



## CARE CO-OPERATIVES

Avon CDA is an integral part of  
**BRAVE**  
ENTERPRISE AGENCY  
*Supporting Small Businesses*



Project part-financed by  
the European Union

## **1. Introduction**

Co-operatives involved in work in the field of care provision have grown rapidly in number and fields of activity over recent years. They are becoming increasingly important in providing services such as domiciliary care in communities, specialist care to specific ethnic groups, child care, and residential care.

## **2. Co-operative principles**

Co-operatives are specially qualified for work in the care field because of their adherence to basic principles, which are:

### **open entry to all who qualify for membership.**

Co-operative Social Firms must decide upon what basis a person qualifies for membership and then membership must be offered to those who meet that criteria. Criteria may include length of service, attainment of realistic objectives in work or qualifications, proof of co-operative behaviour or of contribution to the wider objectives of the co-operative. Some social firms limit potential membership to those who have contracts of employment with the co-operative, others to any who carry out work on any basis (employed, trainee, volunteer) and others have a wider definition which can include carers and supporters.

### **democracy.**

All members have an equal vote. The general meeting of members is the ultimate authority even if it delegates power to an elected management committee or to an elected manager.

### **equitable distribution of benefit**

equitable need not mean equal but should mean fair and by agreement of the members. The benefits involved include not only profits but also access to personal development.

### **limited return on financial investment.**

Money does not have voting power within a co-operative. A member who invests a million pounds has the same vote as a member who invests nothing. Some co-operative constitutions allow for a limited number of investor members, most do not. Investors can receive a reasonable return on their investment but can not have an open ended reward from growth in the worth (equity) of the business. Often investors in co-operative social firms desire little or no return.

### **co-operation with other co-operatives.**

Co-operative social firms find themselves part of a movement with hundreds of millions of members in hundreds of thousands of co-operatives world-wide. Through their national and international federations, sectoral organisations and direct links co-operatives are creating new and fairer ways of conducting international trade and influencing the development of economic and social policy.

## **education**

Co-operatives accept responsibility for educating members not only to be able to carry out their work role but also to be able to participate effectively in the control of the co-operative. Co-operatives also have a responsibility to contribute to the education of the public about co-operative values.

## **community benefit**

Co-operatives seek to be sustainable businesses in every sense of the word, not only in financial terms but also with regard to the local ecological and human environment. Many co-operatives have social audits carried out each year to monitor their performance and many have a dimension of accountability to their local community built into the way they manage themselves.

## **3. Forms of co-operative organisation**

Co-operatives engaged in work in the care industry can be organised in the following ways:

Worker co-operative - a business owned and controlled by members who work for it. This is best used in situations where the number of workers is relatively small - probably tens rather than hundreds - and providing a focused service such as specialist community care or residential care.

Service Co-operative - a business which provides an agency service to care workers - usually bringing care workers and customers together and arranging for arranging contracts, negotiating fees, recording work done, collecting fees, solving problems. The co-operative is owned and controlled by the care workers. This form of organisation can be used for very large numbers of customers and care providers and is used to address large scale domiciliary care needs.

## **4. Advantages of co-operative organisation**

The great advantage of co-operatives is that they are owned and controlled by the people who actually do the work. This means that:

- €# workers are involved at every level of designing, managing and providing the service.
- €# because they own it they are likely to be more interested in maintaining quality standards, the reputation of the company and the future market potential
- €# the service is locally based, owned and controlled. Every penny spent by customers (private and statutory) continues to circulate in the local economy
- €# co-operatives do not remit money to shareholders. They are more likely than other forms of organisation to spend their revenue on training their members (and owners) and improving their services.

## **5. How to set up a care co-operative**

### **5.1. Define the service to be provided**

Talk to purchasing agencies and to service users. Be sure that you know what is needed. Consider the best way to provide it and the scale of operation which will be required.

### **5.2. Cost resources required**

Everything you need to acquire facilities, equipment, training.. If there is a staged set-up process follow the trail through to the point where the operation is viable, even if that takes several years. Then add to it the amount of working capital that is required. Working capital consists of the money which is tied up financing customer's credit, and the trading losses which always occur in the first couple of years while a business is getting established. This is your profile of investment required. Do not start without confidence that the whole requirement can be raised. You may get stuck half way to viability. Most businesses do.

### **5.3. Create a business plan**

Broadly the following subject areas will have to be covered:

1. Introduction or Synopsis ( some would say Executive Summary ).  
It tells the reader what the rest of the document will explain.
2. The Service to be offered.  
What it is, why it is so wonderful.
3. The Market  
Who will buy it. What they are like. Where they are. How many of them there are. Why the service will be of benefit to them. Why it is better than any alternative they might buy.
4. The Marketing Plan.  
How the benefits of the product will be explained to, and made irresistible to 3
5. The Organisation of the delivery of service.  
What needs to be done to create 2 and get it to 3, reliably and at minimum internal cost. What inputs are required, where they will come from, how supply continuity and quality will be assured.
6. People  
Who we have on the team. Why they are the perfect people to carry out 5 and 4. Could include sub contractors.
7. Business Structure.  
Who owns, who controls, who employs, by what mechanism, and why.

## 8. Premises

What it takes to house 6 and what they need for 5 as close as possible to 3 and contributing to 4. Why the chosen article fits.

## 9. Financial Projections

Costs of setting up. Fixed capital and working capital requirements.

Cash flow projections for at least three years.

Notes explaining the assumptions upon which these figures are based.

Profit and loss projections for at least three years.

Projected balance sheets to correspond.

### Why have a business plan?

1. To provide a structure within which to establish what needs to be looked into. To provide the questions which drives that research.

2. To establish in your own mind(s) whether the investment of your own time and energy is appropriate. Construct the business plan. Read the business plan. Do you believe it?

3. To be a blue print to follow in the setting up process. Very few businesses can possibly be into full production and sales immediately. The more that can be worked out up front, the faster things come up to speed. Many, many businesses fail before they truly get going, often having done enough to prove that it would have done well if it had got up to speed faster.

4. To be a benchmark. A business plan should not be a document which is written and then thrown into the back of a filing cabinet. It is the yardstick by which actual performance can be measured. Are sales up to projection? Are the costs on target? What is going right and what is going wrong ?

5. To establish Common purpose. To make sure that everybody involved in the enterprise knows what it is all about and what they are committing themselves to. Those who are going to take the responsibility for it, workers, associates, key suppliers, marketing people, possibly key customers, family, carers, statutory agencies and the people who put up the money.

### **5.4 Get support**

Take the business plan to the various interest groups who's support is required and get their commitment (in writing!).

### **5.5. Get the finance**

It is best to get a mix of grant aid and commercial borrowing for both capital investment and revenue support.

### **5.6. Get trained**

Develop a training plan to get everyone equipped to do what they need to do within the business as workers, managers, company directors etc.

**For assistance with all the above, especially business planning, training and raising finance, contact:**

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