

7 Craft a Compelling Pitch

We close our in-depth “How to Create a Worker Cooperative” course by providing you with a template tool for producing a compelling pitch that helps you bring all the above pieces together in a short and visual story that invites others to participate in your new exciting endeavor.

The nature of your pitch, of course, depends on your audience, whether it is a potential new member of your team, a funder, a supplier, or a community organization. And we are happy to act as a sounding board or consultant in the creation process during one of our free office hours.



What Does It Take to Start a Worker Co-op?

At the L.A. co-op lab we've come up with 7 key steps to starting a worker co-op, many of which are like starting any business, but with an added dimension of democratic ownership and governance, as well as concern for community.

In this booklet, we briefly describe them, one by one.

7 KEY STEPS	
1. Form a Great Team	5. Choose a Decision-Making Process
2. Build a Business Model	6. Design an Authentic Marketing Strategy
3. Create a Financial Plan	7. Craft a Compelling Pitch
4. Choose a Structure	



1 Form a Great Team

A worker co-op's greatest assets are, of course, workers. People. So it is worth it to build a great team. Here are four qualities of a great team:



Co-ops thrive when they embrace a diversity of personalities, strengths, and backgrounds. Diversity can make your shared capacity stronger, your discussions richer, and what you have to offer even better. Don't worry if your team consists of a

friends who came together around a passion and have so much in common. Your trusting relationships are a strength. But being too much alike can also be a limitation, so just be mindful of ways to balance out your team as you grow and add members and partners.

6 Design An Authentic Marketing Strategy

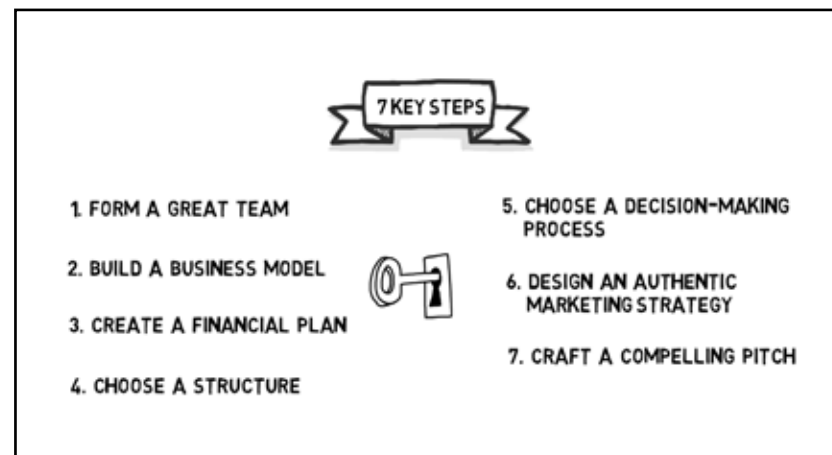
The best marketing strategies consist of authentic, helpful, and delightful ways to engage with your customers.



Since understanding and serving customers and community are the most important factors in a cooperative's success, our in-depth class highlights how other businesses, including cooperatives, do this well.

So there you have it.

Seven elements of what it takes to start a worker cooperative.



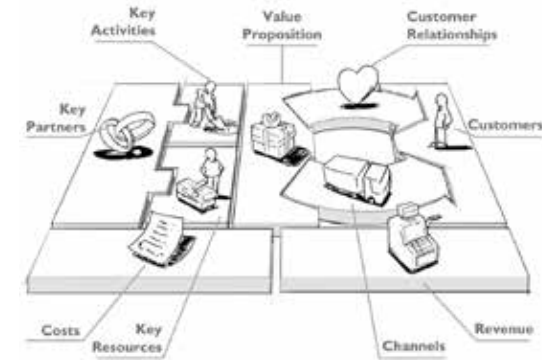
4 Choose a Structure

There are two key areas to consider when you are choosing a structure for your cooperative.

The first has to do with how you want to structure your relationships around democracy – in other words, how do you want to structure who decides what in your cooperative. There are a lot of different ways that this is done. Some co-ops that are small enough make all their decisions face-to-face and share in all management decisions. Others hire a manager who may or may not be a member of the coop. Some larger cooperatives elect a committee or board to make key decisions and then also hold an annual meeting where everyone has a vote to weigh in on key decisions. Others build teams that are fairly autonomous and who then come together around decisions that affect the whole enterprise. There is no right or wrong way as long as the outcome is democratic ownership.

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to literally be on the same page about our co-op. The second reason is that working on the canvas is relatively fast, and that makes it easy to do several versions of a business model; to test out some “what if’s”; or to break down a complicated enterprise into several individual business models and then bring them all together to see how they complement and support each other.



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5 Choose a Decision-Making Process

Related to the question of “who will decide what” in your cooperative is the question of how those decisions will occur. Two common methods of democratic decision-making are consensus and majority-rule voting.



In our in-depth course we review how those work, the pros and cons of each, and why existing cooperatives have chosen one way or the other or even use both.

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What is your team’s bottom line of values that everyone needs to hold?

The values that you share are touchstones for your team’s shared purpose, decisions, and how your co-op positions itself in the world.

Trust is big. So, figure out roles and goals and accountability together so that you can trust each other to do what’s best for all.



Spirit of collaboration is really the secret sauce of worker-ownership. When every worker is ready to advance the whole enterprise as well as their particular role; when every worker is also a worker-entrepreneur; you are bound to be successful.

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3 Create a Financial Plan

Just like your business model tells the story of your co-op, your financial plan tells that story in numbers.

Your numbers are going to include a start-up budget that lists all the costs that you will need to cover before you can sell a single product or unit of service. You will also prepare an operating budget that includes all your fixed costs which are constants like monthly rent, utilities, insurance, and salaries; as well as the costs that change depending how much of any item or service you sell (such as the wholesale cost of a bicycle, the ingredients of a cake, construction materials, etc.).

Once we understand these basic numbers, we can start to project how much we think we can sell over a timeline and then predict when — at what point in time — our co-op will break even. Break-even is a point in the future when our costs and revenues are equal. It is the point in

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2 Build a Business Model

So, what is a business model? A business model basically explains what your coop is going to sell to what kind of customer — how your coop is going to make money. It is the basic story of your business.

Your business model answers questions like: How are you going to solve a problem or satisfy a desire for a specific set of customers? What kind of activities and resources are needed to get it done? What does it cost to produce and deliver? What are the main sources of revenue that are going to pay for those costs and produce some profit?

Like a lot of other people, the L.A. Co-op Lab has adapted the Business Model Canvas (we've added some worker-centered blocks) as our preferred tool for building a business model for a couple of reasons. One is because that we typically blow up and put up on the wall. This makes it easier for everyone on a team to see all the parts, to work together, and

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the future when we begin to make a profit. Knowing this also tells us how much investment of money and/or time we will need to support a start-up before we reach that break-even point.

If your co-op is a conversion from an existing business to a worker-owned business; if you are in a situation where the workers are buying the business from the owner, a lot of this information is readily available. In this case, your financial inquiry will focus on questions like: Is this business profitable? How profitable? What is a fair price to sell it to the workers? How will the acquisition be financed — how much by the existing owner, how much by a lender, and how much by the workers themselves?



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When you are getting started, it is very helpful to learn by the example of how and why other cooperatives have structured themselves to operate as a democratic business.

The second area has to do with your legal structure — what type of legal form will you choose to provide an entity to your cooperative. Different legal forms have different implications for how your company and its members are taxed and how exposed they are to liability for certain actions and events. In our in-depth course, a co-op attorney will offer you a framework of questions to help you make this choice.



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