS Senior Writer

What do you do when you find yourself out of a job because your employer has gone bankrupt? Many workers might grumble for a while, then look for a new job. In our teetering economy, they may or may not be able to find work soon enough to avoid welfare. But when a group of Athens residents recently found themselves jobless after the Casa Que Pasa restaurant closed, they decided to take an innovative approach. For more than two years, a core of six Casa employees (Amy Borgstrom, John Moliviatis, Scott Solecki, David Lehn, Leslie Schaller and Rob Somers) worked together like a well-oiled machine, keeping the restaurant open and functioning, despite its impending financial downfall. Their working relationships developed into close friendships.

The doors of the Casa were officially closed forever Tuesday by court order following an eviction notice from landlord Mike L'Heureaux, owner of the West State Street building which has been the home of the Casa since its opening in 1977. But, it is the strong friendship the workers developed, along with their knowledge and experience of running the restaurant they gained collectively, mixed with a desire to be their own bosses and to keep an integral part of the Athens social scene alive, that has prompted them to collectively establish a worker-owned restaurant.

Meetings and negotiations began with the landlord and the restaurant's numerous creditors, including owners of the equipment and suppliers. A formal business plan to let the restaurant reopen in its same location, under a new name and management was presented to L'Heureaux last week, who is supposed to decide today if he wants a restaurant as a tenant.

The Casa corporation, owned by Robert Moses, reportedly owes L'Heureaux \$7,000 for back rent. The workers want to divest themselves of that debt and have Moses and his attorney work out conditions for repayment, as they reopen their own restaurant. By pooling their resources the workers have about \$1,000 as seed money. Several other people in the community have pledged loans of up to \$6,000. The workers plan to take this to a local bank and get a loan. The group must cover costs of incorporation, repairs, equipment, telephone installations and advertising, for starters.

"The notion of having individuals take charge of their lives and control their economic destiny is very important, especially where private sector economic opportunities seem thin," said Marnie Shaul, deputy director of the Department of Development. Studies have shown, Shaul said, that the old "American work ethic" is still alive and well, but stifled by the current economy. The goals of the Worker Owned Network, she said, are consistent with fostering growth of initiative and self-determination. The state is encouraging "new visions" of corporate structure and its relationship with workers, Shaul said. Although the employment rate is improving, unemployment still exists, and this is prompting a new look at the previous pattern of the corporate structure, she added.

"The attitude of the employees changed. There was a feeling that it is your place and you're not just working for someone else," Borgstrom said. "It does make a difference. If the table cloths are crooked, it's 'these are my tablecloths' instead of them just being crooked."

The community will benefit from this attitude and pride workers would take in the establishment, Borgstrom said. "We like to support other local businesses, like the Cheese Barn. Our attitude would be a circular thing through the community. If we revitalize the Casa we will help revitalize Athens and the community. The Casa has been a social nerve center for years. The people here have the feeling that it's not just a restaurant." Instead it has been more than just an eating-place. The Casa has been one of the main gathering places for the social pulse and conscience of the community, serving as a meeting spot for discussing social and environmental issues, U.S. involvement in Central America and a place where money made is often donated to feed the poor and hungry of Africa and other developing nations.

# Casa Nueva Blends Best of Old Image with Plans for the New

by Lee Landenberger  
Messenger staff writer

Walking the thin line between the old and the new has become a habit for the workers who will be running the revamped Casa Que Pasa restaurant.

“We want to impress the community, the utilities and past creditors that we are definitely different,” said Leslie Schaller, interim president of the Worker Owned Network, which will operate the restaurant at 4 1/2 W. State Street when it opens sometime in September. “But we also want to keep the things that made Casa a popular place.” The restaurant’s new name, Casa Nueva, straddles the line the Network wants to walk.

“This was still a profitable business when it closed in June,” Schaller said. “We did a feasibility study and found we could still make a go of it. And we have been doing some fund-raising.” The restaurant closed in a May, after it was evicted for non-payment of rent, according to Schaller and Mike L’Heureux, of Cline and L’Heureux, who own the property.

“But I want to emphasize the positive”, L’Heureux said. “I’m all for incentive for everyone. To me, people who start with a little investment and a lot of work should become successful. That’s why I’m backing the people at the restaurant. By knowing their business, they should be successful.”

“The food will still be predominantly Mexican,” Schaller said, “but we’ll have a lot more specials at all meals. There will be more American regional foods; like during the summer months, there’ll be more seafood, plus more pasta and vegetarian food. Hopefully we’ll be able to use cheese from the Athens Cheese Barn. We’ll be more tuned to seasonal changes, and stay in the moderate price range.”

Schaller, who said Casa Nueva plans to be open seven days a week, also said the liquor license went out the door with money owed on the previous lease. “We never really made much money on liquor, but it would be nice to get a beer and wine license. If we do get one, we’d probably end up doing what we used to do, which was serve some domestic beers, but mostly Mexican.” Casa Nueva opened its doors on October 9, 1985.

# Case Study:

## Decision Making in a Worker-Cooperative

### Introduction

Casa Nueva is a restaurant corporation organized as a worker cooperative in Athens, Ohio. The business has been in existence since June 1985 when 20 employees of the Casa Que Pasa restaurant faced the prospect of unemployment when the owner of the business abandoned it due to numerous debts.

A local attorney who was familiar with both organizations introduced the workers to staff members of the Worker Owned Network (WON), and the Ohio University Cooperative Work Relations Program (CWRP). WON concentrates its efforts locally, with the goal of helping low income people buy out or start up worker-owned businesses. The CWRP is one of six state supported regional centers for labor-management cooperation, and provides facilitation and technical assistance to companies interested in workplace innovation. The CWRP specialized in the design and implementation of systems, which improve productivity and quality of work life.

Six of the soon-to-be ex-employees decided that worker ownership might serve as an effective strategy to save both their jobs and the Casa itself, something of a local institution to which many had formed sentimental attachments. After a preliminary feasibility study, which demonstrated that the business was potentially profitable in the Athens market, the eight workers and the two organizations decided to move ahead with the project.

With the assistance of WON and CWRP, the core group of ex-employees began a rigorous program of fund raising and training in both business and group process skills. They became incorporated, successfully negotiated a new lease in the space previously occupied by the old business and raised the necessary funds for renovation and inventory. The group raised a total of \$19,550 in a period of three months, largely through unsecured loans obtained from community members interested in the project. They also sponsored a successful benefit dinner and dance.

By the end of September 1985, renovation and pre-opening activities were complete. The original group of eight people hired twelve trial members to staff the restaurant and opened for breakfast, lunch and dinner October 9, 1985. Since that time, the business has experienced a high degree of success, attracting new clientele while retaining regular customers. The restaurant's gross has come in consistently well above financial projections, and the business showed substantial profit in its first complete year of operation.

The question asked most frequently is, "so who's the boss?" Although the 3 or 4 people within earshot will usually respond "we are", it is legitimate to wonder how 25 or 30 people can jointly own a business and actually get much accomplished in an efficient and timely manner. One member responds: "I reassure curious customers that, no, we don't all have to get together to decide whether to buy a bottle opener, or try a new soup recipe. Explicit parameters for decision making, and a fairly conventional management structure make it possible for everyone to have a say in the big decisions, yet get what needs to be accomplished on a day-to-day basis."

The following study will describe these decision-making processes, as well as the governance and financial policies, which the group has instituted to fit their particular needs. There is also a section that will discuss the processes the group uses to generate and agree upon these policies and procedures. The governance and financial structures of Casa Nueva are based on established models, including those developed by the Industrial Cooperative Association in Boston, the O&O Supermarkets in Philadelphia, and in a larger sense, the Mondragon system of cooperatives in Spain. However, the success of the business is largely due to the fact that these models were consciously adapted to the needs of the group, with a large degree of member input involved in development and implementation.

Another co-op member comments: "We were really fortunate in that most of the groundwork for setting up a democratic business had been done for us. It wasn't like it was in the sixties when hundreds of co-ops tried to succeed and failed due to a lack of good organization and the fact that they were so isolated. We didn't have

to re-invent the wheel. It was just a matter of picking and choosing between different models to follow. This also made it possible for us to get all of our formal structures in place before we opened – which was really important, since we sure didn't have time to formulate policy once we were open for business.”

## Decision-making

In order to expedite the decision making process, different bodies, chosen or elected to serve as managers or members of the board of directors have been given certain decision making powers. For instance, individual members usually spend money that is allotted for their committee work by the yearly business plan. The management team can spend up to \$10,000. The board of directors has the ability to spend up to \$20,000. Beyond that, the whole of membership decides on items to purchase, leasehold improvements to make, etc. Often when spending closer to their limits, a body may seek the advice and approval of membership anyway. Membership's approval is also given if their input is necessary for purchasing things like kitchen equipment that will be used by members on a daily basis.

In general, managers make the decisions that affect one day through one week of business; the board of directors does so for decisions that affect one week to one month of business and membership for anything beyond that. Members working on a shift can make certain decisions about it. If the electricity goes out, the workers can decide to close as it would be silly and inefficient to call everyone or hold a meeting before closing. Groups of members on a shift can decide to cut down the staff on extremely slow nights.

The group's meeting schedule dovetails with their decision-making system. The BOD currently meets every week, except for the week of a member meeting. At the weekly BOD meeting, the board makes decisions based on recommendations from management and committees; formulates proposals to be submitted to the whole membership; and plans the membership meeting which is currently held every other month and in emergency situations.

## Financial Structure

The cooperative follows the ICA model of internal capital accounts and patronage dividends for its financial structure. Each member pays \$1200 membership fee, which is placed in that member's internal capital account. Each year 60% of the yearly profits are distributed into these member accounts, to each individual according to percentage of total hours worked that year. Forty percent of the profit returns to the business. This financial system includes a four-year rollover period, enabling the corporation to utilize profit funds to capitalize it. Members will receive 20% of their profit dividends earned in the next 2 years and the remaining 80% four years later.

The wage and tip structure also differs from that of a conventional restaurant. Each member earns a base wage of \$4.60 an hour. Tip income is divided equally on bi-monthly basis, again according to percentage of total hours worked. All tips over the two-week period are added together then divided by the number of hours worked during that time. This is the hourly tip wage, which averages \$3.50. This is added to the base wage and the hourly wage for a worker for that two-week pay period, making the total hourly wage approximately \$7.50. Pay differentials are based on total number of hours worked. After working 2,000 hours, a member receives a \$.10 increase on the hourly base wage and every 1,000 hours after that, receives another \$.10 on the hourly base wage. There have been times in the past when the base wage has been raised \$.25 an hour across the board. This system has proven successful in encouraging job rotation and discouraging hard feelings between kitchen workers and wait staff, who in most restaurants receive extremely disparate wages.

The original group could be most accurately characterized as diverse when they first met with Roger Wilkens of CWRP, and Marty Zinn of WON in June of 1985. They came from vastly different backgrounds, were attracted to the notion of being a part of a worker cooperative for many different reasons, and had previously been united only in a common dislike for an exploitive and inept employer. Members agree that the



training in “group decision making”, facilitation, conflict resolution and cooperative structure received from CWRP and WON was invaluable in acquiring the necessary skills to function as team players.

## Cooperative Process

An important first step in this process was a session facilitated by Wilkens and Zinn in which the group generated and agreed upon a set of “ground rules for cooperation”. In this session, group members were asked to examine their individual and collective experience focusing on the role of “power plays”; the strategies people use to get their own way.

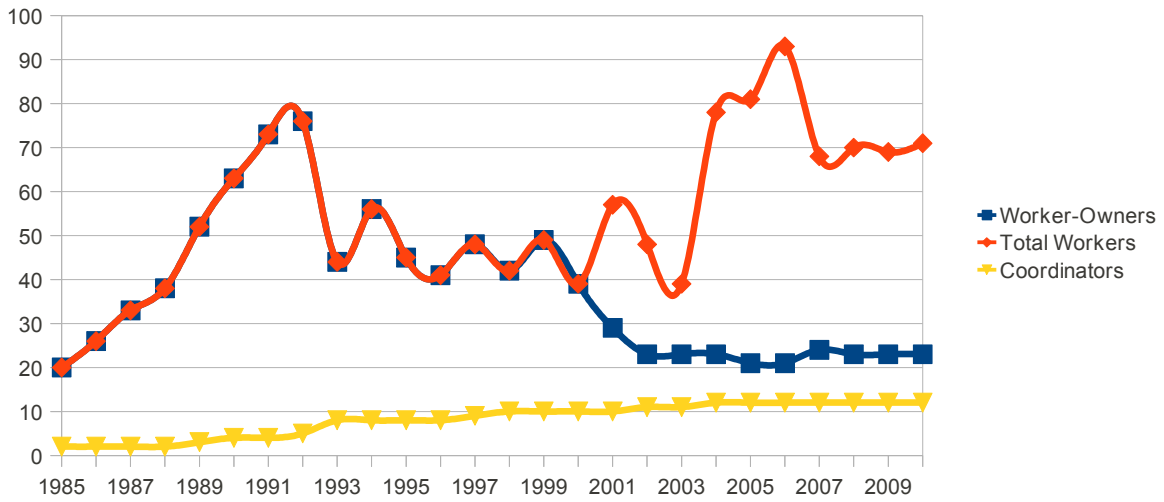
The group discussed power plays as culture-bound phenomena, and then openly addressed ways in which they individually felt they had been both victim of and perpetrators of power plays such as avoidance, intimidation, martyrdom and sabotage. Some of the ground rules subsequently agreed upon include open communication, equal rights, knowledge of one’s limitations, recognition of a job well done and in general a conscious awareness of the negative impact of power plays, as well as the conscious utilization of strategies for avoiding power motivated behavior.

One member comments: “I think this difficult session was an important first step in our becoming a smoothly operating co-op, although I remember the day after the session I was a little disconcerted by the frequency with which I was called on my own power plays! The session helped us all to understand some important differences in working in a cooperative setting, and showed us how some of the benefits and responsibilities of such a situation fit together.”

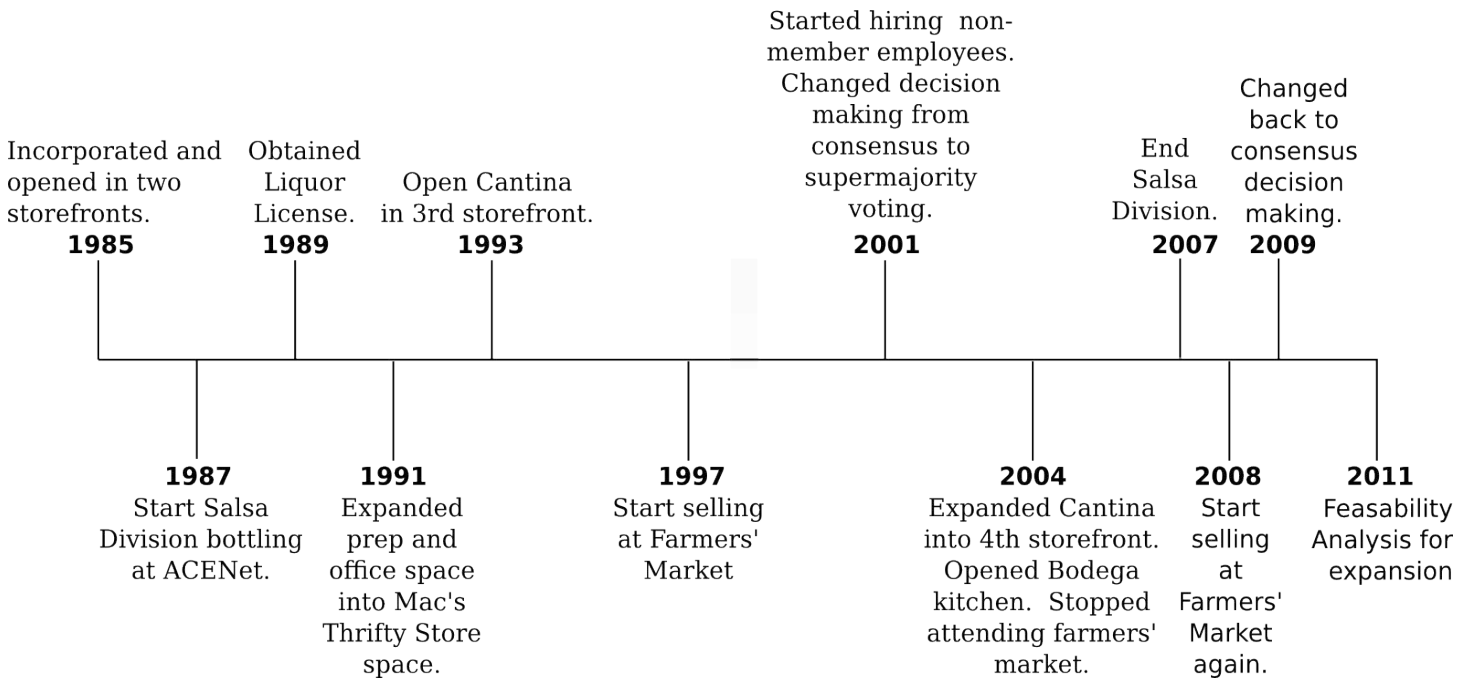
The process used for group decision making both on the board and the membership levels is identical to that used to generate and approve the cooperative agreements, which include the governance and financial policies outlined above. It is basically a proposal-consensus process. The group has found that allowing for adequate member input before a proposal is drafted is essential for its eventual approval. Opportunities for input are major components of member meetings. The presence of non-board members on committees also facilitates smooth operation of the process.

Once a proposal is presented to the board or membership, time is allowed for questions, discussion and some attempt at resolution of conflict before going around to each person for qualified or unqualified approval. One of the original core group of members says: “When we go around for consensus, a question we ask a lot is ‘I know it’s not perfect, but can you live with it?’”

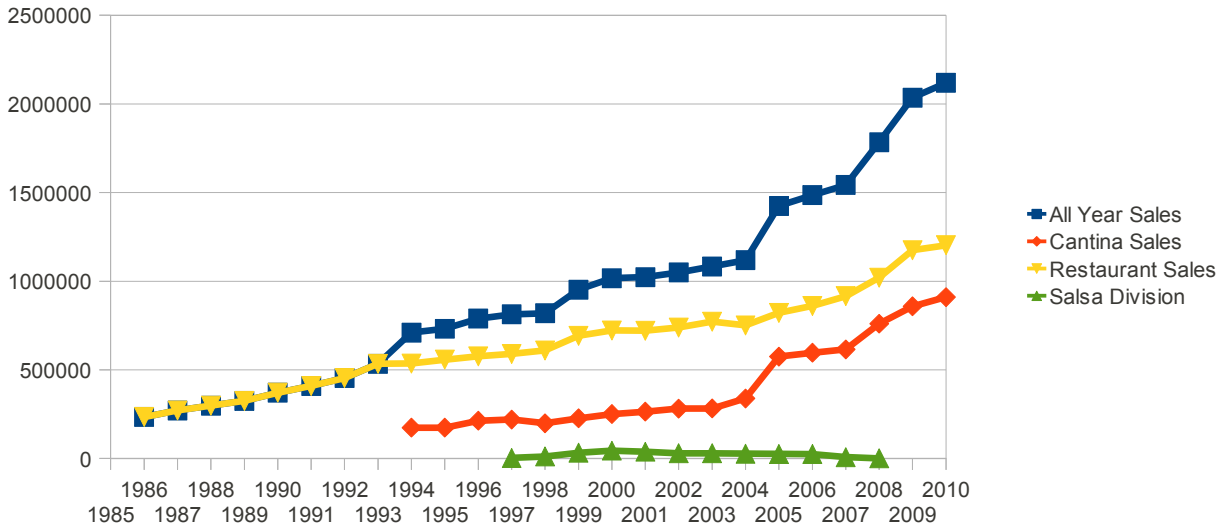
## Human Resource Growth



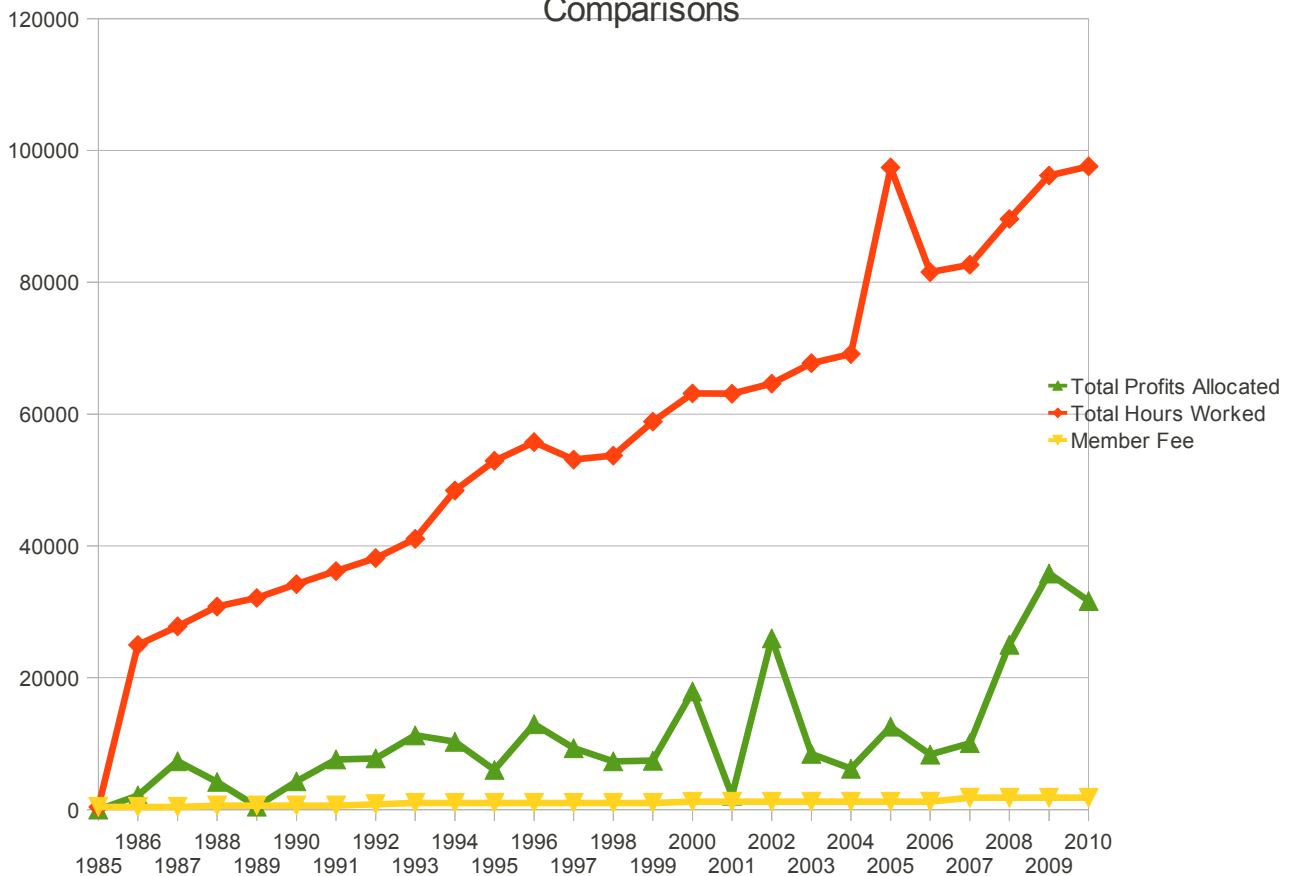
## History Timeline



## Financial Growth



## Comparisons



# Joining the Co-op

## Hiring Associates

In the fall of 2000, Casa deemed it necessary to hire associates due to the growth of the business. The process for hiring did not change.

- Associates are selected on the basis of a dual criterion: how they meet the restaurant's needs and how they may meet the potential of becoming future trial members.
- The Human Resources Coordinator or the management team first identifies the restaurant's need for a new associate.
- A one-year commitment is expected from associates.
- Fair hiring practices as per corporate by-laws will be followed, i.e. no discrimination on the basis of race, sex, age, religion or sexual orientation.
- Applications will be accepted for a reasonable amount of time in order to be able to hire, post and train before the person is needed on shift.
- The hiring team will choose the number of applicants to be interviewed for any one opening.
- Applicants will be screened by membership. The interviewee(s) application(s) chosen by the hiring team will be posted for three (3) days.
- The Human Resources Coordinator and two other members of the Hiring Team will conduct interviews. One member should have experience with conducting interviews with our organization; the other member should have no experience or little experience with interviewing.
- One member of the interviewing team will check references.
- A standard question format will be used for interviewing purposes.
- A formerly designated member of the hiring team must notify interviewees promptly as to membership's decision. Interviewees whose applications will be kept on file must also be so notified.

## Trial Members

**Definition:** A Trial Member is an employee who was a past associate who has decided to take the member path. The trial member period lasts for at least three months before he/she can go up for membership.

As an associate enters the trial member phase, he/she could think of the experience similar to that of the college career. In order to earn a degree, a student is required to accumulate a certain amount of hours. He or she must also fulfill certain requirements. And, of course, that person must perform well in his/her classes. Before graduating, the student applies for graduation. To make the analogy complete, a Casa trial member must be with the cooperative a certain amount of time: the trial period must be at least three (3) months. The evaluations can be considered grades in college. Once an associate has received generally positive evaluations, is deemed good at the jobs that he/she has attempted, is deemed acceptably cooperative and business-minded and is within the time frame required for application to membership, that person may then apply.

## **Process to Membership for Associates**

- The Associate writes and posts a letter of intent to apply for Trial Membership. The letter of intent should include a commitment to fulfill two years of work in the cooperative and a description of why they want to become a Member. The letter of intent should also detail the Associate's suitability for Membership, including job proficiency, committee participation or other relevant information. The BOD will schedule an interview at a future Board meeting, allowing for a seven day posting period.
- The BOD interviews the applicant and makes a recommendation to Membership. If the Associate does not receive a recommendation from the BOD, a Director will meet with the Associate to explain the decision. The Associate may continue the process with or without a recommendation from the BOD, but the consensus of the BOD is generally seen as a good gauge for how membership will respond as well.
- At the next member meeting, Membership will interview the Associate. The interview begins by the Associate reading their letter of intent or by making a statement. HRC2 will review their most recent evaluation. Then time will be given for the Associate to comment about the evaluation as well as for membership to ask questions about it or anything else they would like to ask. Once membership has asked their questions, the Associate will be given time to make a closing statement. The Associate will then leave the room while membership considers the BOD recommendation, has discussion, and votes. Membership must approve the application by consensus. If approved, a Buddy will be assigned to the new Trial Member.
- If an Associate is rejected from Trial Membership, one of the HR coordinators will meet with the Associate to explain the decision. The Associate may choose to begin the process again after six months and another evaluation.
- The Trial Member and the Buddy will work together to fulfill the requirements as outlined in the Trial Member Record. Any Worker Owner present at the meeting, workshop or orientation may initial the Trial Member Record to attest to the Trial member's attendance.
- The Buddy will also make sure the Trial Member has a copy of the Member Handbook and reviews the Cooperative Agreement.
- The Trial Membership phase will last a minimum of three months. If the Trial Phase has lasted six months, the BOD will review the applicant's status.

**When the Trial Member has completed all of the Trial Member Record requirements:**

- The Trial Member writes and posts a letter of intent to apply for Membership. The letter of intent should restate their reasons for wanting to become a Member as well as depict the lessons learned during Trial Membership. The Buddy will also sign the letter, signifying his or her recommendation of the Trial Member to Membership. The BOD will schedule an interview at a future Board meeting, allowing for a seven day posting period.
- The Trial Member's Buddy will attend both the BOD interview as well as the Member meeting at which the Trial Member will be interviewed. The Buddy will present the Trial Member Record and Trial Member Evaluation at both meetings.
- The BOD interviews the Trial Member and makes a recommendation to Membership.
- Membership will then interview the Trial Member at the next member meeting. The Trial Member will read their letter of intent or make a statement, after which members will ask the Trial Member questions. The Trial Member Evaluation will also be reviewed. The Trial Member will leave the room while membership reviews the Trial member Record, has discussion, and considers the BOD recommendation. The Buddy will lead the discussion.
- Upon a consensus approval by Membership, the new Member will have immediate voting rights. The Buddy will present the Cooperative Agreement for the new member to sign.
- The new Member will begin paying their Member share beginning the next pay period.
- If a Trial Member does not get voted in, they will retain Associate status. They may apply for Trial Membership again after six months and another evaluation. The Buddy will meet with the Trial Member to discuss Membership's decision. Membership may also choose to extend the Trial Phase, giving the Trial Member specific criteria to fulfill.

## **The Trial Member Buddy Role**

The Buddy of a Trial Member should be a tenured member who has the time and dedication to nurture the Trial Member during the trial phase. The Buddy will advise the Trial Member and assist with fulfillment of the Trial Member Record requirements.

### **Trial Member Buddy responsibilities:**

- Meet with the new Trial Member shortly after approval. Get a copy of the Trial Member Record and go over it with them. Make sure they understand all of the requirements.
- Give the Trial Member a copy of the Member Handbook. It may be a hard or digital copy depending on the preference of the Trial Member.
- Assist the Trial Member with scheduling workshops and orientations. If needed, the Buddy should communicate with the relevant coordinators on the Trial Member's behalf to make sure they're aware of the need to schedule the required workshops and orientations.
- Schedule check-ins with the Trial Member every four weeks during the trial phase. Make sure that all information has been recorded on the Trial Member Record. Use the check-in to monitor the Trial Member's progress as well as a time to answer questions or be a sounding board for the Trial Member.
- Prompt the HRC 2 to schedule an evaluation six weeks into the trial phase. Attend the evaluation with the HRC 2 and the Trial Member. Create a plan to help them improve in the areas in which they received low scores. Schedule a follow up evaluation as part of this plan. The trial phase may be extended to accommodate this circumstance with the approval of the BOD.
- The Trial Membership phase will last a minimum of three months. If the Trial Phase has lasted six months, the BOD will review the applicant's status. The Buddy will be present at this review to support the Trial Member.
- When the requirements of the Trial Member Record have been met, help the Trial Member draft their letter of intent to become a Worker Owner. The letter of intent should include a commitment to fulfill two years of work in the cooperative, a description of why they want to become a Member, and details about what they have learned during the Trial Phase. Sign the letter of intent to attest the Trial Member's readiness for ownership.
- The Buddy will attend the BOD interview and the member meeting interview. It is the buddy's role to discuss the trial phase and be available for questions during these interviews. The Buddy will also provide the Trial Member's evaluation for review.



# Trial Member Record

Trial Member:

Buddy:

**Evaluation:** 6 weeks into trial period

date completed & initials:

**Meetings** (attend at least 1 of each)

Board of Directors	date completed & initials	_____
Coordinator Team		_____
Governance Committee		_____
Finance Committee		_____
Marketing Committee		_____
CDC		_____
FOH		_____
Cantina		_____
Scheduling		_____

**Member meetings:** 3 required

date completed & initials: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Orientations

Food	date completed & initials:	_____
FOH		_____
SYOPS		_____
Cantina		_____
Hiring Team		_____
Evaluation Team		_____
Accountability Team		_____

## Finances

Workshop #1	date completed & initials:	_____
Workshop #2		_____
Workshop #3		_____
Workshop #4		_____

## Cooperative Education

Open Communication	date completed & initials:	_____
How to Write a Proposal		_____
Meeting Facilitation/Consensus Process		_____

**Buddy Check-in:** Every 4 weeks during Trial Phase

Date:

Comments:

Date:

Comments:

Date:

Comments:

**(attach additional pages as needed)**

# Our Cooperative Culture

# Establishing Ground Rules for Cooperation

Cooperative Business Center Cooperative (CBCC)

Training Publication

Series #8

ACEnet – 1989 – Athens, Ohio

Process: establishing ground rules for cooperation

## Process: Establishing Ground Rules For Cooperation

Ground rules for cooperation form the basis for cooperative interactions in the group. They are the mutually agreed upon guidelines for moment-to-moment, face-to-face interactions. They develop by identifying habitual non-cooperative behavior (power plays), and increasing awareness of existing cooperative behaviors.

The first step is to provide examples of power plays. A power play occurs when one person attempts to control another's behavior, or manipulate a situation to get his or her own way. Examples are rigidity, all-or-nothing, intimidation, defensiveness, guilt tripping, copping out, martyrdom, causing a crisis and sabotage.

Next, each individual in the group identifies the power plays that they use most frequently. Finally, each person identifies how they would like to be called on their use of power plays, and the whole group makes agreements to help each other "unlearn" these habitual behaviors.

The next part of the Ground Rules process is to increase awareness of cooperative micro-behaviors and the principles that underlie them. These are described in detail in the Ground Rules document, which each group mutually creates and agrees upon.

## Examples: Generic Ground Rules For Cooperation

### 1. Avoid Power Plays

We agree to cooperatively work out our differences rather than try to get our own way through power plays.

To do this we need to learn to recognize power plays, confront people when we see them using power plays and establish cooperative strategies to resolve conflicts and solve problems.

Examples of power plays we agree to confront are: rigidity, all-or-nothing, intimidation, defensiveness, guilt tripping, copping out, martyrdom, causing a crisis and sabotage.

We agree to use the following process for confronting a power play:

- Say how you feel
- Describe the behavior and the power play
- Recall the group agreement to work cooperatively
- Suggest a next step for cooperative resolution

## 2. Open Communication

We agree to freely share our feelings, needs and constructive criticism rather than have personal secrets or group issues that are not discussable.

This does not mean the group has to talk about everything, but it does mean recognizing these things that relate to the success of our business and the health of our group. Open communication requires us to:

- Share our feelings so that anger and resentment don't build up
- State our needs so that agreements can be worked out to meet everyone's needs (those of the less assertive as well as the assertive).
- Offer constructive criticism to clear up misunderstanding, to recognize problems in how the group is working and to help the group learn from their experience.
- Share affirmations with each other in order to build individual and group pride in our work.

## 3. Equal Rights

We agree that everyone's opinions are equally valued and that everyone's needs deserve equal consideration.

We recognize that everyone's needs are not the same. Equal rights do not imply that everyone gets exactly the same portion or treatment, but that an effort will be made to work out fair arrangements.

Whenever there seems to be less than enough of something needed, we agree to cooperate in order to find more compromise, or to find some other creative solution.

# Casa Nueva's Groundrules for Cooperation

The original eight owners at Casa Nueva drafted the first three groundrules listed below. A year later, the then 20 owners realized they needed a little bit more guidance, and numbers four through nine were added. The groundrules have not been tampered with since. We keep these groundrules posted where we can see them while we work, and we point to them often in order to help encourage each other down the cooperative path.

## Groundrules for Cooperation

1. Open Communication—Practice open communication. Protect the rights of others and be a good listener. Everyone has a right to his or her own opinion. Think about individual and personal factors. Be flexible enough to perceive where the other person is coming from. Use your powers of patience and compassion when communicating. Regularly scheduled hypes and gripes sessions are a forum for the expression of feelings. Feedback is important.
2. Avoid Power Plays—Avoid power plays such as “all or nothing,” copping out, intimidation, rigidity, self righteousness or martyrdom, lying, sabotage, creating a crisis, or acting defensive. When power plays occur, make sure they are defined and worked through as soon as possible.
3. Equal Rights—Remember that everyone is equal. There are no bosses here. Work to avoid behavior based on hierarchical models positionwise, personalitywise, or shiftwise. And the wiser we will be.
4. Participation—Participation is a responsibility of all co-op members. Involvement in the decision making of the co-op as well as restaurant operations is encouraged. In decision making all opinions must be considered with respect. Efforts should be made to find common goals. When necessary, try to compromise in such a way that everyone’s needs can be met.
5. Positive Attitude—Develop a positive attitude toward and take pride in your work. This attitude will communicate itself to both customers and co-workers. This is especially important for wait staff, who function as PR representatives for the business.
6. Know your Limitations—Be aware of your own and others’ limitations. Don’t take on responsibilities you can’t handle, or more work than you are capable of. Don’t hesitate to ask for help when you need it, and don’t wait until it’s too late and you’re swamped.
7. Dealing with Conflicts—When you are having a problem with a co-worker, deal with that person directly, and as soon as possible. Don’t allow tension to grow.
8. Acknowledgement—Acknowledge and praise a job well done. Offer support and constructive criticism when needed, and right away.
9. Personal Responsibility—Remember that your job performance reflects on every other member, and in our collective income. Make it a point to be aware of your own work responsibilities such as your schedule, job description, side work, etc. Be on time. Furthermore, develop an awareness of the “big picture” as well as your own job description. Be willing to step out of your job description when necessary to make co-workers’ jobs easier, or to contribute to more efficient operations.

# Roles in a Worker Cooperative

## Cooperative Business Center Cooperative Training Publication

### Series #15 ACEnet 1989

#### Introduction

Members of worker cooperatives must play several different roles in their business, possibly as many as four: Member shareholder, director, manager and worker. Everyone will play at least two roles: worker and member-shareholder. One of the most important things to learn for successful co-op membership is to understand these different roles and the relationships between them.

#### Member-Shareholder

Every worker-owner is a member-shareholder in the business. The group of member-shareholders of a corporation is its ultimate authority.

State law gives members the right to make the most important decisions about a business: concept and purpose, purchase or sale of major assets, merger or dissolution, size and selection of the board of directors. Many worker cooperatives also give to members the right to approve business plans and changes in personnel policies. Some co-ops even give members the right to hire and fire other worker-owners.

However, these decision-making rights can only be exercised as a whole group and never by an individual member alone. Members elect a board of directors to watch over the affairs of the corporation in the interest of the group of member-shareholders. If the board as a whole, or if any individual board director does a bad job, the membership has the authority to recall them and throw them out of office.

#### Board of Directors

The board of directors' role is to see that the business is run in such a way that the goals and purposes set by the membership are carried out. This means that the board must set policies and procedures within which the business must be managed, and then monitor whether these are being followed. The board is accountable to the membership for these responsibilities, and is legally liable by state law for fulfilling these duties in the interest of all members.

The board is also responsible for developing a yearly plan for business growth, hiring and firing managers (who are sometimes also worker-owners) and keeping an eye on finances. The board directs managers to conduct the business according to their policies and procedures. If the managers are doing a poor job, the board may replace them.

Again, board decisions can only be made by the group of directors and never by an individual director alone, unless the group has given specific authority for it.

#### Manager

Every business operation is complex. It requires the juggling of many pieces: materials and products/services, money in and out and people (both customers and workers). Because all these pieces are not always happening at once (and sometimes not even in the same place), it is very difficult for workers to both do their own job and keep up with what needs to happen with all the other pieces. This is why all but the smallest businesses need one or more managers.

The role of a manager is to see that the business is conducted according to the direction of the corporate board, and that it operates as well as possible on a daily basis. This means seeing that all the pieces are present and functioning in just the right way at just the right time. It means carrying the full responsibility to solve any problems that come up. It means working long hours, filling in on the job when a worker isn't there and thinking about (often worrying) about the business even when off duty.

A manager is also responsible for keeping many operating and financial records so that she or he can give accurate information to the board of directors and can draft realistic proposals for business growth. A manager takes direction from and is accountable to the board of directors. A manager must agree to be directed by the BOD of the corporation.

## Worker

Everyone starts out first as a worker, except for the founding members who form the corporation and its first business plan and policies before they began operating the business as workers.

The role of a worker is to do the day-to-day job as well as possible. This means starting on time, following instructions carefully and working quickly and accurately until the job is done. It also means noticing what needs to be done even if it is not an assigned job, cheerfully helping co-workers and asking for help when needed.

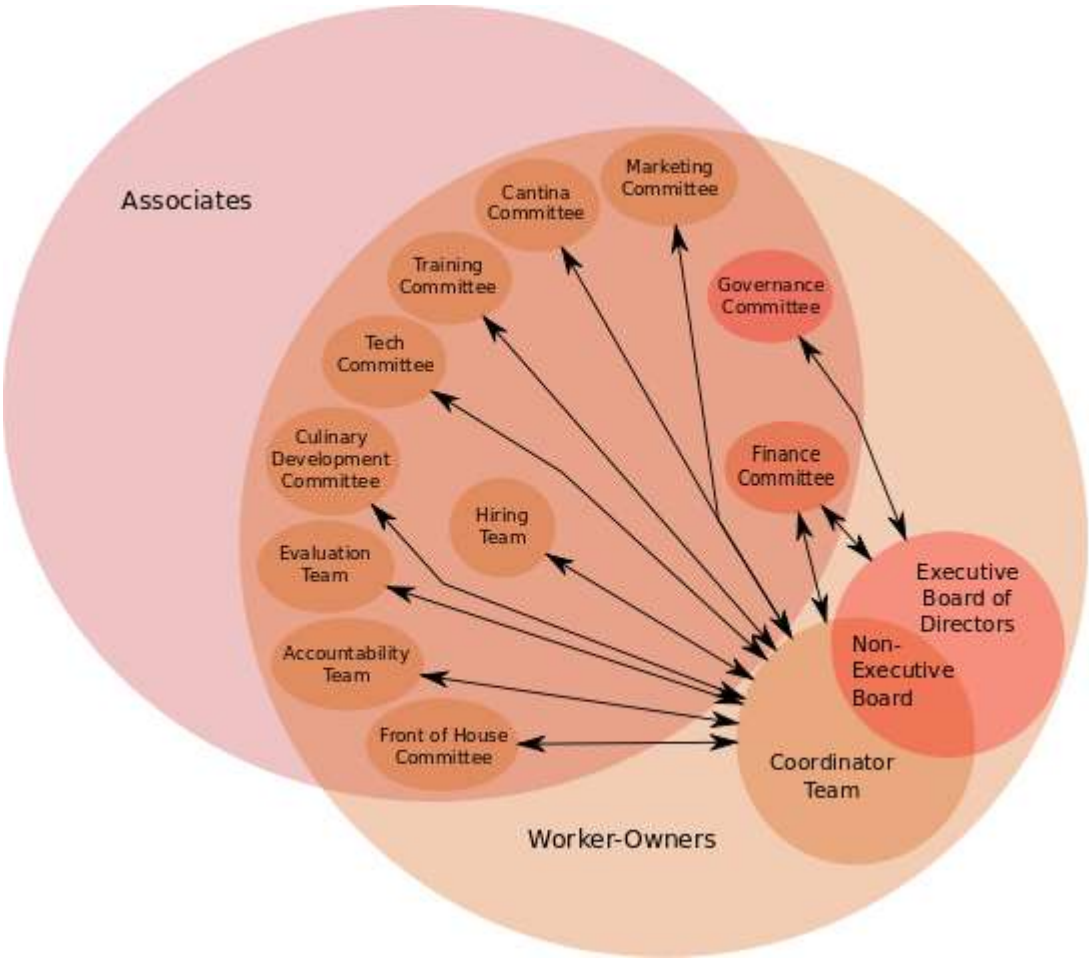
Being a worker requires the ability to take direction from and report to management. Being a good worker requires an explicit agreement to be managed on the job.

## Roles at Casa Nueva

At Casa, we only buy into a portion of what the CBCC outlined above. Our Board of Directors is basically what was described above. Because we're a worker-cooperative, not a user or producer cooperative, we call our member-shareholders worker-owners, but the definition above still holds mostly true. The biggest divide comes at the manager and worker level. At this time, Casa does not have managers, we have coordinators. One could use the description for manager above to describe a coordinator, but we don't like the emotional response that we get from the word manager. It connotes an authority figure lording over you, bossing you around, and not doing much actual work. At Casa, we strive toward keeping every owner also as a worker; every director also a worker; and every coordinator also a worker. We work to truly embody equality by striving for the least hierarchical and least stratified structure possible. Like we said in our groundrules for cooperation, there are no bosses here, but this does create some interesting challenges. Coordinators try to keep things running smoothly by creating clear expectations through writing good policy and procedures and leading by example instead of lording and bossing. And workers are expected to be self-managed and find their own most efficient and pleasant way to live up to those expectations. Workers are allowed to find their own way, but there are still job descriptions to fulfill, policy to follow, and someone coming in after you that needs to be happy with the way you've left things. At Casa, we use the word, worker, to refer to anyone who does shift work. We use the word, associate, to refer to workers who are not owners. Coordinator position and seats on the Board of Directors are only open to owners, but coordinators lead teams on which associates may serve. Our Art Curator position is also open to both worker-owners and associates. Coordinators are hired by membership. The Board of Directors is elected by membership. The Art Curator and non-coordinating seats on teams are hired by the Board of Directors. All meetings are open, and all workers are encouraged to attend. On the next page, you will find a venn diagram of our cooperative structure, the best one we've come up with so far. You will find more detailed information about the responsibilities of each of these roles in the section titled 'Working Structure'.



# Our Structure



# Self-Management

The concept of self-management is paramount to any cooperative workplace, so in 2010, the worker-owners Casa Nueva wrote the following definition to encapsulate what self-management means to us. . .

**Self-Management** is the art of autonomously recognizing what needs to be done, combined with the initiative to work cooperatively, in order to best meeting the collective needs of yourself and the cooperative.

## Tips on how to be better self-managed:

Take advantage of the training opportunities available.

- Attend meetings (member, manager, board, committee)
- Attend workshops
- Ask questions to those with more experience
- Read literature pertaining to restaurant business, cooperative skills, understanding finances, etc
- Take classes at Ohio University or Hocking College on anything that would pertain to our business
- Learn about other cooperatives

Be aware of what the restaurant and cooperative are doing.

- Check daily sales and cash flow
- Attend meetings and/or read minutes
- Talk to the board members or members of the management team
- Read postings daily – know when meetings are, who's resigning, what type of information gathering is going on
- Check your mailbox regularly

Respond promptly to information gathering.

- Surveys
- Schedule requests
- Input for policy changes

Be punctual for meetings, shifts, evaluations, workshops, etc.

Be professional.

- Give good service, make good food, clean those dishes
- Be friendly

Be a leader.

Be an owner, or just act like one

- Be aware of cash position
- Be careful with portions, hours, supplies, etc
- Work efficiently
- Take responsibility. . . don't always try to figure out who's responsibility something is

# Decision Making Process

In 1985, Casa Nueva began with the consensus decision-making process. Consensus is said to be the most democratic form of decision making in that it seeks to promote complete equality by giving each member an equal share in the decision making power. Each member has the power to block a proposal alone, but consensus decision making is a collaborative process that aims to minimize competition, replace debate with dialogue, and resolve all concerns. It requires a commitment from each member to open communication and conflict resolution.

From 1985 to 2001, Casa showed signs of success, growing in sales each year and undergoing two expansions. In 1991, membership reached it's peak at 71 owners. Around the turn of the century, membership was hovering between 40 and 50 owners. Casa-trons got over worked and started losing capacity for cooperative communication. Interpersonal relations between owners became strained and power plays abounded at meetings. Some blamed these hardships on consensus decision making, saying it was too difficult and time consuming for our growing group. They wanted something quicker and easier, but they also wanted something that could still envide the cooperative spirit. In 2001, a proposal titled the Structural Cooperative Initiative was drafted and consensed upon. This initiative allowed Casa to hire on staff as employees, or associates, of the cooperative that could just work without going down the path to membership. This proved useful in a college town full of students looking for meaningful and humane employment without a long term commitment. The Structural Cooperative Initiative also changed the decision-making parameters from consensus decision making to a super-majority system. Casa-trons referred to this system as modified consensus, because they chose to keep the "ways to vote" that were used with the consensus system. Casa operated with this super-majority system from 2001-2009. That system is detailed in the following section.

In 2009, Casa began attending the Eastern Conference for Workplace Democracy again and a revival of our cooperative roots got underway. Super-majority decision making is a good second choice to consensus, being the second most democratic of the decision-making procedures with which we are familiar, necessitating 76% approval to pass a proposal, but this still leaves the potential for 24% of membership to be left totally out in the cold with no chance of getting their concerns addressed. In May 2010, the then 24 members switched back to consensus decision making with a consensus minus one fall back that can be used on the third try. We are in the process of a lengthy and thorough evaluation of this process. More information on consensus follows the super-majority section. For more detailed information, check out the following resources. . .

- [On Conflict & Consensus: A Handbook on Formal Consensus Decisionmaking](#) by C.T. Butler & Amy Rothstein.
- [Consensus: A New Handbook for Grassroots Social, Political, and Environmental Groups](#) by Peter Gelderloos.
- [Consensus-Oriented Decision-Making: The CODM Model for Facilitating Groups to Widespread Agreement](#) by Tim Hartnett.
- [Come Hell or High Water: a handbook on collective process gone awry](#) by Delfina Vannucci & Richard Singer.

## Decision Making

You haven't really made a decision until you've answered:

What (exactly) did we decide to do? (concrete tasks)

Why are we doing this? (relate to your purpose)

How will we do it? How much will it cost? (time, money, energy)

Who is responsible? Who is going to do the work?

Where are we going to do it?

When will it be started, completed? (times, dates)

How will we evaluate it?

## Modified Consensus Procedure

A proposal must have at least 76% in favor to pass. Twenty-five percent of membership can stop a proposal. A second meeting will be scheduled if a proposal does not pass in the first meeting. The proposal then requires at least 51% of membership voting in favor. Fifty percent of membership can stop the proposal.

### The Voting Process

State the proposal. (must be written out)  
Group asks clarifying questions, "Would this mean that...?"  
Discussion. Draw out people's feelings, pros and con's  
Integrate changes, friendly amendments  
Suggest creative alternatives if there are objections  
    If there are no (more) (major) objections...  
Repeat final proposal  
Test for modified consensus

If there are no objections stated, but you sense reservations, insist on bringing up tensions within the group, and explore the issue further. Obviously, if many people are not supportive, it may not be a viable decision anyway.

### Objecting to a Proposal

It is the responsibility of the person(s) who objects to a proposal to suggest alternative solutions, not of the person who already did their best on this proposal. If, after you've tried your best, you still cannot support the proposal; there are several ways to express your objections.

**Stand aside.** "I personally can't go along with this, because I think it is a bad decision or I have a personal bias, but I won't stop others from doing it."  
This vote is counted in quorum.

**Dissenting vote/non-support/no vote.** "I personally can't go along with this decision at all and my vote will be cast as dissenting."

**Withdrawal: Leaving the group.** This action takes that member out of quorum and the vote entirely. The Member must submit a written notice of his or her intent on remaining in the co-op prior to being recognized as a part of quorum the following meeting.

# Member Meeting Consensus Decision Making Policy May 2010

Member Meetings will be called in accordance to the WORC By-laws, Article IV, #'s 1 – 4. Quorum consists of a majority of Membership, Article IV, # 5. A decision will be made with the unanimous approval of all members in attendance. If consensus is not achieved at the first meeting, we may try again at a second meeting. If consensus is not achieved at the second meeting, we may try again at a third meeting, using consensus minus one, necessitating approval by all members present minus one.

Note: WORC By-laws, Article IV, #7.

All proposals or motions must come to the member-meeting floor as defined by the following process:

- ❑ Any decision must be presented to the group as a proposal
- ❑ All proposals are brought to the floor by one of the following: The BOD, the CEO (President of the BOD) or 25% of Membership. Note: Article IV.
- ❑ All proposals or motions will state the following: “It is proposed to the members of the WORC, as presented by \_\_\_\_\_ on \_\_\_ (date) \_\_\_ with (without) the approval of \_\_\_\_\_ the following:”

The names of those drafting the proposal shall be listed on the proposed document.

## The Voting Process

1. Members of the authoring committee of a proposal present that proposal to membership.
2. Group asks clarifying questions, “Would this mean that...?”
3. Discussion. Draw out people’s feelings, pros and con’s.
4. Formally ask for concerns. Have a scribe write them on a flip chart or dry erase board.
5. If there are no objections stated, but you sense reservations, insist on bringing up tensions within the group, and explore the issue further. If many people are not supportive, it may not be a viable decision anyway.
6. Address each concern line by line. Suggest ways in which your concerns could be alleviated.
7. Proposals that raise serious concerns may need to go back to committee for the authors and people with concerns to work things out.
8. Repeat final proposal.
9. Test for consensus. Are we ready to vote? Have all major concerns been addressed/alleviated?
10. Formal call for consensus. Does the proposal pass?
11. Formally state reservations and concerns of stand asides and dissents for the minutes.

## Ways to Vote

(These should be indicated just before the go-around.)

- ❑ **Agreement/approval/support**
- ❑ **Reservations:**

“I still have mild concerns or skepticism, but I wanna give it a try.” or “There are parts of this proposal I would've liked to have changed, but I can live with it.”
- ❑ **Stand aside:**

“I personally cannot go along with this, and I don't want to be involved in the implementation of this plan, but I don't feel the need to hold everyone else back.” Or “I have a conflict of interest and/or feel somehow unqualified to make this decision, and I don't want to have an affect on this decision.”
- ❑ **Dissenting vote/Non-support/“No” vote:**

“I do not agree that this decision should be made and my vote will be cast as dissenting. This proposal goes against the core values of the group or myself as an individual.”
- ❑ **Proxy votes:**
  - **Non-present members may cast a written vote only for the BOD electoral process prior to the member meeting.**
  - **All proposed decisions will honor the right of non-present members and trial members to be heard with a written statement and their non-binding vote read aloud during discussion. These proxies will not be counted as a part of quorum or as an official approval or dissenting final vote.**

Dissenting:

- ❑ If there are dissenting votes during the straw poll (show of hands vote), the facilitator may call for a formal go-around. Each member or trial member may state his or her opinion, rationale, and intended vote.
- ❑ After the end of the go-around the facilitator asks for changed binding votes to determine if dissenting votes remain. If they do, the proposal can be dropped, taken back to committee to further work through dissenting concerns, or the formal call for consensus can be made. If there is only one dissenter and s/he seems unwilling to work through his/her concerns, the call for consensus can be made again at a second and third member meeting, using the consensus minus one fall back on the third try. If the lone dissenter is not able to rally others to his/her side, then the argument is deemed non-convincing or non-viable, and the proposal passes.

If the proposal is defeated, the originating body (BOD, President or a group of 25% of membership) can bring the proposal back to the floor of a future member meeting, with or without changes, after a waiting period of at least six months. At this time, the process for quorum and voting may be repeated.

Board of Directors Elections:

- ❑ The BOD will be elected by a secret ballot during the specified annual member meeting, special member meeting or regularly scheduled member meeting for filling vacant seats.
- ❑ A Quorum is needed to proceed with the vote, however all present and non-present members have the right to vote in BOD elections.
- ❑ The absent member must submit a sealed ballot with his or her name and the date on the envelope to the Governance Committee prior to the vote. Anonymity will be preserved.
- ❑ Each candidate member must obtain 51% of total membership votes to be elected.

# How to have a good meeting.

Three keys to good meetings.

## 1. Good planning.

- Plan and post the agenda at least one week in advance to allow everyone time to see the posting and reflect on the items to be discussed. Include times and what you would like to get out of each item (i.e. brainstorming, discussion, decision).
- Schedule breaks into the meeting.
- Set the meeting for a time when everyone can come and at a place that is comfortable and accommodating for the size of group you expect.
- Post the agenda where everyone can see it during the meeting.
- Get to the meeting space early. Rearrange the furniture so everyone can see each other. Set out water, scrap paper, and pens. Get a dry erase or chalk board ready for the scribe.
- Presenters, be prepared to present. Bring hand-outs or visual aides that will help keep people's attention.

## 2. Good facilitation.

- Choose a strong facilitator who has attended facilitation training.
- Have the facilitator and presenters meet before the meeting so that everyone understands the purpose of each agenda item and what each person might need from the other(s).
- Start the meeting on time.
- Encourage everyone to speak.

## 3. Good participant behavior.

- Arrive on time.
- Stay for the entire meeting.
- Pay attention. Hand work is okay. Reading a book is not.
- Turn off your cell phone.
- Do not participate if you are intoxicated or very sick.
- Accept Process Roles.
- Support the facilitator by observing the process.
- Review any materials that were distributed before the meeting.
- Speak concisely and to the point.
- Don't engage in side conversations.
- Distinguish between your individual interests and the needs of the group.
- Be willing to ask for process time if personal issues with other members are unduly influencing your ability to make a decision.
- Once the group has reached consensus, accept and support the decision.

# Creating an Agenda

When setting an agenda. Consider these factors:

- Cover current topics
- Prioritize the agenda items. Be sure we are not putting something on the back burner that needs our attention now.
- Be sure to include committee and manager reports in member meetings.
- Time each item on the agenda
- Do not put two big major, emotionally draining items back to back. Also, don't put two lighter topics next to one another. Try to spread things out.
- Try to include different types of interaction. Such as go-rounds, small group to large group, role-playing, etc. Make the meeting interactive and fun if possible.
- If the meeting is going to be long, be sure to schedule a break and possibly provide some refreshments.
- Include some type of stress relieving exercise or cooperative activity before the meeting to get the participants psyched up for the meeting.
- Be sure that everyone has materials in ample time to prepare for the meeting.

## Roles for the meeting

- ❑ **Facilitator-** The servant leader for the meeting. Someone who is not deeply invested in the agenda items at hand and can focus their attention on keeping the meeting focused and encouraging equal participation of all members.
- ❑ **Timekeeper-** If your group assign times to each agenda item, you will need a timekeeper to keep participants aware of how much time they have left on the item at hand.
- ❑ **Minute Taker-** Takes notes and emails or files them for participants to reference.
- ❑ **Scribe-** Takes abbreviated notes on a blackboard/whiteboard for participants to see during the meeting. This is especially needed during a brainstorming session.
- ❑ **Gatekeeper-** Stands near the entrance to the meeting space and makes latecomers aware of the agenda and what part of it the group is currently working on.
- ❑ **Vibes Watcher-** Pays special attention to group dynamics and comments on issues during or after the meeting. This is especially useful to groups that have explicitly decided to work on issues of oppression within their group.
- ❑ **Task Manager-** Keeps track of who volunteered to do what. Reminds and encourages those people toward achieving the groups goals.



## Techniques for Discussion

- **Stacking**--Keeping and Calling names from a list kept by the order in which participants raised hands to speak.
- **Talking Stick/Go'Round**- Going around the the room giving each participant a turn to speak. Participants may simply say, "pass."
- **Popcorn**- No raising hands, just shout it out. Short answers, and be polite. Allow a few seconds of silence between you and the previous speaker.
- **Fishbowl**- When there are a couple of participants with strong and differing opinions but most participants are indifferent or uninformed, you can put the too opinionated ones in the center of the group and let them talk it out in front of everyone. Then go back to a large group discussion on the topic.
- **Small Groups**- Break into groups of 4-6 people. Assign a notetaker and spokesperson. Then report back to the larger group.
- **Brainstorming**- Similar to popcorn. Be sure to have a scribe. This is not the time to discuss or critique ideas. This is the time to get all the idea out and on the table. You can also get more complicated with charts and having everyone rank their two or three favorite ideas.
- **Thumbs/Straw Poll**- Have people show thumbs up, thumbs down, or thumbs in the middle for support for a proposal or moving on to a call for consensus or the next agenda item. This will give you a sense of how people are feeling but should not be used as a formal decision making strategy.

## Common Problems in Meetings

Poor listening

Lack of focus

Trivial issues

Repetition

Debate deadlock

Group rut

Lack of information

Hard problems are avoided

Recurrent difficulty making decisions

Poor follow-through

Rushed atmosphere

Ideas tied to individuals

Groupthink

In-group discussions

Domination

Poor attendance

Manipulation

Personal attacks, malicious gossip

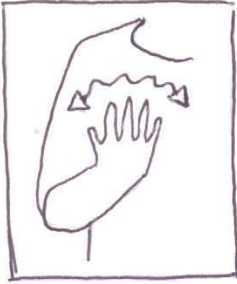
Power plays, tricky maneuvering

Uneasy silences

Boring meetings

Low Energy

## MEETING HANDS



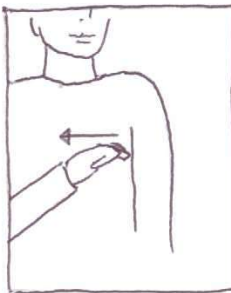
Wiggly fingers, or metal fingers, are used to show agreement with the speaker or excitement about the idea or topic at hand. Place open hand at chest or chin level with palm facing toward you and wiggle fingers. Don't go higher; The facilitator might think you want on the stack.



Direct Response - Use double guns to ask to be bumped up in the stack. Make a gun with each hand and point back and forth between yourself and the person you wish to respond to. Make eye contact with the facilitator and wait for permission before you speak.



Process Point - Use the time out signal to point out that the principles of consensus are not being followed or that someone is interfering with the group. For example, anyone may use a point to curb coercive behavior, raise awareness that discussions are a-rye. Wait for the facilitator's permission to speak, but you will be next.



"Take me off the stack." - If a point has already been made, that the facilitator take you off the stack. Get his/her attention with your hand as if you are holding a pen; and move your hand to the right as if you are crossing your name off of an imaginary list in front of you.

# How to Write a Proposal

Proposals must originate from a committee or team, a member of the BOD, or 25% of membership. If you are an individual who is thinking about writing a proposal, think about which team or committee would be best suited to address the need you are considering. Take your concerns to that group's meeting and test for consensus before starting to write your proposal. If there is no appropriate group or that group is not supportive to your ideas, you may choose to start an ad hoc committee to work on your issue. At any rate, don't go it alone. Involve others in the creation of your proposal as much as possible.

There is no perfect formula for writing a proposal. Since each idea will have different factors that need consideration, the information needed in order to make an informed decision will vary widely. However, every proposal should contain the headings listed below. The following is a skeleton on which you can frame your proposal. You may also need to create additional framework in order to deal appropriately with your topic.

## Title of Proposal

Date

Originating Committee Title (Committee Members)

Author's Name and Job Title

History: Set the stage for discussing your topic by giving all the background information. How was this situation dealt with in the past? How has it changed over the years? How is it dealt with now? You may need to do some research in order to have all the information you will need to set the stage.

Rationale: State why a change is needed. State the problem, your solution, and why you think this solution is the best one. If you can quote the mission statement, an existing policy, or industry standards, this is a good place to do so.

Work: Think this change through fully. Give a detailed description of all of the work that you did in formulating this proposal. What research did you do? Did you do cost analysis? (Show your math.) Did you do a customer or employee survey? Did you consult any outside experts? Did you consult the necessary Coordinators whose help will be needed in order to implement this change? Use charts, graphs, and/or tables wherever possible for increased readability.

Implementation: Now give all of the details about what the change will look like once it has been implemented. Tell us how the transition will happen, who will implement the change, and what kind of timeline we are working with. Will there be a trial period? Will this change be reevaluated later, and when?

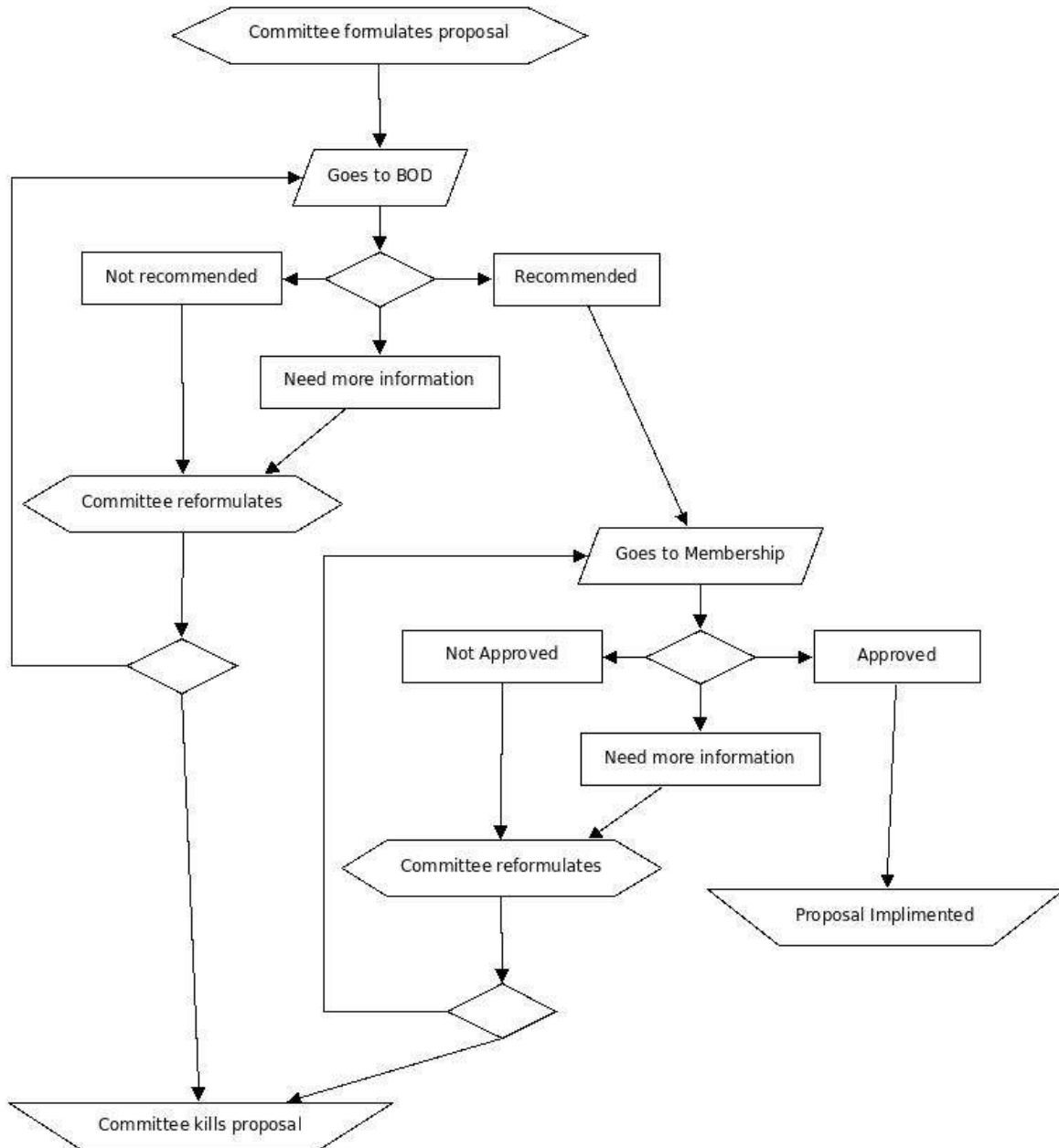
Proposal: This section should contain the actual proposal, that is, the sentence that will be spoken at the meeting right before the vote. This sentence should be bolded and/or italicized in order to make it stand out for the person reading it, and it should contain the following items:

- Who is proposing this change
- To whom is the change being proposed
- Who will implement this change
- What, in very basic language, is the change
- When will the change happen

Example: ***The scheduling team proposes to membership that Casa Nueva begin working with monthly schedules for members and associates starting the first schedule of Spring Quarter 2009.***

Once you are finished writing your proposal, hang it for everyone to read. Allow at least one week for everyone to see, read, and consider it before you bring it to a meeting. All proposals must be brought to membership by the BOD, the President of the BOD, or 25% of membership. This is usually achieved by the authors of the proposal first taking it to a BOD meeting. The BOD will either recommend it to membership, ask for more information or revisions, or simply not recommend it to membership. However, you still have the option of taking your proposal to the membership even if the BOD does not recommend it. At any rate, be prepared to hear everyone out and put more work into revisions after the BOD meeting. Many heads are better than a few. We are more likely to think of all possible problems and solutions that way. Also, consensus is about collaboration, so you shouldn't own the proposal too exclusively or become too emotionally invested in it. But do be diligent, dedicated, and open to compromise and creating something we can all be happy about.

Once the BOD is happy, you will need to go through the same process with membership. Again, allow the proposal to hang for at least one week, and be open to more input and changes. Once a proposal is approved by membership, it is filed with the minutes for that meeting and the change is added to the operating rules. Below is a flow chart that shows the path a proposal should take from inception to implementation.



# The Working Structure

## Associates

Definition: A worker, hired into the cooperative to perform shift work. Associates do not hold voting rights, but their input in decision-making is desired and encouraged.

Responsibilities: To be a responsible, self-managed shift worker who upholds the policies agreed upon by membership and a communicates a sense of pride in our collective work.

## Trial Members

Definition: A Trial Member is an employee who was a past associate who has decided to take the member path. The trial member period lasts for at least three months, before he/she can go up for membership.

Responsibilities: To complete the Trial Member checklist, while still upholding the responsibilities of an Associate.

## Members

Definition: A member is one who has completed his/her trial period, and made a two-year commitment to the corporation, along with the financial commitment in the form of a member fee. Members gain voting rights the moment that they are voted into membership.

Responsibilities:

Total membership review is **always** necessary for:

- Amendments to the Articles of Incorporation
- Enlarging the number of directors to the Board
- Merger or dissolution of the corporation
- Yearly business plan
- Changes in policies/goals which directly affect all of membership
- Any expansion or remodeling of existing facilities
- Purchase or sale of substantial assets
- Policies affecting public image and presentation of restaurant
- Alterations in the selection process of Managers (coordinators) and BOD
- Hiring of fellow members

In short, as a member of the cooperative, not only are you responsible for the day to day shift work that we all must perform, but also you have a responsibility to be aware of the “Big Picture”, and to be able to make informed decisions when the time comes, regarding the welfare and the future of the business. As a member, you will also be expected to complete any task work assigned in a timely manner. Furthermore, you are required to attend all member meetings.

# Board of Directors

The *Board of Directors* (BOD) consists of seven members who are committed to serve at least a one-year term. After the first one-year term, board members may run for re-election. Coordinators may be non-executive members of the BOD. The BOD elects four officers: President, Vice-President, Secretary and Treasurer, who are considered the *Executive Board*. Additionally, the *Full BOD* consists of the BOD as well as the Coordinator Team, who act as non-voting members.

## Responsibilities

- The Board is responsible for the strategic year-to-year planning of the business.
- The Board is responsible for the oversight of the committees and committee structure.
- The Board is responsible for making recommendations to membership regarding revisions or additions to the business plan.
- The Board members are responsible for attending all BOD meetings in a prompt and timely manner.
- Board members are responsible for the oversight of the coordinator team and should review team reports.
- Board members are expected to complete all assigned task work in a timely fashion.
- Two absences in a six-month period, which were not previously announced will be grounds for replacement on the BOD.

The BOD is legally responsible for the financial soundness of the business. The BOD takes direction from membership regarding any ideas in progress, and incorporates that information into a sound and workable plan. The BOD is held directly accountable to membership.

## BOD Nominations

Active recruitment should occur throughout the year by the BOD, coordinators and membership. A variety of members will be approached about considering running for the BOD in the next election. This will serve the purpose of informing interested members about election, and allowing them to consider whether or not they wish to run. Recruitment will not be considered an endorsement, merely a way to increase the pool of nominees.

### An effective BOD member

- inspires the trust of membership,
- is a good listener,
- is open minded and impartial,
- can step back and take in the big picture,
- has the vision and organization for long term planning,
- inspires positive thinking and enthusiasm,
- is committed to serving the co-op,
- shows diplomacy and good judgment when handling issues facing the co-op or other groups,
- and demands change and takes personal responsibility for initiating it.

A sign-up sheet will be posted one month before the annual BOD elections. Members may nominate themselves and/or others. Board members who wish to run for re-election must also sign up. Any person accepting a nomination must post a letter of intent and/or resume one week or more before the elections. Nominations will be closed one week before the elections. All nominees may give a small speech at the member meeting, highlighting the important points of their letters of intent and/or their resumes.

In the case of mid-term elections a modified schedule for nominations can be followed. If a director needs to step down (for whatever reason) a sign-up sheet can be posted ASAP and a special member meeting can be held two weeks from the date of the posting.

## **BOD Elections**

The BOD is elected each year at the annual member meeting. The votes will be counted by at least two members of the governance committee, or any two members who are not running for a seat. Members who cannot attend the annual meeting may vote by proxy. BOD members are chosen by a simple majority, or 51%, of all of Membership. If more than seven candidates receive more than 50% of the vote, the seven top-scoring individuals are chosen. The new BOD members will take their seats at the first BOD meeting following the annual meeting and will retain those seats until the first BOD meeting following the next annual meeting.

## **Executive Job Descriptions**

### **President**

The president shall be the chief executive officer of the corporation and shall, subject to the direction of the Board, have general supervision of the business and of the corporation. The president shall ensure facilitation at all Board and Member meetings. The president shall work with the vice-president to ensure that agendas for Board and member meetings are posted five (5) days prior to the meeting. The exception to this will be special meetings (Article V, #8). The president shall ensure the regular reports of the Coordinator meetings as liaison and ensure their posting. The president has the power to enter into contracts in the name of the corporation upon approval by the Board or Membership, according to the decision-making parameters (Article VII). The president shall have such other duties and responsibilities as the Board shall determine from time to time.

### **Vice President**

The vice president shall work with the president to ensure that agendas for Board and member meetings are posted five days before the meeting. The exception to this will be special meetings (Article V, #8). The vice president shall be well versed in the president's role, and shall assume the duties of the president if he/she is unable to fulfill them. The vice president shall have such other duties and responsibilities as the Board shall determine from time to time.

### **Secretary**

The secretary shall be a resident of the state of Ohio. The secretary shall keep at his or her office or at the principle office of the corporation those documents described in Section 5 of Article I and such other documents, as the Board of Directors shall determine. The secretary shall be responsible for the timely posting of minutes within six (6) days following Board and member meetings. In the absence of the secretary at a meeting, a temporary secretary designated by the person presiding at such meeting shall perform the duties of the secretary. The secretary shall, working with the president and vice president, participate in forming agendas, based on items in the previous minutes. The secretary shall monitor the compilation of committee meeting minutes. The secretary shall keep available, organized and updated all of the documents to any member upon request. The secretary shall have such other duties and responsibilities as the Board shall determine from time to time.

### **Treasurer**

The treasurer shall have the finance committee as his/her primary committee and shall oversee that committee and ensure participation from general membership. The treasurer shall also oversee the management's finance team. The treasurer shall be responsible for ensuring that financial training is available to membership by delegating such tasks to the finance team. Once per month, the treasurer shall give a full report to the Board on the use of management hours, based on recorded hours and tasks. Subject to the supervision of the directors, the treasurer shall have: (1) general charge of the finances and custody of the funds of the corporation and (2) working knowledge of the books on account, which shall be the property of the corporation. If required by the Board of Directors, the treasurer shall give the bond for faithful performance of duty. The treasurer shall have such other duties and responsibilities as the Board shall determine from time to time.

**Non-Executive Board Members** attend meetings of the BOD, participate in discussion, facilitate BOD meetings on a rotational basis, vote on BOD matters, and take on task work on a volunteer basis.



## Coordinator Team

Definition: Coordinators are also members and are hired from within the cooperative. The coordinator team is responsible for the day-to-day operations and the financial duties of the business. Each coordinator has a different job description and title. No manager is full time, as of March 2001.

### Current make-up:

We currently have twelve coordinators: 2 finance, 3 food, 1 Syops, 2 Human Resources, 1 Cantina, 1 Front of House, 1 Marketing, and 1 Business Director. The BOD oversees the coordinators, but membership has final say in job performance and evaluation.

### Selection:

Coordinators are selected through a process in which all members in the co-op play a part. After an orientation session with a person who currently holds the position, or who is very familiar with its description, the candidates decide whether they want to further pursue the position. Resumes and letters of intent are posted at least one week before the BOD meeting in which the candidates are interviewed. The candidates go before the full BOD for an interview, at which time a candidate is chosen and recommended to membership, who has the final say in filling the job position.

## Coordinator Trial Period

The coordinator trial period is broken up into two (2) phases of three (3) to four (4) months each, depending on the individual and the amount of hours allotted for the management position. The following describes the two phases of the trial period:

### Introductory Phase

The introductory phase gives the trial coordinator a chance to have hands-on experience while being trained. The trainer and the trial coordinator agree on the amount of hours that it should take to accomplish the task work in this time. The trial coordinator should acquire basic time management skills, i.e. how to get tasks done in a timely manner, meeting deadlines if they exist, fitting management meetings, board meetings and shift work into his/her new schedule. The trial coordinator should acquire some basic organizational skills in order to effectively and efficiently carry out job tasks. He/she will be evaluated at the end of this introductory period, before going to the next phase, based on the training received and how well the trial coordinator is functioning in the trial position. The trainer for the position will introduce and summarize the “data” from the introductory phase at the end of the introductory period, when the trial manager will be interviewed by the board. A recommendation must come from the board and be approved by membership before moving on to the intensive phase. During the introductory phase, the trial coordinator will receive 1/3 of the full coordinator pay rate.

## Intensive Phase

During this time the trial coordinator will “settle into” his/her position. The time of one-on-one training will be complete, but that person still may have a few questions now and then. The previous coordinator does not hold the position and earns no salary under the name of the position during this time. By the end of this phase, however, the trial coordinator should have the skills (organizational and time management) mastered so that this will not be necessary. Also the person should have the full, unquestionable confidence of membership to take on the job as a coordinator. Before going before the BOD for recommendation to go to full coordinator there will be an evaluation to determine if this person is ready to take over the position. If the trial coordinator feels he/she needs more time before taking over the full position, the BOD must approve of a written request with a timeline for completion. During the intensive phase, the trial coordinator will receive 2/3 of the full coordinator pay rate.

## Coordinator and trial coordinator evaluations

The person’s BOD buddy and the Human Resources Coordinator or member of the eval team do coordinator and trial coordinator evaluations together. The board chooses the BOD buddy. The same evaluators will conduct the evaluations throughout the trial period. The evaluation is meant to be a time for supportive problems solving in which the three will discuss the Coordinator's likes/dislikes about the position, any problems they may be coming up against, and how to work through those issues in a positive manner.

\*Coordinator Job Descriptions can be found on the CD-RW that accompanies this handbook.

## Committees

A committee is a group of two or more self-organized individuals who come together to organize and implement aspects of the cooperative. Committees are generally, though not necessarily, led by a coordinator who is held accountable for the actions of the committee by the BOD and membership. Committees may be long-standing and created by the BOD or membership, or they may be formed on an ad hoc basis to accomplish a specific task. The Front of House and Cantina Committees are examples of long standing committees led by Coordinators. The Training Committee is an example of a committee that came together on a more temporary basis in order to update training procedures. Once that work was done, the committee ceased.

## Teams

A team is a more formal group of two or more hired individuals mandated to meet to organize and implement specific aspects of the cooperative as defined in the operating rules or coordinator job descriptions or by the BOD. Each member of the team is specifically hired and held accountable for the actions of the team by the BOD and membership. Positions on teams are open to both members and associates. Teams are led by Coordinators who are ultimately held accountable for the productivity of the team. Examples of Teams are the Hiring Team and the Evaluations Team.

## Creating a Business Plan

Each year the Members of Casa create a Business Plan for the coming year. This plan helps us run the business by giving us an idea of what we want to accomplish over the course of the year. It includes how much revenue we plan to bring in and how we need or want to spend that money. The plan also includes what each committee intends to do to accomplish the goals set down by the Board of Directors. (The goals are set down in the plan by the BOD, but every Member has a say as to what those goals should be.) Each Committee has its own section of the Business Plan that includes the function and history of that committee, the activities that the committee will work on to accomplish the objectives and goals through the coming year, and a time line that lays out when those activities will be worked on. In the time line, one of the activities is to work on the following year's Business Plan.

The BOD begins the BP writing process by posting a wish list where both members and associates can write down what they want the business to purchase during the following year. These should be things that would improve the business by creating more efficiency, replacing old equipment that would cost more to keep repairing, improving the aesthetic of the business and making it more comfortable and appealing for customers and workers, etc. The BOD then takes this list and categorizes the wishes into capital expenses, regular expenses, and items to be researched during the coming year. The wishes are prioritized and handed off to the appropriate committees to be added to each committee's section of the BP. Once the committees determine how much each capital expenditure will cost and when they want to spend that money, the General Ledger and Accounting Coordinator puts that information into the projected Cash Flow to determine whether we can afford the items at the suggested time or at all. The Coordinators in each area also plan their regular expenditures for the year based on what we spent the previous year, new activities for the coming year, etc. These requested expenditures are compiled by the General Ledger and Accounting Coordinator as well and are included in the Profit/Loss projections for the coming year.

The BOD works with input from Membership to create the Goals and Objectives for the coming year. One recurring goal is to improve the financial position of the business. We are always working to improve our financial position so that we have the revenue to accomplish our other goals. Other goals may change from time to time, but they generally involve improving our Operational Systems, Human Resource Systems, Cooperative and Governance Structure, etc.

The BOD also helps the Committees write their individual sections of the BP by assigning each Coordinator a Board Buddy to work with. This Buddy should inform the Coordinators to whom they have been assigned of any information that the BOD has compiled regarding Goals and Objectives, activities to be shared with other committees, overall time line information, etc. The Coordinator and the Buddy should meet regularly to work on solidifying the vision of the committee, the financial needs of the committee, and editing the text of the BP. It is also helpful if the Board Buddy attends committee meetings where the BP is discussed by the entire committee.

In addition to writing the Finance Committee BP, the General Ledger and Accounting Coordinator creates Projected Financial Statements for the coming year based on (among other things) the previous year's sales growth, the Food and Cantina Coordinators' assessments of sales and cost trends, other Coordinators' assessments of expense trends, labor trends, and the general plans laid out in the Business Plan. These projections are shared regularly with Membership for review and suggested edits.

In addition to helping each Committee write an individual BP section, the BOD writes a section of its own stating what the BOD plans to accomplish over the next year.

Once the BOD has working drafts of all the aforementioned information, they work to compile the different sections into a single document. They make sure that everyone's goals and objectives match so that we are all working toward the same vision and not split in opposing directions. They make sure that the individual time lines match up so that common projects are worked on in tandem by different committees. And they make sure the financial information matches what the committees have planned.

When the BP has been compiled, the BOD posts it for at least a week, then takes it to Membership for approval at a Member Meeting. By the time it is taken to Membership, it has been read and edited by so many different people that it usually is passed without much contention. After the BP is passed, the BOD and the Committees refer to it regularly to make sure they are on task and are sticking to their time lines. The Finance Committee and Membership as a whole regularly review financial realities to see if we are hitting our targets, and they may either make operational changes to find better ways to hit the targets or they may revise the projections as needed.

# Finances

# Financial Policies & Procedures

This section contains an overview of Casa's financial policies & procedures. Most of the information in this section is further detailed in the Operating Rules. All of this information will be presented to you by the Finance Coordinators during an intensive financial training that will occur during your trial period.

## Wage Structure

As an associate, you are likely familiar with the rudiments of the Casa wage structure. Training Wage is paid at minimum wage for new hires and anyone else who is training to learn a new shift. Shift & committee wages are paid at a base wage that is the same for everyone, plus tenure increases and tip wage. Associates are welcome to apply to fill the Art Curator position when it becomes available. Anyone filling this position will earn an extra wage incentive for work done curating the art.

Once you become a member, you will receive a member wage that is added to your base wage. This member wage is increased from time to time. You will also keep any tenure increases that you have accrued.

Any member who serves on the Board of Directors receives a wage incentive for doing so. This wage incentive is paid for hours worked doing BOD work only. It does not apply to shift, committee, or coordinator work. The incentive amount is higher for BOD executives (Secretary, Treasurer, & Vice President), and even higher still for the President him or herself.

When a member steps onto the Coordinator track, his or her wages increase incrementally during the process. When in the trial phase, the Coordinator-to-be will earn a Coordinator wage of his or her base wage plus tips plus 1/3 of the difference between that wage and the wage that they will receive once they are full Coordinator. In the Intensive phase, the Coordinator-to-be will earn his or her base wage plus tips plus 2/3 the difference between that wage and the full Coordinator wage for his or her tenure. The full Coordinator wage is a set wage plus tenure increases that are based on total hours worked regardless of how long the Coordinator has been a Coordinator with no tips.

Let me give some examples:

For the Trial Coordinator: If the Trial Coordinator's base wage plus tips for the pay period was \$9.00 and the Full Coordinator Wage plus the Trial Coordinator's Tenure increases is \$12.00, then the Trial Coordinator's wage would be \$10.00 per hour.

For the Intensive Coordinator: If the Intensive Coordinator's base wage plus tips for the pay period was \$9.00 and the Full Coordinator Wage plus the Intensive Coordinator's Tenure increases is \$12.00, then the Intensive Coordinator's wage would be \$11.00 per hour.

Again, these wages are only paid for Coordinator work. They do not apply to shift, committee, or BOD work that is done by the Coordinator.

Once upon a time, members did not get paid for attending member meetings. Only the Secretary of the BOD was paid for keeping minutes of the meetings. For various reasons, including the desire to get more members to attend member meetings, membership voted to pay ourselves for member meetings. We are currently paid

minimum wage for hours spent attending member meetings. The Secretary of the BOD still receives his or her regular BOD wage for keeping minutes. Any associates, including those who are also Trial Members, are paid committee wages for their attendance of member meetings.

Please read Article VI.1 of the Operating Rules for more detail about our wage structure. You will find in there the actual amounts of base wages, tenure increases, and incentives.

## Payroll

Now that you have read how we are paid for different positions, lets look at how to read that pay stub. We'll look at how to read your gross wages that you earned through all your hard work and how to read what has been taken away for taxes, fees, insurance, etc.

This sample is showing all the different things that may be on a paycheck. You will never actually have all of these categories at once. In fact, if you have too many deduction categories, you will get two pay stubs so that they all fit.

EMPLOYEE NO	EMPLOYEE NAME			SOCIAL SECURITY NO.	PAY PERIOD ENDING	CHECK DATE		
242	Froggy Hopper			123-45-6789	4/16/21-4/30/21	5/5/21	<b>24622</b>	
ITEM	RATE	HOURS	TOTAL	ITEM	THIS CHECK	YEAR TO DATE		
Regular	10.25	26.50	271.63	Gross	2105.62	10528.10		
Overtime	15.38	18.50	284.53	Fed Income	-194.44	-972.20		
Tips	1.00	251.06	251.06	Soc Sec	-87.11	-435.55		
PTOPay	1.00	155.00	155.00	Medicare	-30.07	-150.35		
MgtSalary	1.00	????????	1107.00	State	-42.66	-213.30		
Training	1.00	25.90	25.90	ATHENS	-36.30	-181.50		
BOD	1.00	10.50	10.50	Hlth Ins	-14.61	-73.05		
				SIMPLE	-57.42	-287.10		
				SD0502	-17.94	-89.70		
				MF Deduct	-37.50	-187.50		
				CS Payable	-129.85	-649.25		
				Advances	-50.00	-50.00		
				EM loan	-100.00	-200.00		
				ST loan	-89.33	-446.65		
				Vac loan	-100.00	-300.00		
HOURS WORKED		GROSS THIS PAY PERIOD		GROSS YEAR TO DATE		NET CHECK		CHECK NO.
2 1594.46		2105.62		10528.10		\$1,118.39		24622

If you look across the top of your pay stub, you can see your employee number, your name, social security number, the dates of the pay period that are represented on the check, and the day the check was written. There will also be a check number in the upper right hand corner.

On the left side of the check stub, there is a list of income categories under the heading "ITEM." The next 3 columns are "RATE," "HOURS," and "TOTAL." These can be really confusing because of the way we figure your hourly wages. The "Regular" category represents your base wage plus any tenure increases you have earned. This hourly amount is shown in the RATE column. The HOURS column shows how many hours you worked in shift and committee (not including overtime). And the TOTAL column shows your total amount for regular pay (rate times hours). "Overtime" is the rate you would receive if you had (or did) earn any over time. The RATE column shows the rate of pay you earn for overtime. The HOURS column shows how many hours you worked overtime. And the TOTAL column shows the total you earned in overtime. That's all pretty straightforward.

Here is where it gets tricky. You will notice that the RATE column for the rest of the categories says “1,” which makes it look like you make \$1.00/hour. And the HOURS column has a large number, which makes it look like you worked a lot of hours. The reason it is like this is because the rates for these categories change more often than the other categories, and rather than change them in the Payroll Program, it is easier to figure out the totals on a spreadsheet and put those totals in the Payroll Program. So the Payroll Coordinator figures out the tip wage for the pay period, multiplies that by the number of tip-able hours you worked, and puts that total in the HOURS column in the Payroll Program. PTO pay is the amount of paid time off you used during the pay period. (See the PTO policies in the appendices of the Operating Rules to see how we figure Paid Time Off.) The next category is “MgtSalary.” This is the amount that coordinators are paid for coordinator work. In the example, you will see a bunch of question marks in the HOURS column. That is because the amount of pay is too big for the Payroll Program to handle as “hours.” But that number is multiplied by 1 and recorded in the TOTAL column. The Art Curator's hourly incentive is also recorded on the “MgtSalary” line. The training category includes any training hours that you had during the pay period, as well as member meeting hours, because both are paid at minimum wage. BOD is the last category. This is the amount that a BOD member earns as an incentive for BOD work.

The next three columns aren't quite so confusing. In this “ITEM” column, you will see your gross amount of income as well as all the reasons you have money deducted from that gross. “THIS CHECK” shows how much you made and how much was deducted from the current check, and “YEAR TO DATE” shows how much has been made and deducted all year. The first few deduction categories\* are the taxes that are taken out, including federal withholding, Social Security, Medicare, state withholding, and city withholding. Then if you have health or dental insurance and retirement, they are represented as “Hlth Ins,” and “SIMPLE,” respectively. “SD0502” is withholding for the school district tax which you will pay if you live in the city. “MF Deduct” is your member fee deduction. “CS Payable” is a child support deduction, “Advances” is pretty self-explanatory, “EM loan” is repayment of an emergency loan, “ST loan” is for student loans that we have to take from you to pay if “they” make us, and “Vac loan” is for repayment of a vacation loan. See the appendices of the Operating Rules for terms and conditions of Advances, Emergency Loans, and Vacation Loans.

\*this is listed in the order of categories in the example—your paycheck may be in a different order.

Across the bottom you will see “HOURS WORKED,” “GROSS THIS PAY PERIOD,” “GROSS YEAR TO DATE,” “NET CHECK,” and “CHECK NO.” The hours worked will have a number 2 (I don't know why) and it will show a ridiculously high number which is a total of the numbers that the Payroll Coordinator puts in the “HOURS” column above. The Gross This Pay Period is the same number in the “GROSS” column above. Gross Year To Date shows the amount that you have grossed in the calendar year. Net Check shows how much your paycheck was actually written for. Check No. should be the same check number that is at the top right hand column of the check.

This should be all you need to know to read your pay stub, but if you still have questions, just ask the Payroll Coordinator.

## Benefits

As Casa employees and members, we are offered a plethora of benefits. All of these benefits are detailed in Article VI.2 of the Operating Rules. Please read that section and the accompanying appendices to learn about them. The terms and details of these benefits change from time to time, and those changes are reflected in the Operating Rules as they happen, so they are not detailed here.

Current Benefits include:

Advances, Emergency Loans, Health Insurance, Medical or Family Leave, Sabbaticals, Vacation Loans, Retirement, Shift Meals, At cost meals, Paid Time Off, and Performance-Based Bonuses



## Internal Capital Account

Your internal capital account (ICA) is basically the amount of ownership you individually have in the business. There are two separate accounts that make up your individual ICA.

One is called the **member account** for which a certain “member fee” is deducted from your paycheck for a period of time until your member account is paid in full. The present member fee requirement is denoted in section VI.3 of the Operating Rules. This amount is deducted over a two-year period once you have been accepted as a member of the cooperative. Faster pay-in schedules are optional. A 5% interest begins accumulating on member fee accounts after the fee is paid in full. When a member leaves the co-op, the ex-member can receive his or her member fee return in one of two ways. If the ex-member chooses the 50/50 split, and the BOD approves, he or she will donate half of his or her member fee and interest to the co-op and receive the other half within one (1) month of resigning (depending on the cash flow situation at the time). If the ex-member chooses the regular pay out, 20% of the member fee is paid out within one month from written notification of resignation. The remaining balance is paid in 20% payments over the next four (4) years. Interest accrued is paid out with the last 20% member fee payment. Once the corporation holds less than 100% of the member fee, interest stops accruing on the account.

The other component of the ICA is **patronage dividends** or **profits**. Profits, when realized for any given year are split up two ways. 40% of the profits go into the collective account to capitalize the business. The remaining 60% goes into the capital account and is allocated to membership in the form of patronage dividends.

Here is an example of how it works:

<u>1999 Profits</u>	<u>Collective 40%</u>	<u>Capital 60%</u>
\$20,000	\$8,000	\$12,000
	Corporation	Membership
	Allocation	Allocation

As depicted above, the profits for 1999 were \$20,000. \$12,000 is allocated to membership. Individual allocations are figured by the number of hours worked by each member in that year. The total member allocation or capital account is divided by the total number of hours worked by members in that year, then allocated individually according to number of hours worked by each member. Here is another look at how this works:

<u>1999 Capital acct.</u>	<u>1999 Total Member hrs.</u>	<u>Allocation per hr.</u>
\$12,000	45,000	\$.27

<u>Name</u>	<u>1999 Hours by worker</u>	<u>1999 Allocation</u>
Fred	1253.00	\$334.13
Daphne	962.75	\$256.73
Velma	1879.50	\$501.20
Norville	288.25	\$76.87

Fred’s allocation is 1253 hours multiplied by the allocation per hour ( \$.27) which equals \$334.13.

Even though Fred’s patronage dividend allocation for 1999 is \$334.13 he does not receive it in 1999. Profits for any particular year cannot be realized until that year has been fiscally closed out. Usually, a year’s profits are not known until at least the end of the first quarter of the next year. The payout schedule on patronage dividends is: 20% of the year’s profits are realized in October of the following year, and 80% is paid out 3 years later in May. If October and/or May payments will put a strain on the business, payment may be delayed to no later than December 31 of that year, as the BOD deems necessary. So Fred will receive \$66.83 in October of 2000, and \$267.30 in May of 2003.

Distribution of ICA payments will be made by WORC to the last known address provided by a former member. All postmarked returned ICA checks will be held in trust by WORC for the legal limit prescribed by law.

## Special Cases

- In the case of dismissal, 20% of the member's member fee internal capital account is made available one month from date of dismissal. The rest becomes a promissory note, payable under terms outlined in the financial section of these agreements.
- In the case of abandonment, which is defined as a non-agreed upon Leave of Absence greater than one month, after three months the member's internal capital account is placed in escrow. After a certain amount of time which legal counsel will determine, but before such account would revert to the bank or state, the funds will revert to the co-op.
- In the event of the death of a member, if the internal capital account of the deceased is not handled by the estate of the deceased, the account will also be put into escrow, and then revert to the co-op after a period of time determined by legal counsel.

## Financial Statements

In order to keep abreast of the financial stability of the business, we regularly look at several different financial statements during member, coordinator, and committee meetings. The most common are the Profit/Loss, the Balance Sheet, and Cash Flow Statements. You will learn more detail about these financial statements during your trial phase finance workshops, and you will get a good feeling for them as time goes on just by seeing them regularly at member meetings.

Profit/Loss: The purpose of the Profit/Loss Spreadsheet is pretty self-explanatory. It lets you know whether you made a profit or suffered a loss during a given period of time. To figure this out, we subtract our costs and expenses from our income. To oversimplify, if we spent more than we made, we suffered a loss; and if we spent less than we made, we earned a profit. (There are more factors involved in determining profit or loss which you will learn in your workshops, but this is the basic idea.) We look at these statements on a monthly, quarterly, and yearly basis. And we compare how we did to how we expected to do. We also look at an expense budget spreadsheet that is used to augment the profit/loss statement. This spreadsheet presents a more detailed breakdown of the expense line on the profit/loss statement.

The Profit/Loss statement may also be called the income statement, though we most commonly refer to it as "the p/l."

Balance Sheet: The balance sheet balances the worth of everything you own to the ways in which you received those things. It is broken down into three main components: assets (everything you own), liabilities (everything you owe), and equity (previously earned money). Assets must equal liabilities plus equity.

We generally look at a summarized version of our balance sheet on a quarterly basis. This summary breaks down assets into current assets and property and equipment. Current assets include things like cash in the bank and inventory. Property and equipment include longer lasting, more expensive things like coolers and plumbing. Liabilities are broken down into current and long term liabilities. Current liabilities include money that we owe people within the year, like our credit card balance and sales tax payable. Long term liabilities include bank loans, which we don't always have. Our equity includes money that is put back into the business from previous profits (the 40% that the business keeps, as we discussed earlier), member fees, and our current profits that haven't been paid out yet, among other things.

We do have a more detailed version of the balance sheet that we sometimes look at as a group and that we give to the accountant at the end of the fiscal year.

Looking at the balance sheet can help us determine when is a good time to get a loan to increase the capital of the business by updating and increasing our property and equipment.

Cash Flow: Our cash flow statement is generally looked at during the business planning process in order to determine when we will have enough money to spend on capital expenses. Ideally, the cash flow statement takes into account all the money that comes in and goes out as it happens. On the profit/loss statement we make adjustments for payables and receivables that cross over to different months, and sometimes even different years. The profit/loss also doesn't take into account when profits are paid out. In theory the cash flow statements reveal the actual months where money is paid out and deposited. We don't always get that level of detail, but the statements we look at help us to determine generally which are good months to put out extra money and when we will need to be more thrifty.