

# Rediscover cooperatives!

The cooperative DNA.



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## Our conviction

Cooperatives are fully in trend  
and cooler than ever.

They create the future.

# Founder story

The founders of the cooperative movement were courageous innovators.

About 175 years ago they searched and found solutions for social problems and challenges of their time: no poverty, zero hunger, decent work and economic growth.

From today's perspective, they were looking for solutions to the sustainability goals 1, 2 and 8 of the UN.

They improved people's lives They improved people's lives and the world through innovation, sustainability and entrepreneurship.

They were start-up founders.

## **Rochdale Equitable Pioneers Society**

in England. In 1844 first cooperative for craftsmen/ weavers.

Trade, consumer goods



inspired by Robert Owen in Great Britain

## **Friedrich Wilhelm Raiffeisen and Hermann Schulze-Delitzsch**

in Germany. Since 1849 first cooperatives for craftsmen/ shoemakers and farmers.

Finance, small loans, microcredits

# Cooperative idea of the founders

„The spirit of the free cooperative is  
the spirit of modern society.“

Hermann Schulze-Delitzsch, 1808-1883,  
lawyer, politician, member of the German parliament.  
Engagement for democracy and cooperative law.

„What can't be done alone,  
many can do.“

Friedrich Wilhelm Raiffeisen, 1818-1888,  
mayor in three German villages.  
Engagement for solidarity and a better life.

# Cooperative DNA



Cooperatives deliver solutions to social problems and challenges through innovation, sustainability and entrepreneurship.

Cooperatives are the model for sustainable business and acting in solidarity.

# Sustainability in DNA

Cooperatives contribute to achieving the Sustainable Development Goals (SDGs) of the UN - regionally and globally.



„The 17 Sustainable Development Goals (SDGs) are the world's best plan to build a better world for people and our planet by 2030.“, UN.

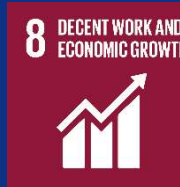
Cooperatives are future creators.

# Practical examples of sustainability



## Finance

Cooperative banks and their partners deliver financial solutions to the goals and plans of private and corporate customers. They contribute to sustainable economic growth.



## Energy

Energy cooperatives deliver affordable and clean energy. They contribute to climate action.



## Housing

Housing cooperatives deliver affordable and common housing and living space. They contribute to sustainable cities and communities.



## Health and Care

Health and care cooperatives deliver medical and nursing care. They contribute to health and well-being.



## Education

Students' cooperatives enable education for sustainable business and acting in solidarity. They contribute to quality education.



# Practice examples of cooperatives

Cooperatives deliver solutions in many areas and business fields.



# Spread of cooperatives

## Follower increase and community grows.

### worldwide

3 Mio. cooperatives  
over 1 billion members (13% of the population)  
280 million employees (10 % of the workforce)



### Europe

176,000 cooperatives  
141 million members (31 % of the population)  
4.7 million employees



### Germany

7,700 cooperatives, of which 1/3 newly founded since 2007  
22.6 million members (27 % of the population)  
985,000 employees



# Importance of cooperatives



Since 1995 UN International Day of Cooperatives annually on the 1st Saturday in July.

2012, the UN proclaimed the International Year of Cooperatives to draw attention to their global importance and to emphasize their role in the economic and social development of the international community.

2016, the idea and practice of cooperatives was awarded by UNESCO as an intangible cultural heritage of humanity.



The coalition agreement of the German Federal Government: "We want to strengthen cooperatives as a sustainable and crisis-proof company form in the most diverse economic sectors".



Promotion of cooperatives in Hesse, Rhineland-Palatinate and other federal state in Germany.

# Importance for the future

In the Futurium, the House of the Futures of the BMWi in Berlin, cooperatives are presented as future creators.

German Federal  
Ministry for  
Economic Affairs  
and Energie  
(BMWi)



Here everything  
revolves around  
the question  
"How do we  
want to live?"

# Unique mindset and toolset

Cooperatives are  
a mindset and toolset  
for a better world  
- regional and global.

Cooperatives are more than just a corporate and legal form.

About 40 years after the beginning of the cooperative movement in Germany, the Cooperatives Law was passed.

(Genossenschaftsgesetz, GenG)

# Purpose, Values and Impact in DNA



A cooperative is a business driven by purpose and values, not just profit, to create a better world through cooperation.

Social responsibility, public welfare orientation and sustainability are in the DNA.

Profits are reinvested in the company and/or returned to the members and there is no profit maximization.

# Business and Community in DNA



## Definition

A cooperative is a business and a community of individuals and/or organizations that work together responsibly to achieve their common economic, environmental, social and cultural needs and goals through a jointly owned and democratically managed enterprise.

Members are at the same time owner and customer and possibly also employees or residents.

# Business responsibility



The business responsibility of a cooperative lies in the community of its members, because a cooperative is owned and democratically managed by a community of individuals and/or organizations.

The strength of cooperatives lies in the fact that the community brings together more knowledge, experience and capital, and makes better decisions through democratic cooperation.

The Board of Directors manages the cooperative's business and represents it in and out of court. The supervisory board controls the management of the board of directors. The board of directors and the supervisory board are members themselves and are elected by members.

# Hybrid organisation



A cooperative is a hybrid organization that combines the advantages of companies with the advantages of associations.

Legal form „eingetragene Genossenschaft, eG“ is unique.

## Features:

- ▶ Community-driven company, team founded by at least three founders
- ▶ Shareholder/Member changes and growth easily possible
- ▶ Democratic cooperation model, usually "one member, one vote", executive and supervisory boards are members themselves and are elected by members
- ▶ Financing possibilities of companies and associations
- ▶ No minimum capital required
- ▶ Limitation of liability to the amount of company assets
- ▶ Few formalities with sample articles of association, invitations, etc.
- ▶ Statutory audit - as with GmbH, limited liability company, and AG, stock corporation



# Values and ethic in DNA



Cooperatives are an innovative, sustainable, crisis-proof and ethical form of business.

In the DNA of cooperatives are community, solidarity, self-help, self-responsibility, independence, democracy, equality, justice, honesty, openness, respect, trust, courage, innovation, sustainability, entrepreneurship and social responsibility.

Cooperation in and with cooperatives is based on community, partnership and performance.

Cooperatives are the most insolvency-proof corporate and legal form in Germany – for the benefit of customers, employees and members.

# Practical example of values in DNA



Emmeline Stegmann, 1865-1946,  
First woman on the board of a bank in Germany.  
Member of the Management Board of Volksbank Schönlake eG, 1907-1934.  
Engagement for customers, employees, members and the common good.

Equality is a value in the cooperative DNA -  
this contributes to achieving UN' Sustainable Development Goal 5 (SDGs).



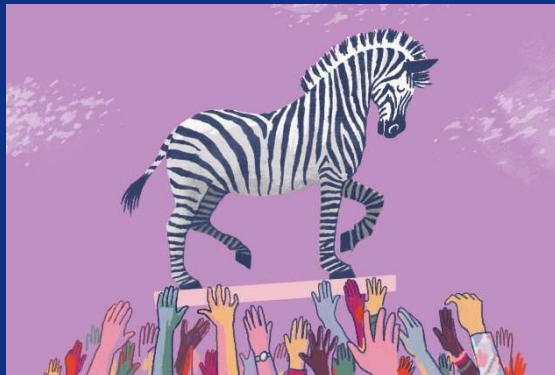
Zum Vergleich: In Deutschland gibt es seit 1919 ein aktives und passives Frauenwahlrecht  
und seit 1958 dürfen Frauen ein eigenes Konto eröffnen und über eigenes Geld  
sowie über ein eigenes Arbeitsverhältnis entscheiden.

# Foundation and start-up



Foundations of cooperatives with an innovative business idea and high growth potential are start-ups.

Cooperatives are zebras because of their DNA.



Zebras are the model for start-ups in a new economy in which companies do business sustainably and act in solidarity.  
Zebras are the alternative to unicorns.

# Development and financing phases

Cooperatives have development and financing phases.

<b>Orientation phase</b> Pre-Seed phase	<b>Planning phase</b> Seed phase	<b>Founding phase</b> Start-up phase	<b>Establishment phase</b>	<b>Growth phase</b>	<b>Mature phase</b>
Find and evaluate a business idea.	Develop business model and business plan, develop proof of concept and minimal viable product (MVP) with meaningful purpose and impact. Select legal form.	Develop of articles of association, foundation audit and registration in the register of cooperatives. Develop of organisation, product, service and liquidity plan. Insurance, taxes, etc.	Build and establish the company. Attract customers, employees and other members. Generate first revenues.	Attract more customers, employees and members. Increased income and make the first profit.	Solid and growing business development with customers, employees and members. Generate sustainable profit. (reinvest and/or give back to members).
1st to 3rd month	2nd to 12th month	until end of 1st year	1st to 3rd year	4st to 6th year	from 6th year

One of the major challenges in business start-ups is early stage financing (pre-seed, seed and start-up phases). In addition, establishment and growth financing is challenging.

# Financing

Cooperatives can be financed through many forms and instruments.

Equity	Mezzanine capital	Debt capital	Crowdfunding and -investing	Subsidies
<ul style="list-style-type: none"> <li>▶ Acquisition of shares</li>   <li>as member or investing member of cooperatives</li> </ul>	<ul style="list-style-type: none"> <li>▶ Membership fees</li> <li>▶ Member credits/loans</li> <li>▶ Subordinated loans/loans</li> <li>▶ Profit Participation Certificates</li> </ul>	<ul style="list-style-type: none"> <li>▶ credits / loans</li> </ul>	Donation and pre-sales crowdfunding, crowdinvesting und crowdlending via platformsn: <ul style="list-style-type: none"> <li>▶ "Many create more" of the cooperative banks in Germany</li> <li>▶ Kickstarter</li> <li>▶ Indigogo</li> <li>▶ Startnext</li> <li>▶ ...</li> </ul>	from <ul style="list-style-type: none"> <li>▶ European Union</li> <li>▶ Federal Republic of Germany</li> <li>▶ Federal States</li> <li>▶ Towns and municipalities</li> <li>▶ Foundations</li> <li>▶ ...</li> </ul>
including microfinance: microinvesting and microlending with microcredits				

Due to the hybrid organisation of cooperatives, instruments can be used to finance companies and associations. In the case of debt financing, members and investors do not participate in the increase in value of cooperatives. They receive the nominal value of their shares back when they leave.

# Attractiveness of cooperatives

Cooperatives are attractive to actors  
in the innovation, sustainability,  
founder and start-up communities and  
to regions, cities and municipalities  
because of  
their cooperative DNA and  
financing possibilities



# Achieving the UN's sustainability goals is a joint task – #Act4SDGs

## SUSTAINABLE DEVELOPMENT GOALS

