

Implementation Strategy Report: Domestic Worker Cooperatives in Cape Town and Johannesburg, South Africa

The International Labour Organization (ILO)



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I. Introduction

- A. **Purpose of this report:** To present a comprehensive implementation strategy that will be used by the ILO, SADSAWU and other key partners to guide the development of two pilot co-operatives in the area of domestic work. The plan puts a heavy emphasis on the development of the co-operatives' internal leadership structures, for members to increasingly assume responsibility of business management and to ensure that each co-operative gradually aims to evolve into fully independent enterprises. In addition, this report will inform the work of the ILO in terms of how to support the constituents and other key partner organizations on the ground. The report presents concrete steps and recommendations as a roadmap for the implementation of the two pilot domestic worker co-operatives.

- B. **How information was gathered:** The consultant read the "Introduction to Co-operatives for Domestic Workers in South Africa" which was written by The Social Law Project of the University of the Western Cape. Information was gathered from the report and follow up questions were generated to use during interviews with stakeholders on the ground. The consultant travelled to South Africa between November 24 - 30 2015 and met with ILO constituents and a number of other key stakeholders. The consultant conducted interviews, gathered information, visited the domestic workers new housing complex, and attended a conference on entrepreneurship in South Africa. Information was also gathered from sources that the ILO constituents and other key stakeholders shared with the consultant (i.e. websites, materials, etc.).

- C. **Acknowledgement:** This report does not include the background history of this project, who was involved, or the steps taken to get to this point. All this information is available through the "Validation Workshop Final Report" and the "Introduction to Co-operatives for Domestic Workers in South Africa". All relevant information to the domestic worker industry, co-operatives in South Africa, and supporting co-operative laws and initiatives has been gathered by The Social Law Project through the "Introduction to Co-operatives for Domestic Workers in South Africa" report. The point at which this implementation report begins is the recommendations emerging from the validation workshop regarding the establishment of two pilot co-operatives by domestic workers. Therefore, it is assumed that the reader has access to these previously mentioned reports.

D. **Steps to developing a co-operative business:** As a general overview, the steps to developing a co-operative business will be laid out below in order for the reader to have a context for the specific recommendations that are presented in the remainder of the report. The order of these steps may vary depending on the mandates of local Co-operative Laws. Additionally, the descriptors for each activity are the various roles that can be taken up by the Incubator.

Stage 1: Research & Ideation Phase (3-5 months)

- Develop Idea (Survey interests, strengths and skills of community members. Brainstorm possible business ideas that fill a niche or are missing in the marketplace).
- Feasibility Study & Market Research (Conduct a study on whether your business idea will be “feasible”).
- Gauging interest from community members (Share information with community members about potential of developing coop and assess their motivation and business ideas).

Stage 2: Recruitment, Decision-Making, & Business Planning (4-5 months)

- Cooperative training for “founding” members (Hold information sessions, provide Initial co-operative training).
- Create a Business and Marketing Plan (Research the data and put together a document that specifies the aims and objectives of the co-op).

Stage 3: Develop Business Structure and Marketing (4-6 months)

*Steps can be done simultaneously if there is sufficient capacity among the group & incubator.

- Create Work Groups and Leadership Committee (determine organizational structure, election process, responsibilities, and teach accountability);
- Create Constitution (Introduce co-op to attorneys, provide translation and guidance through process of decision making);
- Incorporate Business (Support co-operative while working with attorneys. Assist in getting appropriate paperwork and information);

- Open bank account & bookkeeping (Assist with finding the appropriate bank for a business account);
- Develop marketing plan and materials (Assist in getting marketing expert support, develop publicity materials and a website);
- Set up back office of business (Locate a space, hire office manager, equipment, etc.).

Stage 4: Launching of the Business (3-6 months)

- Marketing Campaign (Assist group to structure publicity groups, and enforce marketing hours and strategies. Support co-op in enforcing marketing skills they were taught through expert advice, assists in practicing pitch and approach with potential clients. Assist with contacting media, spreading the word);
- Implement “Back office management” (Supervise office manager, provide support and training in customer service, utilizing documents, and problem-solving when issues arise);
- Member Development (Provide trainings, mediation, and support as members learn more about their roles and responsibilities).

Four particular activities within the four stages are listed below and will be described with more detail in the following sections of the report:

- Development of Business Idea
- Feasibility Study Market Research
- Recruitment of Members
- Initial Co-operative Training
- Developing the Structure

Thereafter, the report focuses on a capacity analysis with respect to the role of the incubator. For a bigger picture reflection on the various components of the project a SWOT analysis is included. The proposed timeline gives a concrete roadmap on next steps which includes the principle activities for developing a co-operative business.

II. **Feasibility/Market Study**

Areas of focus: Through the validation workshops conducted with the domestic workers in Johannesburg and Cape Town, particular areas of work were identified during the focus groups: These were the economic activities identified:

- Cleaning, babysitting, laundry, ironing, cooking, etc.
- Sewing
- Catering
- Frail Care
- Crèche (Early Childhood Development)
- Hospitality (running a guest house)
- Training in skills needed for domestic workers (i.e. childcare, elder care, cleaning, and household management)

During meetings with domestic workers in Pretoria (11/26/2015) and Johannesburg (11/27/2015), the members emphasized a real need for financial services to access small businesses loans, personal loans, saving accounts and to have a co-operative fund for professional development. Currently, it is very difficult for domestic workers to access loans or credit at regular banks in South Africa due to their low income levels and at times lack of credit history. There was a strong sentiment for the financial services which they envision being structured similarly to the Stokvels and burial societies, as these models have been very successful in the informal sector of South Africa.

Additionally, the members expressed a great need for affordable, quality health insurance. Health care costs in South Africa are prohibitive to domestic workers, leave members lacking preventative care and therefore being vulnerable to illness. Lastly the idea of having a child care center/drop off hotel for children came up at the meeting with the SADSAWU organizer and COSATU representative in Johannesburg.

At this time, it would be more appropriate to begin this pilot project by focusing on industries that are more familiar to the domestic workers, or “low hanging fruit,” being that it is already a new undertaking to organize this particular population into co-operatives. It would be wise to phase into the goal of creating a financial institution over a period of time as this is a highly regulated and complex area to enter, in South Africa.

Narrowing down the sectors: On Sunday, November 29, 2015 a second workshop was held with the domestic workers in Cape Town (hosted by SADSAWU). Apart from an introduction on the basic principles and values of co-operatives, and information related to becoming a member and registering a business, the members also voted for their top

3 choices. From the list in the previous page, a majority of the members present at the workshop selected the following 3 areas:

Choice #1: Catering/Baking

Choice #2: Sewing

Choice #3: Domestic Work (Child Care, Elder Care, Cleaning, and Household Management)

The first step of the implementation process will be to test the viability of the three areas that the members selected. It is important to be cautious not to jump into a business idea without having researched its feasibility in the marketplace. This is why it is strongly recommended that 3 separate feasibility studies are conducted with a special focus on the market and the financial feasibility of the business concept. An outline of the components of a feasibility study is included in the *Appendix*.

Market Study Considerations

Johannesburg workers identified that the majority of work is attained through employment agencies; however this is a highly exploitative avenue as they have been known to charge about 70% commission for every week's paycheck. COSATU shared during the consultation meeting that they are in the process of developing a job placement program for their domestic worker unions. At this point, this program is not thought to be related to the co-operative idea, rather it would serve as a way to seek private employers and place the union members directly into jobs. It is advisable to follow up with COSATU on the development and timeframe for this job placement program as it may eventually serve as one of the main sources of work for the co-operative members.

What would need to be clarified within the union is whether there would be a conflict of interest if there is a difference in the types of jobs that the union refers to the co-operative members versus the jobs that are assigned to the non-co-operative members. The issue would have to do with the higher standards for wages, benefits and work conditions within the co-operative, which may mean referring the "better" jobs to the co-operative rather than to the non-co-operative members. In this case, it may be more appropriate to keep the job placement component of the union separate from the co-operative entity. Ultimately the co-operative should be responsible for doing marketing and locating their own clients. The union could play an important role with respect to locating work, by helping the co-operative as a whole better understand the sector of domestic work and by providing leads.

In Cape Town the workers shared that they acquire jobs mainly through referrals by friends and relatives. During an interview with a domestic worker, she added that it could be useful to advertise the co-operative through the Cape Town Paper, placing ads in the Pick & Pay and ShopRite newsletters, and through the local radio. Additionally, it would be worthwhile to place ads in various websites that are regularly visited by domestic work consumers, and conducting Search Engine Optimization (SEO).

Anecdotally from the interviews with stakeholders in both cities, there is a consensus that there is a high demand for the multiple services that domestic workers provide from low, to middle to higher income households. The Co-operative could focus on branding itself by emphasizing the fact that it is collectively owned and therefore presents itself as highly accountable for its products and services. Additionally, it could showcase its ethical practices both in the workplace and towards the client (i.e. using non-toxic cleaning products, or making food with organic, healthy products).

For sewing and catering it will be important to identify what the competitive edge of the co-op will be. In other words, what will the co-op offer that other businesses are not offering? Or how will its services make it stand out from its competition? Would the co-operative identity/brand help when recruiting clients, hinder or not make a difference with each type of sector? Public and private procurement opportunities should be evaluated for these two industries in order to create economies of scale and a substantial, steady supply of clients.

In order to enter these two sectors, you need to be highly skilled and for there to be various levels of expertise within the business. In other words, for a sewing company to do well it would be necessary to have workers with the ability to carry out simple to complex work and more experienced people to oversee and manage the quality of the work being completed. This would be challenging to accomplish with the members that have been engaged thus far, being that they are not all skilled in tailoring or embroidery. A critical role the domestic worker co-operative to play is for a fund to be created in order to support “small business development”. Essentially the fund would be utilized for members to be trained to start their own small businesses (traditional or co-operatively-owned). For example, the fund could go towards supporting members’ to attend training in tailoring or catering trainings.

The next phase of the loan fund could be utilized to provide members with small business loans. Many members that were interviewed expressed wanting to move on from domestic work eventually. They saw the creation of a domestic worker co-operative as a “stepping stone” to learning new skills and eventually having a new profession. The creation of the loan fund for these purposes would serve as a mechanism to have members of the domestic workers co-operative cycle out of the business eventually by strengthening skills they already possess or developing new skills.

III. Recruitment of Cooperative Members

Based on the outcome of the feasibility study, it will become clear what the profile of the membership should look like for each co-operative. The profile will likely be a mix of needed skill set, experience level, interest, availability, etc. A key question to answer regarding membership will be whether the members starting the co-operatives are unemployed union members, employed union members, unemployed non-union members, or a mix.

During the consultations, it was noted that there had been a divide between a group of domestic workers in the Cape Town area that had left the union, and the remaining SADSAWU members; apparently this rift still remains today. Both groups attended the workshops facilitated by the union and ILO, and have expressed interest in participating in the co-operative. It is crucial to better understand the history behind this rupture and what would be the pros and cons to either mixing the two groups together within the co-operative or selecting one group over the other.

At the time of outreach and recruitment, all key stakeholders and partners need to be in agreement and clear about the recruitment process that will be undertaken. This will prevent misunderstandings among the key partners and will mean that if anyone applying for the co-operative requests an explanation for how the process is conducted; all partners involved in recruitment will provide consistent messages/explanations.

Suggested steps for recruitment:

1. Develop criteria for membership and a rubric (Examples included in *Appendix*).
2. Outreach to SADSAWU members and other domestic workers.
3. Hold 2-3 information Sessions where membership applications are distributed.
4. Review completed applications, using criteria and rubric that was pre-determined. Select the number of people that are recommended in the feasibility study plus about

50% more. The additional people are invited because there is an assumption that through the interview process perhaps 20%-30% will not be invited into the co-operative based on not meeting the criteria.

5. Hold interviews for those people that were selected through the application process. Both individual and group interviews are strongly recommended. During individual interviews the interviewers are able to get to know the individual more deeply and ask specific questions. The purpose of the group interviews is to observe how the individuals interact with one another and to see the dynamics of the group and whether certain people stand out as not being a good fit for the cooperative or others as being great leaders/contributors.
6. At the completion of the interviews, go back to the criteria and a rubric that should be developed specifically for the interview process, and determine who should be invited to join the co-operative. A recommendation would be to invite 10%-15% over the amount of people that are needed for the type of business selected, based on the feasibility study. This is done because there is an assumption that there will be turnover during or right after the initial co-operative training is completed.
7. Phone calls are made to the people selected for the co-operative and information is given about what it means to be selected (it was a competitive process and they should feel proud), the next steps moving forward (begin the initial co-operative training on X date). They will hopefully accept the invitation, and confirm their attendance.

IV. Training/Skill Building of Co-operative Members

- A. The training process for the co-operative member should be organized in three phases:
 - **Initial Cooperative Training:** Provide an orientation on the concept of democratic workplace; establish the culture of the co-operative, norm-setting, and an introduction to all the main components that need to be established to develop the business. It is recommended that the Initial Training be spread out within a 2-3 month period with 1 workshop/week. The reason for this is that it can be an overwhelming amount of information to absorb in a few days, and domestic workers don't have extra time to spare. There is an example outline of a 10-week Initial

Training that can be conducted in 3 hour sessions, 1x/week (Sample topics are included in *Appendix*).

- **Post-Initial Training Period:** This is when the members continue to work on what they began to establish during the initial Training (constitution, governance structure, management structure and protocols, etc.). This is also the time when the co-operative is preparing for the launch of the business and thereafter. The workshops during this phase include topics that were not covered during the initial training (for example, bookkeeping, customer service, creating an evaluation and accountability system, etc.).
- **Post-launch training and technical assistance:** The skill-building during this phase will focus on specific needs that members identify (i.e. managing difficult clients, hard skill training, improving communication with clients and members, etc.).

B. *A note about the provision of training for the domestic workers:* it is strongly recommended that a didactic, interactive, and participatory approach is taken when conducting workshops and trainings. Popular education methodology would be most appropriate for this population as they have a wealth of knowledge to bring into the space of training and people will learn best when they are able to fuse action with practice (praxis). The trainers should incorporate a variety of activities in the workshops that address different learning styles (verbal, auditory, tactile, etc.). Not only is it important for all the members to absorb the information that's being imparted to them but they should be developing a sense of ownership over the business creation and concept with every activity, procedure, exercise and meeting that is conducted.

V. Structure of Cooperative

Governance

For a small co-operative, up to 20 people, all members can be on the Board of Directors. The Board would be responsible for long-term planning, strategy, finances, creating policies, and creating or changing the governance structure. As a part of the governance, committees can be developed to work on specific projects and/or focus on areas of the business that have to do with management. It is recommended that an advisory committee is created to bring in expert consultation from the sector, strategies on marketing, business acumen, and monitoring the health of the cooperative (finances,

morale, etc.). A few recommendations for whom to invite to participate on the advisory committee: WIEGO, Domestic Worker Cooperative members, Department of Small Development, a business finance person, and a representative from the ILO.

Management

The management of the enterprises is composed of overseeing the day-to-day operations. It is recommended that the co-operatives develop committees/roles to focus on several key areas.

- Suggested Committees/Roles:
 - **Marketing:** Responsible for developing marketing strategy, reaching target clientele, organizing publicity efforts, and outreach.
 - **Training/Education:** Responsible for quality assurance, professional development and skill upkeep of co-operative members. Conducts and reviews member evaluations and provides feedback.
 - **Office Committee:** Oversees the work of the office manager which will likely be a staff person from SADSAWU. Also in charge of Client Relations and Quality Control/Assessment.

VI. The Role of the Incubator & Cooperative Development Models

Based on the interviews that were held with the ILO representatives in Pretoria, the following describes my organizational readiness assessment of the *ILO* to support the co-operative project:

- Commitment: The ILO Geneva office has taken the lead since the onset of the project and continues to put resources and time into the assessment phase and soon to be the implementation phase. The Director of the ILO Pretoria office expressed interest in the project; furthermore it was confirmed that the outcomes of the project would fall within the purview of the ILO Outcome Plan for 2016-2017, Primary Indicator 4.2: with targets and Secondary Indicator 4.3. The new project would need to meet a strategy output within the Decent Work Country Programme for South Africa (DWCP), and it was confirmed by the

Director that it would indeed meet the criteria for Output 4.3, “support for the upgrading and promotion of Social Economy enterprises (including cooperatives)”. When meeting with the Coordinator for Implementation of Programs, she confirmed the latter as well and added that their office had participated in the Global Action Program on migrant domestic workers. Their participation in past work related to domestic workers exemplifies commitment on the part of the ILO Pretoria office.

- Capacity: The Director explained that since the project fits within the ILO Outcomes and the DWCP, in order to move forward on their part, it would be a matter of writing a proposal and including a budget request in USD. The funding would be sought within the South African government, donors and the ILO. It would be pertinent to secure funding for a multi-year (3-5+ years) engagement. For this type of project a full time (40 hours/week) staff person from the ILO is highly recommended. The person should have a passion and interest in co-operative enterprises, knowledge of the domestic work population, ability to coordinate many moving parts, a strong communicator and able to work diplomatically with multiple partners and manage different levels of relationships. A strong sense of entrepreneurship is highly favorable for this position. It is evident that the ILO Pretoria and Geneva offices have a positive relationship with both COSATU and SADSAWU, and have already engaged multiple times with the domestic worker members.

The ability to work with community members on the ground is crucial for this project. The area that is not clear and needs to be flagged is whether the ILO has experience engaging private employers. Even though the union would likely take the role of providing back office support to the co-operatives, the ILO point person would need to “supervise” this work and assure that the management and administration of the business is going smoothly and the customer service aspect is strong. In conclusion, the ILO Pretoria office has the institutional capacity to support the project and would need to play a leadership role by “overseeing” the work of the members, the union and the external collaborators. Essentially I would not recommend having the union proceed with this project independently; it is fundamental that the ILO leads the way, oversees the project, and is prepared to be involved in matters that will range from the micro to the macro level.

- Capability: Both ILO offices that would be engaged in this project (Pretoria & Geneva) have experience leading system implementation projects and have a strong knowledge of the community group that is being targeted. There are staff members from the ILO who have worked with co-operatives for a long time which is a great strength and asset for this project. In contrast, there isn't a background with workforce development, so this would be an area where the ILO would need to build their skills or contract an expert that can assist the co-operatives in developing the infrastructure for the back office where the jobs are entering and being assigned.
- Culture: The ILO staff that I was able to interface with during the visit presented to feel comfortable working in projects with high levels of ambiguity, and to be accepting and tolerant of change. There was a range of experience working "on the ground" with community members, depending on job roles. This particular project will require the lead ILO staff person to work on a daily basis with the domestic workers, union organizers, co-operative clients, external collaborators, and with the general community when engaging in publicity efforts.

Based on the interviews that were held with a *COSATU representative and SADSAWU organizers*, the following describes my organizational readiness assessment for these two groups to support the co-operative project:

- Commitment & Capacity: All of the representatives that were interviewed expressed a high level of interest in the co-operative project and felt that it aligned well with SADSAWU's general mission to support the empowerment of domestic workers. What was clear from the conversations is that these leaders are enthusiastic about the potential that a successful co-operative holds for the members that would be engaged. At the same time, COSATU has not designated there to be a new program area for the co-operative pilot. Up to now, organizers have dedicated staff time to attend workshops, recruit members to attend, and provided food and coordination. In terms of developing the infrastructure for a new program area, this has not occurred. The organizer in Cape Town in charge of mobilizing the members for the co-operative workshops expressed that moving forward; she would not be able to designate time from her schedule to

this project because of her already set role and responsibilities within the union. She is, however, in full support of the co-operative project and will be available on an ad hoc basis when needed.

The SADSAWU organizer from the Johannesburg office stated that they would have the ability to dedicate staff time and resources to this project but was not forthcoming about the details of how this would be accomplished. They are clearly dedicated to this project as is exemplified in their having organized a meeting with SANACO and the Department of Labor on December 3, 2015. The purpose of the meeting was to follow up on the validation workshops and discuss the commitment level of all the parties present.

It is recommended that both the Cape Town and Johannesburg SADSAWU offices each designate 1 staff person to work part time (15-20 hours/week) on the co-operative project. These organizers would be in constant contact and coordinating the projects with the ILO full time person on the project. The ILO person should work out of the SADSAWU offices where the co-operative program would be based, 1-3 times/week to facilitate the collaborative work, to be visible to the members and the organizers, to be present at all the co-operative general and committee meetings, and to assist in supervising the office manager.

COSATU can provide support to SADSAWU on policy advocacy regarding domestic workers or migrant workers. Additionally, it would be important to determine if they have leverage over SADSAWU local office funding. If so, they would need to decide if there is a financial commitment they can make. It was confirmed by both SADSAWU locations that they would be able to provide space for co-operative meetings and the back office, and assistance with member recruitment and relationship-building. It was unclear from the interviews whether the union could financially support a back office administrative person for each location. This position could start at part time around the launch phase (15 hours/week) and increase as the demand grows over time. If the union is unable to cover the cost of these positions, either the ILO would need to look at how to fund this or determine if there is a cooperative member who is willing to volunteer as the office manager until the business is able to compensate her time.

In order for SADSAWU to prepare themselves for the Incubator role along with the ILO, they should complete an Organizational Readiness Assessment. The purpose of this assessment is to help them identify and target areas where they have gaps, may experience challenges and therefore may need to strengthen those areas internally or look elsewhere for supports. The Organizational Readiness Assessment survey and SWOT Analysis have been included in the *Appendix* section. The SWOT analysis should be completed collaboratively between the ILO and the unions. The Organizational Readiness Assessment Table is *attached separately* through an Excel spreadsheet. This Table allows for members of each organization to enter their scores and then see the overall score for Organizational Readiness.

Model of Cooperative Development

Democracy at Work Institute (a worker co-operative development organization in the USA) has drafted a framework for understanding co-operative development approaches. It is an 8-point scale meant to help organizations determine and understand their position and level of impact when supporting the creation and growth of cooperatives. This framework is included in the *Appendix* section.

When taking into account the 8-point scale framework a few different components should be taken into account to determine what “type” of developer SADSAWU/ILO would need to be for this project:

- Population: how self-sufficient members are, what kind of resources they already have and don't have that are necessary, how much coaching is needed, etc.
- Incubator: Commitment length of time, organizational capacity (staff, time, resources), interest in what type of role, what level of investment (capital, governance, and management).
- From the onset of the project, how member-driven is the cooperative or how incubator-driven is it?

Based on conversations with domestic workers, stakeholders and with SADSAWU, is recommended that a higher touch approach is taken with this project. When

considering the 8 points of the scale from the DAWI model, the following would need to take place:

1. **Business Plan & Strategy:** The developer (SADSAWU/ILO) will lead the process of creating a business plan, but will engage the members in the decisions. The Developer completes an assessment of the market potential for the type of business. Developer will do financial projections, assess feasibility, and seek investors.
2. **Financial Investment:** Developer will invest in project by using grant funds, staff time, and in-kind donations. Developer can have some control rights attached to the financial investment they made (i.e. supervising the office manager which either SADSAWU or ILO is compensating).
3. **Return/Distributions of Surplus:** This is an area that will need to be determined by all parties involved. It would be interesting to consider a model where the co-operative pays SADSAWU a fee once the business is stabilized and those funds then go back to developing additional cooperatives in the future. Initially, it is not recommended to have the developer claim any of the surpluses due to this not being a highly profitable industry and might make it challenging for the co-operative to afford sharing its surplus in addition to meeting the needs of the members.
4. **Governance Control:** The project may be closer to the middle point of the spectrum with respect to governance. The reason is that the developer will assist the businesses to create their structures by training, coaching, and advising but should not have a vote in the decisions that are made in the co-operative. This will allow the co-operative to maintain autonomy from the developer in its governance. It is recommended, however, to have 1-2 incubator representatives sit on the advisory board.
5. **Operations Management:** The incubator/developer will invest in hiring an office manager at the onset of the project. The developer will manage and/or hire managers at the start, and will phase out of its supervisory role as benchmarks are met. Developer trains members to build capacity to self-manage or to hire and supervise manager.
6. **Membership:** Initial members are recruited by the developer for a mix of co-op/industry/group skills. Developer sets initial membership criteria and process for membership. Developer determines who of the founding group will advance to membership.
7. **Member Training and Capacity Building:** SADSAWU/ILO will sets goals and benchmarks. Capacity-building starts during recruitment and continues until benchmarks are met and ownership is transferred. Initial training in job/industry

skills, business management, governance, financial analysis, legal responsibilities, group process and democratic decision-making. Ongoing training as requested by members.

8. Long Term Relationship: The maturity of the co-operatives will involve a new relationship with SADSAWU/ILO. It is advised that based on the needs of the co-operatives moving forward and the interest of ILO and SADSAWU to see through the success of the two pilot co-operatives, there would continue to be a minimum involvement in the long term by providing resource referrals, marketing and access to markets, training and technical assistance.

Co-operative working towards self-management and sustainability: It has been expressed by the ILO and Constituencies that the ultimate goal is to *eventually* have at least two co-operatives become independent from the incubator and self-sustaining. The indicators that can be used to identify that the co-operatives are moving towards independence from the incubator are:

- Co-operative business can cover all of its overhead costs and has hit a breakeven point.
- Co-operative members are able to self-govern and manage business administration and policies with minimal assistance from the incubator.
- Co-operative members are able to identify when they need technical assistance, training and support; and reach out for help.

In terms of the timeline needed to work towards independence, it will depend on how successful the business is in the marketplace, whether the co-operative has the right members who are able to govern the business effectively and efficiently while applying the co-operative principles and values. Considering that South Africa has a very high co-operative failure rate due to many co-ops rushing to incorporate/register and obtain the government subsidy before developing the commitment of the members, the democratic workplace culture and the infrastructure of the business; it is advised that the two domestic worker co-operatives do the latter before incorporating and obtaining the government subsidy.

The incubator should focus their efforts for the first year on helping the co-operatives develop a sense of identity as a group, a strong brand, and an understanding of the

business plan. Generally speaking, the incubator (SADSAWU and ILO) should plan to be involved in the phases of development (inception, launch, growth, and maturity) of the two cooperatives for at least the next 3-5 years.

Key recommendations to assist co-operatives towards independence:

- From the onset of the project, the incubator needs to be clear about their capacity for this project, their timeline for being involved, and their goal in the involvement and how it fits into their wider mission statement for their organization.
- At the initial engagement with the co-operative members (i.e. session #1 of initial training), present them with a document that is “user-friendly” and can be used to review the nature of the relationship between the incubator and the co-operative enterprise and the Scope of Work (example included in the *appendix*). This document can include:
 - Purpose and objectives for incubator involvement.
 - Type of Work: Meetings, Trainings, general co-ordination, leadership development, management of business, preparation for launch, marketing, bookkeeping, administration, etc.
 - Time dedication: who will be involved, when, how and for what duration.
 - Office Management: how much staff time will be dedicated and duration.
 - Space: who will provide the space, for what purposes and any particular specifications about the space provided.

It is highly recommended to be very explicit about the intentions of the incubator wanting the co-operatives to become independent, because it is preferable to prevent misunderstandings and tensions between the incubator and the co-operatives. This particular section should state that there will be an end-of-the-year evaluation period where the co-operative members are able to assess the work and support on behalf of the incubator; and the incubator will provide the co-operatives with a report reflecting their observations and recommendations moving forward.

Essentially this would create an opportunity to reflect together on the progress made thus far and where the co-operative is in terms of meeting the goal of becoming financially self-sustaining. In order to measure this outcome, it will be necessary for both the incubator and the co-operatives to look at the costs of the business (including the costs that the incubator

is incurring) and what the businesses need to bring in, to understand what the break-even point would be and how to work towards that point.

Lastly, a special focus needs to be placed on leadership development in the co-operative setting. This can look a few different ways within a co-operative:

- Trainings and hands-on skill building on how to manage a Board of Directors.
- Trainings on how to manage the business through the committees, as “managers” and to understand what channels to use to apply policy changes when needed.
- How to be an empowered and effective co-operative members (i.e. use of self at meetings, understanding the structure of the business, etc.).
- Developing skills and the ability to be involved in advocacy efforts internally and externally to the co-operative.

A few materials are provided below as guides for the creation of a democratic management structure. Included are:

1. Governance Overview by The ICA Group (<http://ica-group.org/product/democratic-governance-an-overview/>)
2. Grievance Policy by The ICA Group (<http://ica-group.org/product/grievance-policy/>)
3. Guide to facilitating Meetings, by Seeds for Change (<https://goo.gl/F29ggj>)
4. Recommendations for Group Ground Rules by Vanessa Bransburg (included in appendix)

VII. External Collaborators

1. Department of Trade and Industry (DTI)
 - Role & Responsibilities: Provide co-operative opportunity to apply for government subsidy (grant) for up to 350,000 Rand. The grant can be split in a way that would be useful to the co-operative. For example, 60% for equipment and 40% for operational expenses. One way that the operational piece can be utilized is to compensate an administrative/office manager person for a period of time until the co-operative stabilizes and is able to cover this cost.

2. Deutscher Genossenschafts- und Raiffeisenverband e. V. (DGRV)

- Role & Responsibilities: Provide training, materials on developing business structure and technical assistance.
- Possible contributions: They can provide 3-day training on the following topics:
 - What is a co-operative?
 - Co-operative Principles and Values
 - Characteristics of a Co-operative
 - Difference between Co-operative and other Orgs.
 - Levels of Co-operatives
 - Types of Co-operatives
 - Difference between a services co-operative and worker co-operative
 - Co-operative structure
 - Decision-Making process
 - What is Co-operative Governance?
 - Role of the Board of Directors
 - Role of the Managers
 - Role of the Members
 - Role of the Supervisors

Ad hoc workshops on other topics are also available (i.e. how to register your co-operative and create the constitution). Tools are available for cooperatives (i.e. financial audit manual).

3. Women in Informal Employment: Globalizing and Organizing (WIEGO)

- Possible contributions: They have information and relationships with individuals and organizations who conduct trainings for informal workers in South Africa. They would be willing to assist the creation of partnerships with NGOs that can help further the goals of the project.

4. The Department of Labor: Provide trainings on workplace issues.

5. South African National Apex Cooperative Ltd (SANACO)

- Possible contributions: Assist with policy advocacy to facilitate the formalization of the Domestic Worker cooperatives.

Note about collaborative approach with co-operative: It is advisable that the way in which the external collaborators work with the co-operative and its members is by including them in the process of gathering information, presenting information and making decisions. For example, if the co-operative chooses to work with the Small Business Services, the ideal scenario would be for the staff person assigned to work with the co-operative to come to the co-operative meeting to introduce themselves, provide information about the service provision, discuss together what it would look like to proceed together and for the members to leave that meeting feeling empowered.

The following meetings should continue to take place in the space that the members meet unless it is necessary to go to the governmental office for a particular reason. Going to the space that the members meet signifies an interest in their project, meets them where they are which can contribute to them feeling more comfortable and secure with an unfamiliar and potentially intimidating process.

VIII. SWOT Analysis

This is a preliminary analysis to be continued by the partners involved in this project.

Strengths	Weaknesses
<ul style="list-style-type: none"> ● The ILO (SA & Geneva offices) is supporting the development of the project (possibly with staff & financial resources, depending on short term and medium term funding opportunities) ● COSATU & SADSAWU are on board with project in terms of concept and objectives. ● Other potential external partners have expressed interest in providing support (WIEGO, DGRV). ● There are a number of regulations and laws supporting the development of cooperatives in South Africa. ● South Law Project is a legal resource that has the experience, relations and know how. ● A number of domestic workers have expressed interest in joining the cooperatives and have already dedicated time to workshops. ● There is a clear demand for the work of domestic workers in the country. ● There are labor laws already established stating how to engage with domestic workers in the workplace. 	<ul style="list-style-type: none"> ● SADSAWU does not have the capacity (staff or time) to dedicate a person to this project at this time. They have been relying on the support of WIEGO, IDWF and COSATU on many of their projects, and the coop project would not be different in this sense. ● Funding has not been located yet by the ILO to support this project (A proposal and budget still needs to be developed). Interim funding will also be explored through institutional resources. ● The enforcement of labor laws for domestic workers is very low. ● SADSAWU doesn't have experience with business development or job placement; there would be a very high learning curve. A recommendation would be to have the incubator (SADSAWU/ILO) and some coop members participate in a study tour of the NYC Co-operative Initiative at the Center for Family Life where CBOs are supported to develop their institutional capacity to become coop incubators.
Opportunities	Threats
<ul style="list-style-type: none"> ● May be able to help migrant workers get their work permits via joining the cooperative. ● Great opportunity for professional development of workers that may lead them to pursuing other work or business opportunities in the future. ● The co-ops can have diversified, high quality services. The clients will choose co-op based on accountability factor and its business/worker ethics. ● This is an interesting collaboration between government, workers, unions, NGOs and lawyers that is at the nexus of collective enterprise development, formalization of informal economy and protection and advancement of workers' rights. 	<ul style="list-style-type: none"> ● There is a high level of abuse by private employers towards domestic workers. ● Potential employers may not care about the cooperative "advantage" and may simply go the agency route. ● There are thousands of domestic workers charging a lot less that employers may hire instead.

IX. Proposed Timeline

Months	0*	3	6	9	12	15	18	21	24	26
Feasibility Study	Due by Feb '16									
Prepare training curriculum/confirm trainers		March '16								
Recruitment of members		March '16								
Info sessions/Interviews		April '16								
10 week initial training			Complete by July '16							
Post training prep for launch**				Due by Sep '16						
Create committees				Due by Sep '16						
Launch business				Oct '16						
Problem solve and assess client evals (every 3 months)					Due Dec '16	Due March '17	Due June '17	Due Sep'17	Due Dec '17	→
Coop leadership development	→									
SADSAWU manages back office				Oct '16	→					Coops begin to self-manage
Focus on marketing & publicity				Starting Sep '16	→					
Member leadership development				Starting Sep '16	→					

*Assumption that Implementation plan begins January 1, 2016.

** Prep for launch includes: developing marketing materials (logo, brochures, uniforms, website, etc), service list, price list, work contracts, establishing back office protocol, job roster, and paperwork, client feedback forms, member evaluation forms and processes assessment, etc.

Appendix

Initial Cooperative Training Topics

Outline

Session #1: Getting to Know Each Other and Introduction to Co-operatives

- Get to know each other, create a community agreement, definition and types of co-operatives, principles and values, advantages and disadvantages. The difference between being an employee, and co-operative member.

Session #2: An orientation to the Industry

- Context for the industry is provided (statistics, regulations, trends, etc.).
- An “expert” or person who has worked in this industry provides information about their personal and professional experiences.
- Review components of the feasibility/market study that was conducted so members become familiar with the essential elements of the industry including the competition.

Session #3: Models of Decision Making

- Introduce multiple ways of making decisions in a group (i.e. spontaneous decisions, one person decides, compromise, majority, consensus, etc.).
- In-depth training on process of consensus decision making. Incorporate practice and problem-solving.

Session #4: Governance and Management

- What is the difference between management and governance?
- Considering scale when developing structure.
- Possible role of incubator in management.

Session #5: Developing a Business Plan.

- Introduction of the Business Model Canvas (BMC).
- Present business financials
 - Investment costs
 - Fixed costs

- Variable costs
- Break-even

Session #6: Communication and how to work effectively as a team

- Using “I” statements
- Giving and Receiving Feedback
- Conflict resolution strategies

Session #7: Creating the constitution and registering the business

- Introduction to purpose of a constitution, components, and process needed for its creation
- Requirements to register cooperative, timeline, and fees

Session #8: Branding and Selecting Name for the Business

- Introduction to “what is a brand?” and its purpose.
- How do we live our business brand?

Session #9: Marketing for Cooperatives

- What is the difference between publicity and marketing?
- How to understand your target client?
- Develop strategies for marketing your services/product

Session #10: Graduation and Work Life Balance

- Determine as a group when regular membership meetings will take place.
- Celebrate the completion of the 10-week training, provide founding members with certificates.
- Discuss accountability in terms of attendance, punctuality, and other member responsibilities. Present information about the importance of work life balance now that they are business owners.

Feasibility Study Outline

Table of Contents

1. Executive Summary
 - a. Feasible wages vs. living wage; potential for full-time employment
 - b. Regulations
 - c. Protections for domestic workers through Department of Labor
 - d. Target market
 - e. Sustainability
 - f. Advantages of co-operatives in industry
2. Community Description & Needs
 - a. Labor
 - b. SADSAWU & ILO as partners
3. Industry Profile
 - a. Market
 - 3.a.i. Demand
 - 3.a.ii. Profit margin
 - 3.a.iii. Pricing schemes
 - b. Wages
 - c. Competition
 - d. Wrap-up: Describe your overall sense of your market potential and both advantages and challenges
4. Business Description
 - a. Products and/or services
 - b. Pyramid – base/priority/niche
 - c. Customers
 - 4.c.i. Weekly/seasonal differences
 - 4.c.ii. Geographic
 - 4.c.iii. Demographic
 - d. Sales scenarios – who/how
 - e. Marketing strategy
 - f. Industry connections
 - g. Plan B (e.g. licensing, target market)
5. Group Structure
 - a. Incorporation: Co-op options for type of entity & implications
 - b. Ownership (worker coop)
 - c. Management Needs & Accountability

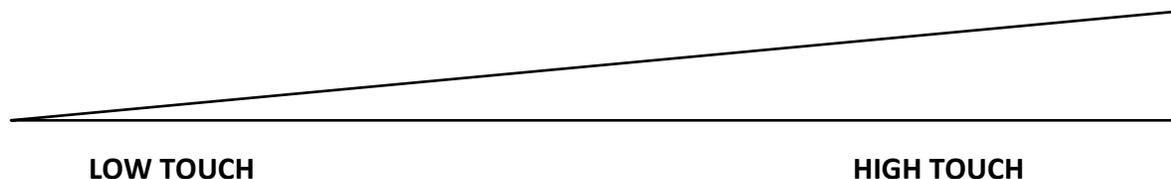
- 5.c.i. Needs (anticipate committees based on needs)
 - 5.c.ii. e.g. teams for jobs, training...
 - d. Partners (incubation, legal, financial, grants, industry expert)
- 6. Operations
 - a. Back office
 - 6.a.i. In-house vs. outsource
 - 6.a.ii. Tech needs (e.g. database)
 - 6.a.iii. Bookkeeping
 - b. Industry requirements
 - 6.b.i. Regulations & eligibility
 - 6.b.ii. Licensing & training
 - 6.b.iii. Insurance
 - 6.b.iv. Background check needs, work permits for migrant workers, etc.
- 7. Financials
 - a. Investment costs
 - b. Fixed
 - c. Variable
 - d. Break-even
 - e. Full time/Part time scenarios
 - f. Incubation projection (costs on behalf of SADSAWU/ILO)
- 8. Conclusion

Worker-Co-operative Development Framework

Author: [Democracy at Work Institute](#)

Worker co-operative development is a general term used to describe the activities of organizations helping worker co-operatives get started. Generally “incubator” is used when a High Touch approach is taken. This range of activities is wide. What follows is our attempt to separate out these co-operative development activities onto a spectrum and provide a conceptual framework that co-operative developers can use to define their approach, scope their investment, and measure their impact. Worker co-operative development is more than

business development. It is also building the capacity of the group of new business owners to own and control a business co-operatively. We use a 'high-touch, low-touch' framework to describe this work. Below we describe each end of the spectrum, recognizing that in reality most cooperative development projects fall somewhere closer to the middle.



Developer as coach	Developer as entrepreneur
Co-operative members initiate, invest, control	Developer initiates, invests, controls; transfers ownership and control over time
Developer's financial investment is staff time only	Developer's financial investment is to capitalize the business through equity or debt
Developer staff competencies: organizing, training, organizational development, basic business support.	Developer staff competencies: business development, management, training, organizational development.
Impacts: Broad	Impacts: Deep
(job creation, entrepreneurs reached, access increased)	(job quality, wealth building, skills and ladders built)

8 Point Framework

The role of the co-operative developer can be broken down to eight key areas of co-operative development, with the developer's commitments and staff competencies laid out for each area.

1. BUSINESS PLAN AND STRATEGY

Members create business plan	Developer creates business plan
-Generally comes from members' skills and experience	-Generally comes from mission of developer and assessment of market potential
-Developer must be able to give feedback or connect members to consultants who can give feedback	-Developer must be able to write business plan, do financial projections, assess feasibility, and seek investors
-Growth is organic and member-driven	-Growth is dictated by the business plan

2. FINANCIAL INVESTMENT

Members invest	Developer invest
<ul style="list-style-type: none"> -Low capital investment -Member equity -Developer invests staff time, usually grant-funded -Developer has no control rights unless granted by members 	<ul style="list-style-type: none"> -High capital investment -Developer equity or bank loan -Developer invests staff time and capital -Some control rights attach to developer investment (Board seats, takeover clause)

3. RETURN/DISTRIBUTION OF SURPLUS

Members own all surplus	Developer claims some surplus
<ul style="list-style-type: none"> -Developer has no claim to surplus 	<ul style="list-style-type: none"> -Developer may write some return on investment into the structure: preferred share, developer fees, etc.

4. GOVERNANCE CONTROL

Members control at start	Developer control at start
<ul style="list-style-type: none"> -Members write bylaws, set up structures, comprises the Board of Directors or decision-making body -Developer's role is to support effective governance through training, coaching, showing models -Developer has no liability 	<ul style="list-style-type: none"> -Developer writes bylaws, sets up decision making structures, and comprises the Board of Directors or decision-making body -Developer's role is to govern, build member capacity to govern, and hand off governance power in clear stages -Developer is legally liable at start

5. OPERATIONS MANAGEMENT

Members invest	Developer invest
<ul style="list-style-type: none"> -Members manage or hire manager -Developer provides training and coaching -Developer may provide some management 	<ul style="list-style-type: none"> -Developer manages or hires manager at start, phasing out as benchmarks are met -Developer trains members to build capacity to self-manage or to hire and supervise manager

or back-office services on a fee for service basis	-Developer may provide some management or back-office services on a fee basis
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6. MEMBERSHIP

Members self-constitute	Developer recruits members
<ul style="list-style-type: none"> -Initial members choose themselves through existing relationships or shared bonds, may not consider group skills mix -Developer helps research models and facilitate discussions among members to set criteria -Developer may play a role in culling members in first phases of project 	<ul style="list-style-type: none"> -Initial members are recruited by developer for mix of coop/industry/group skills, may not know each other beforehand -Developer sets initial membership criteria and process for membership -Developer determines who of the founding group will advance to membership

7. MEMBER TRAINING AND CAPACITY-BUILDING

Developer trains as needed	Developer sets goals and benchmarks
<ul style="list-style-type: none"> -Training is focused around the needs and requests of the founding group -Initial training in group process and democratic decision-making, cooperative values, some business -Ongoing training as requested by members -Time commitment: 6 months to 2 years 	<ul style="list-style-type: none"> -Capacity-building starts in recruitment and continues until benchmarks are met and ownership is transferred -Initial training in job/industry skills, business management, governance, financial analysis, legal responsibilities, group process and democratic decision-making -Ongoing training as requested by members or built into the model -Time commitment: 12 months to 3 years

8. LONG-TERM RELATIONSHIP

No formal relationship	Formal Structured Relationship
<ul style="list-style-type: none"> -Maturity involves separation from developer -May stay in contact but no formalized structure for this relationship 	<ul style="list-style-type: none"> -Maturity involves new relationship with developer -Minimum: support and networking, marketing and access to markets, joint purchasing -Maximum: financial relationship, governance relationship on developer's board

Developer Investment

All co-operative developers invest a substantial amount of staff time to launch and provide post-launch support for worker co-operative projects they are developing. This investment of staff time can range from .5 FTE over 6 months to 2-3 FTE over 3 years (or more). In addition, high-touch developers also invest in capitalizing the business (buying initial equipment or property, building out space, providing working capital for the startup period). They may do this directly with their own cash/equity investment, or they may borrow the money on behalf of the startup co-operative. This investment marks the key difference in the models and it resonates through all other areas: business planning, liability, governance, management, training, and ongoing relationship. The training plan that follows attempts to scope the commitment of the developer along a low touch—high touch spectrum, identifying core competencies to be built in the co-operative members, and thus core competencies needed on the staff of a co-operative development organization.

Measuring Impact

In many ways, impact follows from investment. In general, high-capital models tend to be concentrated in industries with higher margins, and may build substantial wealth for worker-owners who have some degree of skills or access already. Low-capital models tend to be concentrated in rapidly expanding service industries with low barriers to entry, and may be able to grow to substantial numbers of worker-owners who were previously locked out of the labor market.

But to measure the full impact of worker co-operative development, we need to push beyond these initial metrics, to measure additional factors such as job stability, quality and flexibility; creation of career ladders and skill-building; increase in social capital; and secondary effects of worker ownership at the neighborhood or industry level. The key to effectively measuring impact is to understand the goals and outcomes of the worker co-operative development project, and measure impact against these. Is the project part of a raise-the-floor strategy, or a build-ladders strategy? Is its goal to provide basic opportunities for marginalized workers to enter the economy, or to save middle-class jobs? Does it aim to raise standards in an industry? Is it part of a larger place-based initiative to reduce inequality or alleviate poverty? Is it focused on a particular constituency, like women or immigrants? The answer to each of these questions implies its own set of metrics.

Organizational Readiness Assessment

Step One: *Identify* the Anticipated or Desired Change

To clearly define the desired change, develop a short paragraph that specifically describes the action or program that the organization is considering to assure that the stakeholders see the same vision (i.e. SADSAWU).

Example Statement: To create a co-operative incubation program to provide support and consultation services to worker-owner co-operatives based on principles of social justice, equality, and democracy. To focus on developing worker-owner cooperatives that value fair wages, safe working conditions, and a respect for the environment.

Step Two: *Determine* the Current State of the Organization in Relation to the Desired Change

1. Does the proposed project align with the organization’s current vision, mission, and strategic plan?
2. Is the proposed project consistent with the organization’s values and culture?
3. Are resources available to begin development of the proposed project?
4. Do stakeholders support the program?
5. Who has authority over the proposed program?
6. What does a SWOT analysis reveal about organizational successes and potential barriers? (*See below*)
7. In addition, what ratings do you receive when completing the “Organizational Readiness Assessment Table”?

SWOT Analysis

Strengths	Weaknesses
What do you do well? What unique resources/skills/experiences can you draw on? What do others see as your strengths?	What could you improve? Where do you have fewer resources/skills/experiences than others? What are others likely to see as weaknesses?
portunities	Threats
What opportunities are open to you as a business? What trends could you take advantage of? How can you turn your strengths into opportunities?	What threats could harm your business? What is your competition doing? What threats do your weaknesses expose you to?

Recruitment of Members

Example Interview Questions for Membership to a Nanny Co-operative

- What interested you about applying and joining the Co-operative?
- Why are you interested in working with children professionally? What qualities would you bring to this work?
- Please tell us about an experience you had while taking care of children. Tell us about something that went well and a challenge you had at that job.
- Please name 1 to 2 characteristics that are important to you in this type of work.
- Briefly describe what asset you would bring to the cooperative.
- Are you available to start working with the co-operative immediately or do you have other commitments at this time?
- Scenario: You're with a client who passes out, what do you do?
- A client calls to hire a member and three are available. Who should get the interview/job? Why?
- There hasn't been work for over a month. What might you do to raise the morale of the other members?
- How did you hear about the opening of the Co-operative?
- What has your past work experience been? What have the challenges and positive aspects been?
- Tell us about previous experiences you have had working in groups.
- Can you tell us about a time in the past when you had to deal with conflict? What did you do?
- What are some challenges that you foresee in working within a group?
- What do you see being your role or position within the coop?
- How do you feel about being in the teacher role and then switching to the learner role?
- Why do you think customer service is important?
- How do you feel about working in a diverse group (in terms of language, nationality, skill level, and age)?
- What are your long term goals?
- Do you have any questions for us?

Example of a Membership criteria and a rubric used to review membership applications for a Tutoring Co-operative

Criteria	Unacceptable (1)	Acceptable (2)	Ideal (3)
Availability	Limited availability. Cannot come to the training.	Available more than one day a week. Can come to 60 of things, including 12 week training.	Available more than 3 days a week. Able to attend full training.
Experience & Skills	No experience.	Some experience (more than one year) Indicates medium skill level with at least two types of work.	Has several years of experience (+3years) and/or some formal training or licenses Indicates high skill levels with at least one type of work. English (+1)
Motivation for cooperative	No group experience. Marked no contribution to the group. No reason provided for wanting to be in the co-operative	Limited group experience Provides some reasons to be part of the co-operative; however they are hard to understand.	Has significant group experience and refers the group experience as something enjoyable. Provides at least 2 reasons for being in the cooperative. Not just looking for a job. Refers to concepts like “benefits of a coop”, “group experience positive” “be your own boss”
Completeness of Application	Completed less than 80%	Completed more than 80%	complete

Scope of Work

I. Introduction/Background

The Co-operative Development Program Names of organizations will continue to provide consulting services and technical assistance for _____(client) to support you during your gestation stage and the strengthening of your cooperative business.

II. Objectives

- Provide consultation for the establishment of the business and its clientele.
- Provide education, training and technical assistance to help improve the management of the business and the members.

III. Type of Work

The work that the Cooperative Development Program will perform with and for the client will remain in some of the following categories:

1. Meeting Attendance

- General meetings
- Committee meetings
- Other meetings

2. Trainings

_____ will provide _____ (#) trainings that have been agreed upon with the client.

TOPIC	DATE	TIME	LOCATION

IV. Consultation hours. The Co-operative Development Program will offer consultation hours to work with the co-operative. The nature of the hours dedicated to the cooperative will be determined by the needs that the client identifies.

Consultation hours include, but are not exclusive to the following type of work:

- General coordination,
- Work with special projects,
- Office work (covering tasks that correspond to the office managers),
- Other projects agreed on by the client and _____ (incubator)
- Preparation for the launch
- Database
- Bookkeeping System
- Financial Structure
- Governance Structure
- BackOffice Setup
- Marketing

Consulting Hours: Co-operative Developers

The client will have __ (#) co-operative developers assigned to their cooperative. Part of the model of _____ (Incubator) is to provide __ (#) cooperative developers per cooperative in order to provide enough support to the business and also in order to be part of a collective learning experience.

The table below outlines the minimum FTE that the two developers can collectively dedicate to the co-operative. If the client feels like they need more support, they can approach the developers, who will do their best to offer additional support, within capacity. The above statement however is contingent on support from outside funders.

Year 1	0.3FTE (ca. 500 hours/year)
Year 2	0.25FTE
Year 3	0.2FTE
Year 4	0.15FTE
Year 5	0.1FTE (ca. 200 hours/year)

V. Office Manager Hours

The office manager will do their best to provide high quality customer service with the supervision of the co-operative's designated representatives. The incubator staff will also provide supervision to the Office Manager on general tasks and responsibilities assigned to her/him. As an estimate, the Office Manager will dedicate the following time based on FTE to your co-operative:

Year 1	0.1FTE
Year 2	0.2FTE
Year 3	0.3FTE
Year 4	0.4FTE
Year 5	0.5FTE

VI. Annual Report: During agreement renewal season, the developers working with the co-operative will invite the co-operative members to a discussion to assess the year with respect to meeting the goals developed at the beginning of the agreement period. This will be an opportunity to reflect on how the services were performed and on the relationship between the incubator and the client. After this discussion, _____ (incubator) will develop a report based on conclusions from the assessment and some recommendations from _____ (incubator) for the client for next year.

VII. Costs

The goal is that the cooperative is able to pay the total costs of the services that they acquire from the incubator (back office administration) in the following timeline:

Year	Target Coverage of Costs of Services
1	0%
2	5%
3	30%
4	65%
5	100%

Each year, there will be an evaluation of the cooperative's progress towards covering the costs of services offered by _____ (incubator) to identify areas that need work in order to reach their target.

If the co-operative is above the target, the co-operative can negotiate with _____ (incubator) to reduce the percentage of gross income that they pay as a fee. A criterion to negotiate this reduction is the percentage of expenses (other than wages) of the cooperative, compared to the gross income. However, in this case the minimum payment shall be the target coverage of costs of services.

If the co-operative is below the target, _____ (incubator) can ask the cooperative to fundraise additional income. A percentage of these funds will be transmitted to _____ (incubator) to cover more of the costs of services and approximate the target coverage of costs of services corresponding to the year of development

VIII. Other Requirements

1. Requirements for Child Care

If the cooperative decides to hire babysitters for their meetings, they will have 1 babysitter for every 4 children. Additionally, they will ensure that the area that the children and babysitter used (rooms and bathrooms) is left clean and organized at the end of the meeting. Children will be accompanied to the bathroom by one babysitter; no child shall be left unaccompanied at any moment.

2. Office

As long as the Office Manager is an employee of the incubator, the staff member of the incubator will provide supervision in collaboration with the Office Committee and the President of the Cooperative. In the case that the Office Manager is not available (for example, asks for vacation), the cooperative must coordinate for office coverage and the incubator can provide support to the Office Committee to cover specific tasks.

3. Media

If the press requests to interview the cooperative, the incubator can help prepare members to meet with journalists, coordinate the sending of materials and in general the interaction with the media.

4. Maintaining an appropriate bookkeeping system

The cooperative commits to having an appropriate bookkeeping system, which will include maintaining a record of your income and expenses to understand the trajectory and health of the business. We recommend that the cooperative makes it a requirement for each member to file their income tax return each year.

Recommended Ground Rules

Respect—Give undivided attention to the person who has the floor (permission to speak).

Confidentiality—What we share in this group will remain in this group.

Openness—We will be as open and honest as possible without disclosing others' (family, neighbors, or friends) personal or private issues. It is okay to discuss situations, but we won't use names or other ID. For example, we won't say, "My older brother ..." Instead we will say, "I know someone who ..."

Right to pass—It is always okay to pass (meaning "I'd rather not" or "I don't want to answer").

Nonjudgmental approach—We can disagree with another person's point of view without putting that person down.

Taking care to claim our opinions—We will speak our opinions using the first person and avoid using 'you'. For example, "I think that kindness is important." Not, "You are just mean."

Sensitivity to diversity—We will remember that people in the group may differ in cultural background, sexual orientation, and/or gender identity or gender expression and will be careful about making insensitive or careless remarks.

Anonymity—It is okay to ask any question by using the suggestion box.

Acceptance—It is okay to feel uncomfortable; adults feel uncomfortable, too, when they talk about sensitive and personal topics, such as sexuality.

Have a good time—It is okay to have a good time. Creating a safe space is about coming together as a community, being mutually supportive, and enjoying each other's qualities.