

**Canada Business**

New Brunswick



**Entreprises Canada**

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## Co-operative Structure

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The main purpose of a co-operative is to provide goods and/or services to its members. However, there are many other benefits to forming a co-operative.

- Through their democratic structure, co-operatives enable their members to have direct input into the policies and direction of their organization.
- Profits generated by co-operatives usually stay in their community.
- Incorporating as a co-operative gives permanence to the organization. Unlike a sole proprietorship or partnership, operation does not cease with the retirement or death of an owner or partner.
- The democratic structure encourages people to work together.
- Control is kept in the hands of users, partners or owners.
- Co-operatives help to develop the knowledge and skills of their members.
- Co-operatives provide communities and groups with tested and proven organizational approaches to managing and coping with changing socio-economic conditions.

### How a Co-operative Works

Members have direct input into the policies and direction of their organization through the election of the board of directors. In some cases, all members could be on the board but usually the membership is too large to meet to consider all decisions. Accordingly, the membership delegates authority for decision-making, between general meetings, to a board of directors. The board may delegate some responsibility, particularly operational/management issues, to an executive committee which is usually comprised of a president, vice-president, secretary and treasurer, and to management and staff when appropriate.

Other committees of the board (or a combination of board and membership representation) may be formed to handle specific duties such as member relations and audits. The board may also hire a manager to handle daily affairs, and to hire staff as needed.

### Roles and Responsibilities of Members

Members are the most important part of a co-operative, and the co-operative exists to meet their needs.

Just as the board has specific duties and responsibilities, members have responsibilities to themselves and to their organization. Members have a duty to:

- attend meetings and other co-operative activities;
- assist in amending by-laws as required;
- help to finance the co-operative by purchasing shares;
- communicate complaints and suggestions to management and the board of directors;
- support the development of other co-operatives;
- elect directors;
- participate on committees and in other activities of the organization; and
- use the services provided by the co-operative.