CRS WORKERS' COOPERATIVE:
A CASE STUDY IN COOPERATIVE EVOLUTION AND SURVIVAL

by

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CRS Workers Cooperative - A Case Study

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Abstract

Workers’ cooperatives often have to face the challenge whether it is possible for an alternative workers’ cooperative to maintain its cooperative identity while remaining a successful business in a highly developed market. By examining the experience of Collective Resource & Services Workers’ Cooperative as a case study, this thesis seeks to establish that this indeed is possible. CRS Workers’ Cooperative is a large and successful worker-owned and worker-controlled business. Since 1976, it has successfully maintained a strong cooperative democratic culture while growing rapidly as a business. As a bakery and a distributor of natural and organic food, CRS Workers’ Cooperative has to compete in a highly competitive market, which often put pressures and constraints on the cooperative’s democratic culture. This thesis seeks to examine how such constraints and pressures have shaped the CRS communication, distribution of information and knowledge, and decision making, and what choices are made, under what circumstances.

During the investigation, participatory observation, interviews, documentary research, and research of primary materials are extensively used.
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Introduction

I started my thesis project with a focus on the economic reform in China, its different tendencies and possible alternatives. To greatly simplify the situation, the struggle over economic reform is between the old personalized bureaucratic power and the new, rapidly rising technocratic power. Squeezed somewhere in between these powers are workers who are pushing the idea of becoming the true masters of their own destinies. I read extensively on the subject, researching materials written by both Chinese and Western scholars and writers. Because I had decided to focus on industrial workplaces and workplace communication, I was also researching extensively on the subject of work, labor process, and workplace relations. By chance, I read a book on Mondragon, the largest network of workers’ cooperatives in the world. I was instantly inspired.

What had emerged through my research was a theme to compare three different types of workplaces, Taylorist conventional workplaces, state-owned large-scale industrial workplaces in China, and worker-owned and controlled cooperative workplaces. The idea was to talk about various issues around the economic reform in China by comparing three completely different workplace models. The attached bibliography is a record of some of the research I had done for the theme of comparative study of different workplaces.
within the larger context of economic reform in China.¹

Meanwhile, two things happened. First I was accepted as a member at CRS Workers' Cooperative and started working there in 1991. And then I started to get involved in a small project which is directly related to my research interests. The location of the project is in Lijiang, a small community in southwestern China with a multicultural population and a tradition in small-scale workers' cooperatives in the 1940s, known as the Gungho cooperatives. The objective of the project is to study the possibility of revitalizing the local workers' cooperatives network to build a local economy that is community based, with enterprises that are worker owned and controlled, environmentally sustainable, and an economy that nurtures, preserves, and promotes the positive side of the dynamic, local, traditional cultures.

I was excited about the Lijiang project because it tied together my two major research interests, the workers' cooperatives and the possibility of developing workers' cooperatives in China as an alternative way of development for

¹One Chinese scholar who has written extensively on the subject of economic reform and whose ideas I often identify with is Jiang Yiwei, the editor of Sichuan based magazine Reform and the former director of the Institute of Industrial Sociology of Social Sciences Academy of China. Jiang believes that for a socialist enterprise to be truly socialist in nature, the management authority has to remain collectively with the workers. Jiang Yiwei, "On the Socialist Enterprise Model," Jingji Guanli, No.1 (1987), pp.3-10.
economic reform. I started to have a new idea for my thesis. I wanted to write my thesis on CRS Workers' Cooperative as a case study, with people in China who are involved in the Lijiang project in my mind as readers.

CRS Workers' Cooperative is a large (by Canadian workers' cooperative's standard) and very successful worker-owned and controlled business with more than fifty members and annual sales of nearly ten million dollars. CRS Workers' Cooperative has two business collectives, Horizon Distributors, which is a wholesaler of natural and organic food, and the Uprising Breads Bakery, which specializes in wholesome bread and other bakery products using only natural and organic ingredients.

There are several research questions that interested me regarding workers' cooperatives and workers' ownership. After weighing which one would be the most relevant to people in Lijiang, I decided to focus the thesis on the question of whether it is possible for a workers' cooperative to maintain its cooperative identity in a highly developed market while

My interest in developing independent workers' cooperatives as a possible alternative way of development for economic reform in China owes much to Walder's critical analysis of workplaces in China. Andrew Walder's organized dependency theory is influential on my thinking in the sense it was my first exposure to a powerful critique of state-owned enterprises in China. Walder believes that the combination of personalized bureaucratic power with the enterprise as almost the only source to meet workers' needs effectively takes away from workers their independence and their ability to organize to defend themselves. I was then attracted to the idea of workers' cooperatives because it is precisely the opposite of what Walder has described. Andrew Walder, Communist Neo-Traditionalism (Berkeley and Los Angeles: University of California Press, 1986), pp.1-27.
remaining a successful business.

Workers' cooperatives always have a double identity, that as a worker-owned and controlled cooperative and that as a business. If a workers' cooperative pays no attention to the business side, it will not be able to survive in the market. On the other hand, a workers' cooperative can also cease to be a cooperative if it does not maintain its cooperative identity in the face of market pressures and competition. Because of this double identity, workers' cooperatives often have to face two kinds of challenges. The first challenge is whether a workers' cooperatives can be a successful business. Despite the hugely successful example of Mondragon, the challenge remains a strong one. There are many popular critiques. The democratic decision-making structure makes it difficult for workers' cooperatives to respond quickly to market opportunities. Workers' cooperatives tend to maximize salaries at the expense of reinvesting in the business. Workers' cooperatives are usually poorly managed with inefficient use of labor. The list goes on.3

The second challenge, which mostly comes from the cooperative movement itself, is why and how a workers' cooperative is different from a conventional capitalist business. The fact that the business is registered and

incorporated as a workers' cooperative is no guarantee that it will continue to uphold the basic cooperative principles. General membership meetings can and do degenerate into rubber stamp assemblies. Power can and often does get concentrated in the hands of management. Some workers' cooperatives are no more socially and environmentally responsible than conventional businesses. These two challenges are normally contradictory to each other, and they tend to pull the cooperative in totally opposite directions. Market forces usually play a very important role in this struggle. The pressure from the market, especially in a highly developed market, on a workers' cooperative to normalize as a business can be enormous. My research question, therefore, is whether these two seemingly contradictory goals can be compatible, under what circumstances and how the process of negotiating between these two goals has shaped and continues to shape CRS experience.

Situating the present in its historical context, I have divided my case study into three parts. The first chapter examines the early CRS experience, how it came out of the seventies cooperative movement and how this unique historical period affected its early structure and experience. The second chapter spans the period from 1979 to 1991 when CRS went through enormous growth and a lot of restructuring. The focus here is how market pressures put constraints on CRS's cooperative structure and how the cooperative struggled to
maintain its cooperative identity under the pressure. The third chapter describes how the present CRS is dealing with the contradiction between market survival and cooperative ideals. In the conclusion, I attempt to answer my research question within the framework of CRS experience.

Because of the way my thesis project has evolved, the methodology I have used has also changed over time. My early research before I acquired the idea of writing my thesis on CRS was mainly documentary. Although some of this material is not directly related to my case study, it served as a backdrop which framed my thinking as I examined the significance of what CRS worker members have struggled to achieve. This is why I did not change my original bibliography to focus on workers' cooperative issues. The bibliography, to a large extent, is a documentation of my thinking process, of where I came from, where I am, and where I am going. The research methods I have used for my case study of CRS, however, are much more diversified. Interviews were an important part of my research. To conduct the case study, I interviewed more than twenty members. However, this is by no means an accurate accounting of the full range of information and insights derived from discussions with CRS members. In fact I have been carefully recording members' ideas on all kinds of occasions ever since I started working at CRS. Participatory research has, of course, been another key aspect of the research process. My unique position as a member at CRS has
allowed me to participate in the process in an in-depth way that would not otherwise have been possible as an outside researcher. I have also done extensive research of primary research materials. This included the CRS policy book, general, collective, and work group meeting minutes since the early eighties, recordings of more than three hours made during a brainstorming session among CRS members in 1979, handouts and bits and pieces of notes and memos members wrote to each other, and anything that got posted. Finally, I have done extensive unobtrusive observation.  

In many ways, my thesis is written for the people of Lijiang who are searching for an alternative way to develop their community in a manner that will allow them to retain its unique bio diversity and cultural diversity, to return control over development to community people, and to pass on their unique local ecosystems and cultural resources to future generations. If my thesis can be of assistance to the people of Lijiang and their struggle, I will be truly overjoyed.

\[4\] I am aware of the possible critique that my research is not objective because of my position as a member in the cooperative and because of my extensive use of participatory methods. Objectivity, however, is a problematic concept. It is often used as a mask to hide power relations in a research situation. For a critique of objectivity and professionalism, see Linda Light and Nancy Bleiber, "Interactive research in a feminist setting: The Vancouver Women’s Health Collective," Anthropologists at home in North America, ed. Donald A. Messerschmidt (Cambridge: Cambridge University Press, 1981), pp.167-182.
Chapter One

Early CRS Workers' Cooperative: 1971 - 1978

To encourage the replacement of capitalism and private enterprises with collective ownership and control.

CRS Statement of Objectives

CRS Workers' Cooperatives grew out of the turbulent 1970s as part of the cooperative movement. As one member remembered it "CRS was not created to make money or to provide jobs. It was created to strengthen the cooperative movement."

Because CRS Workers' Cooperative emerged from a group of cooperative projects, it is difficult to say precisely when and where it got started. However, the official version at CRS, as the original members remembered it, is that it all started in 1971 with a cooperative named Amor de Cosmos - Love of Universe, after an eccentric BC premier some one hundred years ago.1 Amor de Cosmos was a pre-order type of cooperative where people pooled their resources to purchase food supplies directly from farms and wholesalers.2 There are

1Some of the information about early CRS comes from my interviews with original members. Some of the most valuable information, however, is from a recording of a brainstorming session in 1979 among CRS members on CRS history. The tapes are located in the CRS library.

2Pre-order cooperative is a term I picked up from CRS members during my research. It is a form of food cooperative with no inventory or storefront. Members who belong to a pre-order cooperative get together, decide what they are going to order and from where, and pay their portions upon arrival of
several important characteristics that differentiate Amor de Cosmos from consumer cooperatives as we know them today. First of all, the cooperative was an integral part of an alternative lifestyle. While many young people in the sixties and seventies were disgusted with the capitalist system, some decided that the best way to change it was to live their vision—to live an alternative lifestyle to create an alternative culture. Often food is an important part of an alternative lifestyle and culture not because everyone has to eat, but because of the way the capitalist system exploits food production and distribution for greed, the way the food is mass produced and controlled by monopolized interests, the way the environment is polluted by chemical fertilizers and pesticides, and the way contaminated foods in turn harm people who eat them. To create an alternative, natural, organic food from independent growers is championed. This is the primary reason why Amor de Cosmos and later CRS and other similar cooperatives originally got organized. It was not to get the cheapest food available. As one CRS report in 1977 put it, "We do not want to change our grocers. We want to change our lives." Amor de Cosmos, therefore, was politically motivated. The decision as to what to buy from whom was politically and philosophically based. Secondly, Amor de Cosmos, as other pre-order cooperatives, was completely run by volunteers. While it makes sense for a small food cooperative such as Amor
de Cosmos to be run by member volunteers, this practice was also rooted in a philosophical tradition of opposition to hierarchy and authority. Later this tradition of voluntarism and dislike for hierarchy and authority would continue at CRS and in many ways shaped its decision-making process. Finally, the volunteer positions in the cooperative were rotated among the cooperative members in accord with a philosophical belief in equality.³

The lower Mainland at the time was a haven for draft dodgers from the States. Idealists among these exiled Americans plus many like-minded local urban young people going back to the land provided a healthy supply of members for the Amor de Cosmos type of cooperatives. Between 1971 and 1972, such cooperatives mushroomed in British Columbia. By the end of 1972, there were more than ten scattered throughout BC. Many of them were located in small and isolated communities. It was decided that pre-order cooperatives should coordinate their purchases. To achieve this, the Fed-Up Cooperative, a central wholesale dispatch facility was organized in 1972. In many ways, the Fed-Up Cooperative is the precursor to the wholesale part of CRS Workers' Cooperative. One original Fed-

³Philosophically, the alternative cooperative movement in North America in the sixties and seventies is more rooted in anarchism than Marxism, although they tend to accept Marx's critique of capitalism. For an analysis of the philosophical roots of different cooperatives, see J. G. Craig, Philosophy, Principles, and Ideologies of Cooperatives: What are Their Implications for a Vision of the Future? Saskatchewan: The Cooperative College of Canada, 1980.
Up member still works at CRS today.

Although a second-tier cooperative, Fed-Up Cooperative was set up and operated very much in the same way as the pre-order cooperatives that it served. Fed-Up Cooperative was not a wholesale business in the traditional sense of the word. Like the pre-order cooperatives, it did not see itself as part of the market system, but as an alternative to it. It only served member cooperatives. It was democratically managed through collective meetings, and it was run by volunteers contributed on a rotation basis from member cooperatives. Considering that some of the member cooperatives were located far from Vancouver, this required a tremendous commitment.

The Fed-Up Cooperative was set up to serve the existing food cooperatives. In turn, its establishment greatly encouraged development of more food cooperatives. By the end of 1973, the Fed-Up system had almost fifty members in BC. Most of these small collectives were spontaneous, independent cooperatives without outside financial help. Some of them were, however, sponsored by the newly elected New Democratic Party government of British Columbia which was providing grants to alternative organizations. Many activists were cynical about the government’s motivation, NDP or otherwise,

4A second-tier cooperative is a cooperative organized by other cooperatives.

5"Whoever showed up at the meetings made decisions, which could be easily changed by whomever showed up at the next meeting." reminiscenced one member. It was a little chaotic, but democratic.
and saw it as a short-term effort to get people off the street. Some cooperative activists, however, took full advantage of the grants to start new cooperative projects. Between 1971 and 1973, a group of alternative projects were funded through two programs: Opportunities for Youth and the Local Initiatives Program. CRS, Consumer Resource Service, was the umbrella under which these projects were carried out. In 1973, CRS project workers were approached by the Local Employment Assistance Program for a three-year project proposal. The result was an elaborate vision of a cooperative network of retail and wholesale marketing and production of organic and natural food to be realized within five years to promote the cooperative movement beyond providing services to consumers.

Up until the end of 1973, CRS had been a very active and important part of the Fed-Up network and was largely responsible for the establishment of the Fed-Up Cooperative. The new CRS project to build a cooperative network of production, wholesale, and retail, however, marked a division between the Fed-Up Cooperative which was a consumer cooperative and CRS, whose vision started to embody the idea of workers' ownership, as the idea was for CRS to become self-sufficient by the time the grant ended in December 1976. In 1974, the Fed-Up network authorized CRS to set up its own wholesale warehouse. By the end of 1974, although Fed-Up member cooperatives still provided much of CRS business, CRS
had become completely independent of the Fed-Up system. Eventually, the Fed-Up warehouse shut down in 1984. The two staff who were working at the Fed-Up Cooperative warehouse at the time joined CRS. Fed-Up continues to exist as an association devoted to cooperative education and networking.

Within the next couple of years, the CRS vision of 1973 was basically realized. The Queenright Bee Keepers Cooperative was set up in 1974. The Tunnel Canary Cooperative was set up in the summer of the same year. Uprising Breads Bakery was set up in 1973. All are part of the CRS Workers' Cooperative which was formally incorporated in March 1976. None of these cooperatives were profit motivated. Their values and their ways of doing business clashed directly with those prevailing in the marketplace. Not surprisingly, two of the four cooperatives died shortly afterwards. The Queenright Bee Keepers was dissolved in 1975. They were the only operation in the Canadian industry that did not kill the bees at the end of the season. Instead, they transported them south to spend the winter. They would only use hand-crafted tools made from natural materials in their production of honey. The Tunnel Canary Cooperative worked with small local independent organic growers. It used recyclable glass jars to produce all natural, home style products. By 1979, it became

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6 The Tunnel Canary Cooperative was a cannery, producing canned organic fruit products. The member who was responsible to write down the name of the cooperative misspelled the word cannery as canary. It had stayed that way.
painfully obvious that although the quality of their products were legendary, the products could not be competitively priced the way they were produced. One option was to commercialize the production by getting cheap nonorganic fruit supplies from the States and using less labor-intensive mass production technology. This option was rejected by CRS members. They would rather let the cannery die than abandon the idea behind its creation, which was to produce organic canned fruit products working with local independent organic growers. The cannery was dissolved in 1979; the members working at the cannery were absorbed into the warehouse and the bakery.

It is therefore clear that the early CRS grew out of a movement not out of a market. It was conceived as an alternative to the capitalist system not as part of it. Although CRS did become a business in 1976 in the sense that it was financially independent, it saw itself primarily as a cooperative, as a catalyst for social change and not as a business. The question arises as to how it survived in the marketplace and how these unique circumstances shaped its work process, communication, and decision-making structures?

Market niche, ties to the cooperative movement, and tradition of self sacrifice

Workers’ cooperatives, because their resources are often extremely limited, often find it hard to enter an already highly competitive market. There are exceptions such as
Mondragon where a well established workers' cooperative network provides both financial support and marketing, financial, and management expertise to the new cooperative. The chances of success for the majority of workers' cooperatives, however, often depend on finding a niche in the marketplace. This was also the case for the early CRS.

Although health food has now become a major sector of the food industry with everyone trying to cash in on the new wave of increasing public health consciousness, it was very much an underdeveloped market in the seventies. As one member remembered it, "for years, we did not have any competition from the commercial sector at all." CRS was providing a service that was simply not there. However, a market niche can be a double-edged sword. On the one hand, it does shield the cooperative from competition, on the other hand, the niche can very well be too small for the cooperative to survive. This was certainly true of the Queenright Bee Keepers and Tunnel Canary Cooperatives. Both of them provided unique products, but neither market niche was large enough to sustain the cooperatives.

Another key element for the survival of the early CRS was

7Rothschild and Whitt, who have done extensive study of alternative workers' cooperatives in the States, believe that finding a niche in the market is often crucial for the survival of workers' cooperatives. They also believe there is a pattern for large corporations to move in to squeeze workers' cooperatives out once the niche becomes too profitable. The struggle then is to find another niche. Joyce Rothschild and J. Allen Whitt, The Cooperative Workplace, (Cambridge: Cambridge University Press, 1986), pp.116-121.
its ties to the cooperative movement and the local community of East Vancouver. At the time when CRS became independent, there were two major groups of customers for its warehouse operation. The first group were the pre-order cooperatives from the Fed-Up network. The second group were customers who were served by a Seattle based cooperative similar to the CRS warehouse operation. When the Seattle cooperative learned that CRS warehouse had started, they decided that their customers in Vancouver and the lower Mainland area could be better served by CRS since they both carried a similar line of natural and organic food. Neither of these two groups of customers were customers in the traditional sense of the word of someone trying to get the best value in the market. They were very much part of the cooperative movement, and they supported CRS because it was part of the movement. This was also the case for the Uprising Breads Bakery. From the very beginning, Uprising Breads was a community project in the true sense of the word. It was not just another bakery. It stood for the best of the East Vancouver community centered around

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8This is an example of alternative workers' cooperatives' vision to replace market competition with cooperation. There are two analyses of alternative market economies that have influenced my thinking. One is Alec Nove, The Economics of Feasible Socialism, London: George Allen and Unwin, 1983. The other is Diane Elson, "Market Socialism or Socialization of the Market?" New Left Review, No.172 (November/December 1988), pp.3-44. Nove believes that it is possible to build a socialist market characterized by cooperation and public ownership of resources which are essential to people's well being. Elson, on the other hand, focuses on the fact that markets are made, shaped, and controlled by human beings and institutions.
the Commercial Drive area, which was and still is a center for alternative culture. It was and is an alternative bakery in everything from the way it operates, its wholesome products, to its rebellious name. The local community not only provides a steady supply of loyal customers, according to early members, the majority of the members who worked at the bakery in the early CRS were volunteers from the local community.

Voluntarism is an important part of early CRS experience and is also key to its survival in the sense that it provided CRS with abundant, highly enthusiastic, highly committed, and free labor. Most of the volunteers were on unemployment insurance. This is why they could afford to work for free. As one member remembered it,

"I was a typical sixties seventies type. Middle-class family background. Worship working class and manual labor. Leftwing politics. However, I am not the type to join a political party. I went to live in a kibutz in Israel for some time, came back to Canada, hung around Commercial Drive, and did some secretarial work. I was laid off and went on unemployment insurance in 1977. I thought to myself, great, now I am on UI, I can work at CRS bakery as a volunteer, which is always what I wanted to do."

She has never left CRS since and is now the chief financial administrator.

Even with a loyal market and devoted workforce, there is still the question of capital investment. This is especially

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9When I posed the question what was the best of the Commercial Drive community, the answer from CRS members, the majority of whom live in the area, was "alternative," - the community is a center for alternative politics, alternative life styles, alternative stores, alternative organizations, and alternative culture. It is an alternative community.
true of the CRS warehouse which is quite capital intensive. The solution has to do with another CRS tradition - self sacrifice.

One of the major problems CRS had with the government funding was that it only paid for salaries and expenses, no part of it could be used for capital investment. As CRS was to become independent when the grant ended in 1976, something had to be done. It was decided by the people who were working on the CRS project that they would save every penny they could to be used for capital investment to build an independent CRS. When asked during an interview how this decision was made, older members said that the feeling among members at the time was that their salaries from the grant were movement money, not their personal property. Most were living together under the same roof to save money. They were also idealistic and young with few financial obligations such as family and children.

The CRS tradition of self sacrifice characterized by reinvestment of earnings and volunteer labor is important not just because it provided CRS with the much needed capital base. It preserved the credibility of CRS as being part of the cooperative movement rather than government paid professionals. This is extremely important as the local community and cooperative movement provided CRS with both members and customers. The tradition of self sacrifice is also important to the survival of the early CRS in another
way. Because nobody was working at CRS for the money, it guaranteed CRS a highly homogeneous workforce - another key factor for a successful workers cooperative.10

Collective management by meetings

CRS Workers’ Cooperative, like many other alternative workers’ cooperatives from the seventies, started with a distaste for authority, rules and regulations, and hierarchy of any kind, a tradition which can be traced back to Amor de Cosmos and Fed-Up, so much so that there did not seem to be any structures, hierarchy, or rules and regulations in early CRS, with one exception - meetings. Early CRS was open five days a week. Once a week, the business (both the bakery and the warehouse) was shut down so that members could sit together, talk things out, and make decisions. The meeting time was considered work time and people were paid for going to the meetings. Self management is a hallmark of workers’ cooperatives, and early CRS members took this very seriously. There were no managers, no coordinators, no supervisors, no board of directors. Everything was decided collectively at

10Homogeneity is important to workers’ cooperatives because of its democratic structure of collective decision making through consensus. For an analysis of the role of homogeneity in alternative workers’ cooperatives, see Joyce Rothschild and J. Allen Whitt, The Cooperative Workplace (Cambridge: Cambridge University Press, 1986), pp.95-100.
general meetings." As one member put it, it was "collective management by meetings."

There are two major characteristics of these general meetings. They are task oriented and decisions are made through consensus. Task-oriented meetings differ greatly from time-oriented meetings which are often meetings as we know them. Time-oriented meetings are governed by an agenda with each item allotted a fixed amount of time. At early CRS meetings, however, no one was silenced because of time constraints. Discussion around a particular issue would go around and around until no one had anything more to say on the subject. If there were different opinions on an issue, members did not simply decide by voting. They talked, reasoned, and debated until a consensus was reached. Decision by consensus is an important feature of CRS cooperative ideals as voting by majority is considered decision making at the cost of the minority.

There was no formalized preparation of the agenda for general meetings. People often created the agenda at the opening round of a meeting by saying "There is something I want to talk about because I feel it is important to me and the cooperative." To prevent the meeting from being dominated by a few articulate members and to make sure that everyone had

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"At CRS, meetings for the whole cooperative are called general meetings. Meetings for each business are called collective meetings. Meetings for each work group are called work group meetings."
a share of talking, the discussion usually went in rounds. While decision making was an important part of early CRS meetings, the content of these meetings went way beyond it. They were places where members could talk to each other about how they felt about the world, about the cooperative, about themselves, about the community. At meetings members reinforced their beliefs and ideals and their solidarity as a collective. Several members recalled that workplace and business issues were often discussed within a philosophical and political context in terms of their social implications.

The meetings, however, were by no means the only place where members could talk to each other. There was as much informal communication among members outside meetings as formal communication at meetings. Basically, the whole cooperative lived within the same neighborhood in several big houses. They often found themselves continuing the discussions from meetings (or preparing for them) in their kitchens and living rooms. Indeed, many of the early CRS meetings were held in a house where members lived.

If the communication and decision-making structure at early CRS was shaped by its cooperative ideals and its ties to the cooperative movement and local community, it was its size and homogeneity that made it possible. Study shows that the kind of decision making structure at early CRS is often
possible only in small-scale workers' cooperatives.\textsuperscript{12} Small, however, is a relative term. The higher the degree of homogeneity among the cooperative members, the greater the number of members that can be effectively included in collective decisions by consensus. By 1977 to 1978, CRS membership had grown to around twenty. This is usually considered rather large by international workers' cooperative standards.\textsuperscript{13} However, at the time CRS was still successfully managing collectively by consensus without delegating authority to individuals.

Yet, this unique process of collective management by consensus does not come without a price. Because the meetings were quite intensive, long, exhausting, and often intense, some members started to "burn out." This was less of a problem before 1976 when CRS was still a project. People involved in the CRS project were used to time consuming and emotionally draining intensive participation in projects.

\textsuperscript{12}Small size is often considered a key factor for a workers' cooperative to maintain its democratic structure. There is, however, a larger debate on the relationship between the size of an organization and democracy. Many believe that alienation is inevitable when an organization gets to a certain size. Nove, for example, feels this way. A counter argument is that for an organization to be truly democratic in the sense of making conscious choices for social change, only large scale ones can fully explore a full range of choices. Patrick Kenis, "Public Ownership: Economizing Democracy or Democratizing Economy?" Economic and Industrial Democracy, Vol.10, No.1 (February 1989), pp.81-97.

There were many projects at the time and there were new projects being developed all the time. Mostly, these projects were viewed as temporary. When people involved in a project ran out of adrenalin, they moved on. Working at CRS was not considered a job or career in the traditional sense of the word. However, when CRS became incorporated in 1976 as a workers' cooperative, it started to dawn on the members that this was no longer a project. It was there to stay. Its survival required tremendous effort and sacrifice from everyone involved, and they started to feel the pressure and responsibility on them to keep CRS going. Some members started to get tired of living cooperatively twenty-four hours a day.

Because there were virtually no written rules and regulations, new members usually found it difficult to participate effectively. To a large extent, this lack of articulated rules and regulations was compensated by the high degree of homogeneity among members. When individuals were interviewed as potential new members, their political and philosophical ideas were all that mattered. One member remembered that his interview started with the statement "We are going to ask you some questions about your political views which we are not legally allowed to ask. However, they are legal if you want to become a member." This, however, started to change in 1976 when it became more and more necessary to bring in people with specific job skills. Over time, this
resulted in less homogeneity among members as new members with specific job skills brought more diversity to the cooperative. New members often felt frustrated or even resentful at being left out of the process because of the lack of rules and regulations available to new members as to how to participate. This alienation was clearly not a result of lack of encouragement from older members to new members or any other form of exclusion. On the contrary, one member remembered that her opinions were vigorously sought after when she first joined CRS. She said she, however, felt very alienated anyway because she felt that the senior members were a tightly knit group with a lot of shared unspoken understandings which she did not understand. "It took me more than a year to become comfortable with the process."

Many members also felt that the meetings were not very well structured for making business decisions. The major problem was that there was no preparation (no planning) for the meetings. Once decisions were made, there was no one to follow them up as no responsibility was delegated to individuals.

**Organization of work, job rotations, and the egalitarian pay system**

As one current CRS member put it, "We were fanatic about job rotation." Firmly believing in equality and breaking down the division between mental and manual labor, early CRS
members rotated all job positions. Rotation was compulsory and was often done on a weekly basis.\textsuperscript{14}

Job rotation has always been a controversial issue among workers' cooperatives. On the one hand, job rotation embodies the ultimate cooperative ideal of eliminating the difference between mental and manual labor - a direct critique of the way jobs were fragmented in capitalist society to create a hierarchy with cheap and easily replaceable laborers. On the other hand, workers' cooperatives often have to struggle with the question of whether it is practical or realistic to implement job rotation in their cooperatives because it can be costly (because of the extensive training for different jobs), inefficient (because it takes much longer for someone to become efficient at his or her job), and often needs a lot of administration and coordination. This is especially true of larger workers' cooperatives. While it is true that job rotation does carry certain costs, once the rotation is in place, it can bring the organization a high level of quality work and commitment through workers' experience and appreciation of the whole work process. Even today, some CRS members feel that the use of labor in CRS was the most

\textsuperscript{14}Many alternative workers' cooperatives emphasize job rotation because they believe division of labor is often key to capital's control over workers in conventional workplaces. Donald Weiss believes that the kind of division of labor found in many conventional businesses is created by capital to control workers and work processes. Donald Weiss, "Marx versus Smith on the Division of Labor," \textit{Monthly Review}, July-August (1976), pp.104-118.
efficient when all the jobs were rotated. They stated it was the most flexible way to organize work because "you go where you are needed most at the moment."

Several factors made job rotation at CRS possible. First of all, job rotation works best when the size of the cooperative is small. It allows workers to rotate among different jobs on a frequent basis so that they can reach and keep a certain level of dexterity at each position. Secondly, job rotation at CRS was facilitated by the collective belief at CRS in job rotation and the kind of peer pressure this collective belief generated. Not everyone liked to rotate their jobs. Some would not trade what they did for the rest of the world if they had a choice. One member remembered vividly how much she hated to be rotated to the night bread shift. She was so anxious about getting to and from work at night that she decided to say no. The result was that the collective voted at a collective meeting that she was going to be rotated to the night shift anyway because of the principle. She commented, "I was so mad that I refused to talk to anyone for weeks." Another member recollected that one member decided that he wanted to be the designated purchaser. "He found himself a corner in the office and never came out. The collective had to tell him to take a leave for six months. He did not come back." A third mitigating factor was that the CRS workforce were all rather young at the time. This was important as some of the jobs were physically demanding.
Finally, the salary structure of the early CRS was based on need and egalitarian. This meant there was no issue of differentiated pay according to the job. This pay structure was another reflection of cooperative ideals dear to CRS members. It reinforced the principle of equality and the practice of job rotation. As CRS experienced later, salary structure often becomes a foremost issue when division of labor starts to emerge. The salary level for the early CRS was low, partly because members were not in it for the money, partly because it was not making much money since return on investment was such a low priority. With the exception of the Dependent Supplement which was a subsidy for members with children, everyone was paid the same amount.

To summarize, the early CRS Workers’ Cooperative did not acquire the double identity of a cooperative business. It saw itself only as a cooperative, as part of the cooperative movement, as an alternative to the capitalist system. This was still very much true after CRS was formally incorporated in 1976. The early CRS structure, its communication, decision making, internal and external relations, therefore, were very much shaped and conditioned by its cooperative roots and ideals. CRS emerged directly out of the cooperative movement. The movement and the local community provided CRS with both members and customers. These members and customers brought their cooperative values and ideals to CRS, which in turn
reinforced CRS's position within the movement. This unique situation to a large extent shielded CRS from market pressures. Lack of business knowhow was compensated by the homogeneity, commitment, and spirit of self sacrifice of its workforce and the supportive community and cooperative network.
Chapter Two

1979 to 1991: A Time of Growth and Change

CRS Workers' Cooperative underwent a tremendous growth in the period from 1979 to 1991. The wholesale operation was relocated twice, each time more than doubling the previous floor space. The sales at both businesses have grown by leaps and bounds. The total membership expanded from less than twenty in 1979 to more than fifty in 1991. CRS started to mature as a business.

Two things happened in 1979 which were to have a lasting impact on CRS and the way its members saw themselves and their cooperative. By the beginning of 1979, the 4,500 square foot warehouse had become overcrowded to the point of affecting the quality of working life for the nine members sharing two hundred square feet of space as office and lunch room. In the spring of the same year, CRS moved its warehouse operation to a 12,000-square-foot space on Odlum Drive, a couple of blocks from Commercial Drive. "It was so huge" as one member remembered it, "that our total inventory ended up as a pile in a corner of the new warehouse." The second momentous event was that because of the move, for the first time CRS had to borrow money from outside - $70,000 from CCEC Credit Union. It is not a large amount by today's standard, but was a huge amount to CRS at the time. As a result, things started to change.
"We were no longer just responsible for the cooperative and for ourselves. We were now responsible for CCEC's loan which was money from the community," remembered one member. "All of a sudden, we were required to do all kinds of things we had never done before, such as financial statements, business plans, and cash flow projection," added another member. CRS started to feel the pressure of the discipline of the market. Regardless of what was going to happen, the interest on the loan had to be paid. The much larger overhead, the space, hydro, etc. had to be covered. All these costs had to be paid before members' salaries.

The decision-making structure, which had seemed to work fine before, became hopelessly inadequate during the move. Because of the complexity of relocating a sizable business, it raised the question as to who had the authority to authorize what. The choices to be made often required expertise in business and administration to make wise decisions. It also became painfully obvious that some kind of delegation of responsibilities would be necessary as decisions made at general meetings were often poorly investigated beforehand and poorly followed up afterwards.

This challenge stimulated the first restructuring of CRS. Members started to realize that their structure was not well suited to make business decisions, and it was important that they make the business work if the cooperative was to survive. On the other hand, whatever new structure they came up with,
members had to feel comfortable with it in terms of their cooperative ideals and principles. The challenge was to find a way to accommodate both. At this point, the membership could have chosen to ignore the pressures of cost accounting, continue the way they were and let the business die if necessary, the way they decided to let Queenright Bee Keepers and Tunnel Canary go. But they decided to try to find a cooperative way to build the business as CRS had become too important to them. Apart from the external pressures, there were also internal ones for change. Basically, people had started to get burned out and wondered how long they could go on making sacrifices. As one member put it, "People started to get tired of working for peanuts." This sentiment seems to reflect CRS shifting from a cooperative project into a full-blown business. What used to be viewed as noble sacrifice was now beginning to be perceived as more like self exploitation.\footnote{There is a critique, usually from a leftwing position, that workers' cooperatives are basically vehicles for self exploitation and their (workers' cooperatives’) claim to self management and workers' control, therefore, is only illusory. Chris Cornforth, Alan Thomas, Jenny Lewis, and Roger Spear, \textit{Developing Successful Worker Cooperatives} (London: Sage Publications, 1988), pp.70-72.}

One of the major changes that came out of the first restructuring was the delegation of responsibilities to committees. Some of these committees were organized to solve a particular problem or issue and were dissolved once the problem or issue was resolved. Others were more permanent, such as the personnel committee or finance committee. This
change was an important one for CRS because it was the first time that the cooperative had decided to delegate responsibilities to a group of individuals. However, according members who participated in the first restructuring, the change was adopted by the membership without much controversy. There are two reasons why this was the case. First of all, as one member put it, "People were comfortable with committees and did not feel threatened by them because they were run completely by volunteers. Anybody could be on it." The second reason was that for the most part the committees were not to make decisions but to investigate and consult on the issue and make proposals to the general membership based on the investigation and consultation. The proposal could be accepted or rejected by the membership at the general meeting. If rejected, the membership could either direct the committee to look into other options and come up with another proposal or dissolve the committee and find some other way to deal with the issue. These two characteristics of the CRS committee structure were very important to CRS and laid the foundation for future restructuring at CRS. On the one hand, it defined "delegation of responsibility" as delegating investigation and consultation, not as delegating decision-making power. Therefore, whomever or whichever committee was delegated responsibility served basically as a resource to improve the collective’s decision making. This allowed CRS to handle various issues in much greater depth.
without compromising the principle of collective decision making. On the other hand, as these committees were completely run by volunteers, they were open to all members. This was important because although the committees had no decision-making power, they had some control over the agenda as to what they wanted to look into and what options they considered possible. To open up the committee to all members reduced the danger of committees developing minds of their own over the agendas.²

The committee structure to a large extent was designed to solve the dilemma that the general membership had to decide everything at meetings, and yet did not have the time to investigate each issue properly, which often resulted in poor decisions. However, it was also designed as a way to involve new members to participate in the process. The idea was that new members often brought with them new ideas and expertise which could benefit the cooperative. While new members were encouraged to speak out at meetings, many found it intimidating. Committees provided a place where they could develop a more intimate working relation with their fellow committee members at their own pace and participate in a much

²Task-oriented committees are often seen as an alternative to hierarchical decision making. Bristow in his MA thesis on democratic decision making in larger cooperatives, believes that task-oriented committees organized spontaneously by members and supported by the cooperative in terms of information and coordination is key to democratic decision making in larger cooperatives. R. Duane Bristow, Member-Based Planning in Larger Cooperatives. Saskatchewan: Cooperative College of Canada, 1982.
less intimidating environment. This was important because CRS started to recruit more and more new members as it grew rapidly at the new site.

There were also other minor changes during the first restructuring. Time sheets were put into use even though they had no relation to salary. Sick time, which used to be unlimited and unrecorded, was now capped with a limit, though a very generous one. Policies around other types of paid leave were formulated. Such changes were often cosmetic in nature. Taken as a whole, however, at CRS they were important indications that CRS members had started to monitor the business side of the cooperative. One important difference between how CRS started to monitor business indicators and how a conventional business does it is that CRS did not monitor individual performances, a tactic which is often used by conventional business to divide and fractionalize the workforce. To this day, CRS has no devices to monitor individual performance.\(^3\) If there is a problem with business efficiency, then it is the problem of the cooperative of all

\(^3\)Braverman believes that in contemporary industrialised capitalist societies, the earlier visible human supervision of workers has been replaced by a much more invisible technological supervision. To Braverman, this change marks the transition from the earlier direct yet incomplete control of capital over work process to the contemporary indirect yet complete control. There is, however, a critique of Braverman’s position that it tends to ignore the impact of workers’ resistance to management imperatives. H. Braverman, Labor and Monopoly Capital: the Degradation of Work in the Twentieth Century, London: Monthly Review Press, 1974. Richard Edwards, Contested Terrain, New York: Basic Books, 1979.
members. Depending on the circumstances, this can be a strength or weakness for a workers' cooperative. It can be a strength because it generates a high level of solidarity among members which will result in flexibility, quality work, and commitment. However, it can also be a weakness when the system is abused by one or a minority of members in the cooperative. CRS has successfully prevented such abuse by relying on an extensive evaluation system, a tradition from the early CRS. Potential new members are evaluated twice before the work group and work collective decides whether they will recommend membership at a general meeting. Every member in the cooperative is evaluated once a year. The evaluation process is open to all members. In other words, all members can give written feedback to the evaluation committee which usually consists of three volunteers from the work group. Depending on the feedback and self evaluation, the committee will then recommend either continuation of membership or probation.

The first restructuring was very successful. The cooperative emerged more together than ever. The committee structure greatly improved the quality of decision making by providing investigation, consultation, and planning before decisions were made as well as by following up on decisions.

'Self evaluation is part of the evaluation process during which the person being evaluated is asked to evaluate himself or herself. The idea is that they can then compare their self evaluations with collective evaluation and vice versa as self evaluations are posted together with collective evaluation.
made by the collective. The cooperative prospered partly because the restructuring improved the quality of business decision and business efficiency and partly because more and more people started to become aware how commercial foods were contaminated. CRS was situated right in the middle of a rapidly expanding market niche, and the first restructuring had allowed the cooperative to take full advantage of the situation. Everything was fine until recession caught up with the cooperative in the early 1980s.

**A second restructuring**

At the planning session of a general meeting in 1981, it was projected that the cooperative was going to lose $10,000 that year. (In fact the loss did not occur until 1982.) The members were very much shaken by the realization that the survival of the cooperative was now in question. Emergency measures were taken. The amount of vacation pay was reduced. Working hours were increased from thirty-five hours a week to thirty-seven hours a week. Members also decided that it would be necessary to look at their structure again. A structure evaluation committee was formed at the instruction of the general membership. After almost two years of talking to members and investigating possibilities, the committee presented its proposals to the general membership in the fall of 1982. They were approved by the general membership without much controversy. The result was the creation of a board of directors and a much more defined decision-making structure.
with more clearly spelled out responsibilities. The adopted structure was as follows:

1. A board of directors

A board of directors was elected by the membership. It consisted of five members and was accountable to the general membership. It was responsible for the whole cooperative with responsibilities centered on approving, monitoring, and revising the plans and budgets of the cooperative and each collective as well as coordinating cooperative level activities.

2. An executive

A two-person executive of the board was appointed by the board members. They were accountable to the board. The executive functions included organizing board and general membership meetings and having interim and emergency decision-making power.

3. A personnel committee

A personnel committee, which was composed of one board member selected by the board and two members selected by the general membership, was formed. The committee was accountable to the board. The committee's mandate was to handle recruitment of new members, to supervise evaluation procedures in the cooperative, and to develop personnel policies and

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5CRS general meeting minutes, September 1982.
procedures.6

4. Collectives

The collectives, including the wholesale operation and the bakery, were directly accountable to the board. These collectives were responsible for developing yearly plans and coordinating and organizing the activities of the business within the context of the approved plans.

5. An administrative collective

The administrative collective was accountable to the board. This centralized group did the bookkeeping and accounting for the collectives and the cooperative as a whole. It generated financial information and analysis for the board from information derived from the collectives’ plans, budgets, and actual performance.

6. The general membership

The general membership was accountable to itself. It was composed of all members. The general membership’s mandate was to elect the board and personnel committee; to approve the cooperative’s objectives, goals, and budgets; to approve membership of probationary workers; and to evaluate the board of directors.

The creation of the board of directors, something that took CRS six years of operation, one relocation, and one

6The personnel committee, however, did not have the power to fire or put members on probation which was a cooperative issue and could only be decided by the whole membership at a general meeting.
recession to get to, represented a major step towards delegation of power by the general membership. However, when the board was created, members did not see it as a threat to their democratic decision-making process. There were several reasons why this was the case. First of all, with a total membership of a little more than twenty in 1982, a board of five was almost one out of every four members. The large number was significant as one could always find or elect a board member whose ideas were close to one's own ideas. Secondly, board members serve as volunteers without any compensation. This was seen as important to ensure that board members would not be motivated by anything other than the interests of the cooperative. Finally, board members were rotated among members to prevent any concentration of power in the hands of individuals.

The emergency measures and restructuring did save the cooperative from the recession. However, some of the problems the restructuring was trying to deal with did not go away. If anything, as the business continued to grow, the problems grew more and more pronounced.

The system of collective management by meetings was under severe challenge. Although delegating authority to committees did alleviate the problem, it did not solve it. There were two major reasons why this was the case. First of all, the overhead cost to hold various meetings, committee or otherwise, was quickly becoming prohibitive. This has to do
with a decision the membership had made back in the first restructuring in 1979 that meetings were necessary work which ought to be done during regular working hours. Before 1979 the meetings were often held, formally or informally, outside of working hours. The acknowledgement that meetings were work was intended to prevent members from burning out. However, as all the meetings were done now during working hours and there were more and more of them as the cooperative grew, they started to eat up a bigger and bigger chunk of time and money.

Secondly, management issues that the cooperative was facing now were much more complex than before. The way the committees were structured, task oriented and staffed by volunteers, was becoming increasingly inadequate in dealing with the complexities of business issues, many of which were quite unavoidable and had to be dealt with on a regular basis.

From 1982 to 1984, there was a steady reduction of meetings in both length and quantity. It is hard to pin down the exact time, but sometime during this period, the meetings changed from open-ended discussion to a much more formalized format moving from item to item on the agenda within specific time slots. Voting and making decisions by two-thirds majority also became more and more necessary as members often found it hard to reach consensus given the time constraints. There does not seem to have been any conscious decision to make these changes. Because of the size of the cooperative, it simply became physically impossible to keep the meeting
structure the way it used to be. Also sometime during this period, formal job rotations came to a stop, although informal types of rotation, especially within the same business collective, were still prevalent. The pressures for change, however, kept accumulating.

By 1984, although there was much controversy around the issue at the time, there was enough support for a new management structure for the board to instruct a restructuring committee to come up with a proposal. The proposal from the committee which was passed by the general membership in 1984 with some controversy, called for the creation of a general manager and a manager for each of the two business collectives. The proposal included the suggestion for a small pay differential for managers. This was rejected by the membership with strong emotional expressions of desire to retain the "egalitarian" pay structure. The general manager was to be responsible for organizing, directing, and supervising the business of the cooperative and was accountable to the board. The managers for each business collective were to be responsible for the business operations of each of the collectives and were accountable to the general manager. In the same year, the board appointed a bakery manager, a wholesale manager, and a general manager from the general membership.

The decision to hire internally from the members was made after collective deliberation. There was some discussion of
hiring from outside as there was some questioning of whether anybody from the cooperative would have the expertise to do the job properly. However, the consensus was that it was crucial that members had confidence that the new management structure would be consistent with the democratic structure of the cooperative and not compromise its basic principles. It was felt that although members might lack managerial experience and expertise, people from the cooperative had a much better understanding of the cooperative's principles and how it worked. It would be extremely difficult to find someone with the expertise from outside who could be completely comfortable with and fit into the democratic structure of the cooperative. Expertise, it was felt could be learnt and accumulated on the job.

One of the major problems facing all workers' cooperatives is how to design the role of managers. Theoretically, there should not be any managers in a workers' cooperative.

7The way the first CRS managers were created and selected is an interesting contrast to the way it is normally done in a conventional business. Marglin believes that the idea of management comes out of capital's imperative to control labor and work process. Marglin believes that it is a process through which knowledge is systematically taken away from producers so that management can have exclusive control of the information and knowledge over work process. Stephen A. Marglin, "What do bosses do?" The Division of Labour: The Labour Process and Class Struggle in Modern Capitalism, ed. Andre Gorz (Atlantic Highland, New Jersey: Humanity Press, 1976), pp.16-28.

8As creation of managers is an important part of CRS history, several members remembered the process quite clearly and vividly. One of them was and remains the business manager of the CRS warehouse operation.
cooperative because of its basic principles of self management and collective decision making. In reality, however, most workers' cooperatives find that they need managers to keep business performance up to a certain level so that the cooperative can survive market competition. Very often, managers are hired mainly because of their business expertise regardless of whether they have any understanding of how and why a workers' cooperative is different from a conventional business. When they do have some understanding, it is usually very basic and superficial. This normally results in a situation where managers try to run the cooperative more or less as any other business and in the process contravene basic cooperative principles. The cooperative is then often stuck in a dilemma. On the one hand, it is important that managers have authority because they are hired to run a business and they cannot do that without authority to say this is how it is going to be done. On the other hand, managers' authority often results in concentration of power and information in the hands of managers, which in turn results in members' alienation from the decision-making process and a sense of disempowerment. While different workers' cooperatives have different ways to deal with this problem such as supervision by the board, and/or rules and regulations regarding the limits of management authority, it is often a losing battle because these measures fail to address the problem at its
By hiring managers internally from the members, CRS established the priority of cooperative principles over business imperatives. In the short term, the quality of business decisions might have suffered, but in the long run, the cooperative benefitted tremendously from this decision.

On the whole, the new management system was perceived by the general membership as something necessary for the well being of the cooperative, however undesirable the new system might seem. There was much fear that this would create a hierarchy in the cooperative. However, it turned out that the new management system was a continuation rather than a disruption of the CRS tradition of self management and collective decision making. This was because the managers had themselves been members for years. They joined the cooperative for the same reason as everyone else and they shared the same values and principles. Now that they were managers, they went out of their way to make sure that their presence and roles did not in any way compromise the values and principles they held dear. Of course, they also knew the general membership was watching them like hawks. As one business manager smilingly explained, "Manager was and still..."

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Sally Hacker commented that when she visited Mondragon business and technical schools, she found that the training was very similar to that in conventional business and technical schools with the exception of a brief introduction to basic cooperative principles. Sally Hacker, "Gender and Technology at the Mondragon System of Producer Cooperatives," Economics and Industrial Democracy, Volume 9, no.2 (May 1988), pp.233-235.
is a dirty word in the cooperative."

Although much less controversial than the new management issue, the recession and financial scare around 1982 and 1983 also triggered many other changes at the cooperative. The cooperative started to consciously promote itself and its products through marketing, something that the cooperative had never done before. A toll free telephone line was put in. Sales specials were created to boost sales. A professional marketing consultant was brought in to help develop a long-term strategic marketing plan. Division of labor started to emerge as jobs got more and more specialized. There were now people working on a more or less stable basis in purchasing, marketing, administration, and the order department. There does not seem to have been any conscious decision by the members to make this change. It simply happened gradually over the years. The size and complexity of the business made it necessary for people to stay on the same job. Another contributing factor was that the original members were getting older and found it hard to do some of the more physically demanding jobs. Coordinators also became necessary. Some work groups had become too large to function without one. Sometimes the nature of the work group demanded one. One example is the marketing work group. Although very small in size, they almost had to have a coordinator to stay at the
Reforming the system of remuneration

As the management system was put into place and as the division of labor got more and more elaborate, a new contradiction started to emerge. This was the contradiction between the need-based, egalitarian remuneration system and the fact that now there were people doing work requiring more skill and the exercise of considerably more responsibility. Some people in such positions started to feel underpaid. CRS by now had grown into a sizable business with millions of dollars in annual sales. Compared to people doing similar jobs with similar responsibilities in other enterprises, some CRS members were indeed grossly underpaid. By 1986, the sentiment that some members were not fairly paid for what they were doing had grown to the extent that the cooperative feared that they were in danger of loosing their managers if something was not done. The result was the first managers' pay differential in CRS history. The proposal which was put forward by a committee was approved by the membership at a general meeting. It was only $100 a month, a very small

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10Gherardi and Masiero have an interesting study of how priorities change as a new-born cooperative gets more and more involved with organizational and administrative details, and how this change of priorities affects its decision-making process. This study provides some interesting parallels and contrasts to CRS experience. Silvia Gherardi and Attilio Masiero, "The Impact of Organizational Culture in Life-cycle and Decision-making Process in Newborn Cooperatives," Economic and Industrial Democracy, Volume 8, No.3 (August 1987), pp.323-347.
amount by any standard, but symbolically significant. One member remembered the situation vividly,

"There was a strong feeling at the cooperative that managers should not get paid more than anybody else. However, there was a genuine fear that we might loose managers. If that happened, it would be impossible for the cooperative to hire someone from outside with similar qualifications given what the cooperative could offer as salary. Many voted yes because they felt they had to."

However, there was also a larger issue lurking in the background of the controversy over managers' pay differentials. Over the years, the cooperative had come to recognize that members had the right to get reasonable pay for their work and that this was necessary if the cooperative wanted to keep a stable, committed membership. The cooperative had come to recognize that circumstances had changed a lot from the early days when self-sacrifice was essential in making CRS independent and self-sufficient. The cooperative was now not only a cooperative but also a business. As a worker-owned and worker-controlled business, it should be able to at least perform and pay its members at a level comparable to other similar businesses. The cooperative would have failed as a cooperative and as a business if its survival was based on self-exploitation. This transition from self-sacrifice to the right to get adequately

\[\text{\textsuperscript{11}}\text{This quotation is taken from an intensive interview with a current CRS member. I then checked meeting minutes around the issue to make sure that this view was representative of many members of the cooperative. CRS collective and general meetings' minutes, 1985-1986.}\]
paid was not without controversy. As one member remembered it, "I was on the Board when CRS wrote 'to provide members with well paying jobs' into the cooperative objectives." I fought very hard against it. My feeling was that CRS was part of a movement. We worked there because we liked what it stood for, not because of the money." He lost, and members' salary did increase steadily over the years.

This transition, however, simply reflects the fact that the original CRS members were getting older, more settled down, often with families with more financial responsibilities, more than any abandoning of the cooperative's original principles and ideals. CRS was and still is an active part of the cooperative movement and local community. Parts of CRS ties to the movement and community are forged through its members' involvement, often as volunteers, in all kinds of NGOs and other alternative organizations outside the cooperative. There are CRS members involved in providing support to battered immigrant women in the local community, in Amnesty International, in Oxfam, and in developing workers' cooperatives in third world countries, to name just a few examples. All these efforts are recognized by the cooperative as valuable and are generously supported by the cooperative in terms of time and flexibility in work scheduling.

CRS also makes direct financial commitments to support

12See Appendix A, CRS Statement of Purpose.
the cooperative movement, local community projects, and other worthy causes. The membership decide how much money the cooperative will set aside for this purpose. (In recent years, this has been institutionalized as a Cooperative Development Fund and a Community Fund, each of which receives approximately ten percent of CRS profit.) This money is managed by committees run by member volunteers. CRS money has helped many people in starting their cooperatives. Some projects where a CRS contribution was used as seed money have become quite successful and self-sustaining. Women’s Futures, a fund that provides loan guarantees for women seeking to borrow funds to start their own cooperative businesses, is one such example. The only time when CRS financial contributions to the cooperative movement and local community dropped to virtually zero was in 1983 when CRS was struggling to survive the recession. This is an example of a double bind that CRS faces. On the one hand, CRS ability to remain as an active member in and contribute financially to the cooperative and local community is directly tied to its own financial well being. On the other hand, the necessity to remain financially successful in the market has made it necessary for CRS to pay close attention to and compete in the market. This often imposes its own constraints and requirements which can potentially change the nature of the cooperative and alienate it from the cooperative movement and local community.

This double bind has become more and more acute as the
cooperative has grown. The growth has not always been planned. As a matter of fact, many members remember that the general feeling among the membership when they struggled to come up with a new structure and process to accommodate the growth and new challenges as a business was "this is it. We cannot possibly go any further than this." However, the way the free market under capitalism works is that you either grow and survive, or you remain stagnant and eventually die. As the cooperative successfully met their new challenge without loosing their identity as a cooperative, the new structure has already begun to feed into another phase of growth, creating new challenges.

Choosing a name for the warehouse operation

While the challenge of being both a cooperative and a business often seem contradictory, they are sometimes made complementary at CRS with some creativity and ingenuity from members. One example of how this is successfully achieved is how CRS chose a business name for its wholesale operation in 1988. It was an important year for CRS in many ways. The growth at the wholesale warehouse had been phenomenal, making it necessary for the warehouse to switch from a manual order taking, invoicing and accounting system to a computerized one.

However, there is a difference between quantitative growth and qualitative growth. The bias in a capitalist market is for quantitative growth in sales and profit at the expense of qualitative growth such as meaningful work, and environment and social reponsibility. The challenge for workers' cooperatives therefore is how to grow qualitatively while maintaining a control over quantitative growth.
in 1987. By 1988, the wholesale operation had yet again outgrown its warehouse and had to move from Odlum Drive to Vanness, tripling the space with an added freezer facility to accommodate demand for frozen food items. The warehouse now covered more than 2,000 organic and natural food items which made it the largest distributor of its kind in western Canada.

In the first year at the new location, sales jumped to 5.5 million dollars from less than four million the year before and the membership at the warehouse almost doubled. Up to 1988, the wholesale part of CRS had successfully resisted giving a commercial name to the business. The members did not want to have a name for the warehouse because it would be too commercial, it would make it too much like just another business. For years, it was simply known as the wholesaler of CRS. By 1988, this generic name had become painfully inadequate.

At the suggestion of the warehouse manager, the cooperative decided that it was time for the warehouse to take on a business title. The general membership decided that this was going to be a general membership issue because this event would be symbolically significant. Both the title itself and the fact that the cooperative was thinking of giving the warehouse a business title were important enough to merit collective discussion. A committee of three volunteers was established. What the committee did was to hold brainstorming sessions with the whole cooperative. Everyone participated in
coming up with a name for the warehouse. Many possibilities were suggested during these discussions. After several rounds of getting ideas from members, synthesizing them, and feeding them back to the membership for more suggestions, the committee narrowed down the choice to two: Threshold and Quantum, each an indication of a fundamental change. It soon became quite obvious that this was too emotional an issue for the cooperative to be able to reach a consensus. A vote was conducted, and Threshold won. However, the general membership felt that although the majority of the membership voted for Threshold, it was because they liked it better than Quantum, not because they thought it was ideal. More work and more brainstorming was done. The final result was the name the CRS wholesale operation uses today: Horizon Distributors.

While the decision to adopt a name for the warehouse was primarily because of pressure to normalize as a business, the cooperative managed to turn it into a process whereby cooperative values were reaffirmed and reinforced. First of all, for the membership, Horizon is not just a business name. It indicates hope and social change. It is not based on market research as to which or what name would be the most catchy and therefore most likely to bring in the most money for the cooperative. Instead, it describes how the membership feel about themselves, their work, and their cooperative. Secondly, the way the name was conceived, the way the general membership participated, interacted, and controlled the
decision-making process was uniquely cooperative, uniquely CRS.

**Differentiated pay**

Getting a name for the business was just one of many challenges CRS had to face after it moved its warehouse into the Vanness location, and as such, probably a minor one. Business boomed at the new location and so did the membership. By 1991, CRS was ready for another important change: transition from the basically flat pay system to a four-tiered one. The transition did not occur in a vacuum. There had been much discussion and attempts to change the salary system ever since the managers’ differentials had been put into place in 1986. The major engine for the change came directly from a further division of labor. As the business had grown larger and larger, especially after the relocation of the warehouse, it had become more and more necessary for people to stay at a particular job. To meet the needs of a rapidly growing business, more positions were created. Unlike the situation before where division of labor was fluid and job titles and responsibilities were vague and undefined, many of the positions, new and old, had now very clearly defined responsibilities and carried more traditional job titles such as computer system administrator, chief financial administrator, personnel coordinator, etc. It was not only positions with management and administrative responsibilities that were evolving; other jobs were moving in the same
direction. For example, there were now members who worked as marketing representatives, as accounts, and as purchasers. Many of these jobs were now directly comparable to job positions in the private sector, and some members on these jobs were indeed making such comparisons. The comparison, of course, revealed that they were underpaid, sometimes grossly underpaid, as compared to what they could get doing similar jobs elsewhere.

Salary change was an emotional issue, and not everyone with more responsible positions felt that the cooperative should change the salary structure to accommodate the new situation. However, enough people favored change to keep the issue on the agenda. Even among members pushing for change, ideas differed greatly. Some were looking for major structural change, while others were only thinking of cosmetic changes. There was such a diversity of different opinions, which were often presented with great emotion at meetings and elsewhere, that despite many salary change proposals, none of them could get the required two-thirds majority support to make the change.14

The discussion, debate, and voting around salary change started sometime in the late 1980s after Horizon moved to the Vanness location. It got more and more heated around 1990. By 1991, the cooperative was again in danger of losing people if something was not done. A special salary review committee

was organized. The proposal coming out of the committee was to pay the managers a flat and higher salary without any seniority pay. The coordinators would get a $100/month differential, and there would be no change for anyone else. According to one member who served on the committee at the time, the general feeling at the cooperative was that the cooperative could not possibly replace the managers by hiring from outside and obtain anywhere near the same level of quality and commitment. To pay managers a higher salary outside the cooperative salary structure, although undesirable, seemed necessary. The coordinators obtained token recognition for their role in serving as bridges both within their work groups and between work groups. The feeling was that nobody else in the cooperative was indispensable, and, therefore, no other demand for pay differentials were worth accommodating at the expense of the cooperative's egalitarian principles.¹⁵

Many people liked the proposal enough to vote yes. As a matter of fact, more than fifty percent of members voted for it, close but not enough to make it pass. By now, the feeling at the cooperative, other than great frustration and fatigue, was that it was impossible to push the issue again to the back burner. It had been simmering for too long. Now it had reached the boiling point. To break the impasse, the board

¹⁵This information comes from an interview with a member who served on the salary review committee in 1991.
did something creative. The board asked the general membership to vote on a decision that it was necessary to do something about the cooperative salary structure. It was passed by a two-thirds majority. Members agreed that something had to be done. What they could not agree on was a formula. Then the board proposed that the general membership organize and authorize a consensus committee of seven to work on the issue until a consensus was reached, since it seemed impossible to get any salary change proposals passed by two-thirds majority. The decision made by the committee through consensus would then be binding for the whole cooperative. Partly because of the cooperative’s respect for the time-honored tradition of consensus building, partly because nobody seemed to have anything better to suggest, this second proposal from the board also passed.

The committee members were selected by the general membership with great care to represent the different voices in the cooperative, including those of minorities. The committee conducted numerous surveys and interviews. After consulting extensively with the general membership, they carefully evaluated each job position. Based on the evaluation, it was then decided through consensus within the committee, how much each position should be paid. There was an uproar from the general membership when the final package was released by the committee. According to a member,
"At least eighty percent of the cooperative felt that the package was an extremely poor one. The major problem was the criteria for the evaluation. People felt that they (the criteria) were vague and they were wrong."

Because of the overwhelming negative response from the general membership, the committee made the announcement that they were obviously not qualified to do the job properly, and therefore they would need some professional help. And professional help they got indeed. The cooperative hired a professional consultant to work with the committee members. The result was the salary system that CRS is using today. All the jobs were broken down and each aspect of the job was given certain points. The points were then added together. The positions were then divided into four levels according to the points they got. The managers were given a different salary structure which was slightly higher than the four level system. The highest pay on the four-level scale was about 1.3 times higher than the lowest level on the scale.16 (The highest management salary is about 1.95 times higher than the lowest member’s pay.)

The decision was a binding one. There were some emotional responses from the membership. One member resigned in protest. Most members accepted the decision either because they felt that this was probably the best they could get as a package, or because they were simply sick and tired of the salary issue and were glad that it was over.

16As per the section on salary level, CRS policy book.
Even with the new salary structure, CRS is still a remarkably egalitarian workplace. As a matter of fact, it would be impossible to find in the private sector a workplace with almost ten million dollars in sales where the person responsible for the company’s computer system makes only 1.3 times higher a salary than someone who takes orders on the phone or fills orders in the warehouse. (The entry level salary at CRS is considerably higher, equivalent to about twelve dollars an hour, than that of workers doing similar jobs in the non-cooperative sector.) Nonetheless, the new salary structure represents an important change for CRS in two ways. First of all, as one member puts it, "the new salary system gives a whole new level of meaning and importance to what you do in the cooperative." Secondly, the new salary structure has made any kind of job rotation between different positions extremely difficult. Up until the salary change in 1991, although the cooperative had stopped formal job rotation quite a while before, there was still considerable informal job switching within each business collective. This informal job switching had now basically stopped now that people were paid differently for their jobs.17

Like it or not, the cooperative now has a hierarchical division of labor which is defined and reinforced by a four-

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17 This, however, is only true when the switching involves jobs with different salary levels for there is still a fair amount of informal switching among people on the same salary level.
tiered salary structure. It took the cooperative a long time to get there, and members resisted the change every step of the way. The engine for the change was a combination of external pressures from the market (including the labor market) and internal pressures from aging original members with more financial responsibilities. The cooperative had survived many changes before and successfully kept its cooperative identity. But could CRS survive a hierarchical salary structure? The cooperative was ready to turn a new page.
Chapter Three
The CRS Workers' Cooperative Today: Still Defining Business the Cooperative Way?

Rapid growth and expansion has put enormous pressure on the CRS cooperative structure. As the cooperative grows and expands, it finds itself getting more and more involved in the market. The cooperative's early focus on cooperative activities, while totally ignoring the market, has become a luxury of the past. The struggle now is how to maintain the enterprise's cooperative character while it takes on more and more of a business identity. The cooperative has demonstrated time and again that a workers' cooperative can be a successful business. The challenge now is whether the cooperative can remain true to the cooperative ideals which brought the members together in the first place. More than ever, the cooperative is feeling the pressure and challenge since the new salary structure was introduced in 1991.

Management and Self Management

Self management is a hallmark of workers' cooperatives. Self management, however, often means different things to different people. For some, it means no managers, period. For some, it means rotating management positions. For some, it means workers' involvement in making decisions at the highest level. At CRS, however, self management is more like
a conviction, a right, a culture that goes beyond any rigid definition.

I joined CRS in September 1991, just in time to participate in the discussion to relocate the warehouse again in 1992 from Vanness to the present location on Winston. The whole idea started in the CRS kitchen, which is also known as the lunchroom. As the meeting time has become more and more costly, and the meeting structure has become more formalized to accommodate more members, people have turned the kitchen into an informal meeting place. This is not to say that the kitchen meeting is a new idea, for it has always been a place where people chat and exchange ideas over lunch or a snack. It is just that the informal meetings in the kitchen have now taken on a new level of meaning and importance. There is no policy or any other documentation at CRS indicating that the kitchen should be used as such. As a matter of fact, members do not even think of kitchen talk as some kind of informal meeting. It is just something that they do. You need to talk to each other, and you have less and less meeting time to do so. The kitchen meeting simply seems to be a natural solution to the problem. I was talking to a member about an idea I had when I first joined CRS, the immediate advice was, "Talk to other members about it in the kitchen." The kitchen is a nursery where the seeds of ideas are tested, sown and nurtured, where members chat about things, where ideas are bounced off each other, taking shape through the process,
where one tests a new idea or tries to revitalize an old one.¹

It is impossible to pin down precisely who started talking about the move and when. Most members will simply say that it all started in the kitchen. By the end of 1991, there was enough kitchen talk and support to put the idea of moving on the agenda.

Since people had been talking it over for a long time in the kitchen and elsewhere, when the proposal to move was put forward to the general membership by the general manager through the board, it passed without much controversy. The questions that immediately followed, however, were when and to where? A committee was then formed by the general membership to investigate and propose alternative choices. The committee was formed partly through volunteers, and partly through election by the membership. The general membership did not seem to be bothered by the fact that the general manager was the head of the committee. After all, the committee had been authorized by the membership only to investigate and inform, not to decide.

As this was by far the largest moving operation ever for CRS, members who served on the committee borrowed some materials and video tapes and trained themselves in project

¹In many workplaces, informal channels of communication often exist side by side with formal channels of communication. Efforts to reduce or eliminate informal communication often can only result in changing from one informal channel to another. At CRS, informal channels of communication, such as the kitchen, are recognized as important, and as such they are often encouraged.
management in a whole day session at a member's house. Over the next couple of months, there was a flurry of information exchange and interaction. Some of this information came through formal channels - information sessions, postings, and handouts. Some of it came through informal channels such as committee members, board members and managers talking to members to get ideas and feedback, and members talking among themselves. I can remember that during that period of time, the first thing we did when we arrived at work in the morning was to find out whether there was any new information on the move and start talking about it.

Through negotiation with the landlord from whom CRS was leasing the Vanness location, the committee found out that although the CRS lease contract would terminate by the end of 1992, the landlord was willing to renew it for another three years. By then, CRS would have to move out because the landlord would be ready to turn it into a residential development. Meanwhile, they were willing to help CRS to address the problem of overcrowding at the warehouse by making a sizable space next door available to CRS. However, because it was not directly connected to the warehouse, some construction work would be necessary. This, however, would make it possible for CRS to solve the crowded situation for the time being without having to move.

Management, however, recommended the warehouse be moved to a new site. First of all, staying at the old location
would involve capital expenditure on construction and none of this expenditure could be recovered when CRS did move three years later. Secondly, staying for another three years would not solve the problem. Eventually, the warehouse had to move anyway. The market for commercial property was right for the move. There were a lot of choices with reasonable rents because of the economic situation. The warehouse would most likely have to move to a much more distant location with a higher rent if the move waited for another three years.

Many members had mixed feelings about the move. CRS had been a community project from the very beginning, and many people felt that you had to stay in the community to be a community project. The first two warehouse locations were both right in the Commercial Drive area. The Vanness location, which was the third location, was still very much part of the East Vancouver community. However, if CRS moved now, it would be virtually impossible to stay in the community of East Vancouver, partly because of rezoning of industrial land into residential area and partly because what was available in the area did not meet CRS needs. On the other hand, the Vanness location was overcrowded with little room to take on new products and the need for a bigger space was critical. This is because the whole health food industry is very much propelled by introducing new products into the market. For CRS to stay competitive in the industry, it was essential that CRS have the ability to expand its product line.
on a regular basis which means having more space. Now that there was an opportunity to expand on the same location, some members started to think twice about moving away from Vanness. In the end, however, people reluctantly agreed that the recommendation from Horizon's business manager and general manager made a lot of sense. The cooperative was in the right position to move with a lot of room to maneuver, which might or might not be the case three years down the road when the cooperative would have to move anyway.²

The location search, though delegated to a group of three, actually involved the whole cooperative. Before the search, several brainstorming sessions were held to find out what the general membership wanted of their new warehouse. Many people felt very strongly that the ideas for the new warehouse could only come from members of each work group. As one member put it, "we know the warehouse best because we work in it everyday. Only we have the right to say what we want the new warehouse to have, not the managers."

The Horizon business manager and the general manager produced all the statistics regarding how much the warehouse cost now, what was the projected growth, and how much bigger the new warehouse had to be, what rent range the cooperative could carry given the projected growth rate, etc. The

²Many CRS members believe that a workers' cooperative should be an integral part of community economic development. CRS has been actively involved in a CED network. The reluctance to move away from East Vancouver is very much a reflection of this belief.
warehouse work group who filled purchase orders wanted to have more loading doors since trying to load and unload from a couple of doors "drove them crazy." They wanted a better heating facility since it was often freezing cold in the warehouse. They also wanted the floor to be sealed so that there would be less dust in the warehouse. The order department wanted a space that could provide excellent communication with other departments because they always needed information from marketing, purchasing, and accounting for customer service. The administration work group wanted to have a space for the copying machine so that people did not have to be subjected to the smell and noise. The whole warehouse, of course, wanted a bigger and better kitchen. Members also brainstormed about what they did not want. For one thing, we did not want it to be in the middle of an industrial wasteland.

After extensive brainstorming, members could almost see the new warehouse in their minds. The search began. The search group of three, of course, did it systematically. But everybody joined the search by watching out of their car or

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3Who controls the information about work process is crucial to power relationships at workplaces. Taylor, the founder of scientific management theory, recognized that much of workers' power to resist management imperatives comes from their intimate knowledge of work processes. He, therefore, strove to take that knowledge away from workers. At CRS, it is recognized that workers often have the best knowledge of a labor process, and as such this knowledge is celebrated. Frederick Winslow Taylor, Scientific Management, New York: Harper & Row Publishers, 1947.
bus windows whenever they were out. When they saw something promising, they would report the finding to the search group who would then follow the lead to get more information.

A map was set up in a common area to indicate possible locations with an information sheet about details for each location. Another map of the locations currently on the shortlist was put up in the kitchen. During this period of time, there was a great deal of interaction in the cooperative. The move and search committee members were either talking to members for ideas or presenting ideas to members for feedback. Possibilities and choices were discussed and discussed again. Members started to get a clear idea of what each of them wanted of the new warehouse and what the cooperative wanted of it as a whole. (It was during this period of time that I found out that a member from the accounting work group wanted a room with no windows because the slightest sunlight gave her severe migraines.) Pros and cons of each location were discussed and debated. When it came to choosing the favored location, no voting was even necessary because members had already decided through numerous informal discussions.

After the cooperative decided on the Winston location as the final choice, the planning went into a different level. With copies of the blueprint for the new building, each work group started to plan their space. Depending on the size of the work group, the planning was done differently. The
principle, however, was the same. People were adamant that each work group should design its own space.

This was how the order department did its planning. A member from the department was given half a day when the business was slow to measure all the furniture, computer terminals, filing cabinets, and other furniture and equipment in the department. These items were then drawn on pieces of paper according to a scale of 1:100 of their actual size. The blueprint for the new order department space was then reproduced so that each order department member had a copy. With the blueprint and paper computer, furniture, etc. each order department member started to plan his or her version of the new office. The results were again duplicated and distributed to each member. A brainstorming session was then held during which members presented their designs one by one, explaining what they did and why they did it this way. The result was an amazing pile of designs and ideas. Some designs were more concerned about health and safety in terms of how to minimize radiation from computer terminals. Some were concerned about the movement in the department — who walked through where at what frequencies with what impact and how the design would fit into the pattern. Some were concerned about work flow — what and who members had to get to and how to arrange things to facilitate that. One thing that everybody in the order department was concerned about in their design, however, was how to design the space so that people could
easily talk to each other, which was now a potential problem because of the much bigger space and its rectangular shape. The result was a plan that combined the best of each individual plan. The members from the order department were not trained in how to do office design. They only came up with this idea after several sessions of frustrating and abstract discussions of how things should be placed and why without any visual aids.4

Much of the detailed administration work was then delegated to either individuals or groups of individuals. Some were in charge of researching and evaluating moving companies. Some were in charge of getting the electrical work done as per plans from each work group, etc. Based on all the information collected, managers then came up with a budget with a detailed explanation of how the budget was calculated on what basis. The budget was presented at a general meeting at which members asked questions about things they did not already know. Based on the discussion, members then voted to accept the budget and managers were made accountable to maintain the budget, not that they had to pay out of their own

4Work design is a social process. In many conventional white collar workplaces, the office is often designed to discourage communication and interaction among workers. This is especially true of computerized workplaces where computers are used to automate the work process. In the same way, blue collar work is automated by assembly lines, often with the same deliberate embedding of control and enforced isolation into the design. Shoshana Zuboff, In the Age of the Smart Machine (New York: Basic Books Inc. Publishers, 1984), pp.124-173.
pocket if the budget was exceeded, but that they were responsible to keep the cooperative members informed of any change to each budgeted item due to any unforeseeable factors.

Due to adequate planning, management coordination, and members' commitment, the actual move was extremely smooth and successful. One example of the very high level of members' commitment is that three volunteers on the transportation committee went to the Winston location from Commercial Drive on three different routes using both cars and buses at both rush and non-rush hours before presenting their report to the general membership on how easy or difficult it was to get to the new location.

The move and how decisions were made around it is an example of how CRS workers are involved in making decisions at the highest level on the most important issues. However, more often, self management happens in a much more down-to-earth, day-to-day context. As I mentioned before, CRS has two levels of managers, the general manager and the business managers. Between the business manager and work groups are coordinators for each work group. Coordinators are hired from the members in the work group by a hiring committee, which usually consists of the personnel coordinator and two members from the work group. The position of coordinator is not a full-time job. Coordinators have their regular responsibilities in their work groups. The coordinators meet with the business managers on a regular basis. Right now, they meet once every
other week. When I asked coordinators what they do at coordinators' meetings, my expectation was something like getting business directions from managers. To my surprise, their immediate answer was "venting." Instead of getting directions from managers, much of the meeting is used by coordinators to report on how members in their work groups feel about things. Since people tend to take it for granted how wonderful their comrades are because that is one of the major reasons why people say they work at CRS, coordinators take it as their responsibility to focus on complaints from members on what needs to be done, how the way other work groups are working is affecting their own work, whether people are feeling overworked, whether people think their workplace is safe, whether people think the shifts suit the needs of the cooperative as well as individual members, etc. The business manager does inform the coordinators about management issues, for example, when an inventory is coming up, things that need to be taken care of, etc. But most of the time, the coordinators' meeting is an occasion for each work group to interact with each other, to hear how their work affects others and vice versa. The coordinators play a key communication role in bringing ideas to and from their work group members. The coordinators' meeting, therefore, is an important channel for managers to get feedback and direction from each work group as to how people feel about what needs to be done and not just what management thinks needs to be done.
The role of coordinator is very much like that of a communication bridge, and indeed, one of the coordinators used the word "bridge" to describe his role in the cooperative. None of this is spelled out in CRS rules and regulations. While each coordinator does have a job description, it is rather short and mostly concerned about administrative chores that the coordinator is responsible for on a regular basis. It is simply understood and expected by each work group that their coordinators will function as a bridge.

The other major role that coordinators as well as managers play at CRS is that of resource person. During my orientation as a prospective member in my first week at CRS, one of the things that was repeatedly said to me by all the managers was that I had the right of access to every piece of information that they had, and I was more than welcome to drop in any time to get them, be it the most up-to-date cash flow analysis or financial statement. Through my working at the cooperative since 1991, one thing that really strikes me is how strongly the membership feel that the cooperative is collectively theirs, and therefore, everything in the cooperative and every piece of information that has to do with the cooperative is collectively theirs too. It is simply expected by the membership that managers and coordinators, or anybody else for that matter, is responsible for presenting any piece of information upon request, and explaining the information in a way that can be easily understood by members.
The right to explanation in a language that members can easily understand is an important issue for workers' cooperatives. Very often, simple access to information is not enough to guarantee that the information can be properly understood and used by members to effectively assist them in making decisions. As a matter of fact, modern business management is often shrouded in a mystery of obscure and esoteric jargon as a way to protect and legitimize the concentration and monopoly of power in the hands of management. For workers to effectively exercise their decision-making power as owners in a worker-owned business, it is essential that management processes and management language be demystified. Over the years, members with management, financial, and administrative responsibilities at CRS have developed a whole new approach to make obscure management, financial, and administrative information accessible to every member by striving for simplicity and clarity. As a matter of fact, CRS workshops on how to demystify management and financial information have been a regular favorite event at the annual Canadian Workers' Cooperative Conference.

To serve as a bridge and resource person does not mean that managers at CRS do not manage. They do, and for a

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6Such workshops are also run regularly at CRS for CRS members (especially for new members) as self education is often key to self management.
business of CRS size, this is quite important. But they are sensitive to the possible contradiction and conflict between human relations and market efficiency. Therefore, when they identify a problem in the business, they usually present it to the membership as such. They do not simply pass on what they have decided as to how the problem can be best solved. One example of human relations vs. market efficiency conflict resolution in the context of the cooperative management approach is a recent issue regarding membership shopping. CRS workers shop frequently at their own warehouse, partly because of the membership discount, and partly because natural and organic foods are an important part of their lifestyles. Many products that the warehouse carries are sold by the caselot. This policy normally does not apply to membership shopping as nobody needs a whole case for their personal use. The warehouse manager was concerned that some of the opened cases had ended up outdated and thrown out partly because some customers did not like an opened partial case and partly because people who fill food orders tend to grab a whole case bypassing partial ones. In any other conventional business, this problem would likely have been "resolved" simply by a unilateral management decision forbidding members' shopping for single items of products sold by the case. But the warehouse manager brought his concern to the warehouse collective meeting and asked members how to deal with it. As it turned out, many members felt strongly about members' right
to shop in their own warehouse, products sold by the case or otherwise. Once that was clear, ideas to deal with the problem started to come forward. Members who fill orders said that they would make an effort to keep track of the date on partial cases and try to use them first. They also suggested that they only give partial cases to customers they knew would not mind. The order department members then offered that they could call the customer and ask them if they mind getting a partial case if members who fill orders first ask. The management concern was addressed, and the problem was solved. But it was done on members’ terms and in a manner that was acceptable to members.7

However, there is a fine line between consulting membership properly and not doing one’s job. Nobody wants to be consulted to death about management and administrative details. Managers and coordinators at CRS have dealt with this subtle distinction very well. Again, there are not many guidelines in terms of formal rules and regulations: it is simply expected that managers and coordinators consult with

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7The conflict between human relations and market efficiency is not uniquely a cooperative concern. The difference is that workers’ cooperatives tend to start with human relations’ concerns and move from there to address market efficiency while the corporate sector tends to start with market efficiency. This can be illustrated by a diagram.

The Corporate Sector

Market Efficiency

Human Relations

Workers’ Cooperatives

Market Efficiency

Human Relations

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members on issues for which members should be consulted while
dealing effectively with management and administrative
routines. There are two major reasons why managers and
coordinators at CRS have internalized this expectation. One
is that all the managers and coordinators come from the
general membership. They have been members for a long time
before they take the job as managers. They joined the
cooperative for the same reason everybody else did. They have
a fundamental respect for the principle of workers' self
management. They understand how members feel and what they
expect. Furthermore, although CRS members no longer live
communally under the same roof, they still live close to one
another, mostly in several housing cooperatives around the
Commercial Drive area in East Vancouver. The fact that
managers, coordinators, and members are neighbors in the same
housing cooperative helps to nurture and maintain a sense of
comradeship and closeness among them. They literally work and
live together. There is not much physical and emotional
distance between them. As a matter of fact, according to my
own observation, the only difference between a manager and a
member is that the manager gets teased a lot more than the
member does. It is almost as if they have to keep laughing
about it to remind themselves that this manager thing is not
a big deal.  

8The concept of power distance developed by Hofstede is
useful here to conceptualize differences between management in
a conventional business and in a workers' cooperative.
The work at work group level is highly self managed, characterized by individual and group problem solving and interactive communication between work groups. I have been working at CRS for almost two years now, and I cannot find one example of members having to get instructions or permission from managers in order to carry out our work at the work group level. Constant problem solving is a big part of work at CRS. Sometimes it is something as simple as phoning a manufacturer to obtain product-related information for the customer (how can I make Pau D'Arco roots into a tea?) Other times it is complicated involving a lot of research. Problem solving often needs information, and the necessary information is often located elsewhere in the workplace, in the purchasing department, in the marketing department, or in the hands of managers. To get such information from each other we have created a lot of interaction between each work group. Because almost everyone is involved in some kind of problem solving at each stage of the operation, the cooperative can offer an incredible amount of flexibility in accommodating special

Hofstede believes that the small power distance model is characterized by intolerance of inequality, interdependence, decentralization, narrow salary range, consultation of subordinates, expectation for the boss to be a resourceful democrat, and an anti-privileges and anti-status symbols mentality. The large power distance model is the opposite. Geert Hofstede, Cultures and Organizations (London: McGraw-Hill Book Company, 1991), p.37.
requests from customers.  

Problem solving and interactive communication among work groups, however, are important not only because they offer customers quality and flexible services. More important here is the issue of control over the work process. In conventional workplaces, workers are often divided and monitored and left with a minimum of control over their own work. This is often achieved by a highly detailed division of labor with elaborate and rigid job descriptions. The idea is to produce a workforce that is cheap, easily replaceable, and has no control over the work process.  

In many ways, modern technology has greatly facilitated this strategy, replacing supervisors and managers with more "neutral" and much less visible eyes that are built into the technology.  

At CRS, control over the work process is returned to the hands of workers.  

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9Zuboff believes there are two characteristics of computer technology: to informate and to automate. Depending on the intention of work designs, it can be used either to inform workers of the work process and assist them to expand the scope and sophistication of their problem solving or to automate the work process turning workers into robots, supervised and monitored by the technology. Shoshana Zuboff, *In the Age of the Smart Machine* (New York: Basic Books Inc. Publishers, 1984), pp.7-12.  


workers by giving them authority to make decisions about their work and providing them with the information necessary to make decisions. Most often, the monopolized management control over information and the work process in conventional business is designed not to produce better decision making but to ensure managerial control over the labor process.

Theoretically, each work group meets every other week for a work group meeting. In reality, however, work group meetings at CRS are quite irregular. This is partly because the nature of the work is such that work load fluctuates a lot and partly because members in the same work group are constantly talking to each other anyway. As a matter of fact, people talking to each other would be a first impression for someone who is visiting CRS for the first time. When I was interviewed for the job in the cooperative, one of the questions put to me by the personnel coordinator was "would it bother you if other people are talking while you are working?"

Chatting about things whenever and wherever there is a chance has to a large extent compensated for the lack of meetings, especially the frequent marathon general meetings typical of early CRS experience. This includes people chatting about the cooperative, about work, and about life. These informal discussions are an essential part of the communication in the cooperative. It is often through these discussions that problems are solved, ideas get developed, and members become friends and come to identify with the
collective. Of course, this does not mean that all the cooperative members do is to talk to each other at the expense of work. Chatting does not necessarily get in the way of working. It certainly does not at CRS. At CRS, chatting without interfering with one's or others' work has been developed into a fine art. Members know when to talk and where. One example is the bell system. At CRS, everyone has a small bell at their work station. If other members are chatting nearby and the person who is working finds the conversation distractive, s/he rings the bell to remind people to either move their conversation elsewhere or lower their voices. In many ways, the bell system is another example of human relations vs. market efficiency conflict resolution within a cooperative context. On the one hand, extensive informal communication among members establishes the priority of human relations in the cooperative. On the other hand, the depersonalized bell system serves as a reminder that market efficiency has to be accommodated.

The job positions within a work group are no longer rotated on a regular, compulsory basis. Mostly this is because work groups have grown to an extent that rotating on a regular basis is no longer practical. There is, however, another reason. Over the years, CRS members have developed more respect for individual choices and preferences which were ignored by the early CRS practice of compulsory job rotation. What does survive from the early CRS experience, however, is
the deep respect for the principle behind job rotation. One evidence of this deep respect is the unspoken rule in each work group at CRS that although jobs are no longer formally rotated, voluntary rotations should be encouraged and facilitated as much as possible, and that if there is an undesirable but necessary job and nobody wants to do it, it will be rotated among members in the work group. By the same token, if there is a desirable job position and everybody wants to do it, it will also be rotated among members in the work group. One example is the receptionist position at the warehouse. When I joined CRS, the receptionist job was part of my work group, the order department. Members in the order department had different but strong feelings about the receptionist position. One loved it and the rest hated it. It worked out fine until the member who loved the job left the department to join the administration work group. I and another new member in the order department were then approached regarding our feelings about the front desk work. My take on it was that I did not mind doing it as long as I did not have to do it more than once a week. The way I looked at it, although it was less problem solving and interesting, it was a nice break once in a while. The other new member said that she felt more or less the same way. With me doing it one day and the other new member another, there were still another three days to be filled. As no one else would volunteer for it, it was then decided at a work group meeting
that the receptionist position at front desk would be rotated among order department members until a solution was found.

The opportunity came when business growth required the order department to recruit another member. It was then brought up whether this new position could be a full-time receptionist. There was much discussion around the topic in the department both inside and outside work group meetings. The members' concern was that while it seemed to be a good solution to relieve existing members from having to do something they did not like and were only doing because of principles, was it right to impose something none of us liked on a new member? It was suggested that it should be clearly indicated what was involved in the job so that candidates would have a good understanding whether this was something s/he would enjoy. There was also discussion about how to best make the receptionist position more interesting and more integrated into the rest of the work group. Meanwhile, the marketing department was also pushing the idea of a full-time receptionist on the grounds that some customers had complained that it was always a different person at the front desk when they called. The final decision to hire a full-time receptionist, however, was basically an order department decision to end the situation where members had to do things they hated. The job for the front desk was redefined to make it more interesting with more problem-solving aspects to it, and work stations were rearranged to make what used to be a
physically isolated front desk an intimate part of the order department.

One issue that workers' cooperatives often have to deal with is how to fit employees into their self management structure. Very often, employees are left out of the process, creating a double standard and second-class citizens within the cooperative. Occasionally, a workers' cooperative will intentionally use employees in an extensive way and offer them less wages (than members), less benefits with less right to participate in decision making. This often turns a workers' cooperative into a de facto capitalist collective. CRS members are very much aware of this issue. At CRS, this issue is dealt with on two levels. On the first level, use of employees are avoided as much as possible. With a membership hovering from fifty-two to fifty-five, CRS has twenty-three employees listed as on-call workers. The average everyday use of employees is around five, mainly to cover members who are sick, on vacation, or at meetings. On the second level, employees at CRS enjoy the same salary and benefits as members. They can fully participate in the cooperative with the same access to information, with the exception of voting as employees do not have the right to vote at meetings. When the work load has grown in a work group to justify a new membership position, it is posted internally first. Employees can then apply for the position. Only when the position cannot be filled internally, is it posted externally. The
current employees at CRS, therefore, are usually employees by choice. They tend to be people who cannot commit themselves to full-time jobs for various reasons (for example, many CRS employees are artists and writers).

At the time of writing, CRS has fifty-three members (including prospective members). Thirty-seven are female and sixteen are male. About fifty percent of the members were employees before they became members. Six members are visible minorities. Seven members joined CRS before 1980, ten between 1981 and 1985, twenty-one between 1986 and 1990, and fifteen joined CRS in 1991 or after.

Gender equality has always been an important issue at CRS, probably because most female members at CRS consider themselves feminists. There is no traditional division of labor between men's job and women's job. The original CRS members were completely Caucasian and straight. However, the members were very much aware of this problem. Over the years, effort has been made to recruit members from visible minority and gay/lesbian communities. The result is a very diversified and dynamic membership at present CRS.

One thing I hope I have demonstrated with these examples is that concepts such as self management, collective decision making, and job rotation are not merely abstract ideas to CRS members. They represent years and years of struggle to keep alive the ideals and principles which brought members together in the first place. Although the circumstances have changed,
the business has grown, and the membership has doubled and tripled, the spirit of self management is still very much alive - a spirit that has survived against all the odds.

The general membership meeting, the board, and the democratic process

The general membership meeting is the highest decision-making power at CRS. Over the years, the number of regularly scheduled general membership meetings has been reduced dramatically from once a week to twice a year. Cost is a major reason. It costs CRS thousands of dollars to replace members with temporary employees so that they can sit together for three or four hours to make decisions. An interesting side note here is that among many suggestions from members regarding how to solve this problem, nobody proposed paying employees a different salary from that of members'. Despite the formidable cost, CRS usually ends up having many more than two general meetings a year.\footnote{In 1992, for example, CRS had six general meetings.} The expectation among members is that general meetings should be held whenever important decisions about the cooperative have to be made. Examples are expansion, large capital expenditures, changes in budget, policy making or policy changes.

Unlike early CRS general meetings when members simply got together without any formal agenda, such meetings in the current context are extremely well prepared. The agenda is
prepared and distributed to members well ahead of time, usually about one month before the meeting, to get feedback.\textsuperscript{13} The regularly scheduled general meetings normally contain routine parts such as reports from the general manager and each business manager. This is then followed by a financial report from the financial administrator on the state of the cooperative’s accounts. These reports, in their entirety, are part of the package given to members with the agenda long before the meeting. As a result, at the general meeting, time is spent focusing on questions, answers, debates and discussions, not on managers’ reading of their reports.

Various committees and reports on their activities take up another large part of the agenda. The committee structure now is very much the same as it was when originally created by early CRS members in the seventies. Committees are usually task oriented, and they only exist until the task is completed. However, there are also more permanent committees dealing with ongoing issues. For the most part, committees members are volunteers from the general membership. There is no rule as to how a member volunteers for committee work. Committees get their authorization from the general membership, such as whether a committee is necessary, how many members should serve on the committee, how much time they can spend on committee work, objectives of the committee, and

\textsuperscript{13}The rule at CRS is that the agenda and other related materials have to be distributed to members no less than two weeks before the general meeting.
whether the committee will have any decision making power. Once that is decided, the committee is open to the whole membership. Volunteers can either raise their hands to show their interests at a general meeting, or they can tell the board or managers later, depending on the nature of the committee, if they need some time to think about it. If there are too many volunteers, there is usually a brief "campaign" at a general meeting during which potential volunteers say a few words about why they are interested and answer questions. A vote or ballot is then conducted to decide who will serve on the committee. If nobody shows any interest, the board or managers, again depending on the nature of the committee, will then approach individuals who, they think, are appropriate for the job. The question of whether committee volunteers are representative of the membership has never been an issue at CRS. Occasionally, a member would voice concern that his or her opinion is not properly covered by a committee. When this happens, the person is usually asked to get involved in the committee work by attending its meetings.14

Another important part of the general meeting agenda is the report from the board on various issues the board has been working on since the last general meeting.

Although the agenda, together with various documents,

14The same unspoken rule also applies to the board and board meetings. If a member feels that his or her position is not properly covered by the board, s/he can ask to attend board meetings and to address the board.
reports, and proposals, is distributed to members one month before the meeting, the actual process of agenda forming is an ongoing process which starts well before that. Managers put out reports twice a month. Committees gather opinions from members, synthesize them, feed them back to members, and start all over again. The board puts out detailed minutes on all its biweekly meetings. Anybody can give feedback to the board or ask to attend and address a board meeting.

There are two cooperative posting places, one in each business collective. They play a key role in keeping the communication channel open, given the sheer number of activities and the fact that the two CRS businesses are quite a distance apart. They are actually plastic wall hangings with pockets for documents and minutes of meetings. The pockets are variously labeled "board meeting minutes," "general meeting minutes," "Horizon collective meeting minutes," "Uprising collective meeting minutes," "work group meeting minutes," and "managers' reports." Beside the posting places in each collective are chalk boards where various proposals and other documents that do not fit into meeting minutes or managers' reports are posted.

It is an enormous undertaking to take minutes at all meetings, type them, (untyped meeting minutes, however, do show up), and post them at both business collectives. But this communication effort plays a crucial role in keeping the membership informed about what is going on in the cooperative,
including everything from what members from another work group said at their last work group meeting to who said what at the last board meeting. During my orientation at CRS, one of the first places shown to me, together with the kitchen and washrooms, was the cooperative posting place for minutes and documents. I was told that it was okay to use work time to read the minutes and reports. There is no guideline as to how long the minutes and reports should be posted. They simply stay in the pockets until there is absolutely no room for the next new one. The old ones are then taken out, sorted and bound into books, which become a valuable source of information for future members and an archive documenting decisions and the thinking behind them for future reference.

Although collective and work group meetings also provide opportunities for people to talk about agendas for general membership meetings, the real discussion and most of the real agenda formation takes place in the form of members chatting about things. As I have mentioned before, the ubiquitous chatting is a major form of communication at CRS. People chatting over lunch in the kitchen, during breaks (as breaks at CRS are self administered, you can give yourself a break when you want to chat with someone about issues), when the work is not too busy, or when the work is much too busy (when you need to chat from time to time to keep from going crazy). It is CRS culture, and as such is a time honored and well respected tradition.
Members’ control over the agenda is an important issue for workers’ cooperatives. To a large extent, agendas dictate what is and what is not important, and what is to be discussed and in what manner. Too often the agenda is controlled by managers and professionals on the pretense that they have the expertise to prepare it properly. The general membership is then reduced to listening to reports at meetings from managers and rubber stamping them.

At CRS, the agenda is the outcome of a process of ongoing consultation, information exchange, and informal discussion. By the time the agenda package comes out, there are usually no surprises. By then, members have participated extensively in determining what should be included in the package and have developed a good understanding of each issue in terms of options and pros and cons. During the final month before the meeting after members have received their agenda package, people evaluate the information, weigh the options, and decide what they want to say at the meeting and how they are going to vote. This process to a large extent makes general meetings much more efficient by avoiding unnecessary presentation of information and redundant airing of different views. However, this process can only assist general meetings as nothing can replace the dynamism of fifty members sitting together, discussing and debating issues in the same room.\(^{15}\)

\(^{15}\)The way CRS general meetings operate is a direct contrast to the shareholders’ annual general meeting in the corporate sector. In the corporate sector, the shareholders’
The various reports on the agenda often conclude by making proposals or resolutions to be voted on by the general membership at the meeting. Despite the extensive participation and consultation in the agenda-forming process, recommendations from various reports for proposals and resolutions are not carved in stone. They are subject to debate at the general meeting, and members can and do recommend revisions or alternatives at the general meeting. Resolutions, revisions to resolutions, or other decisions have to obtain the approval of a two-thirds majority to pass.

My observation and research shows that no matter how well prepared the general meeting is, there is never enough time at the meeting for discussion, and it is often hard for resolutions and other decisions to get two-thirds majority support. The reasons are many. The size of the membership is definitely a major factor. To sit together, talk things out, and make decisions is a tradition from the early CRS when the membership was less than one half of what it is now. The more people who must decide, the harder it is to get consensus on issues. This is partly because more members means more opinions and partly because smaller groups, especially in a cooperative setting, tend to generate more intense peer pressures, therefore making it easier to reach consensus. Another reason is that the general membership at CRS is less

AGM is often mainly concerned about maximizing return on investment. The agenda is often dominated by management.
homogeneous than it used to be. Both original and older members have more financial responsibilities. Their experiences and perspectives tend to be different from those of newer members. The division of labor, which was nonexistent in the early CRS, also tends to produce different perspectives among members. Finally, resolutions put before the membership at general membership meetings tend to be rather detailed, which make it even harder for members to agree with each other.

One example is the resolution regarding the Dependent Supplement policy. While members agree on the principle that single parents should be subsidized by the cooperative to raise their children, they found it very hard to agree with each other whether the amount of subsidy put forward by the resolution was adequate to single parents and affordable to the cooperative. As a result, the resolution from the committee was rejected, revised, and rejected again six times at six different general meetings over the course of a couple of years.

Many members believe that the inability to pass resolutions by a two-thirds majority is only a symptom. The real issue is that the present general meeting structure can no longer enable members to effectively make collective decisions. The general feeling at the cooperative is that a change is now necessary. A couple of years ago, the members elected a Democratic Process Committee of three at a general
meeting. The mission of the committee is to find a way which will allow members to make decisions effectively, democratically, and collectively. The committee members did a lot of work. They interviewed members, conducted a survey of members, and supplied their findings and proposals to members for more discussion. After several rounds, the committee put out a vision based on ideas from members.

A Vision for Democratic Process

What if members got into small groups where they could discuss issues on more of a philosophical or political level? What if we spent our time in general meetings creating statements of principal where the intention of a policy is spelled out clearly by the members but where the finer procedural details of how the policy will be put into everyday use are worked out at another stage which would not need the participation of the entire membership.

The vision is important on two levels. On one level, the vision reflects the desire from membership to get away from the nitty gritty administrative details which take up much time and tend to divide members. Take the example of the Dependent Supplement policy. What the vision is proposing is that members would simply vote on the policy that single parents be supported by the cooperative with an adequate amount in a manner that is not harmful to the cooperative

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16 Again, an interesting observation here is that through the whole process which is still on going, nobody even mentioned the idea of changing the two-thirds majority requirement to a simple majority which would offer an easy and instant solution.

17 From members' package from Democratic Process Committee, October, 1992.
financial well being. The authority to work out the administrative details would then be delegated to a committee, the board, managers, or administration collective, whichever is appropriate. On another level, the vision reflects members' desire to regain control over the process, over meetings, over business, over the cooperative. The combination of rapidly growing business and an inadequate general membership meeting structure has resulted in members' frustration. They are feeling that they are being led by the growth, and they are losing control over the process. On the one hand, the business is getting bigger and more complicated, requiring members to digest more specialized information to make good business decisions. On the other hand, the necessary division of labor, because of the size and complexity of the business, plus less and less general meeting time because of the cost it carries have divided the members as never before and resulted in a situation where members find it more necessary to go through informal communication channels to compensate for the increasingly inadequate formal ones. The vision is to return the control over the process back to the membership by prioritizing, by keeping the focus on what has brought members together in the first place - cooperative principles and the desire to create a noncapitalist, alternative workplace.

Since the vision was put out to the membership in early 1993, there has been much discussion around it. Whatever the
final result will be from the democratic process, it surely will become another landmark in CRS's historical struggle to maintain collective democratic control while growing as a business.

If the general membership meeting is the ultimate policy-making authority, the board is the executive authority which decides how to implement policy directives decided at general meetings. It supervises processes of policy implementation and seeks to ensure the financial and general well being of the cooperative. The board has several important functions. First of all, it serves as an information center for the whole cooperative when the general membership meeting is not in session. If we say that chatting is one of the most important channels of informal communication, then the board is one of the most important channels of formal communication. Whenever members have ideas, problems, or questions that concern the whole cooperative, they bring them to the board. The five board members have a rough division of labor among themselves. To make it easier for members to communicate their concerns to the board, this division of labor is communicated to the members on a regular basis so that they can go directly to the board member concerned. However, a member can go to any board member at any time. Usually, a member would write down his or her idea, problem, or question and circulate it among work groups to get some support before submitting it to the board. On the one hand, more signatures would give it more weight.
On the other hand, it is an excellent way to find out other members' stand on the issue. However, it is not required that such input come from a group of members. The expectation among members is that any and every member can have access to the board at any time.

Sometimes, the members' communication with the board is simply feedback on a particular issue and does not need to be answered. Most of the time, however, the board is required to reply in writing in a timely manner. These inputs will then be discussed at board meetings, and the document from the member will be made available to the general membership together with the minutes of the board's discussion at each posting station. Other members, upon reading the letter and minutes, can and often do join the discussion by writing to the board on the issue. This is an on-going process.

The second function of the board is that of a resource center. Members need information to make decisions on a regular basis. While most of the business information can be obtained directly from other work groups and managers and most of the information about the cooperative comes from the minutes and reports at posting stations, sometimes members find it necessary to get other information from the board. In other words, if members cannot get the information otherwise, they go to the board. For example, during the dependent supplement policy debate, many members found that they needed information such as NGO statistics on the poverty line for
single parents as well as government statistics. In this case, they wrote to the board and asked for the information. The board members then either dug up the information themselves or delegated the investigation to other members or committees.

The third function of the board is to supervise managers and give them directions. The rule at CRS is that managers, although they are members themselves, cannot serve on the board while holding management positions. The managers report to the board every other week. These reports are in written form and are posted afterwards along with board meeting minutes. In these reports, besides reporting on the business situation and work in progress, managers often ask the board for directions in terms of priorities, because normally there are many issues competing for their time and energy. This is where the fourth function of the board comes in: to make decisions while the general meeting is not in session. This has always been a rather delicate issue at CRS. The board, ever since it was established out of necessity, has always been extremely careful in making decisions that have not already been spelled out at the general membership meetings. The members, including board members, believe that democratic collective decision making means just that: the whole membership sitting together to make decisions, nothing more and nothing less. The board members, like everyone else in the cooperative, believe that the board is there to
facilitate collective decision making, to provide information, to present options, to mediate conflicts, etc. (all communication functions) but never to replace the collective deliberations (also a communication function). This tradition, however, does put a lot of strain on general meetings which have become less in number, more costly, and further apart. There are simply too many decisions to be made. Because of the sheer number of decisions to be made, some of them very detailed and involving a lot of specialized business and financial information, many members feel they do not have the time and energy to look into each issue properly to make good decisions. There has been much informal discussion among members regarding this issue. Some believe that it is time to delegate more decision-making power to the board. The parameters of their discretion just have to be defined clearly by the general membership. Others feel that the problem can be solved by finding other ways to make collective decisions so that it is not totally confined to the general meetings. However, a major tendency among members, as indicated by the democratic process vision, is to concentrate on making policy decisions at a more general level to free the general meeting from having to work out administrative details.

One characteristic constant about CRS communication and decision-making practice is that there is not much structure in the traditional sense of the word, and whatever structure
there is tends to be highly fluid and dynamic. What all cooperative members share is the fundamental belief in democracy and collective decision making and a preference for decision making through consensus, a tradition from the early CRS. Everything flows from there. When circumstances make it difficult to uphold this principle and still carry on business, they change their way of doing business so they can still be true to these principles.

Self management in a crisis

After CRS moved its warehouse to the new location, the cooperative suddenly plunged into a financial crisis in August 1992. A combination of different factors were responsible. The market was still soft with the lingering recession. To finance the move, the cooperative had to borrow a large sum of money thereby dramatically increasing the cost of servicing the cooperative’s debt. The move itself was expensive, costing almost three hundred thousand dollars because of the new freezer and cooler facilities purchased for the new site and numerous other expenditures. Sales were falling below projections. Because of the weak Canadian dollar, the profit margin was shrinking as most of Horizon’s supply comes from California which is the largest center for natural and organic food. CRS started to lose money. In a couple of months, the loss had become a crisis.

A series of collective and general meetings were held.
Many ideas were put forward as to how to overcome the financial shortfall. Budgets were reviewed and revised. Members' shares were doubled. Marketing effort was intensified. By March 1993, the cooperative had completely turned the situation around. Right now, CRS is going into another phase of growth, stimulated by the measures put into practice during the emergency period. Once again, CRS appears to have demonstrated the superiority of a worker-owned and controlled business by quickly responding to the market pressure. As one member said during an emergency meeting, "I am determined to turn the situation around." And determination from more than fifty members can be a formidable force indeed.

In many ways, the financial scare in 1992 typifies cycles CRS has been experiencing since its incorporation in 1976. Forces that are beyond the control of the cooperative, such as the market competition, financial markets, and the business cycle, threaten the survival of the cooperative. To overcome the difficulty, the cooperative intensifies its business activity and participation in the market. To maintain its identity as an alternative workplace, new ways are found to accommodate the intensified business activity into its cooperative structure without changing its cooperative principles. With collective wisdom and members' commitment, the new measures successfully turn the situation around. These measures in turn stimulate further growth. The growth
again puts pressure on the cooperative and its democratic culture. The cooperative will grow until market competition, the financial market, or the business cycle create another crisis and the cycle begins again.

The pressure from the 1992 financial crisis on CRS work processes, communication, and decision making has already started to show. One of the biggest questions raised is why it took so long for the cooperative to realize how serious the problem was, why the cooperative did not see it coming and only started to react when the very survival of the cooperative was seriously threatened. The whole cooperative started to rethink about the CRS management structure as many members believe the financial crisis is a reflection of weakness in the CRS management system. The reaction from members was that management should be held more responsible for running the business as the crisis revealed that it was not clear who was or could be responsible. However, at the core of the issue is the linking responsibility to authority. If the management is held more responsible for running the business, should they be given more authority as well?

Another general reaction from membership is that although CRS has a good supervision system over management, it obviously is not good enough. As a result, the membership is requiring management to document their work in greater detail at more frequency. The immediate response from the management is that CRS managers have the tradition of reporting to the board and
membership by writing reports twice a month, and there are practical limits on how far they can go beyond that. As one manager puts it, "we might end up in a situation where managers spend more time documenting what they did than doing it."

The idea that management should exercise more responsibility and authority over the business aspect of the cooperative and the idea that management thinking and decision-making process should be communicated to the membership in greater detail are inherently contradictory. It is like delegating more authority to management but requiring them to consult every time they want to use this authority. This contradiction, however, is a direct reflection of CRS eternal struggle to maintain its cooperative identity while remaining as a successful business.

These two reactions to the 1992 crisis have made the ongoing discussion of democratic process much more meaningful. Already, members are talking about incorporating lessons from the 1992 crisis into the democratic process and structures under discussion. It is not entirely clear at this moment what kind of impact the 1992 crisis will have on CRS structure and what will come out of the democratic process. One thing that is clear, however, is that CRS is still very much CRS with its members committed to its ideals and principles more than ever. CRS members may have to spend a lot of time searching for a way to maintain their cooperative identity.
given the new challenge. What is most important is that they are determined to find a way to continue their democratic and cooperative traditions, and they are doing this in the only way that they know how, the collective way.
Conclusion

Surviving as a Cooperative in the Marketplace

Can workers' cooperatives also be successful businesses? The answer from CRS experience so far is clearly a positive one. The cooperative has survived two recessions, each one seriously threatening the survival of the cooperative. With the cooperative going into another phase of rapid growth, the financial state of the cooperative is now healthier than ever. Time and again, CRS has demonstrated its superiority over conventional workplaces in terms of the high degree of pride, quality, flexibility, and commitment workers bring to their work in a genuinely worker-owned and controlled environment. The basic conflict between profit-oriented shareholders and hired laborers is resolved by eliminating the difference between workers and owners in a worker-owned and worker-controlled cooperative business context.

With business success and rapid growth, however, CRS finds itself participating more and more intensively in the market and becoming more and more exposed to market constraints and fluctuations. As the market is dominated by competition and bottom line concerns, intensive participation in the market often puts extreme strain and pressure on, sometimes clashing violently with, CRS's anti-capitalist democratic cooperative principles and structure. As demonstrated throughout CRS history since 1976, the pressure
to normalize as a business is enormous. Thus the main research question of my thesis: can the democratic cooperative identity, structure, and principles of a workers' cooperative survive in a highly developed market? To apply this question to CRS experience, the answer very much depends on how one interprets the democratic cooperative identity, structure, and principles.

When CRS first started, the members interpreted the democratic cooperative identity, structure, and principles in an idealistic utopian way with no compromises. The early CRS experience certainly bears this out, given the egalitarian pay system, compulsory job rotation, and collective management by meetings through consensus. However, there was a unique historical context, a unique environment which to a large extent made the early CRS idealistic approach possible. First of all, the early CRS came out of a dynamic cooperative movement and was very much a central part of that movement. The fact that the cooperative movement provided CRS with committed members with a firm belief in cooperative principles as well as a loyal cooperative clientele who patronized CRS not because of the value and service it was able to offer but for what it stood for shielded CRS from loss of sales to more competitively priced products and more aggressive suppliers. Secondly, the early CRS members were young, mobile, well educated, and idealistic. They did not have many personal financial responsibilities such as children. They gave CRS
everything they had, their time, energy, enthusiasm, commitment, and asked very little in return. They also subsidized the business by living communally and frugally. Finally, the market the early CRS occupied was a very marginal one. It was a market niche with considerably less competition.

Over the years, these conditions have changed dramatically. Although CRS is still an active part of a cooperative movement, its clientele now largely comes from the non-cooperative sector, partly because the size of the business has out-grown the cooperative market, partly because there are far more people in the market specializing in natural, organic food retailing who have no connection whatsoever with the cooperative movement. CRS members have become more mature, settled down, with greater personal financial responsibilities. The natural and organic food market is becoming increasingly competitive, with everyone trying to cash in on the new wave of increasing health consciousness among consumers.

Over the years, the idealistic approach from the early CRS has also changed a lot. As a matter of fact, if you look at the CRS structure today, none of the three key practices from the early CRS have survived. The salary structure is no longer egalitarian. Job positions are no longer formally rotated. Collective management by meetings and decisions by consensus have been replaced by managers and decisions by two-
thirds majority.

So, if the early CRS structure and practice are used as the evaluative criteria, the answer to my research question would have to be negative. One would have to conclude that market pressures had subverted the cooperative structure and identity. To survive, the cooperative had been transformed by the market at the expense of its cooperative principles.

However, if we look beyond surface structures and examine communication and the distribution of information, knowledge, and power, we soon find that there is still something very much alive and very much the same at CRS. What has survived and is still very much alive is the cooperative spirit, the democratic spirit, and how members look at themselves, at the cooperative, and at the world. Despite the dramatic change in structure, the principles with which they do things and make their decisions are still very much the same as the early CRS. The only difference is that they are doing things in a different way so that they can keep their principles alive.

I call it the cooperative and democratic spirit because it is not something that is defined by rules and regulations. It is a set of values, beliefs, and goals that is shared and internalized by the membership. It is something that can be best described as a culture. When CRS members feel that their cooperative and democratic culture is threatened, they change their ways of doing things to contain the challenge within their cooperative and democratic culture. There are two
choices for cooperative members when they are facing aggressive market pressures to conform to more orthodox business management practice. The first choice is to ignore the threat. The price to be paid in this case could be the financial collapse of the cooperative. However, it would be at least a noble death and the ideas may very well inspire others to continue. The second choice could be to give in to market pressures so that the business can survive and prosper. The CRS members rejected both of these choices. They were determined that their cooperative and democratic culture was going to continue and that it would prosper. Because of this determination, they are able to acknowledge the pressures and constraints while taking full advantage of choices they have to continue their business in a cooperative way.

One of biggest challenges that workers’ cooperatives often set up for themselves is to find the democratic structure, ie. the perfect structure that will allow the cooperative to do things cooperatively and democratically. The effort then is often to elaborate the structure with detailed rules and regulations, procedures, organizational formats, etc. so that they can guarantee the democratic nature of the cooperative. The major problem with this approach is that structures, rules and regulations, and procedures at best can only facilitate self management, democratic decision making and communication, and other practices often associated with workers’ cooperatives. However, they cannot make the
cooperation and democratic practice happen. When the designed structures, rules and regulations, and procedures fail to guarantee the democratic nature of a cooperative, the normal reaction is to look for an even more elaborate structure to close the gap between ideals and reality. Ironically, as things get done more and more by the book, it is precisely the democratic spirit that the cooperative aspires to foster that gets stifled.¹

The challenge in constructing a truly democratic, worker-owned and worker-controlled cooperative lies therefore not so much in discovering the perfect democratic structure as in nurturing a democratic culture. This indeed seems to be the secret of CRS success at keeping a strong cooperative identity while growing as a successful business. At the core of this democratic culture are shared values, beliefs, and goals. The obvious question then is what exactly are these values, beliefs, and goals that CRS members share?

Because these values, beliefs, and goals have to a large extent been internalized, CRS members often find it difficult to answer when this question is posed to them. However, some of these values, beliefs, and goals can be gleaned from CRS concrete practice, past and present.

1. An anti-hierarchical and anti-authoritarian mentality.

¹For a case study of how this can happen in a workers' cooperative, see Nick Oliver, "Coordination and Control in a Small Producer Cooperative: Dynamics and Dilemmas," Economic and Industrial Democracy, Vol. 10, No. 4 (November 1989), pp. 447-465.
CRS members believe that authority ultimately belongs to the members as a whole, not with any individuals.

2. The belief that work should be meaningful. This belief works at two levels. On a personal level, this principle translates into control over work, its design, organization and execution, i.e., a high level of self management. On a more general level, it concerns the social impact of work. In other words, it has to do with the larger question of why we do what we do. In a conventional business, there is normally no need for a rationale other than making money. What a business does in order to achieve this is not irrelevant, but is certainly not a central concern. At CRS, however, what the cooperative does and why it is doing it is one of the major reasons why members work there in the first place. To CRS members, producing, distributing, and consuming natural and organic food is integral to a larger philosophical view of life and humanity's role in the biosphere. At this second level, members are highly involved in selecting and supporting environmentally and socially responsible products and organizations.

3. The principle of equality. An excellent demonstration of this principle among CRS members is the fact that the only difference between a CRS member and a CRS employee is that the employee does not get to vote.

4. An anti-capitalist mentality. Members join CRS because it is an alternative to the capitalist system. It
seeks to balance competition and the economic efficiency with cooperation and social and environmental responsibility.

5. CRS members believe that a workers’ cooperative should be an integral part of the cooperative movement and the local community. CRS has had very strong ties with the cooperative movement and the local community from the very beginning. Many CRS members are involved in community work, the workers’ cooperative movement, and other alternative projects as volunteers. CRS also contributes financially to the cooperative movement and the local community through two CRS funds, the Cooperative Development Fund and the Community Development Fund, each receives about ten percent of CRS total profit each year.

6. The principle of democracy. CRS members firmly believe that collective decision making is a fundamental feature of a workers’ cooperative.

These shared values, beliefs, and goals have served as a basis for a high level of trust and solidarity among CRS members. This high level of trust and solidarity in turn allows CRS to keep its cooperative democratic identity without resorting to rigid and elaborate structures, rules and regulations. The democratic culture is the core of the cooperative and everything flows from it. This is why the CRS experience is highly fluid and dynamic with its structure constantly changing.

The question then arises as to how CRS has managed to
keep its democratic culture and spirit alive?

**Historical background**

First of all, I believe the answer lies with the way that CRS was conceived and organized by a group of young, idealistic, leftwing, spirited people in the seventies. They chose to live their vision and alternative culture, and they created CRS to do this. In this sense, CRS is indeed a cultural phenomenon. What differentiates the early CRS from other similar alternative projects in the seventies is that members of the early CRS decided that this was where they wanted to work for the rest of their lives. Over the years, the original membership at CRS has matured. As they have matured, their motivations have changed too. In many ways, they could afford to sacrifice themselves in the early days, but now they find it more difficult. It is one thing to sacrifice yourself and quite another to jeopardize your children's future. This change of perspective with age, however, is natural if we agree that ideas are conditioned by experience. As the experience changes, ideas change too. What has not changed over the years, however, are the principles with which they created CRS in the first place.

**Recruitment of new members**

I believe a second reason CRS has been able to maintain its democratic culture and spirit has to do with the way CRS members are recruited. CRS has been a community and cooperative project from the very beginning. Most of its
members come either from the community or other cooperatives or both. On the one hand, these new members come with a good understanding of cooperative principles and with fresh ideas as each cooperative works differently. On the other hand, they tend to be the kind of people who have known CRS for a long time and are attracted to it because of what it stands for. It is true that over the years, job skills have become an important criteria at CRS when recruiting new members. But understanding of and belief in democratic and cooperative principles is still a basic requirement at CRS for prospective new members.

Orientation for new members

Thirdly, the survival of the democratic culture and spirit at CRS has been fostered by the way new members are oriented and incorporated into the cooperative. New prospective members are immediately immersed in the CRS culture. Intensive orientation that lasts for weeks is conducted for each new prospective member to introduce them to every aspect of the whole cooperative. The cooperative also has a unique buddy system. For each new prospective member, the cooperative will provide a buddy who will go through the whole orientation process and beyond with the new prospective member. The buddy is not only there to answer questions and serve as a bridge between the new member and the rest of the cooperative, it is also expected at CRS that the buddy makes it part of his or her mission to become a personal friend, to
share how the new member feels. What differentiates this process from conventional business training is that at CRS new prospective members are treated immediately as owners, not as hired labor. While job training is an important component of orientation, the real emphasis is on how CRS works and why.

Evaluation system

Finally, survival of the democratic culture is tied to the evaluation system at CRS. Every CRS member is evaluated by their co-members and co-workers on a regular basis. This is also true of CRS employees as they often become candidates when new membership positions open up. The evaluation is a combination of self evaluation and evaluation by other members. The process is open to everyone, members or otherwise, with each evaluation announced ahead of time to the whole cooperative to allow enough time for members to send their written evaluation to the evaluation committee. Most of the time, evaluation is a way for a member to reconfirm their principles and solidarity with other members. Although it is meant as a channel for the member being evaluated to hear feedback from other members including criticisms, members at CRS usually prefer to voice their concerns and criticisms directly to the member being evaluated well before their formal evaluation so that they can have a chance to defend or explain themselves or have some time to improve the situation. However, based on feedback from other members of the cooperative, an evaluation committee has the power (very
rarely exercised) to recommend probation to the cooperative at a general meeting.

Now that I have come to the end of my thesis, I cannot help wondering with more than fifty members and business still rapidly growing, how far CRS can go and how much more pressure its cooperative democratic culture can take without deteriorating or even collapsing? This seems an impossible question to answer. However, there is every indication that CRS members are more determined than ever to keep their cooperative spirit and identity alive. It will be interesting indeed to see what will come out of the democratic process. Already there are ideas going around as to whether it is now the time to divide the cooperative into a network of independent and smaller cooperatives of more manageable size. Whatever happens, CRS members seem to be determined that their workplace will remain a democratic, socially and environmentally responsible, humane, and meaningful alternative to conventional businesses in the market place.
Appendix A

CRS Statement of Purpose

The purpose of CRS Workers' Cooperative is: to provide its members with secure, well-paying jobs within a personally empowering structure; to operate in accordance with the principles of worker ownership and self management; to be a model of a democratic alternative to the capitalist system; to operate businesses in an environmentally and socially responsible manner, producing goods and providing services that make a positive contribution to society; to have a work environment that supports the development of non-oppressive attitudes and behaviour; and to support groups who, like CRS, are contributing to the creation of a society where personal, economic, and social relations are based on cooperation and equality.
Appendix B

Rules of CRS Workers' Cooperative

Preliminary

1. In these rules, unless the context otherwise requires, words importing the singular include the plural and vice versa, words importing persons include corporations; words importing the masculine gender are used interchangeably and equally with those importing the feminine gender to imply either gender.

"Act" means the Cooperative Associations Act; and "call," "extraordinary resolution," "memorandum," and "rules" have the meanings respectively assigned to them by the Act.

"Business" means each basic business unit of production.

"Administrative staff" means the centralized group responsible for the bookkeeping, accounting and other administrative tasks of the businesses, and the cooperative as a whole.

"Collective" means a group of members involved in the work and operations of a CRS business or in CRS's central administration department.

Membership

2. Any person over the age of sixteen years may be admitted to membership. The application shall be made by a collective, to the Association, which may accept, refuse or postpone it.
3. The rights and responsibilities of an individual member are:

   (a) to work at least a 60% work per week as a part of the association;

   (b) to evaluate the quality of one's own work and that of others;

   (c) to participate in the planning process of the cooperative and its businesses;

   (d) to take an active role in the governance and administration of the association;

   (e) to adhere to such principles and meet such other responsibilities as the general meeting shall from time to time establish pursuant to these rules.

4. A member in good standing shall be defined as one who has met the aforesaid responsibilities, and who complies in all other respects with the terms of these rules and policies as adopted by the association.

5. A member may transfer his shares with the approval of the directors who may refuse to assent to a transfer of any share not fully paid up on which the association has a lien.

6. If a member dies or becomes insane or bankrupt or makes an assignment for the benefit of creditors the association shall redeem the shares by paying the party entitled thereto the amount paid up on the shares.
Withdrawal and Expulsion

7. (a) A member may withdraw from the association upon written notice of intent to do so. Such notice shall be accompanied by surrender of the member’s share certificate which shall entitle her to a refund of the amount paid up on her shares. The association may withhold such amount for a period not exceeding six months from withdrawal.

(b) Where a member fails to meet the ongoing requirements of the association, the directors or managers or a collective many place the member on probation for such term and under such conditions as they see fit. At the end of the probationary term, the term may be extended, the member may be reinstated, or employment and/or membership may be terminated.

(c) Termination of Employment: A member’s employment may be terminated by a collective or by management in the case of a prospective member.

(d) Termination of Membership: A member’s membership may be terminated if a member’s employment has already been terminated, or if a member is found to be working in a manner detrimental to the association. This recommendation for membership termination must come to the membership from a collective, in the form of an extraordinary resolution.

Shares

8. (a) Each share has a value of one hundred dollars.

(b) Each member is required to purchase a minimum of five
shares in the association during each twelve month period following the date upon which the member’s name was entered in the register of members until a minimum of twenty shares have been purchased by the member, except that each person named in the register of members as at March 1, 1985 is required to purchase a minimum of five shares during each twelve month period following March 1, 1985 until a minimum of twenty shares have been purchased by the member. All shares in the association shall be paid for in full in cash, and no part of the funds of the association shall be employed in loans upon the security of its shares.

9. The association may from time to time make calls upon the members in respect of any moneys unpaid on their shares, and a call shall be deemed to have been made at the time when the board authorized the call.

10. Every person whose name is entered in the register of members shall without payment be entitled to a certificate under the seal of the association, specifying the shares held by her and amount paid up thereon. No shares shall be issued jointly.

11. The association shall have a lien on a member’s shares for a debt due it by him.

12. If a member fails to pay any call on the day appointed for the payment thereof, the association may at any time thereafter serve a notice on her requiring payment within thirty days from the date of the notice of so much of the call
as is unpaid.

13. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution to that effect passed by the membership.

14. A forfeited share may be sold or otherwise disposed of on such terms and in such a manner as the directors think fit, and if at any time before the sale or disposition the requirements of the call are met, the forfeiture may be cancelled.

15. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to the association for all moneys which at the date of forfeiture were presently payable by her to the association in respect of the shares, but her liability shall cease if and when the association receives payment in full of the nominal amount of the shares.

**Transfer of Shares**

16. The instrument of transfer of any shares in the association shall be executed by the transferor and the transferee, and the transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the register of members in respect thereof.

17. Shares in the association shall be transferred in any
usual or common form mutually agreed upon by the transferor and transferee and submitted to the association under their signatures and signature of a witness.

18. The instrument of transfer must be accompanied by the certificate of the shares to which it relates, but if the certificate is lost or destroyed, the directors may waive the requirements for delivery of the certificate upon such conditions as they may specify.

19. If the transferor is a member in good standing, such designation does not apply to the transferee unless or until he satisfies the definition of a member in good standing in his own right.

Meetings

20. General meetings shall be held no less often than semi-annually, at a day and place to be determined by the directors. In the fourth month from the association’s fiscal year end, a general meeting shall be held which shall be the annual general meeting of the association.

21. Any group of not less than one-fifth in number of the members may, on their own initiative, cause a general meeting to be called by the directors. The announcement calling such a meeting shall be at least seven days prior to the meeting, and in the case where an extraordinary resolution is to be presented fourteen days prior to the meeting, be posted conspicuously at the association’s regular workplaces and be
placed in any regularly printed or published medium of communication distributed among the members of the association. This announcement shall be issued no more than three days from receipt by the directors of the request for the meeting.

22. The directors, on their own initiative, may cause a special general meeting to be held. Announcement of such a special general meeting shall be posted conspicuously at the association's regular workplaces and shall be placed in any regularly printed or published medium of communication distributed among the members of the association at least seven days prior to the meeting, and in the case where an extraordinary resolution is to be presented, at least fourteen days prior to the meeting.

23. At least fourteen days notice of every general meeting (other than special general meetings), specifying the place, the day and the hour of the meeting, and the case of special business, the general nature of that business, shall be given to every member either by mail or through any regularly printed or published medium of communication distributed among the members of the association, or by any other means that will ensure receipt by the members.

24. No business shall be transacted at any meeting of the association unless every business and the administrative staff is represented and one half of the members in good standing is present in person.
25. The directors shall provide from their number one member to serve as chairperson for the general meetings.

26. If within one hour from the time appointed for a general meeting a quorum is not present, the meeting, if convened by a requisition, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, and if at the adjourned meeting a quorum is not present within one hour from the time appointed, the members present shall constitute a quorum.

27. The members present at a meeting may adjourn the meeting from time to time and from place to place, but no business shall take place at any adjourned meeting other than the business left unfinished at a meeting from which the adjournment took place.

Voting

28. All meetings of the association shall attempt to reach unanimity on issues which come before them. In the event unanimous consensus cannot be attained the chairperson may call for a vote, at which time the question shall be decided by a two-thirds majority of those members voting.

29. On a show of hands or on a poll, every member present shall have one vote only, except that in the case of an inconclusive result, the chairperson may cast the deciding vote.

30. No member who is not in good standing or who is in arrears
with a call on his shares may vote for election to the board or at any general meeting.

31. In the case of a vote by a show of hands, the declaration of the chairperson of the meeting shall be conclusive evidence of the result, unless two or more members before or on the declaration of the result demand a poll, when a poll shall be forthwith be taken.

Board of Directors

32. The business of the association shall be supervised by the general manager who shall be responsible to the board of directors, who shall be responsible to the membership.

33. The board of directors shall consist of not less than five persons, including at least one person from each business and from the administrative staff, elected at large by the membership in general meeting. Any decision to change the size of the board shall lie with the general meeting.

34. The annual general meeting shall elect members at large to the board of directors. Any casual vacancies on the board shall be filled by appointment by the directors. The term of any director so appointed shall expire at the annual general meeting immediately following the appointment.

36. The association in general meeting may remove any director before the expiration of her term of office by passing an extraordinary resolution to that effect.

37. Every director shall be a member in good standing of the
association and hold at least one share.

38. The office of director shall be vacated if the member:

   (a) ceases to be member in good standing of the association

   (b) is concerned or participates in the profits of any contract with the association,

Provided that no director shall vacate her office by reason of:

   (a) being concerned in any corporation which enters into contracts with or does work for the association, providing that the director discloses the fact of such concern to the board and provided that she does not vote in respect of any such contract or work, and if she does vote, that her vote shall not be counted; and

   (b) selling or consigning for sale to the cooperative products grown or made by her or in which she has an interest; and

   (c) providing personal services to or for the association pursuant to a contract with the association, but the director shall not vote in respect of that contract, and if she does vote, her vote shall not be counted; and

   (d) being a paid employee on a full or part time basis of the association.

39. The directors shall choose from their number two members who shall comprise the executive. The executive shall, in addition to such on-going duties as shall be assigned by them
to the board, in the absence of a quorum of the board act on behalf of, exercise all authority of, and assume all responsibilities of the board of directors.

40. The board of directors shall cause minutes to be made in books provided for this purpose:

(a) of the names of all directors present at each meeting of the board or committee of the board;

(b) of all resolutions and proceedings of all meetings of the board, committees of the board and the membership;

(c) of all appointments to board and committee positions.

41. The board of directors shall cause proper registers of members and directors to be kept at the registered office of the association, indicating whether or not a member is in good standing, and shall in all other respects comply with the Act or any statutory modifications thereto for the time being in force.

42. The administrative duties of the directors and any members of any committees of the board shall be deemed to be work of the association.

43. All meetings of the board of directors shall be held in the province of BC and the quorum necessary for the transaction of business shall be fixed by the board, and unless so fixed shall be four.

44. The directors shall meet together regularly for the dispatch of business, and may adjourn and otherwise regulate their meetings as they see fit. Questions arising at any
meeting shall be dealt with according to the procedure described in rule 28.

45. The executive may, and at the requisition of any two directors shall summon a meeting of the board.

46. A resolution signed by all the directors shall have the same force and effect as if passed at a duly constituted meeting of the board.

Financial

47. Every officer of the association having receipt or charge of money may before entering upon her duties be required to give such security as may from time to time be deemed advisable to the directors.

48. The directors may not invest in long term assets any part of the funds of the association exceeding twenty-five thousand dollars without the passing of a resolution by the membership in general meeting authorizing such expenditure.

49. The directors may raise or borrow or secure the payment of money for the purposes of the association, but no debentures shall be issued nor shall the amount at any one time owing in respect of money so raised, borrowed or secured exceed the amount of the capital subscribed without the sanction of an extraordinary resolution.

50. The directors shall cause true accounts to be kept:

(a) of all sums of money received and disbursed and the manner in which such receipt of disbursement takes place; and
(b) of the assets and liabilities of the association.

51. The books of accounts shall be kept at the registered office of the association, and may for temporary purposes be kept at such place or places as the directors see fit, and shall at all reasonable times be open to the inspection of the members.

52. One or more auditors shall be appointed by the association at its annual general meeting, but a casual vacancy in the office of auditor may be filled by the directors. No member of the association may be appointed or act as auditor.

53. At every annual general meeting the directors shall cause to be laid before the association the profit and loss account and the balance sheet prepared in accordance with the Act for the period to the end of the fiscal year last preceding, and cause to be read its report and the auditor's report thereon, all of which should be open to inspection by any member. Every member shall be provided free of charge a copy of the annual financial statements.

54. The association shall set aside out of its surpluses, in accordance with the Act, such sum as is required toward the reserve fund for meeting contingencies; and pending the application these surpluses may either be employed in the business of the association or be invested in such a manner as the Act permits and the membership deems advisable.

55. No dividend, bonus or interest shall be paid on share capital, but in the event of a surplus the association shall
in general meeting, after complying with the statutory requirements, apportion the surplus between members and non-member workers as an income bonus, and reinvestment in the association.

Disputes
56. Any dispute arising out of the affairs of the association between a member thereof or any person aggrieved who has not for more than six months ceased to be a member, and the association and a member thereof shall be dealt with in a manner approved by the association in general meeting. Any ruling arrived at in such a manner shall be binding on all parties and may be enforced on application to a County Court.

Notices
57. A notice under the Act or in accordance with these rules shall be in writing, and may be given by the association to any member either personally or by sending it by post to her address as listed in the register of members of the association.
58. Where notice is sent by post, service of such notice shall be deemed to be effective by properly addressing, prepaying and posting a letter containing the notice, and unless the contrary is proved, to be effected at the time in which the letter would be delivered in the normal course of the post.
The Seal

59. The seal of the association shall not be fixed to any instrument except by authority of a resolution of the directors, and in the presence of such persons as the directors may appoint for the purpose; and these two shall sign every instrument to which the seal is affixed in their presence.

60. The directors shall provide for safe custody of the seal, which shall be deposited at the registered office of the association.

Alteration of the Rules

61. An extraordinary resolution is required to alter these rules.

62. Each member is entitled to a copy of the memorandum of association and these rules upon request.

Dissolution

63. In the event of the dissolution of the association for whatever reason and in whatever manner, the whole of the surplus remaining after discharge of all obligations, liabilities and debts of the association shall be paid over to organizations having objectives altogether or in part similar to those of the association for use in cooperative education, establishment of other cooperative associations, or aiding and strengthening collective, cooperative, or worker-owned and
controlled enterprises in British Columbia.
Appendix C

CRS Structure

CRS Workers’ Cooperative is one cooperative. It has several separate businesses and a centralized group of administrative staff.

The general membership is accountable to itself and to the Superintendent of Cooperatives. The membership elects a board of directors which is accountable to the membership. The directors are chosen from the membership. (Managers may not be directors)

The board of directors hires two of its members to be the executive of the board, and who have executive powers.

The board of directors hires a general manager who is accountable to the board. The general manager is responsible for the overall operation of the cooperative and its businesses, for the administration of personnel issues, for planning and ultimately for the financial success of the cooperative.

The general manager and the board appoint business managers who are accountable to the general manager.

Each business manager is responsible for the total operation of her or his business and all aspects concerned with that business.

Within each business, worker-members are responsible to their business manager.
The administrative staff perform staff functions for the board, the general manager, and the business managers, and are directly responsible to the general manager.

Structural Chart

elects
Board <---------- Membership ------> Management

hires
Appendix D

Election for the Board

Election will normally be held annually at a general membership meeting.

Nominating Committee

A nominating committee of two people will be struck by the board at least two months prior to the scheduled elections.

The functions of the nominating committee will be to:
- approach people it thinks appropriate to fill vacant positions (considering ability to carry out required functions and potential ability), ask them to run and receive their assent.
- receive nominations at large (people not asked to run by the committee, but who are proposed by others or who nominate themselves) until three weeks before the elections.

Note: nominations after this time will be made from the floor of the membership meeting.
- submit list of nominees to the executive three weeks before the meeting at which elections will be held.
- give a report at the election meeting of how many people the committee approached and how many assented.
- count the ballots at the voting meeting.
The Executive

The functions of the executive will be to:
- post the list of candidates as part of the meeting agenda.
- supervise elections at the meeting.

Election Procedure:
1. The nominating committee will give a report.
2. Nominations from the floor will be received.
3. Voting will take place by secret ballot.

Voting Procedure for the Board:

   Members vote for the require number of positions. A member may vote for fewer than the required number of positions if they wish.

Counting the Votes:

   The nominating committee will first pick the candidate from the administrative staff and each business that has the highest number of votes relative to the other members of his/her section. The committee will then pick from the remaining candidates those with the highest number of votes.

   The verdict, but not the individual number of votes will be announced.

   The breaking will be done as is specified in the cooperative's rules of order.
Terms and Casual Vacancies:

The terms for the board will be two years. They are renewable. Casual vacancies must be filled by board appointment between elections. Casual vacancy appointments will expire at the next scheduled election.
Appendix E
Resource 'Buddy' for Prospective Member

A prospective member's "buddy":
- is an active resource person for aspects of CRS that fall outside the shift
- is an experienced member (ie. familiar with policy)
- is from the same (or nearby) work group if possible
- is not the prospective member's trainer
- is not a buddy for more than two prospective members at a time

A "buddy" will
- be available to answer questions about policy, procedures, meetings, personnel, etc.
- check in before meetings, to go over the particular meeting structure and issues on the agenda, and preparedness for meeting.
- check in with the prospective member regularly regarding morale, progress, etc.
- take a special interest in seeing that the prospective member is welcomed in the cooperative.
- will talk with the trainer to find out how the person is doing.
- will explain about any "perks" we have
The "buddy" is NOT an advocate.

"Buddies" should know:
- time sheet system
- undertime and overtime
- vacation sheets
- medical, etc.
- pay schedule
- buying from the cooperative
- seniority and differentials
- should know the cooperative structure, or at least know to find out the answer

For meetings:
- rules of order
- evaluation process; probation
- planning process
- miscellaneous content of collective and general meetings
- use of appreciation and handling of conflicts
- meeting preparation

For work/shifts:
- be familiar with the "chain of command" ie. who has responsibility for decisions or problem solving on the shift
- let prospective member know what is the proper route to follow to resolve problems; investigate situation if
necessary, and be available and flexible.
Appendix F
An Interviewees' Profile

I interviewed twenty-two members for this project. For the sake of confidentiality, names of the interviewees are not used or listed. Following is a profile of the interviewees.

Gender: seven female members
five male members

Time of joining CRS: six before 1980
six between 1981 and 1985
seven between 1986 and 1990
three in or after 1991

Positions in the cooperative: six with management or administration responsibility
sixteen without management or administration responsibility

Family background: ten have children
twelve do not have children
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