

Module 5 Factsheet

Overview

This module identifies the steps groups follow to start a co-operative business, including the regulatory environment and skills or ideas required to navigate this process. It also reviews support organizations that help co-ops develop, and a number of tools and resources designed for co-op start-ups.

Start-up considerations

For a successful co-op start-up, groups need the following three assets:

1. An **identifiable leader** who can champion the project and assemble resources.
2. An **identifiable group of people** with aligned interests and vision.
3. An **identifiable market** that will support the co-op through the start-up phase and into the future.

The start-up process for co-operatives is similar to other businesses with multiple owners and includes the following steps:

1. **Engage stakeholders** who share a common need
2. **Assess the opportunity** and complete some preliminary planning
3. **Determine the organizational structure** the co-op will take
4. File any required documents to **incorporate**
5. Identify and prepare to grow through **business planning and capitalization**
6. **Begin operating**
7. Start recruiting new members and ensure they're equipped to participate through effective **onboarding and training**

Start-up challenges

Co-operatives can experience challenges during the start-up phase that delay or prevent a project from moving forward. Causes of these challenges include restrictive regulations or a lack of business acumen. The following challenges are common among start-up co-ops:

1. Having **too few** people to incorporate or operate effectively.
2. Hoping to achieve **too much, too soon** may stall growth when a group faces high capital costs.
3. Poor **financial management** due to taking on unmanageable levels of debt.
4. The **complexity of the language** involved with financing and incorporating a co-op.
5. **Up-front costs** may be too high to move forward as planned, especially if the project is complex.
6. **Confusion about steps** may cause groups to try and skip important processes, setting the project back overall.



7. Difficulty navigating the start-up process and the **availability of information** may limit how a group proceeds.
8. **Legislative restrictions** in select provinces prevent groups from using the model that aligns best with their opportunity.

Supports for co-op development

The following agencies provide supports for entrepreneurs starting co-operative businesses:

- [Co-operatives First](#)
- [Co-operatives and Mutuels Canada](#) and the provincial co-op associations
- [Francophone Economic Development Network](#)
- [Co-op Consultants](#)
- [Regional Development Agencies](#)

Recommended resources

Co-operatives First's fictional start-up case study [Rural Matters Facilitators' Co-operative](#)

Co-operatives First's tool [Co-op Incorporation Process, By Province](#)

