Start.COOP

MODULE 4

Organizational Set-up
Start.COOP has been developed as a low-cost, easy to use training tool for those interested in starting and launching a cooperative in a participatory and efficient manner. It draws on technical content from existing materials in different ILO cooperative training tools and peer-to-peer, activity based learning methodology from the ILO’s Community-Based Enterprise Development (C-BED) programme. The Start.COOP training tool has been divided into four modules that correspond to each phase of the cooperative formation process to give you time to reflect on the importance of what you are doing at a given time and to see how it fits into the big picture. The focus of the Start.COOP modules is on the decisions to be made at each step with a view to increasing chances of success.

At the end of the training you will be able to:
- Identify the core members of your cooperative
- Define your business idea
- Research the feasibility of your business idea
- Prepare your business plan
- Decide on the organizational set-up of your cooperative

To learn more about the ILO’s work on cooperatives visit www.ilo.org/coop or email: coop@ilo.org

To learn more about the ILO’s peer-to-peer, activity based learning methodology visit www.cb-tools.org

Acknowledgements

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Start.Coop

ILO Enterprises Department
Decent Work Team - Bangkok
## CONTENT

Start.COOP Modules .......................................................... IV
MESSAGE TO THE GROUP .................................................... V
Follow the Signs .............................................................. VI
Getting Started ............................................................. VII
Learning Process ........................................................... VIII

**SESSION 1: BASIC STRUCTURE OF A COOPERATIVE** ...................... 1
Activity 1A: The core bodies in a cooperative ............................. 1

**SESSION 2: MEMBERS AND GENERAL ASSEMBLY** ...................... 3
Activity 2A: Rights of members ............................................. 3
Activity 2B: Duties of members .............................................. 6

**SESSION 3: BOARD OF DIRECTORS** ..................................... 9
Activity 3A: Responsibilities of the Board of Directors .................. 9
Activity 3B: Officers of the Board of Directors ......................... 13
Activity 3C: Qualifications of the Board of Directors .................. 14

**SESSION 4: THE MANAGER** .............................................. 16
Activity 4A: Preparing a job description .................................. 16

**SESSION 5: ARTICLES OF INCORPORATION** .......................... 18
Activity 5A: Contents of the articles of incorporation ................. 18

**SESSION 6: BYLAWS OF THE COOPERATIVE** ...................... 20
Activity 6A: The importance of the bylaws ................................ 20
Activity 6B: Preparing the outline of your bylaws ..................... 21

**SESSION 7: ACTION PLANNING** ........................................ 25
Activity 7A: Writing of the action plan .................................. 25

Answers: Activity 2A ......................................................... 27
Answers: Activity 2B ......................................................... 27
Answers: Activity 3A ......................................................... 27
Answers: Activity 3B ......................................................... 27
Start.COOP Modules

Module 1: Identifying Core Members and Business Idea
Module 2: Researching the Feasibility of the Business Idea
Module 3: Preparing the Business Plan
Module 4: Organizational Set-up

You are here
MESSAGE
TO THE GROUP

Starting a cooperative is like setting up any business, but what makes a cooperative different from other business models is that it is shaped through collective effort and group decision-making as well as a set of cooperative principles that help to guide the business. The Start.COOP modules will walk you through the process of starting and launching a cooperative in a participatory and efficient manner.

Throughout the Start.COOP training, you will be playing the role of potential owner-members or the core group who will be leading the set-up of the cooperative. You will carry out the exercises based on the business idea you defined in Module 1. In many cases, the outputs in the various exercises form the basis or inputs for the activities in the next modules. As you go through the exercises or activities, try to think and act as the potential owner-members. It is highly recommended that all individuals who may be involved in the actual set-up of your cooperative undergo the Start.COOP training.

As you have already learned in previous modules, a cooperative is owned, controlled, and used by its members, who have the responsibility to support their cooperative by being active members. In return, the cooperative must strive to serve the needs of its members and customers at all times to remain viable. In this module, you will learn how the cooperative should be structured and governed to effectively implement your business plan. You will further define the organizational chart that you have made in the management plan section of your business plan. You will also draft the rules and regulations necessary to ensure good management of the affairs of the cooperative and its members.

The style of this training is different from traditional approaches. You will work together as a team to follow the simple step-by-step instructions for discussions and activities in the training guide. A facilitator will be around to assist with any questions on the training content and exercises. Because there is no group leader, all group members should take a turn reading the information and instructions out loud to the group, and all group members share responsibility for monitoring time. In this new style of training, you will learn from each other by sharing ideas and opinions, skills, knowledge and experience. For this to work, all group members must participate in discussions.

Before and after the training, you will be asked to complete a survey to help understand the impact of the training. This information will be kept confidential and will be used to improve the training materials and organization of future programmes. It will also be helpful for identifying other training on cooperatives that can be subsequently introduced to participants. Some trainees may also be contacted by the training organizers in the future after 3, 6 or 12 months for another survey to learn about the implementation of their action plans.
Follow the Signs

The instructions in the training guide are easy to follow and the suggested timeframe for each step is provided. Look out for these signs:

**SIGNS AND THEIR MEANING**

This sign indicates the suggested time for the activity

This sign indicates background information to be read to the group

This sign indicates group discussion

This sign indicates that the activity is beginning and that step-by-step instructions need to be read out loud to the group and followed sequentially
Getting Started

Before you begin the training, follow the simple steps below to get organized:

- Fill out the pre-training survey. Ask the organizers if you do not have a copy or have not already filled it in.
- Organize into small groups of 5 to 7 people. The organizers will guide you in how best to do this.
- Identify one group member to volunteer to start the training as “Group Reader”. The role of the “Group Reader” is to read the information and activity instructions out loud to the group. Any group member with basic literacy can be the “Group Reader” and you should aim to share this role among group members throughout the training.

All group members are responsible for monitoring time, but one group member should be nominated for each session to remind the group when the suggested time for an activity/step has been reached. You do not strictly need to follow the suggested timing, but you will need to manage your time for the total training. If one activity lasts longer than the suggested timing, try to save time in other activities to keep the balance.

All group members will receive the same training guide. Individual work as well as group work can be completed in these guides.
<table>
<thead>
<tr>
<th>Session</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>SESSION 1: BASIC STRUCTURE OF A COOPERATIVE</td>
<td>25 minutes</td>
</tr>
<tr>
<td>SESSION 2: MEMBERS AND GENERAL ASSEMBLY</td>
<td>65 minutes</td>
</tr>
<tr>
<td>SESSION 3: BOARD OF DIRECTORS</td>
<td>85 minutes</td>
</tr>
<tr>
<td>SESSION 4: THE MANAGER</td>
<td>35 minutes</td>
</tr>
<tr>
<td>SESSION 5: ARTICLES OF INCORPORATION</td>
<td>35 minutes</td>
</tr>
<tr>
<td>SESSION 6: BYLAWS OF THE COOPERATIVE</td>
<td>110 minutes</td>
</tr>
<tr>
<td>SESSION 7: ACTION PLANNING</td>
<td>40 minutes</td>
</tr>
</tbody>
</table>
SESSION 1:
BASIC STRUCTURE OF A COOPERATIVE

Session Overview

The four groups of people needed to start the operations of a cooperative are the members, Board of Directors, manager, and employees. The organizational structure of a cooperative is based on democratic principles. As owners of the business, the members are the decision makers. Members control their cooperative through a Board of Directors that they elect from among themselves. The Board of Directors makes the policies subject to approval of the members through the General Assembly. The Board of Directors hires a Manager to supervise the daily operations of the cooperative.

Activity 1A:
The core bodies in a cooperative

Successful operation of a cooperative is based on the active cooperation of the members with the Board of Directors, manager, and employees. In this activity, fill in the boxes in the organizational chart with the name of the correct body. You will also label pictures by reading the description for hints. This is a group activity.

Basic Organizational Chart of a Cooperative

Core bodies of a cooperative: **General Assembly, Board of Directors, Manager, and Employees**

- **Owners of the cooperative**
  - Support the cooperative through patronage and capital investment.
  - The highest body of the cooperative and the final authority in the management and administration of the affairs of the cooperative

- **Elected from and by the members**
  - Make the operating policies of the cooperative
  - Recruit and hire the manager
  - Oversee budgeting and financial processes
  - Direct the cooperative towards the overall objectives

- **Hired by the Board of Directors**
  - Responsible for daily operations of the cooperative
  - Hires and supervises employees

- **Hired by the Manager**
  - Do the production and marketing of product or services of the cooperative
To help the Board of Directors and the officers in managing the cooperative, it is important to form various committees to handle the various affairs of the organization such as elections, audit, credit and collection, membership, finance, and education and training. Each committee will have a board member assigned to them as a liaison. You will learn more about how to form committees and their tasks if you participate in the Manage.COOP training after you have set up your cooperative.
SESSION 2: MEMBERS AND GENERAL ASSEMBLY

Session Overview

As you have learned in Session 1, the General Assembly is the highest decision-making body in the cooperative that has the final authority on the management of the affairs of the cooperative. The General Assembly is composed of members in good standing. To be in good standing, the member must comply with the duties and responsibilities as written in the bylaws of the cooperative. In this session, you will draft the rights and duties of members. The outputs will later form part of the rules of the cooperative or the bylaws.

Activity 2A: Rights of members

Rights are acquired on admission to membership. Rights of members refer to fundamental rules of what is allowed or due to members based on the bylaws of the cooperative. The rights are defined by members themselves and are also based on existing cooperative legislation in the country. In this activity, you will look into the basic rights of members so as to get some ideas on what you should include in your bylaws.

This is a group activity. Perform the steps as they are read.

Steps

STEP 1 Identify the basic right illustrated in the pictures. Choose your answers from the list given below. Please just write the number corresponding to your answer. (15 minutes)

Some of the Rights of Members
1) Right to propose matters for discussions/participate in meetings
2) Right to be informed/access to information on affairs of cooperative
3) Right to vote
4) Right to voluntarily withdraw from the cooperative
5) Right to be elected to serve on the Board of Directors
6) Right to make use of facilities and services of the cooperative
7) Right to amend bylaws
8) Right to receive a patronage refund
I will propose during the meeting that we also sell to supermarkets to expand our market.

I have been nominated to run for a seat in the Board of Directors.

Aside from selling my bananas to the cooperative, I would also like to avail myself of the training services to improve quality of my bananas.

Let’s review the financial reports of our cooperative to know whether we are making money.
I am glad I came early to vote.

I am no longer happy with the coop. I think I will withdraw my membership.

The higher the volume I am able to deliver to the coop, the higher my patronage refund is.

All those who agree with the proposed changes in our bylaws, please raise your right hand.

Answer:

Answer:

Answer:
Activity 2B:
Duties of members

Along with the rights, members also have duties and responsibilities. These duties and responsibilities are also outlined in the bylaws of the cooperative. In this activity, you will identify the main duties of members. This is a group activity.

Steps

STEP 1 Identify the duty being described in each picture. Choose your answer from the list given below. Please just write the number corresponding to your answer. (10 minutes)

Some of the duties of members

1) Patronize the services or products of the cooperative
2) Pay agreed share of capital and other dues
3) Attend required coop training
4) Participate in evaluating and selecting members of the Board of Directors/Exercise the right to vote
5) Comply with production requirements and agreements (both quantity and quality)
I am now a part owner of a business. I have given the first installment of my share capital. I am glad I attended the training. Now I know more about how I can support my coop.

Based on what I have read and heard, Thein would be a very good member of the Board. I told Mr. Tan to contact the cooperative if he wants to avail himself of our services.
What other duties do you believe should be included in the bylaws of the cooperative? (10 minutes)

Answer:

Hyat delivered 50 kilos of ginger as per standards agreed upon during the meeting. I hope other members will be like him.

Answers on page 26.
SESSION 3:
BOARD OF DIRECTORS

Session Overview

The Board of Directors governs the operations of the cooperative on behalf of its members. They are the leaders of the cooperative. Members place their trust, their needs, and authority in a Board of Directors of their own choice. The members of the Board of Directors are elected from and by the members.

In this session, you will draft the duties and responsibilities of the Board of Directors and how they should be chosen and elected. The outputs of this session will also form the basis for the crafting of the bylaws or the internal rules of the cooperative.

Activity 3A:
Responsibilities of the Board of Directors

Responsibilities are the specific tasks or duties that the Board of Directors is expected to do as a function of their role. The power to act on behalf of the cooperative is given to the Board of Directors as a body, not to individual directors. They are required to act in the best interest of the members. Clear definition of responsibilities is essential to the successful performance of the Board of Directors.

Let’s work together to define the duties and responsibilities of the Board of Directors.

Steps

The pictures illustrate the core responsibilities of the Board of Directors. Identify the responsibility that is being described. Choose your answer from the list of responsibilities. Please just write the number corresponding to your answer. (15 minutes)
Core Responsibilities of the Board of Directors

1) Oversee preservation and management of cooperative assets
2) Inform members
3) Preserve the cooperative character of the organization
4) Establish cooperative policies
5) Hire and supervise manager/management team
6) Represent members
7) Assess the cooperative’s performance

At the next board meeting we will take up the issue of how the cooperative can support members in addressing the disease outbreak.

I agree that we need to make a policy on workers’ safety and submit this to the General Assembly for approval.
Congratulations, the Board has selected you to be the manager of the cooperative.

The cooperative earned a profit of US$ 9,800 last month. But we can improve our performance if we regularly maintain our equipment to avoid downtime.

Let's make sure that the policies we propose are consistent with the cooperative values and principles.

Based on the survey that the cooperative conducted, the profit of member-vendors increased by 15% while the income of cooperative increased by 10%.
List other duties that you think are very important and should be considered during the preparation of the bylaws. (10 minutes)
Activity 3B: Officers of the Board of Directors

Depending on the cooperative laws of the country and the cooperative’s bylaws, officers of the Board may include a chairperson, vice chairperson, secretary, and treasurer. The chairperson and vice chairperson are usually elected from and by the members of the Board. The secretary, treasurer, and other positions that may be needed by the cooperative may be appointed or elected by the Board. Each officer has specific duties as detailed in the cooperative’s bylaws.

To develop a clear understanding of the duties of each of the core officers of the cooperative, answer the questions below. As each question is read, mark your answer individually and then share with the group. The group should come to a consensus on the answer before moving to the next question.

1. Who performs the duties of the chairperson if the chairperson is absent or unable to perform his/her duties?
   - [ ] Manager
   - [x] Vice Chairperson
   - [ ] Secretary
   - [ ] Treasurer

2. Who keeps the complete list of members and the records of all meetings of the Board of Directors and the General Assembly?
   - [ ] Chairperson
   - [ ] Vice Chairperson
   - [ ] Secretary
   - [ ] Treasurer

3. Who pays all money transactions based on the recommendation of the manager or the Board of Directors, and certifies the correctness of the cash position of the cooperative in all financial statements and reports submitted to the Board of Directors?
   - [ ] Chairperson
   - [ ] Vice Chairperson
   - [ ] Secretary
   - [ ] Treasurer

4. Who prepares the notice and minutes of the meetings?
   - [ ] Chairperson
   - [ ] Vice Chairperson
   - [ ] Secretary
   - [ ] Treasurer
5. Who presides at meetings and makes sure that all the rules, policies and procedures are followed?

- Chairperson
- Vice Chairperson
- Secretary
- Treasurer

6. Who has the custody of all the money and other financial documents of the cooperative?

- Chairperson
- Vice Chairperson
- Secretary
- Treasurer

7. Who is the official custodian of the cooperative’s bylaws, membership records, and other official documents?

- Chairperson
- Vice Chairperson
- Secretary
- Treasurer

Answers on page 26.

**Activity 3C: Qualifications of the Board of Directors**

The number of directors depends on the cooperative and incorporation laws of the country as well as the nature and scope of operations of the cooperative. As a general rule, an effective Board needs a minimum of five directors. It is advisable to have an odd number (such as 5, 7, 11, 13, 15) of directors to avoid tie votes. Election of directors usually involves the following process:

- Another member must nominate the person for the position.
- The person nominated must say he/she is willing to vie for the position.
- The General Assembly must elect the person to the position.

The success of a cooperative depends, to a significant extent, on the quality of its leaders. It is, therefore, very important that you carefully choose the members of the Board of Directors.
**Steps**

**STEP 1** Individually, study and review the qualifications listed in Column 1. Place a checkmark on the top 5 qualifications that you believe members should possess to be eligible for election to the Board of Directors of your cooperative. (10 minutes)

<table>
<thead>
<tr>
<th>Qualifications of Board Candidates</th>
<th>Place √ on your Top 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honest and fair</td>
<td></td>
</tr>
<tr>
<td>Accepted by the members for having good judgment and business sense</td>
<td></td>
</tr>
<tr>
<td>Loyal to the cooperative</td>
<td></td>
</tr>
<tr>
<td>Community leader, capable of working with people</td>
<td></td>
</tr>
<tr>
<td>Successful in his/her own business operation</td>
<td></td>
</tr>
<tr>
<td>No conflict of interest</td>
<td></td>
</tr>
<tr>
<td>Knowledgeable about cooperatives and the job of a director, including listening to members</td>
<td></td>
</tr>
<tr>
<td>Willingness to attend regularly scheduled and special meetings of the board of directors, as well as any director training seminars</td>
<td></td>
</tr>
<tr>
<td>Experience in the business of the cooperative</td>
<td></td>
</tr>
<tr>
<td>Active participation in cooperative affairs as a member</td>
<td></td>
</tr>
<tr>
<td>Experience on other boards, working with community-based organizations</td>
<td></td>
</tr>
<tr>
<td>Knowledge and understanding of finance and ability to read financial statements</td>
<td></td>
</tr>
</tbody>
</table>

**STEP 2** List other qualifications not on the list above that you think are very important qualifications of board candidates. (10 minutes)

**STEP 3** Share and discuss your answers with the group. Come to a consensus on the qualifications that a prospective board member should meet. (10 minutes)
SESSION 4: THE MANAGER

Session Overview

The manager of the cooperative is selected by and accountable to the Board of Directors. The manager implements the policy set by the Board of Directors. He/she is in-charge of the overall operation of the cooperative as delegated by the Board. In many cases, the manager also participates in board meetings as an active, non-voting participant. The manager is hired to operate the business and ensure that members and customers are well-served. Often the manager is a non-member with sufficient qualifications.

Activity 4A: Preparing a job description

When the cooperative decides to hire a manager, the Board of Directors must prepare a job description. A job description is a document that describes the general tasks and responsibilities of a position including the qualifications or skills needed by the person who is hired to do the job.

As a group, prepare an outline of the job description of the manager of your cooperative. Do the steps as they are read.
**Steps**

**STEP 1** Based on your proposed business, identify the tasks of the manager. Examples of tasks are listed in column 1. (10 minutes)

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Examples of Tasks of Manager</strong></td>
<td><strong>Your Answer</strong></td>
</tr>
<tr>
<td>Organizes the work – decides who does what</td>
<td></td>
</tr>
<tr>
<td>Approves deliveries from suppliers</td>
<td></td>
</tr>
<tr>
<td>Supervises quality and output</td>
<td></td>
</tr>
<tr>
<td>Prepares quotations</td>
<td></td>
</tr>
<tr>
<td>Receives orders</td>
<td></td>
</tr>
<tr>
<td>Prepares invoices</td>
<td></td>
</tr>
<tr>
<td>Receives payment</td>
<td></td>
</tr>
<tr>
<td>Selects and hires workers</td>
<td></td>
</tr>
<tr>
<td>Monitors inventory of stocks</td>
<td></td>
</tr>
<tr>
<td>Ensures that all equipment is in good and safe condition</td>
<td></td>
</tr>
<tr>
<td>Conducts training on workers’ safety and monitors adoption of safety procedures</td>
<td></td>
</tr>
<tr>
<td>Participates in all board meetings</td>
<td></td>
</tr>
<tr>
<td>Helps in recruitment of new members</td>
<td></td>
</tr>
</tbody>
</table>

**STEP 2** Based on the tasks you have identified, identify the key skills or qualifications needed for a Manager. (10 minutes)
SESSION 5:  
ARTICLES OF INCORPORATION

Session Overview

Most countries require cooperatives to file the Articles of Incorporation before it can operate as a legal entity. In some countries, this legal document is called the Articles of Cooperation. The document has to be notarized before it can be submitted to the agency in charge of registration of cooperatives.

Activity 5A:  
Contents of the articles of incorporation

Most countries have their own prescribed template for the Articles of Incorporation. It is important to seek the assistance of the agency in charge of cooperative development and/or a lawyer when preparing the Articles of Incorporation. In this activity, you will learn the basic information that you need to provide to facilitate the preparation of the Articles of Incorporation.

Do the activity together and help each other in providing the information needed. An example is provided to guide you. If you do not yet have the information, just write “to be defined” and include in your Action Plan (Session 7).
<table>
<thead>
<tr>
<th>Information Commonly Needed for the Articles of Incorporation</th>
<th>Example</th>
<th>Your Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal name of cooperative</td>
<td>XYZ Cassava Farmers Cooperative</td>
<td></td>
</tr>
<tr>
<td>Purpose and scope of operations</td>
<td>To provide members access to common service facilities To collectively process and sell cassava chips</td>
<td></td>
</tr>
<tr>
<td>Terms of existence</td>
<td>50 years</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>Banga – South Cotabato</td>
<td></td>
</tr>
<tr>
<td>Incorporators (name, age, and address)</td>
<td>To be defined</td>
<td></td>
</tr>
<tr>
<td>Common bond of membership</td>
<td>The members of the cooperative are all cassava farmers in South Cotabato</td>
<td></td>
</tr>
<tr>
<td>List of names of Board of Directors</td>
<td>To be defined</td>
<td></td>
</tr>
<tr>
<td>Amount of Share Capital and names and addresses of its contributors</td>
<td>To be defined</td>
<td></td>
</tr>
</tbody>
</table>
SESSION 6:
BYLAWS OF THE COOPERATIVE

Session Overview

The bylaws of the cooperative are rules that govern day-to-day procedures. These rules help the group avoid internal conflicts and make the responsibilities of each of the bodies clear. The bylaws should reflect the nature of the activities of the cooperative and should conform to the cooperative laws of your country. At some points in the preparation of the bylaws, it will be good to seek the assistance of the agency in charge of cooperatives in your area. This session aims to provide you with a general understanding of the contents of the bylaws so as to be able to make informed decisions on its contents.

Activity 6A:
The importance of the bylaws

The bylaws should be understood, accepted and followed by all members of the cooperative. Even if you are the owners of the business, you need rules and regulations to guide you on the way you do things. To gain a better understanding of the importance of bylaws, perform the steps as they are read.

Steps

STEP 1  Describe what you see in the picture. After writing your answer, share your answer with the group. (10 minutes)
Why do you think everybody on the bus wants to follow their own directions and personal agenda? Write your answer and share with the group. (10 minutes)

If such a situation happened in a cooperative, how would it affect the business? Write your answer and share with the group. (10 minutes)

How can having rules and regulations reduce the risk of conflict and dissatisfaction with the group? Write your answer and share with the group. (10 minutes)

Activity 6B:
Preparing the outline of your bylaws

The bylaws are designed to protect the rights of members and, at the same time, define the responsibilities of each of the core bodies in the cooperative. It also defines the procedures that must be followed to ensure a transparent and democratic management of the group’s business. It is, therefore, critical that members are involved in the development of the bylaws to ensure that the rules are understood and accepted by the members. It is also important that your rules and regulations support the achievement of your objectives. The bylaws should be officially approved by the General Assembly. Depending on the cooperative laws in your country, a copy of the approved bylaws may be needed to register the cooperative.

In this activity, you will look at the basic questions that should be answered in the bylaws. Try to answer to the extent that you can. If you do not know the answer at the moment, write “to be defined” in the answer column.
<table>
<thead>
<tr>
<th>Question</th>
<th>Your Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What are objectives of the business?</td>
<td>Refer to your business plan</td>
</tr>
<tr>
<td>2. Who can become members of the cooperative?</td>
<td>List qualifications (e.g., taxi drivers in Phnom Penh)</td>
</tr>
<tr>
<td>3. How many people can become members of the cooperative?</td>
<td>Some cooperatives would want to limit their cooperative to a specific number of people.</td>
</tr>
</tbody>
</table>
| 4. How can an interested individual apply for membership?              | Example: Procedures for application  
  • Fill in membership form  
  • Interview with Board of Directors  
  • Membership committee evaluates application  
  • If approved, attend coop orientation  
  • Pay membership fee                                                                                                         |
| 5. Can non-members use the services of the cooperative?                | If yes, under what conditions?  
  Example: Will non-member cassava farmers be accepted as suppliers?                                                                      |
| 6. What are the rights of members?                                      | Refer to Activity 2A                                                                                                                      |
| 7. What are the duties of members?                                      | Refer to Activity 2B                                                                                                                      |
| 8. How much is the share capital, in what form can it be paid, and what is the schedule of payment? | It may be possible that a coop will accept in kind (e.g. fresh cassava) contributions instead of cash as the share capital of members. |
| 9. Under what conditions can a member be removed or terminated from the cooperative? | Examples:  
  Member does not deliver cassava to the coop and prefers to sell all harvest to the town trader.  
  Member does not attend meetings.                                                                                                       |
| 10. What is the procedure for termination?                              | Examples:  
  Member will be given a warning. If member receives three warnings, he/she will be automatically terminated.  
  Terminated members can withdraw their share capital less whatever they owe to the coop.                                                 |
<table>
<thead>
<tr>
<th>Question</th>
<th>Your Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. How often will the General Assembly meet?</td>
<td>The General Assembly should meet at least once a year.</td>
</tr>
</tbody>
</table>
| 12. How will members be informed about the meeting?                    | **Example:**  
Letters will be sent to members; the meeting is also advertised in a local newspaper                                              |
| 13. What is the number and percentage of membership which constitutes a quorum? | This is important --- quorum is needed for a policy or resolution to be considered approved by the General Assembly.                     |
| 14. What are the qualifications to be eligible to be elected to the Board of Directors? | **See Activity 3C**                                                                                                                     |
| 15. How many members should the Board of Directors have?               | Ideal number should be between 5 and 15; should be an odd number.                                                                        |
| 16. What is the process of selecting and electing members of the Board of Directors? | **Example:**  
- Nominations should be made during the General Assembly  
- Voting will be done after the list of nominated candidates is published  
- Voting will be done through secret ballots  
- Canvassing should be done during the General Assembly |
| 17. What are the positions in the Board of Directors and their duties?  | **Refer to Activity 3B**                                                                                                                |
| 18. How will the officers of the Board of Directors be selected?       | **Example:**  
Members of the Board elect the officers themselves or the General Assembly can elect the Chairman from the members of the Board of Directors. |
<p>| 19. What is the term of office of the Board of Directors?              | Term of office refers to number of years that they serve as members of the Board. Ideal is two to three years.                            |
| 20. How many consecutive terms can a director serve?                  | For example, can a current director be elected again in the next election?                                                             |</p>
<table>
<thead>
<tr>
<th>Question</th>
<th>Your Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>21. What are the causes for removal or suspension of the members of the Board of Directors?</td>
<td>Examples: corrupt treasurer, conflict of interest</td>
</tr>
<tr>
<td>22. What is the procedure for removal or suspension of the members of the Board of Directors?</td>
<td>Example: The General Assembly schedules a special/extraordinary meeting to vote on the removal of a member of the Board of Directors based on verified facts of the case. A board member can be removed by a two-thirds vote of the General Assembly.</td>
</tr>
<tr>
<td>23. Will the members of the Board of Directors receive an honorarium? If yes, how much?</td>
<td>Example: Board members will receive an honorarium of US$ 100 at the end of the year provided that the cooperative is in good financial standing.</td>
</tr>
<tr>
<td>24. How will profit of the cooperative be used and distributed?</td>
<td>Example: 30% of the cooperative’s profit will be used for training of members; 40% for reserves/savings and capital expenditures; 30% for distribution to members as dividends.</td>
</tr>
<tr>
<td>25. Other matters relating to the core activities of the cooperative</td>
<td>Example: Set up of committees – education and training committee, election committee, audit committee, etc.</td>
</tr>
</tbody>
</table>

Inquire from the nearest agency in charge of cooperative development in your area about the requirements to register your cooperative.
SESSION 7:
ACTION PLANNING

Session Overview

Congratulations to all of you. You have completed the whole set of the Start.COOP modules. The remaining things to do are to complete all the preparatory work and launch your business. As a culminating activity, you will prepare your action plan.

Activity 7A:
Writing of the action plan

Complete the action plan as a group. Key tasks have been listed in Column 1. If you have already completed the task, move on to the next row. In column 2, indicate when you will work on this task. In column 3, write the person assigned to take the lead in completing the task. Finally, in column 4, indicate the external assistance that you may need.

<table>
<thead>
<tr>
<th>Tasks that have to be completed</th>
<th>When will you do it?</th>
<th>Who will do it?</th>
<th>External assistance you will need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify core group members</td>
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<tr>
<td>Finalize business idea</td>
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<tr>
<td>Complete feasibility study</td>
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<tr>
<td>Complete business plan</td>
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<tr>
<td>Prepare bylaws</td>
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<tr>
<td>Open membership application</td>
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<tr>
<td>Conduct 1st General Assembly</td>
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<td></td>
</tr>
<tr>
<td>Tasks that have to be completed</td>
<td>When will you do it?</td>
<td>Who will do it?</td>
<td>External assistance you will need</td>
</tr>
<tr>
<td>--------------------------------</td>
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<tr>
<td>Elect Board of Directors</td>
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<tr>
<td>Prepare Articles of Incorporation</td>
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<tr>
<td>Prepare job description(s)</td>
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<tr>
<td>Register the cooperative</td>
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<tr>
<td>Start collection of contributions from members (share capital)</td>
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<tr>
<td>Start sourcing of additional funds</td>
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<tr>
<td>Start negotiations with buyers</td>
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<tr>
<td>Start negotiation with suppliers</td>
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<tr>
<td>Procurement of facilities and equipment/ Set-up of facilities</td>
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<tr>
<td>Hiring of manager</td>
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<tr>
<td>Hiring of workers</td>
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<tr>
<td>Launching of business</td>
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</tbody>
</table>
Once you have set up your cooperative, participate in the Manage.COOP training to help you with the day-to-day running of your cooperative business!

Answers: Activity 2A
Picture 1: 1
Picture 2: 5
Picture 3: 6
Picture 4: 2
Picture 5: 3
Picture 6: 4
Picture 7: 8
Picture 8: 7

Answers: Activity 2B
Picture 1: 2
Picture 2: 3
Picture 3: 4
Picture 4: 1
Picture 5: 5

Answers: Activity 3A
Picture 1: 6
Picture 2: 4
Picture 3: 5
Picture 4: 1
Picture 5: 3
Picture 6: 7
Picture 7: 2

Answers: Activity 3B
1. Vice Chairperson
2. Secretary
3. Treasurer
4. Secretary
5. Chairperson
6. Treasurer
7. Secretary
Use this space for your calculations and notes.