

Thinking About Alternative Organizational Vehicles¹:

Background:

When a group has identified needs that it wishes to address, the question remains as to what type of organization would best fulfill the group's needs. Depending upon the needs, the organization may be a business enterprise or a not-for-profit association. Business enterprises may take several forms (e.g., sole proprietor, investor owned corporation, co-operative). Similarly, not-for-profit organizations may be structured in different ways (e.g., non-profit association, charitable organization, co-operative).

To some degree the type of organizational structure may be restricted by specific needs. For example, an organization that raises funds and issues tax charitable receipts must have charitable status. However, there are other values that come into play when determining the type of organization to establish. For example, is profit the most important driver or is the creation of sustainable employment more important?

The following exercise is designed to engage group members in discussion as to what values are important when they are considering the creation of a new organization.

Who should come to the session?

Those who have expressed an interest in moving forward on the need or goal to be addressed by a new organization (either business enterprise or not-for-profit association).

Purpose & Outcomes:

Participants will have:

- a) An awareness of the values of other participants regarding the characteristics they seek in an organization.
- b) A plan for next steps, including what information needs to be gathered.

What you'll need

- Chairs to accommodate participants ideally with tables for writing surfaces.
- One copy of the following page: *Thinking About the Characteristics of Organizations to Meet our Community Needs* for each participant.
- Pens/pencils for each participant. (If using Option A should not bleed through wall charts.)
- Notebook, LCD projector, screen, and Power Point projector.
- Wall space for putting up rating cards or statement sheets.
- Pre-printed wall sheets and tape/sticky tack to hang sheets:
 - Option A: One copy of printed out Characteristic Statements (one statement per page), print from the Option A PowerPoint

¹ ACCA invites users to modify this tool as appropriate. We would appreciate receiving suggestions for improvement. Please send to coopdev@acca.coop

- Option B: One copy of Rating Cards (print numbers “0” to “4” (one number per page) from the Option B PowerPoint.

Steps:

Two options are presented. Several steps are in common between the two options and are presented accordingly.

OPTION A	OPTION B
1. Prepare the wall area by posting the sheets in order with enough room so that participants can mark their scores while the person next to them is doing the same thing on the next sheet.	1. Place the sheets along the wall with enough distance between them so that when people group near to the sheets, it is easy to determine which number they are aligning themselves with.
2. Introduce the topic. Use the background as noted above.	
3. Distribute to each participant a pen/pencil and the handout: <i>Thinking About the Characteristics of Organizations to Meet our Community Needs</i>	
4. Ask each participant to individually and silently complete the sheet	
5. Ask participants to mark their numbered ratings on the wall posted pages.	5. Call out one of the characteristics and ask each participant to stand nearest the rating sheet that matches their response.
6. When all have finished marking their ratings on all the sheets, total the scores for each page and note the high and low ratings.	6. Ask participants: a) To note where other participants have stood b) Are there are any surprises? If so, probe to understand why people chose to stand where they did.
7. Lead a discussion: a) Which of these were the more difficult for you to rate? b) Are you surprised by any of the results? c) For those items where there were substantial differences, what are the reasons for those differences? d) What do these results say to you?	7. Complete the exercise for each characteristic and ask the group: What conclusions do we draw about what values we hold in common and where there may be some differences in this regard?
8. Present a quick overview of organizational types (PowerPoint file: Organizational Types). a) Note that these are generalizations and that the group would need some specialized assistance (e.g., legal counsel) to ensure that all issues related to the needs they are working to meet are addressed within the chosen model. b) As you present each type, ask for opinions as to which of the characteristics best align with each organization. (See the following chart.) Note that the characteristics are not always hard and fast. For example, some sole-proprietors will set up a business more for the sake of doing something they love and being their own boss, rather than the best profit potential. Encourage discussion to bring out those points.	
9. Determine Next Steps: a) Determine which organizational types are of interest to the group b) Identify which organizational types need further exploration.	

Characteristics of Organizations and How They Align with Participants' Values

Type of Organization	Objectives	Role of Owners	Characteristics
Individual Proprietorship: one person ownership	To earn income and be your own boss	Provides labour, capital, and management	A, B ² , E, F, G ³ , I, P ¹
Partnership: two or more individual owners	To earn money by specialization and small economies of size	Share in providing the labour, capital and management	A, B ¹ , E ⁴ , F, G ² , I, P ¹
Investor Oriented Corporations: A way to raise large amounts of capital	To earn a return on invested capital	Provide capital	B, G, I
Co-operative (producer or consumer ownership): A way to provide products and/or services at cost to groups of individuals and/or firms	To provide products and/or services and a return on members' patronage	Provide capital, patronage, and oversight control	A, D, E, G, H, I ⁵ , J, K, L, M, N, O, P
Co-operative (employee ownership): A way to provide meaningful employment to groups of individuals	To earn income and provide employee empowerment.	Provide capital, labour, and oversight control	A, D, E, F, G, H, J, K, L, M, N, O, P
Not-For-Profit: Provides services to members and non-members (the general public)	To provide service with no direct financial return to any party	No legal ownership: seeks funding from members and the general public	A, C ⁶ , D, J, K, L, M, N, O, P
Government Provision: Makes goods and services available to or paid by the general public	To spread the cost over taxpayers and benefits to general public	Public "ownership" and difficult to determine real costs and benefits	A, L, M, P

² At the discretion of the owners

³ If the firm is structured under some legal structure such as a corporation

⁴ Unless some partners are outside the community

⁵ Where the co-operative is structured as a new generation co-operative, service rights are based upon share holdings so that profits while determined by patronage is also tied to the share holdings.

⁶ For non-profits incorporated as charitable organizations

Thinking About the Characteristics of Organizations to Meet our Group's Needs

On a scale of 0 (= no agreement) to 4 (= very high agreement), how strongly would you agree with each of the following for achieving for organization our community vision?

RATING	
	A) Control of the organization should stay in the community
	B) The most financial return for the owners' investment is critical.
	C) People should be able to make contributions to the organization and receive a charitable tax receipt.
	D) Individual entities (people, businesses, or other organizations) in our community would be willing to collaborate to more effectively access markets, supplies, or services which are otherwise out of reach.
	E) Profits, if any, should stay within the community.
	F) Those who work in the enterprise should have a meaningful say in its direction.
	G) The liability for owners should be limited to their investment.
	H) If profits are created, the profits should be distributed back to the ownership based upon each owner's use of the services or products provided by the organization.
	I) If profits are created, the profits should be distributed back to the ownership based upon how much they have invested in the organization.
	J) The organization needn't make profits as long as it meets our needs.
	K) Individual entities are willing to pool resources to achieve economies of scale if they can retain their independence (i.e., collaboration is desirable, but merger is not).
	L) Our community's values should be incorporated into what the organization seeks to achieve and how it does so.
	M) Democratic control (one member, one vote) is more important than investment control (one share, one vote).
	N) Our community has people who want to work together for mutual benefit.
	O) If someone else (e.g., government) won't provide the services, we are prepared to work together to get the services we need.
	P) Return on investment is much more than just financial.

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