

# **Opportunities to enhance cooperatives' long-term success through strategic planning**

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**Abstract:** In order to enhance the inherent potential of cooperatives to support society's move towards global socio-ecological sustainability, they need to plan strategically. Strategic planning with this goal in mind requires organisations to describe and identify steps towards a desired future. The research team set out to provide practical and context-appropriate guidance to cooperatives, describing opportunities to use strategic planning in the starting-up phase in support of their long-term success. The team deployed a qualitative and iterative approach based on grounded theory and conducted a total of twenty-four interviews with cooperative practitioners and experts as well as strategic planning experts. The outcome of the interviews are thematic areas recommended to cover in the starting-up phase of a cooperative. The thematic areas are presented in an ABCD Strategic Planning process which aims to build a shared mental model among all stakeholders, using a participatory approach. The process may be useful for newcomers to the cooperative world; future research in support of cooperatives may want to implement the above mentioned strategic planning process while capturing lessons for its improvement.

**Keywords:** Sustainability; Starting-up; Cooperative; Strategic Planning; Strategic Sustainable Development

## Statement of contribution

This thesis is a successful result of five months of hard work from a responsible, committed and dedicated team. The team members have a very diverse set of educational backgrounds, work experiences and also attitudes towards sustainability research. Each team member had their own reason to be passionate for cooperatives. Together, we were dedicated to delivering practical information for the cooperative sector when starting up. We have achieved important milestones in the last few months of working as a team. We have learned a lot about cooperatives and strategic planning, plus we gained a good understanding of each other's views on the topic and also on our ways to process information.

Responsibilities and tasks such as developing the research design and literature research, transcribing interviews and digging through the mountains of data during our analysis phase, were distributed equally and fairly. With only a couple of exceptions all group members were present at the twenty-four interviews undertaken. This helped us to be always in tune with relevant information in the writing process of the project. Each member of the group also contributed in her/his unique way and each of us have been focused throughout the process:

Johanna knew early on how to integrate the cooperative angle in strategic planning processes. She also ensured we applied the SSD in a way it was understandable for outsiders. Johanna had the courage to take the lead in writing the introduction where her talents in writing clearly and concisely became visible. This way of working also helped in completing other chapters. Johanna frequently asked challenging and overarching questions that shaped our thoughts and helped us identify the essentials of the answer to our research question.

Marijs introduced key literature early on in our thesis work and kept an eye on linking to the literature throughout. She took the lead on the results chapter and made sure our work progressed throughout by ensuring we did not get stuck in discussions while at the same time capturing what was said, designing the interview guide, trying out and proposing ways of structuring our data and drawing out key insights. Since the beginning Marijs showed strong practical skills and kept the group moving forward towards the end of the process.

Luigi identified, arranged and scheduled interviews for our thesis, communicating with interview partners and securing their participation. Luigi took the lead on the methods chapter and had a keen key for presenting our data in a coherent fashion. Luigi stressed the importance of being clear and simple. In stages of uncertainty he would frequently remind us that we are working hard and that we are all intelligent people and thus will come up with a good result in the end.

We feel satisfied with the results of our work and we hope our efforts can help cooperatives in their starting-up phase to enhance their potential to reach long term success and contribute to a sustainable society.

*Karlskrona, 25th May 2016*

Johanna Hofmann

Marijs van Hoek

Luigi Viscardi

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We would like to express our gratitude to our primary thesis advisor Anthony W. Thompson, greatly appreciated for his patience and constant support. Tony has facilitated a smooth process comprising of different advice, at times more theoretical, and at times pragmatic in order to capture practical perspectives into our research topic. Tony provided feedback, inputs on cooperatives and always constructive and insightful comments. We will miss the phrase “*You are in a good spot!*”.

We also would like to thank Andre Benaim who by listening deeply has helped us to come out of a delicate phase when we didn’t perceive yet how to make sense and structure in a clear manner the data collected. A note of appreciation goes also to Edith Callaghan who by asking straightforward and challenging questions has encouraged us to be precise and as simple as possible when presenting.

It must be highlighted that we would have never reached this point without the great availability and help received from Coompanion, and particularly from Marianne Lundkvist and Louise Sandholm Lindell that spent hours in explaining the overall cooperative sector in Sweden with specific focus on the Blekinge region. Their motivation, and openness to answer to all our questions have been of immense value.

We feel very fortunate to have met and interviewed an inspiring group of experts with the strong drive to improve the quality of the world we live in. Their contributions have been crucial for us in comprehending the topic of our research. Particular recognition goes to Frederik Bergman, Marco Bertoni, Lena Gustafsson, Christina Merker-Siesjö, Bengt Johannisson, and Sebastiaan Van Zaanen for their availability and extreme support.

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*Johanna, Marijs and Luigi*

# Executive summary

## Introduction

Globally, human society has tremendously benefited from the progress made since the industrial revolution. Yet, it is becoming increasingly apparent that this progress has been built on environmentally and socially unsustainable foundations. The challenge humanity is facing is systemic in nature and as such requires systemic solutions. Business organisations play a central role as drivers of the challenge. Their efforts at playing a part in the solution to date cannot be considered systemic. A different approach is needed.

The Framework for Strategic Sustainable Development (FSSD) endeavours to cut through the complexity of the sustainability challenge. It seeks to equip various actors in society with the means to align themselves with the objective of long-term success: global socio-ecological sustainability. The FSSD offers up a science-based definition of sustainability from which organisations can backcast the actions they need to take in the short-, mid-, and long-term. It further provides guidance for the ensuing strategic planning process in the forms of the systems the organisation needs to consider, as well as strategic guidelines that support the organisation in selecting appropriate actions and tools. This guidance is captured in the form of a Five-Level Framework (5LF) to structure information when planning in complex systems and operationalised through an ABCD process of strategic planning for sustainability.

Cooperatives are often considered inherently more aligned with sustainability as compared to other types of business organisations. Their potential as a sustainable organisational model is frequently justified based on the 7 cooperative principles structuring organisational practice that the sector embraces, as well as their community based roots that deliver on a locally identified need. Nevertheless, cooperatives face a number of challenges in realising this potential. The sector includes a large number of organisations, representing a vast diversity of size, mission, maturity and approach to the market. While comparatively strong on the social side of sustainability, the environmental dimension appears underdeveloped. Operationally, concerns of group dynamics, leadership, financing, internal democracy and governance stand out. Based on these concerns the research team crafted a preliminary definition of success for sustainable cooperatives.

As has been identified above, a strategic planning process that at a minimum requires a backcasting approach from a vision of a desired, sustainable future; a systems view and strategic alignment of actions with the vision is needed for organisations to move towards sustainability. The literature on strategic planning, as well as the cooperative nature, raise a number of questions on planning strategically for success in sustainability. They relate to the appropriate balance between deliberate strategizing and understanding strategy as emergent, the entrepreneurial nature of cooperative organisations, as well as appropriately contextualising strategic learning and planning.

With the foregoing in mind, the research team set out to provide practical and context-appropriate guidance for cooperatives in their starting-up phase to enhance their contribution to global socio-ecological sustainability. We did so striving to answer the following research question:

## **How to enhance cooperatives' long-term success through strategic planning when starting up?**

### **Methods**

The research team deployed a qualitative and iterative approach based on grounded theory, focused on generating meaning and understanding the situation to answer the research question. We collaborated with the Swedish cooperative capacity building organisation Companion, who provided important support and equipped the team with a list of potential interviewees.

The data collection process was focused on understanding how cooperatives currently use strategic planning, with a particular focus on the starting-up phase and gathering recommendations for what the process could look like. To this effect, we conducted eighteen interviews with cooperative practitioners, cooperative experts and business experts.

Data analysis was divided into several steps during which the team gradually deepened its understanding of cooperative strategic planning practices and their potential. They included individual highlighting of insights and collectively combining the themes into clusters and subclusters and validating those initial findings through six additional interviews. Following this validation step, the research team decided to organise the data about current cooperative practices of strategic planning into a 5LF. Interviewee recommendations were identified and divided into the 5LF as well.

Considerations of data validation were built into the whole process. The team entered the research process open-minded about what a potential strategic planning process could look like and structured the interviews for understanding, not confirmation of preconceived notions. A total of twenty-four interviews were conducted with interviewees representing a diversity of perspectives. The interview notes were corrected and completed based on voice recordings before being sent to the interviewee for confirmation. The data analysis process was iterative and contained individual and collective components. Finally, initial results were presented to six interviewees to receive feedback and confirmation on the relevance of clusters identified.

### **Results**

The result of the first clustering round were 441 insights categorised into eighty-seven topics speaking to the question of what strategic planning currently looks like and may look like in a cooperative context. The six main clusters and twenty-eight subclusters confirmed in validation interviews were: strategic planning, sustainability, cooperative characteristics, organisation, systems thinking and leadership. The presence of these main clusters and their subclusters was confirmed in our validation interviews.

Cooperatives' current strategic planning approach was identified as containing the following elements, following the logic of the 5LF. Outside the cooperative, cooperatives consider the local community, regulations, and local financing opportunities as they plan strategically. Internally, they pay attention to administration and budgeting, a step-by-step and learning-by-doing way of working and leadership conceived as facilitation. Currently, cooperatives capture their understanding of success in a common vision. They focus on solving social issues, ensuring member benefits and accessing more funds. At the strategic or decision-making level, they focus on the participation of members in the decision-making process, include the funder

opinion in their decisions and deploy bottom-up approaches. In addition, different cooperatives use different questions when contemplating decisions. A number of actions are typically taken in the starting-up phase, among them registering the cooperative, developing the business plan and identifying skills in the group. Cooperatives use business plan and bylaw templates as tools in this early phase.

Recommendations of interviewees for planning strategically included keywords such as ecological sustainability at the systems level, satisfactorily profitable at the success level, entrepreneurship versus management at the decision-making level, actions such conversations on common and personal vision, as well as a number of different tools cooperatives could use.

## **Discussion**

An appropriate approach to strategic planning in the cooperative context looks at the strategic and the planning element in turn. Cooperative are advised to develop a strategic direction that allows to work towards a dream but is flexible at the same time. Planning is about member participation in the process, a communication tool for external and internal stakeholders as well as having a monitoring tool against which to evaluate reality.

Thematic areas emerging from the results as topics to cover in a strategic planning as well as a design for an ABCD strategic planning process are presented in answer to our research question.

### **Thematic areas**

*External World:* Understanding how the organisation links and interacts with other actors in society, promoting a systems thinking approach. This includes conducting a wide-ranging stakeholder and baseline analysis, having a closer look at the business sector and considering regulations and funding opportunities, all with an eye to finding inspiration on how to address social issues in a cooperative and sustainable manner.

*Concern for Community:* This cooperative principle primarily appears in its social dimension, responding to an existing social need. Cooperatives could benefit from a more systematic understanding of the organisation's impact on the environment. SSD concepts, such as the 8 sustainability principles and backcasting from an envisioned future in which the social need no longer exists, can support cooperatives in strengthening their operationalisation of the concern for community principle.

*Common Vision:* Conversations on the topic in the early stages of setting up a cooperative are crucial as they support forming of relationships and understanding among members and reducing conflict potential in the future. Topics for conversation are common as well as personal needs, a common vision on growth as well as a vision on learning. Taking the time to develop a common language during these conversations can support the cooperative in aligning its practices with the social sustainability principles.

*Member Benefit:* Cooperatives are owned and governed by their members. Member benefit can go as far as the organisation committing to helping its members flourish at an individual level. In decision-making processes, member benefit plays an important role.

*Economic Sustainability:* Economic considerations are subservient to the cooperative's mandate. Cooperatives currently struggle with feeling short of funds, shifting to defining what

level of profitability is required to deliver on the mandate can help change dynamics. It is suggested that cooperatives for whom external funding is currently critically important consider whether this will serve them well in the mid- to long-term. Once decisions about financial models have been made, administration and budgeting are important management tools to deploy. A focus on branding and communications can stimulate revenue growth.

*Approaches:* Cooperative embrace step-by-step, learning-by-doing and participatory approaches. Interviewees recommended that cooperatives extend the participatory approach beyond members and actively use disagreements as a learning opportunity. Navigating this added layer of complexity requires developing a great level of trust between the members. On this basis, bottom-up and top-down approaches can go hand in hand.

*Leadership:* In the cooperative sector this means facilitation, not management. As an individual, a leader needs to walk the fine line between inspiring members to participate and providing the space for them to lead. Understanding and working with the different traits of human behaviour is important, as are attributes such as determination, being practical and having an entrepreneurial mind-set. Leadership thus understood increases cooperatives' self-organising capacity.

*Organisational structure:* A first element to consider is whether the cooperative model is a fit and how the 7 cooperative principles may play out in organisational practice. Cooperative members need to distinguish whether they are acting in a board or a management function in the day-to-day business. Setting up certain organisational structures can create the space for learning-by-doing and spontaneity that cooperatives need, paying attention to the balance between management and entrepreneurship. Organisational structure and decision-making rules need to reflect the people-focused nature of cooperatives.

### **ABCD four-step strategic planning process**

Having recommended thematic areas to touch upon we propose a process design for strategic planning in the starting-up phase as an opportunity to enhance cooperative's long-term success. The process design is based on the ABCD process introduced as operational procedure of the FSSD. Bouncing back and forth between step A, building the vision, and step B, assessing the current reality sets up the strategic element of the process. In step C, using a backcasting approach, possible actions are brainstormed which are then prioritised based on a list of prioritisation questions. We consider this approach appropriate for the context since it allows participation of multiple stakeholders and allocates time to discuss important elements for cooperatives long-term success.

### **Validity, strengths and weaknesses**

The diversity and calibre of the interviewees and external validation of clusters and subclusters identified gives the research team confidence in the overall validity of the research. This was strengthened by the iterative data analysis approach. The validity of the final outcome could have been further reinforced by presenting the final ABCD strategic planning process for validation. The relevance of the results could have been strengthened by a more systematic selection of interviewees, due to time constraints we chose a convenience sampling approach.

The proposed approach considers all obstacles and needs of cooperatives expressed in the interview and builds upon an approach that has been successfully deployed elsewhere. An opportunity for future research is to implement the above mentioned strategic planning process while capturing lessons for its future improvement.

## **Conclusion**

This thesis started with the assumption that society may benefit if cooperatives enhance their contribution to sustainability. From the very beginning, the ambition was to provide starting-up cooperatives with suggestions on how to plan strategically in order to reach long-term, sustainable success. Particular attention was given to be pragmatic and to deliver an output applicable to the reality of cooperatives during their starting-up phase.

Ultimately, the results of this thesis wish to provide people interested in starting up a cooperative with a strategic planning process as an opportunity to better navigate social, economic and environmental concerns. By using the four-step strategic planning process cooperatives can develop a systematic approach towards sustainability while still considering their distinctive organisational context.

## Glossary

*ABCD Strategic Planning Process:* A four-step process designed to implement the FSSD in a real world, organisational context.

*Adaptive Capacity:* The capacity to change and adjust to a sometimes quickly changing environment.

*Backcasting:* A planning method where planners first build a vision of success in the future and then ask what needs to be done to reach this vision.

*Bylaws:* Rules made by a company or society to control the actions of its members. In the cooperative context this includes establishing the structure of the cooperative, requirements for membership, the rights and responsibilities of board and members as well as rules for member and board meetings.

*Cooperative:* An autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.

*8 Sustainability Principles:* The eight basic principles for a society in the biosphere, underpinned by scientific laws and knowledge. They are:

In a sustainable society, nature is not subject to systematically increasing...

1. ...concentrations of substances extracted from the Earth's crust;
2. ...concentrations of substances produced by society;
3. ...degradation by physical means

And, in that society, people are not subject to structural obstacles to

4. ...health;
5. ...influence;
6. ...competence;
7. ...impartiality
8. ...meaning-making

*Five-Level Framework (5LF):* A generic framework that aids in planning and decision making in complex systems. It consists of five distinct yet interrelated levels – System, Success, Strategic, Actions and Tools.

*Framework for Strategic Sustainable Development (FSSD):* A Five-Level Framework used to understand and plan in complex systems with sustainability as the desired outcome.

*Long-term Success:* Understood here as global socio-ecological sustainability.

*Strategic Sustainable Development (SSD):* Using strategic guidelines to eliminate society's systemic errors and move towards a sustainable future.

*Sustainability:* A state in which the forces of the sustainability challenge are no longer at play.

*Sustainability Challenge:* Combination of systematic errors of societal design that are behind society's unsustainable effects on the socio-ecological system, the obstacles to fixing those errors, and opportunities for society if those obstacles are overcome.

*Sustainable Development:* Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

*Starting-up Phase:* Early phase of organisational development, beginning with the very initial discussions and with a flexible end point but lasting at least until organisation starts operations.

*Systems Thinking:* Approach that focuses on how the thing being studied interacts with the other constituents of the system, a set of elements that interact to produce behaviour of which it is a part. Which means that instead of isolating smaller and smaller parts of the system of being studied, system thinking works by expanding its view to take into account larger numbers of interactions as an issue is being studied.

*7 Cooperative Principles:* The cooperative principles are the guidelines through which cooperatives put their values into practice. They are:

1. Voluntary and Open Membership
2. Democratic Member Control
3. Member Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation among Cooperatives
7. Concern for Community

# Table of contents

<b>Statement of contribution</b> .....	<b>ii</b>
<b>Acknowledgements</b> .....	<b>iii</b>
<b>Executive summary</b> .....	<b>iv</b>
<b>Glossary</b> .....	<b>ix</b>
<b>Table of contents</b> .....	<b>xi</b>
<b>List of figures and tables</b> .....	<b>xiv</b>
<b>1 Introduction</b> .....	<b>1</b>
1.1 The Context .....	1
1.1.1 The sustainability challenge.....	1
1.1.2 Business organisations and the sustainability challenge.....	2
1.1.3 Moving strategically towards sustainability – Framework for Strategic Sustainable Development .....	3
1.2 Cooperatives .....	5
1.2.1 What are cooperatives? .....	5
1.2.2 Potential .....	6
1.2.3 Challenges.....	7
1.2.4 An attempt to define success for cooperatives.....	9
1.3 Considerations for strategic planning for cooperatives .....	10
1.4 Our Research .....	11
1.4.1 Purpose.....	11
1.4.2 Research Question .....	12
1.4.3 Scope.....	12
<b>2 Methods</b> .....	<b>13</b>
2.1 Overall research approach .....	13
2.2 Data collection.....	14

2.3	Data analysis.....	15
2.3.1	Highlighting insights.....	15
2.3.2	Clustering data.....	16
2.3.3	External validation.....	16
2.3.4	Capturing insights into the Five Level Framework.....	16
2.3.5	Analysing interviewee recommendations.....	17
2.4	Validation.....	17
<b>3</b>	<b>Results.....</b>	<b>19</b>
3.1	Clusters and sub clusters.....	19
3.2	Current strategic planning approach of cooperatives.....	21
3.2.1	System level of current approach.....	21
3.2.2	Success level of current approach.....	23
3.2.3	Decision-making level of current approach.....	23
3.2.4	Action level of current approach.....	24
3.2.5	Tools level of current approach.....	25
3.3	Recommendations of interviewees.....	25
<b>4</b>	<b>Discussion.....</b>	<b>27</b>
4.1	Discussion of results.....	27
4.1.1	External world.....	28
4.1.2	Concern for community.....	29
4.1.3	Common vision.....	30
4.1.4	Member benefit.....	31
4.1.5	Economic sustainability.....	32
4.1.6	Approaches.....	33
4.1.7	Leadership.....	34
4.1.8	Organisational structure.....	35

4.2	ABCD four-step strategic planning process .....	37
4.2.1	ABCD process for cooperative long-term success .....	37
4.3	Validity, strengths and weaknesses .....	41
4.4	Opportunities for future research .....	42
<b>5</b>	<b>Conclusion .....</b>	<b>44</b>
	<b>References .....</b>	<b>45</b>
	<b>Appendices .....</b>	<b>51</b>
	A Interviewee list .....	51
	B Interview guide strategic planning and cooperatives .....	52

## List of figures and tables

Figure 1.1 Five-Stage Sustainability Journey (Willard 2012). .....	3
Figure 1.2 The 8 Sustainability Principles (Missimer, Robèrt and Broman 2016b).....	4
Table 1.1 Cooperative Principles.....	5
Table 1.2 Resilience attributes exhibited by cooperatives.....	7
Table 2.1 Overview on iterative data analysis approach .....	15
Table 3.1 Topics and Insights .....	19
Table 3.2 Main and sub clusters relevant for strategic planning in cooperatives .....	20
Table 3.3 Interviewee recommendations in keywords .....	25
Table 4.1 Four-step strategic planning process adjusted to the cooperative context.....	39

# 1 Introduction

Globally, human society has arrived at a point at which the systemic nature of the sustainability challenge is obvious. At present, business organisations, increasingly being perceived as the driver behind many of the unsustainable systems, make insufficient efforts at reducing their impact. What is needed is a systematic approach that allows organisations to systematically align themselves with sustainable development. We introduce the Framework for Strategic Sustainable Development (FSSD) as a suitable approach deploying a specific framework of strategic planning below. This report will review the potential and challenges of cooperatives, the main subject of this research, in order to contribute to sustainable development. We then provide considerations for strategic planning in the cooperative context. The section closes with a definition of the purpose and focus of the present research.

## 1.1 The Context

### 1.1.1 The sustainability challenge

The industrial revolution has propelled humanity on a hitherto unprecedented path of development. Life expectancy has roughly doubled across the globe, the population grown from one to seven billion, real Gross Domestic Product (GDP) per capita increased tenfold in Western Europe, North America and Australia, and as we speak more than eighty percent of people globally have at least attended basic education (Roser 2016). Much of this has been triggered by a change in how our societies organise economic activity and production leading to dramatic increases in productivity, efficiency, production and trade. It has been supported by an economic paradigm focused on exponential growth, profit, consumption, technological advancement, power of market forces, individual self-interest and a take-make-waste model of resource consumption (Daly 1996; Hawken, Lovins and Lovins 1999; Meadows, Meadows and Randers 1992; Stead and Stead 1992; Willard 2012).

Growing economic wealth and population have meant a dramatic increase in the consumption of natural resources, sending humanity on a trajectory of ever increasing pollution and destruction of natural resources, ushering the earth into a state of what has been termed the “anthropocene” (Steffen et al. 2004). Globally, at the present state, we need the bio capacity of 1.6 planets to provide the resources we use and the waste we generate (Global Footprint Network 2016). Several planetary boundaries, inside of which humanity is considered safe, have been crossed as a result of human activity, including those of climate change and biosphere integrity (Steffen et al. 2015).

Yet at the same time, real GDP, while it has grown, has stayed at much lower levels in the rest of the world (Roser 2016). Since 1990, progress has been made at improving livelihoods in developing countries but the numbers still paint a picture of global inequality. More than eight-hundred million people continue to live in extreme poverty and thirteen percent of the population in developing countries is considered malnourished, while conflict had turned 60 million people into refugees. Progress has been uneven across regions, countries, genders or ethnicities (United Nations 2015). The Ecological Footprint per capita of high income countries remains at five times that of low income countries (WWF 2014), framing development as an “[ecologically] safe and just operating space for humanity” (Raworth 2012). The developed world, largely the beneficiary of the developments since the industrial revolution, has its own share of societal challenges to cope with. Inequality has been increasing since the 1980s, with

the richest one percent holding eighteen percent of all household wealth and the poorest forty percent only three percent, going hand in hand with inequality of opportunities as well (Keeley 2015). Societies are facing eroding levels of trust, with a widening gap between the income levels (Edelman 2016).

It is not the case that these challenges are new and unrecognized. Over the last fifty years, a myriad of attempts to tackle individual and larger matters of urgency have taken place. Most recently and prominently the Paris Climate Agreement and the UN Sustainable Development Goals at the international political level. What has become clear is that these issues cannot be dealt with in isolation and as symptoms but are interrelated in a number of ways, contain many uncertainties, and are in essence the outcome of many of our human systems being built on foundations that cannot be sustained in the long term. Systemic change is needed (Missimer, Robèrt and Broman). The context outlined above is not shaped by individuals or single actors alone but networks of businesses and governmental and non-governmental institutions that mediate our interactions (Senge et al. 2008).

### **1.1.2 Business organisations and the sustainability challenge**

Organisations can be said to have become society's most powerful institutions. No longer is the lens one of looking at organisations in society but rather at "a society of organisations" (Jonker 2000, 741). As the role of business organisations has grown in society, so has the dominance of an economic paradigm of financial profit realised by individual organisations (Jonker 2000). While businesses are behind many of the advances society enjoys today, they are increasingly considered at the root of many of the social, environmental and economic symptoms of the sustainability challenge illustrated above, prospering at the expense of the broader community (Porter and Kramer 2011).

Since the 1990s an increase in business' concern for social and environmental has been noted. However, a closer look reveals that many of the initiatives taken are piecemeal and fragmented, driven not by a holistic understanding of the underlying causes and readiness to engage with them but pursuing win-win opportunities, managing reputation, acting in the face of threat of regulation, or the possibility to enhance competitive advantage (Berthon, Lacy and Teo 2010; Shrivastava, Ivanaj and Persson 2013; Utting 2000). Looking at the systemic nature of the global challenge, simply adding on CSR or sustainability programs to current operations while continuing business as usual is not sufficient (Shrivastava, Ivanaj and Persson 2013). In their sustainability journeys (see figure 1.1 below), business organisations need to make the step from complying with regulation or going just beyond compliance, in an effort to reap eco-efficiency savings, avoid bad press and stay ahead of regulations, to fully integrating sustainability considerations into their strategy (Willard 2012).

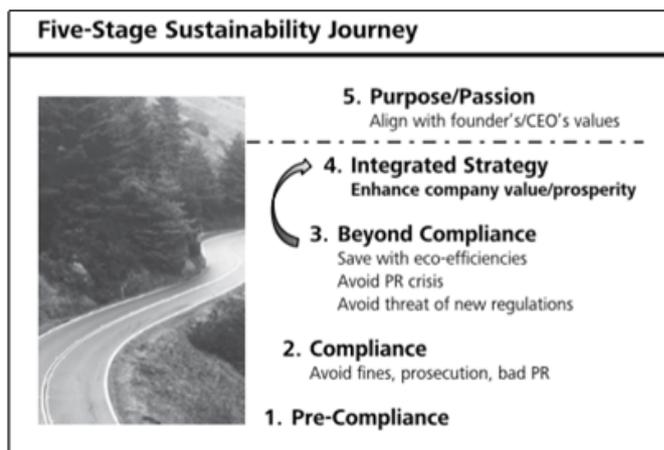


Figure 1.1 Five-Stage Sustainability Journey (Willard 2012).

For systemic change to happen, organisations need to have the willingness to and continually develop their capabilities of seeing systems, collaborating across boundaries and creating desired futures (Senge et al. 2008). It requires that businesses develop new business models that encompass the financial, ecological and social dimensions with the possibilities of co-creating value with stakeholders (Porter and Kramer 2011; Shrivastava, Ivanaj and Persson 2013). Social or eco-entrepreneurs have the potential for sitting at stage 5 of the sustainability journey illustrated above, embracing models that range in objective from earning money by solving problems to creating sustainable development through entrepreneurial corporate activities (Schaltegger and Wagner 2011).

### 1.1.3 Moving strategically towards sustainability – Framework for Strategic Sustainable Development

What we have outlined above highlights the need to empower business organisations to see their contribution to shaping society's unsustainable systems. At the same time, they require the agency to holistically adapt their organisations, strategies and actions in such a way that they benefit the whole system. This is no small feat. How can they go about understanding their contribution to the manifold and interconnected systems and subsystems? How can they be sure that the benefit of an action they take is not undone by its side effects elsewhere or by actions another actor in the system takes? And does embarking on this journey undermine the organisation's viability, how can they know this is the right way to go?

The Framework for Strategic Sustainable Development (FSSD) was designed to support the various societal actors in taking on this challenge. It sets out to provide a unifying and operational definition of what it means to contribute to long-term success: global socio-ecological sustainability, a state at which the forces of the sustainability challenge are no longer at play (Broman and Robert 2015). Based on this definition, the framework offers the actors a way to plan and strategically align their actions with sustainable development at a global level in a stepwise fashion.

As an approach Strategic Sustainable Development (SSD) avoids value statements and current trends in favour of a principle-based definition of sustainability. It draws on basic laws of nature taken from the laws of thermodynamics and describing natural cycles. The aim is to set

boundary conditions for a functioning natural system (Broman and Robèrt 2015). In reviewing social systems theory, maintaining complex adaptive capacity of the social system (trust, diversity, learning, self-organisation) is posited as core element (Missimer, Robèrt and Broman 2016a). Projecting those conditions of a functioning system into the future and translating them into principles (see figure 1.2 below), the FSSD arrives at its operational definition of sustainability or the desired rather than predicted “success” (Broman and Robèrt 2015). It is important to note that many ways of contributing towards sustainable development can be imagined. As long as they fall within the boundaries specified by the sustainability principles, they are possibilities. In this sense, the sustainability principles act as design constraints, allowing for creativity and innovation to happen within them (Mesquita, Broman and Hallstedt 2016).

In a sustainable society....			
Nature is not subject to systematic....		There are no structural obstacles to...	
SP 1	Concentration increases of substances from the Earth's crust	SP 4	Health
		SP 5	Influence
SP 2	Concentration increases of substances produced by society	SP 6	Competence
		SP 7	Impartiality
SP 3	Physical degradation of nature	SP 8	Meaning-making

*Figure 1.2 The 8 Sustainability Principles (Missimer, Robèrt and Broman 2016b).*

In aligning themselves with sustainable development, organisations backcast from a future in which the sustainability principles are fully realized and chart out their steps towards this future in a strategic planning process. The FSSD structures the information that an organisation needs to consider<sup>1</sup> in the planning process in five separate yet interconnected levels. They are: system, success, strategic, actions and tools. These levels can be used to structure a generic planning process. The FSSD provides guidelines for the levels to support a strategic move towards sustainability (Broman and Robèrt 2015).

The systems and success levels are most important in defining the strategic direction of the planning process. Defining the system in which the planning process takes place, that is where the organisation considers its boundaries, is crucial (Mesquita, Broman and Hallstedt 2016). For the FSSD those boundaries are wide: the organisation within society within the biosphere. The success level describes the ultimate vision the organisation pursues. As the organisation seeks to align itself with global sustainable development, this objective is framed by the sustainability principles. Planning towards this objective requires that all actions strategically lead towards the vision and the organisation maintains economic viability over time. To support this, the strategic level provides guidelines through which to filter proposed actions. The first guideline is that of backcasting, always planning with the desired vision of success in

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<sup>1</sup> To clarify the FSSD structures this information at a global societal level in a way that it can be applied for planning endeavours of any scale. In alignment with the topic of our research we here present the view of an organisation.

mind. Actions are prioritised based on whether they are aligned with the vision, are flexible platforms and provide sufficient return on investment for future actions. Other organisational considerations can be added. Finally, the organisation will want to use certain tools, methods and concepts in support of its sustainability effort. The FSSD does not prescribe any tools to be used, as long as their use passes the filter of the strategic level (Broman and Robèrt 2015).

A so called ABCD process of co-creative planning for sustainability supports translating the FSSD into organizational practice. The A step includes developing an understanding of the sustainability challenge and developing a vision bounded by the sustainability principles. Step B analyses the current reality or the organisation as compared to the vision. Step C sees participants brainstorm a wide range of action to close the gap established between the vision and the current reality. In Step C, those actions are prioritised using at a minimum the three prioritisation questions above. The ABCD process is iterative, that is participants will move back and forth between the different levels (Broman and Robèrt 2015).

## 1.2 Cooperatives

Cooperatives are commonly associated with being more sustainable businesses based upon their structure and foundational elements (National Association of Farmer Cooperatives 2008) and in that sense may have started their sustainability journey at a higher level than other businesses. Their international association promotes the organisational model as building “a better world” (ICA 2015a). After providing a brief introduction to this organisational model, we outline potential contributions to sustainability as well as challenges.

### 1.2.1 What are cooperatives?

The International Cooperative Alliance defines cooperatives as an “autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise (ICA 2015b).” Thus, as an organisation, cooperatives can be said to be made up of three pillars: 1. a drive for change to address the specific needs identified by their members; 2. the organising capacity to bring and keep together those members and facilitate joint ownership and democratic control of the association; and 3. the economic capacity to deliver on the need identified by the members through the business model the cooperative adopts (Van Oorschot et al. 2013). Cooperatives have a long history and a demonstrated capacity to use their specific organizational model to deliver on a variety of needs (Ketilson 2014).

The 7 cooperative principles (see Table 1.2 below) are promoted by the cooperative sector as guidelines on structuring and operating cooperative businesses (ICA 2015b).

*Table 1.1 Cooperative Principles*

Principle 1	Voluntary and open membership
Principle 2	Democratic member control
Principle 3	Member economic participation
Principle 4	Autonomy and independence

Principle 5	Education, training, and information
Principle 6	Cooperation among cooperatives
Principle 7	Concern for the community

*Source:* International Co-operative Alliance (ICA). 2015a. Site: <http://ica.coop/> (accessed 25 January 2016).

**1.2.2 Potential**

Not only is the cooperative sector a significant force within the economy, bringing more than 1 billion people to the table (Nolan, Massebiaux and Gorman 2013). The sector is often considered to hold the potential of being a role model for how to organise and do business in a way that contributes to sustainable development (ICA 2015a).<sup>2</sup> With over 1 billion members in 85 countries and a long history linking economic to social values, the cooperative movement is the most powerful grassroots movement in the world (Restakis 2013).

Cooperatives aim to be socially responsible, sustainable and democratically controlled by their members (Nolan, Massebiaux and Gorman 2013). They are said to be based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others (MacPherson 2007). The 7 cooperative principles may be considered as inclining cooperative operations towards sustainability by lowering the inclination to exploit those with whom the organisation and its members interact (Stiglitz 2009). As well, they are seen as privileging for instance fair pricing, internalization of market externalities and providing a fertile ground for social innovation (Novkovic 2008).

Cooperatives are rooted locally, they typically come about in response to a shared perceived need. As a result, cooperative managers are used to managing more than one bottom line. Trade-offs between the economic, social and environmental objectives of the organisation are facilitated by the human interactions specific to this context (Gertler 2006). Cooperative members are entitled to a return but not a speculative return, which reduces the impetus for unrestrained growth.<sup>3</sup> Cooperatives are considered associations dedicated to servicing the needs of people rather than investment vehicles. It is this commitment to service that means that in cooperatives, profit becomes a means to an end rather than an end in itself and longer term thinking is possible (Gertler 2006; MacPherson n.d.).

A review pinning sustainability literature against the cooperative principles found that cooperative principles strongly represent the social dimension of sustainability as discussed in

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2 In Sweden, close to fifty percent of cooperatives state that they work actively with environmental questions, compared to forty-one percent of other forms of business. Forty-nine percent work actively with social and ethical questions, compared to thirty-three percent of other forms of business (Tillväxtverket 2016).

3 In Sweden for instance, fifty percent of cooperatives compared to seventy percent of other forms of businesses state that they want to grow (Tillväxtverket 2016).

the literature but are weak on the environmental side. Among sustainability concepts discussed by cooperatives that of community emerges as the strongest linkage (Dale et al. 2013).

Previous research examining the contribution of energy cooperatives to global socio-ecological sustainability (Ayers, Melchert and Piowar 2014) found that these exhibit strong attributes of the adaptive capacity at the core of social sustainability (see table 1.2. below).

*Table 1.2 Resilience attributes exhibited by cooperatives*

Attributes	Reasons
trust	non-profit status, ownership structures, localisation, shared values
diversity	members, service and business model
learning	member participation, cooperatives services, collaboration with other cooperatives and organisations
self-organisation	local development and leadership, visible social and physical outcomes

*Source:* Ayers, James, Gabriel Melchert, and Julius Piowar. 2014. The impact of renewable energy cooperatives on the social resilience of their communities. M.Sc Thesis: Blekinge Institute of Technology.

### **1.2.3 Challenges**

While we have outlined that the cooperative model holds potential to transform the way that business is done in line with helping society move towards sustainability, this may not always be the case. In considering cooperative contributions to global socio-ecological sustainability, a whole coop approach is key. “This means attending to the interconnected stuff of viability and vitality in the cooperative double helix of enterprise and organisation (Gertler 2006, 17).” We look at potential challenges when it comes to sustainability, operational considerations and lessons from cooperative practice below.

#### *Cooperative diversity*

Cooperatives come in a number of types and sizes, responding to a variety of needs present in society. From consumer and producer cooperatives, to social and renewable energy cooperatives, worker and agricultural cooperatives, to housing cooperatives or cooperatives based in the insurance and banking industry. In Sweden, the largest share of cooperatives is active in training, followed by arts and recreation as well as information and communication (Tillväxtverket 2016). Sweden’s hundred largest cooperatives have combined revenues of 500 trillion SEK, employ eighty-thousand people and unite thirteen million members. Sweden’s largest cooperative in terms of turnover is the insurance company Länsförsäkringar, with annual revenues of thirty-five trillion SEK (Svensk Kooperation 2016).

This diversity suggests quite different ways of operationalizing the cooperative difference and the cooperative principles in practice. Movement oriented cooperatives on the one hand can be

expected to more strongly embrace sustainability ideals than those cooperatives that are reduced to economic or practical considerations or those with limited democratic participation (Stoll, Poon and Hamilton 2015).

#### *Cooperative and sustainability*

At a conceptual level, as has been stated above, the environmental dimension of sustainability is conspicuously absent from the cooperative principles, though the seventh principle can be said to touch upon it. As far as the social dimension of sustainability is concerned, cooperative principles address elements of impartiality among the membership, competence in the form of employee development as well as a broader commitment of community development. This does not seem to cover the full spectrum of social sustainability and suggests further guidance is needed here as well as on the environmental dimension to support cooperatives in their contribution to sustainable development (Harris 2006).

In practice, it has been shown that it is questionable whether cooperatives influence the communities in which they are rooted towards more sustainable behaviour (Ayers, Melcher and Piowar 2014). A study of agricultural and energy cooperatives in the context of environmental sustainability found that younger and smaller cooperatives tend to be most committed to environmental ethics in their operations and marketing, whereas older and larger cooperatives have the tendency to be environmental laggards. The former group builds their organisations around local sustainability practices and adheres to community-oriented membership financing structures, whereas the latter group tend to view the cooperative structure as restrictive to their growth. The findings challenge notions that cooperatives are more insulated from market pressures fostering ethical dilution of founding principles over time (Stoll, Poon and Hamilton 2015).

#### *Operational considerations*

Cooperatives require a great deal of support from the community. They are prone to the same ills that plague any group process: reduction in personal sense of responsibility, commitment to the goals and life of the group, free rider effect, rich-get-richer effect and old guard effect (Williams 2007). Although there are benefits to a collective approach, groups of people find it difficult to coordinate their individual actions to achieve these benefits (Harris, Stefanson and Fulton 1996). As well, the promotion of individualism in the larger economy can weaken the instinct for cooperation among citizens to engage in a cooperative (Restakis 2010).

Cooperatives are often established by people responding to a need in their surroundings but with relatively little experience in what it takes to set up a company (Coompanion Blekinge 2016). Dealing with the particular trade-offs cooperatives have to make between the drive for change, economic capacity and organizing a community of members requires skilled leadership and a readiness for constant deliberation (Van Oorschot et al. 2013). Current educational and mainstream business practices may not adequately prepare cooperative leaders for this challenge.

When it comes to their financial performance, cooperatives compete with businesses solely driven by profit for market share and relevance (MacPherson 2007). When cooperatives seek external, non-member financing, this can serve to undermine the principle of autonomy and full exercise of equal, democratic member control (Gunn 2006). In Sweden, cooperatives are often not recognized as actual businesses by other market participants, putting especially smaller, community-based cooperatives in a tight position when it comes to accessing bank loans (Coompanion Blekinge 2016). Taken together, these elements exert pressure on the

organisation to adapt their way of operating to be a better fit with the dominant economic paradigm.

#### *Lessons from cooperative success and failure*

It is said that in large cooperatives that faltered, cooperative identity had become a burden, not a source of pride. Cynicism about cooperative democracy and member engagement had spread. The board had not developed a relationship with the management that gave a clear values base for the organisation or a clear strategic direction linked to the needs of the cooperative's members (Couchman and Fulton 2016). Lessons from the closure of smaller and younger cooperatives point to the failure to raise sufficient equity before launch, thus not having a cushion to ride out the ups and downs of a new venture. Insufficient staffing, leading to staff and volunteer burnout, as well as reliance on verbal contracts, absence of member education and training on the organisation's missions are cited as others (Bau 2012).

In the big picture, cooperatives appear to be a resilient type of organisation - more than ninety percent are still operating after five years of operation compared to three to five percent of standard corporations (Williams 2007). In these successful cases, a number of key ingredients for becoming economically and socially successful have been identified. At first the individuals who are involved should recognize a common problem and should recognize the cooperative model as a solution to solve these problems. They should be willing to work together to address the common goal. Inspiring and charismatic leadership can be essential to engage employees and members in the participatory systems. To balance the act between serving the needs of both the members and business, the responsibilities of the board, members, and management should be clear (Harris, Stefanson and Fulton 1996). Strategic planning can help strengthen the cooperative's activities and ensure they are aligned with the organisation's vision and mission ('Aini, Hafiza and Zuraini 2012).

#### **1.2.4 An attempt to define success for cooperatives**

To conclude the discussion on cooperative's potential for contributing to sustainable development we, the research team, propose a whole coop, yet still principle-based, definition of success to support cooperatives' contribution towards global socio-ecological sustainability. As suggested by an SSD approach, this preliminary definition describes the outer constraints within which cooperative's specific organisational culture and ingenuity can play out in delivering the organisational vision. Its purpose is to guide the research team as the research proceeds.

Cooperatives contribute to global socio-ecological sustainability if they:

- Work towards compliance with the sustainability principles as systemic and full definition of sustainability,
- Implement the 7 cooperative principles as an expression of the specific organisational form they belong to,
- Are economically viable,
- Are organisationally capable to execute on their mission, and
- Apply values-based leadership in facilitation of this process.

## 1.3 Considerations for strategic planning for cooperatives

“Cooperatives are practical organisations; most co-operators are primarily concerned about meeting immediate needs. The cooperative movement, therefore, does not look forward easily into the future. Rather, it instinctively prefers to evolve pragmatically; responding to opportunities and adapting to changes as they occur. And yet, there is value in looking ahead, even if the future seems to be particularly difficult to predict.” (MacPherson 2007, 231).

We have identified above (section 1.1.3) that in order to align themselves with global socio-ecological sustainability, organisations need to plan strategically, back casting from a vision of success. Strategic planning is needed because the vision the organisation seeks to realise represents a desired future and lies outside of business as usual. It requires a stepwise transformation of the organisation. Below, we discuss considerations for strategic planning appropriate for the cooperative context.

Strategic planning is oftentimes associated with what can be called deliberate strategizing (De Witt and Meyer 2004). Deliberate strategizing is about intentionally designing plans which optimize resource allocation and coordination. It promotes thinking before acting and is observed as being often implemented from top down. The approach is considered useful in the context of new organisations which need a clear sense of orientation as they get started. The usefulness of deliberately planned strategies is called into question by reports that only ten percent of strategies formulated are actually implemented, pointing to a disassociation between thinking and action. Further, where the strategy formation process requires collective learning, especially under conditions of uncertainty and complexity, the approach may not be appropriate (Mintzberg, Ahlstrand and Lampel 2009).

Hence, another view looks at strategies as emergent. So called emergent strategies are categorised by an absence of precise planning from the top, only a few simple rules guide action from the bottom. Actions are taken, step-by-step, converging into a pattern, the strategy, over time (Mintzberg 2000). The point in these strategies is to have enough structure to allow patterns to emerge, but not so much as to cause inflexibility and costs. Structure can be provided by setting a strategic direction, that is “our best guess as to what might address the challenge we wish to address” (Hassan 2015). The emergent strategies perspective finds support in the science of complex adaptive systems (Snowden and Boone 2007; Whittington 2001).

The cooperative mindset and context, alluded to in the quote introducing this section, may make certain approaches towards strategic planning more suitable or intuitive than others for cooperatives. Cooperative founders can be considered entrepreneurs. Risk-taking, innovative and proactive are commonly used concepts by researchers to differentiate entrepreneurs from employed workers (Entrialgo, Fernandez and Vazquez 2000).

A high level of analysis is congruent with the entrepreneurial process. Furthermore, empirical evidence identified (Shuman and Seeger 1985) that flexibility, a relatively short average planning horizon (less than five years) and a participatory decision-making process determine strategic planning in entrepreneurial firms (Entrialgo, Fernandez and Vazquez 2000). Strategic vision is the key element of strategy in these firms, yet this vision is malleable depending on

the context. In that sense strategy is at the same time deliberate and emergent (Mintzberg, Ahlstrand and Lampel 2009).

Further, social entrepreneurship can be seen as a special case of entrepreneurship relevant to the cooperative context (Voinea 2016). Social enterprises often work in areas where markets function poorly and with limited resources. This shapes the way that these organisations are created and managed. They are seen as adopting strategies of what is termed “bricolage” (Di Domenico, Haugh, and Tracey 2010). Bricolage has been observed as including the practice of making do, that is creating something from nothing and using untapped resources. Improvisation is being expressed as the need to constantly start new projects and tapping into opportunities that arise. Social enterprises refuse to be constrained by limitations in their environment, working to subvert existing structures (Di Domenico, Haugh, and Tracey 2010). A strategic approach can be considered as serving social enterprises well as they go about transforming their environments. Yet, the centrality of improvisation and making do contrasts squarely with the constraints of at least the deliberate approach of towards strategy making.

In this light, when thinking about strategic planning it might be helpful to contextualise it in terms of strategic learning as well as seeing ‘planning’ as an effort to formalise parts of the continuum of organisational behaviour. A plan does not necessarily reflect the preferred way of doing things. Reasons for organisations to plan differ from simply to coordinate activities, to be rational and to be able to control activities to a certain extent (Mintzberg 2000). Planning as an activity can be a first step to make sense of strategies since it gives managers and employees a chance to rehearse and grow comfortable with the new language that is used to described the desired future (Whittington 2000).

Considering strategic planning in tandem with strategic learning can further support overcoming the disassociation between thinking and acting. Strategic planning contributes to structured analysis and decisions. Strategic learning complements strategic planning by adding adaptive learning components, such as knowledge creation, dissemination, interpretation, and implementation to the strategy process. Sense making while formulating and after formulation of strategies is seen as an important component of strategic learning and is central to an organisation promoting a shared understanding of strategic plans (Sirén and Kohtamäki 2013).

## **1.4 Our Research**

### **1.4.1 Purpose**

Our research aims to support cooperatives in enhancing their contribution to sustainable development. We intend helping cooperative navigating the challenges resulting from the context of larger systems they are a part of. We also provide suggestions to build on organisational weaknesses while leveraging the strengths of the cooperative model. In this sense, we aim to deliver valuable, context-appropriate and practical information for cooperatives on how to plan strategically to move towards success while taking a whole cooperative perspective. We view strategic planning as a key ingredient for cooperatives to achieve long term success and contributing to society’s move towards sustainability.

The research audience are practitioners intending to start a cooperative and/or cooperative experts working in assisting cooperatives in their starting-up phase. The research is situated within contemporary practices of strategic planning research, by looking at how members of

an organisation enact strategic planning (Wolf and Floyd 2013) and developing recommendations on this basis.

### **1.4.2 Research Question**

This research endeavours to answer the following question:

**How to enhance cooperatives' long-term success through strategic planning when starting up?**

### **1.4.3 Scope**

Thematically, the research context and lens is that of strategic sustainable development. This is based in our educational and professional backgrounds. As a result, readers that come from a more purely business background may find elements traditionally treated in strategic planning works missing, because these elements do not match the needs and context of cooperatives. Geographically, the context of the research is to a large the cooperative sector in Sweden and within it the county of Blekinge and surroundings. Results may be translatable to outside of this geographic scope but we, the research team, do not endeavour to evaluate what is specific to this context and which opportunities and barriers cooperatives in other geographies may encounter.

Organisationally, based on early conversations, the research team selected the starting-up phase of cooperatives as particularly salient for supporting cooperative long-term success. In this phase of their development, cooperatives define many of the parameters that will guide them in their future operations such as their business idea, membership basis, organizational structure, financial model, business plan and bylaws (Coompanion Blekinge 2016).

At the same time, the organisation establishes a number of organisational practices and capacities that have been shown as critical to its long term flourishing. It can be said that cooperatives in this phase have an advantage over older cooperatives setting themselves up for contributing to sustainable development, as they can explicitly embrace them in their goals and build their membership base around it (Gertler 2006). The importance of maximizing cooperative resources in this initial phase to support future success is highlighted by the fact that the Swedish government funds capacity building for cooperatives in this stage (Coompanion Blekinge 2016).

Finally, in describing what strategic planning can look like, we aim to uncover a strategic planning process and the topics to be covered in this process. The question of “how to enhance?” refers to an approach and the description of a process of planning. We have excluded the aspect about how to actually implement the process in practice from our scope. Relatedly, our scope is restricted to proposing a possible process. It does not go as far as reporting on a tested process.

## 2 Methods

### 2.1 Overall research approach

The present research was conducted based on a grounded theory approach: “Rather than using a philosophical position or theoretical or conceptual framework, grounded theory research strives to develop a hypothesis directly from the data” (Savin-Baden and Howell Major 2013, 181). The research team chose this approach to answer the research question by providing cooperatives with concrete, realistic and helpful information in support of their development towards long term success.

Furthermore, an iterative approach was adopted in order to continuously validate and reinforce knowledge on best practices to adopt when starting up an organization. The intention was to gather data and gradually increase the level of details as a way to deepen knowledge and add layers of understanding for strategic planning when starting up a cooperative.

#### *Qualitative*

The research methods were of qualitative nature. In line with our research question, qualitative research generates meaning and understanding of a situation, as opposed to seeking to predict what might occur. It unveils trends and opinions (Savin-Baden and Howell - Major 2013). In our case, this meant understanding how cooperatives use strategic planning when starting up to achieve long term success and what the best practices are.

The team collected data using semi-structured individual interviews. Respondents were selected to represent a diversity of perspectives (cooperative practitioners, cooperative experts and business experts) and according to their perceived subject matter expertise.

Data collection and data analysis were divided into two phases each, allowing for validation and refinement of the research findings. In both phases, data were collected and analysed from different participant groups.

#### *Collaborator*

The research team collaborated with the Swedish organisation Coompanion, whose Blekinge office provided initial guidance at the outset of the research. Coompanion is a cooperative that offers capacity building and advisory services to those interested in starting up a cooperative in Sweden. Coompanion is well established with twenty-two offices across Sweden and receives government funding to offer eight hours of free guidance to potential cooperative entrepreneurs. Areas of support include development of by-laws, business plans and eventual inputs in tailoring the business idea. Coompanion Blekinge provided the research team with a list of cooperatives operating in the region as well as contacts of key experts within the Swedish cooperative sector. This was the research team’s starting point for the data collection process.

## 2.2 Data collection

Data collection focused on understanding how cooperatives currently use strategic planning and to capture recommendations what strategic planning can look like for cooperatives in the starting-up phase. The team developed an interview guide divided into five main topics. (See interview guide in the appendices). The team started by setting the scene and asking introductory questions to help the interviewee feel comfortable to share their knowledge with us. The interview then focused on practical lessons learnt when starting up a cooperative, with the objective of gaining insights on the process and possible needs, gaps or challenges. Afterwards, the team asked questions related to the vision of success for cooperatives. This step was also intended to validate the initial vision of success captured in the introduction (See section 1.2.4 An attempt to define success for cooperatives). Next, we touched upon start-up success factors in order to comprehend what cooperatives need to do during the start-up phase to ensure success in the long run. The final part of the interview focused on strategic planning, its definition, purpose, relevance as well as best practices. The interview guide was slightly adapted depending on the context of the interviewee, e.g. with a business planning expert we focused more on how successfully start up a business and with cooperative practitioners we asked more questions about the context of the cooperative.

The research team interviewed seven cooperative practitioners who started a cooperative and/or are currently running it; seven cooperative experts with senior experience in cooperatives and who are currently working in building capacity of other cooperatives or running large cooperatives. In addition, the team considered it important to capture a profit/business oriented perspective and therefore included five senior experts on business and strategic planning in the interviewee panel.

In the data collection stage the research team engaged with all three categories of experts to understand the processes of starting up a cooperative. Interviews were semi-structured to help the team collect as much information as possible as well as to help the interviewee provide their best knowledge in their area of experience or expertise. The team conducted the interviews with the objective of comparability, objectivity and transparency of the information collected. A total of eighteen people were interviewed (one interview took place with two interviewees because they work for the same company), selected considering their subject matter expertise, current position as well as availability. Most of the interviews were conducted face-to-face and when not feasible because of distance, via phone conference or Skype.

The interviews were approximately sixty minutes each in length and all of them were recorded. All team members asked questions during each interview. Notes were taken by a different team member during each interview and after the interview supplemented with missing information or corrected based on the recording. After having checked and completed the notes taken during the interviews, the team sent them via e-mail to the interviewees asking for final approval to ensure their views were well represented and recorded.

The research team considered this method of collecting data appropriate considering the research interest in designing possible options for adjusting cooperative's strategic planning. Practices and views expressed by experts and practitioners were the foundations for those suggested adjustments.

## 2.3 Data analysis

The iterative approach allowed for a gradual and incremental understanding of the information collected which was helpful to the team while analysing the data. Even if time consuming, it allowed to progressively absorb and examine the input received by all interviewees.

Data analysis was divided into several steps. The table below gives an overview of each of the steps and its result. The subchapters following describe more details on the steps undertaken by the research team to analyse the data collected.

*Table 2.1 Overview on iterative data analysis approach*

Phase of data analysis	Step	Outcome
Highlighting insights (2.3.1)	Highlighted insights in interview notes and clustered these into 87 topics	Table 3.1 Topics and insights.
Clustering data (2.3.2)	Analysed data and combined topics.	Table 3.2 Main and subclusters.
External validation (2.3.3)	Validated initial findings with 6 interviewees	Notes of each interview
Capturing insights into 5LF (2.3.4)	Organised data about current cooperative practices of strategic planning into 5LF	Results captured in chapter 3.2 of this report
Analysing interviewee recommendations (2.3.5)	Identified recommendations of interviewees and divided into the 5LF. Identified keywords of the recommendations and compared these with the current practice.	Table 3.3 Recommendations of interviewees in keywords  Explanation of keywords integrated in discussion Chapter 4

### 2.3.1 Highlighting insights

Thematic and content analysis were used to collate findings. As a first step each team member individually went through all interviews notes and highlighted five to ten insights per interview. These insights grasped the general content plus some key messages. When comparing the insights within the research team, we formulated an overall topic that categorised each highlighted section. The team spoke about individual insights and ensured similar understanding of them. Consultation among team members was lively and valuable as it added further understanding of the content, broadened the initial knowledge and led to new interpretation of the information collected. By the end of this step, we had compiled a table

containing 414 insights captured in eighty-seven topics (see table 3.1. Topics and insights). The process helped the team develop an in-depth understanding of the interview content as well as the overall themes relevant to the research question.

### **2.3.2 Clustering data**

The team noted that certain topics in the table were repeating or very close in meaning to each other. Therefore, it seemed appropriate to cluster together recurrent and related themes. This step helped to cluster the data in such a way we could present it to the interviewees for a round of validation. As a result of this step we identified six main clusters and twenty-eight sub clusters which supporting main clusters that are important to consider in strategic planning in the starting up phase of a cooperative.

### **2.3.3 External validation**

The research team presented the table of clusters and sub clusters to six interviewees for external guidance as part of the validation of the research. The conversations helped the team to have an external view on the initial finding. The objective was to receive support in classifying the data as to ensure relevance, clarity, and practicality of the initial findings. The feedback received from the interviewees helped the team to improve the logic and simplicity of information presentation.

Of the six interviewees five had already been interviewed in the first round. We selected the interviewees based on their background in strategic planning or cooperative understanding. Interviewees cross-checked if the initial findings made sense and were understandable and provided further information of what strategic planning can look like the starting-up phase of a cooperative. Meetings lasted for over sixty minutes each, the research team took notes and recorded the conversations.

### **2.3.4 Capturing insights into the Five Level Framework**

After the validation round the team decided to cluster the data collected according to the conceptual framework known as the Five Level Framework for Planning in Complex Systems (5LF) introduced in section 1.1.3. To recap, the 5LF consists of five levels: system, success, strategic guidelines, actions, and tools (Broman and Robert 2015). The team chose to adapt the ‘strategic level’ slightly adapted to “decision- making” because this heading appears more understandable for cooperative practitioners and experts who are not familiar with the 5LF. Furthermore, it helps to avoid confusion around the differences in ‘strategic guidelines’, ‘strategies’ and the ‘strategic’ element of strategic planning.

To identify which topics and insights belonged to which level, the research team answered the questions below:

- *System level:* Which systems outside the cooperative do interviewees consider for the cooperative’s overall success? Which systems inside the cooperative do interviewees consider for their overall success?
- *Success level:* What does success currently mean for cooperatives?
- *Decision-making level:* What is cooperatives’ current approach to decision-making? How do they select actions that help them move towards success?

- *Actions level:* Which actions do cooperatives currently take in the starting-up phase to reach success?
- *Tools level:* Which tools do cooperatives use that support the planning process?

### **2.3.5 Analysing interviewee recommendations**

Dividing the content about the current approach of strategic planning of cooperatives into the five levels provided to research team with a good base to identify possible gaps and opportunities towards contributing to long term success. As a next step, the team also clustered interviewee recommendations into the 5LF. The questions, described in previous section, were adapted to ensure the outcome reflect the recommendations of the interviewees (See questions in table 3.3.). With the help of this overview we identified keywords that represent the recommendations given by the interviewees. The keywords are listed in section 3.3. Detailed interpretations of the recommendations are captured in the Discussion chapter in section 4.1. The recommendations come from all three interviewee groups (practitioners and experts on cooperatives as well as business experts) since practitioners as well as experts have ideas on what can be done in the starting-up phase.

In the Discussion chapter we do not look at the tools level in further detail. This seems appropriate given that the FSSD suggests organisations select the tools most suitable for them and informed by the other levels of the FFSD. We mention the tools in the Results chapter because they informed our understanding of the current situation and helped us formulate the answer to the research question.

## **2.4 Validation**

The research team entered the data collection and analysis phase without strong preconceived notions about what the findings would look like and open to different approaches of strategic planning. The process of answering the research question was conducted with diligence and the team was constantly aware of the fact that the data gathered might be incomplete, leading to unconscious biases. We treat validation aspects of the different research phases below.

### *Data collection*

The interview guide was designed in a way that allowed the interviewee to talk about their experience rather than probing for the presence of certain parameters. The data collection involved a total of eighteen interviews, with nineteen people, which have provided key inputs on the researched topics. Interviewees were selected keeping in mind that they could provide different perspectives on the cooperative sector and strategic planning (cooperative practitioners, cooperative experts and business experts). Interview notes were taken during the interview and complemented or corrected by listening to the recordings. The research team sent their notes to the interviewees with the request to provide additional information, clarifications or corrections. This approach was especially helpful for the two interviewees who expressed to be less confident in speaking in English. In one occasion, the interview had to be simultaneously translated from Swedish to English to avoid possible misinterpretation of information.

### *Data analysis*

Significant time was allocated to an iterative way of analysing data, enabling the research team to familiarise themselves with the data and develop an increasing level of comprehension of the information. Data was first analysed individually and then compared and discussed collectively. The iterative approach also helped to produce knowledge around actions and experience of cooperatives during their starting-up phase and around best practices. The team choose in a later stage to use the 5LF when analysing the data, because it was the most suitable tool to present the data in a clear overview without missing important details. This again shows that the team was open minded and did not hold strong preconceived findings.

### *External validation*

In the data analysis phase, clustered data was presented to six interviewees. Presence and relevance of the clusters identified was confirmed by coop practitioners, coop experts and business experts. Interviewee feedback was integrated into the subsequent analysis round.

### 3 Results

This chapter provides information on how cooperatives currently use strategic planning when starting up. The chapter also presents keywords that are linked to recommendations of the interviewees. The information is extracted from twenty-four interviews with experts of the cooperative and business sector. The subchapters report on the outcomes of each step taken in the analysing phase of this research.

#### 3.1 Clusters and sub clusters

The table below is the result of categorising 441 insights, highlighted by the team when analysing the interviews, into eighty-seven topics. *Sustainability, strategic planning, participation, and economic sustainability* are the topics supported by the most highlights (between twenty-one and fifteen insights per topic). *Awareness, amplified immediacy, and acceptance of imperfection* are examples of topics representing one insight.

Table 3.1 Topics and Insights

# insights		Topics					
21 - 15	Sustainability	Strategic	Participation	Economic			
14 - 11	Success	Stakeholders	Leadership	Vision	Determination	People	Partnership
10 - 8	Governance	Learning – By-Doing	Coop characteristics	Purpose	Organisational capacity	Strategy	
7	Taking time	System thinking	Start-up	Legislation	Facilitation		
6	Skills	Planning	Organising capacity	Funding	Decision-making	Communication	Conflict
5 - 1	Dependence on external environment	Member benefit	Individual leadership	Managing conflict	Inclusion/ involvement	Importance of planning	Ecological environment
	Trust	Seven principles	Local	Baseline	Commonalities	Business plan	Balance
	Strategic direction	Innovation	Spontaneity	Marketing	Iteration	Diversity	Formal aspects
	Value creation	Pragmatic	Ownership	Monitoring	Legitimacy	Empowerment	Deep listening
	Trade-offs	Service-oriented	Respect	Prototype	Equality	Youth	Uncertainty
	Lobby	Integration	Influence	Needs	Conversation	Friendship	Transparency
	Forecasting	Entrepreneurship	Flexibility	Employees	Education	Commitment	Design

	Credibility	Creativity	Conversational planning	Complementary skills	Communication	Accountability	Accept imperfection
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The table below includes six main clusters and twenty-eight sub clusters which are the result of clustering the eighty-seven topics. It provides an overview of the overall themes and topics which are considered relevant by the research team based on the interviews to be able to answer the research question. In the validation round, we received confirmation that the topics below are indeed important when starting up a cooperative.

*Table 3.2 Main and sub clusters relevant for strategic planning in cooperatives*

Main Clusters	Subclusters	Main Clusters	Subclusters
Strategic Planning	Strategic direction Planning Learning-by-doing	Organisation	Organisational capacity Decision making Communication Governance
Sustainability	Economic Ecological Social	Systems thinking	Stakeholders Baseline Dependency Business plan Regulations
Coop Characteristics	7 principles Member Credibility Address local need Organising capacity Participation Vision	Leadership	Skills Trust Determination Conversation Conflict Taking time

## 3.2 Current strategic planning approach of cooperatives

### 3.2.1 System level of current approach

This subchapter gives an answer to the questions: Which systems outside the cooperative do interviewees consider for the cooperative's overall success? Which systems inside the cooperative do interviewees consider for their overall success?

#### *Local Community*

In line with the principle 'concern for community', the cooperatives we have spoken to consider their local surroundings and tap into a need that goes unfulfilled. *"Traditionally we describe that cooperatives have developed when there has been a collective need in society like: a lack of functioning day care, kindergartens, apartments for living or marketplaces for groceries"* (Lundkvist and Sandholm-Lindell 2016). Macken, a worker cooperative, trains and employs people who are not considered employable by the business sector (Bergman 2016). Coop, a consumer cooperative focuses on citizens in Karlshamn who seek more sustainable food options (Berg 2016). *"Our idea is that we're in Karlshamn. We don't intend to make a huge corporation that expands into other places. We want to grow and become a stronger company but we can't become physically larger than we are"* (Berg 2016).

The cooperative Allhall used a community-based approach to establish a recreational complex with the help of all stakeholders in the community. *"At the start, we had a meeting in the village where 200 people came and we thought of what to do and if possible. During that time, we found that it was possible and then gradually we built on it"* (Ivarsson 2016a).

The local focus also appears in the partnerships that cooperatives establish with stakeholders. The stakeholders include municipalities and public authorities, people in need, friends, neighbours, family, social services sector, cooperative networks, consumers and producers of food. Interviewees mentioned that cooperatives have a good understanding of the needs of the municipality (Bergman 2016; Bignolas 2016; Merker-Siesjö 2016; Ivarsson 2016a).

The director of Coompanion explained the link between the focus on local community and ecological sustainability: *"Cooperatives are part of the community and to be a part of it there is a need to have partnerships with other larger stakeholders who are part of the society, especially when it comes to environmental challenges"* (Hahn 2016). Concrete examples of cooperatives who show awareness of their ecological systems are for example Lekkernassuh and Macken. Lekkernassuh contributes to ecological sustainability by organising a green food market. Macken intervenes in the municipal waste disposal system (Van Zaanen 2016; Bergman 2016).

#### *Regulations*

The recreational complex Allhall worked with local regulations when building the recreation complex. The building now is accessible for people with a disability and it meets the requirements of the fire safety rules set by the municipality (Ivarsson 2016b). Macken also explained they consider regulations before they act. *"<Regulations> are very important for us. We must know the rules because we never want to be illegal"* (Bergman 2016).

#### *Local financing opportunities*

Most of the cooperatives seek out financial support from stakeholders in local communities as part of their funding mix during their set-up phase. Coompanion received funding on EU level to support entrepreneurship in Blekinge (Lundkvist and Sandholm-Lindell 2016a). *“When we reached 10 million, therefore we went back to the local municipality asking for their part. And they had to chip in even with some resistance because of the significant amount requested. Then we received in kind donation from big suppliers from a small local company, they supported us because they believe in the project”* (Ivarsson 2016a). Some cooperatives consider the broader Swedish economic context to make an argument for why they are an asset to society. *“For four years we have saved for the society. The professor in economy counts that we saved 80 million SEK. One person outside the economy costs 15 million each. We cost, but we also save money for society; the women are healthier, there is less criminality”* (Merker-Siesjö 2016).

#### *Administration and budgeting*

Among the internal aspects to consider when setting up a cooperative based on the interview with Coompanion are a basic administrative system and a budget (Lundkvist and Sandholm-Lindell 2016). Some interviewees have highlighted they work with lump-sum budgets, and some of them only recently introduced a stronger financial control system (Merker-Siesjö 2016; Bergman 2016). It was mentioned that the founders of cooperatives are often not as interested in the administrative aspects as they are interested in working with their members (Bergman 2016; Van Zaanen 2016). Coompanion recognised that cooperatives often require help with developing their budget when starting up.

#### *Way of working*

Cooperatives described their way of working as a step-by-step and learning-by-doing. These approaches are important because within cooperatives many different people work and learn together. Lekkernassuh and Coompanion explained: *“I feel it’s strategic to take that first step over and over again. Every time you’re taking that first step you evaluate that future again and again”* (Van Zaanen 2016). *“It is a step by step process – problems are addressed when they appear – it’s a learning process for starting-up cooperatives because members are into a learning process”* (Andersson 2016).

#### *Facilitator*

Most members of cooperatives appreciate a leader who sees their role as facilitator or coordinator. The leader is said to need creativity, flexibility and entrepreneurial skills, and should not stay above the people (Bergman 2016; Merker-Siesjö 2016). *“I’m not developing the organisation; I’m only creating the space for people to take initiative. In providing that stability the community starts to feel like a community, that’s the main difference to what it was before. There were these 6 people and a lot of clashing egos. I saw this happening in a lot of organisations I was part of or witnessed from a distance”* (Van Zaanen 2016).

Understanding the organisation way of functioning is necessary to fit well within the cooperative context. *“At one point we had a bossy person in the management group, very nice to other people at the management level but quite bossy to the people at the roots, not so nice to these people. But she didn’t really understand she was working in a cooperative. She was employed in a one-year project employment. We had to decide in the board, should she have a longer employment or should we close it. And then it was these people from the roots in the board who said, she’s laughing at me when I eat, and another who said she’s not nice to me.”*

*And they decided to quit her. She came from a traditional company where you must be nice to the up and hard to the down” (Bergman 2016).*

### **3.2.2 Success level of current approach**

This subchapter seeks to answer to the question: What does success currently mean for cooperatives?

#### *Common vision*

There was consensus amongst the interviewees that developing a vision and identifying common values as guideposts amongst members and founders are two of the important initial steps towards success. The majority recognised that conversations between founders, members and stakeholders over the span of one to three years play the most significant role in shaping this vision. *“Get to know each other better, very careful on what every person wants to do, what kind of enterprise are we, what do we want to be/ do as a group and as a person and how do these things relate to each other” (Mann 2016).*

#### *Solving social issues*

The cooperatives that we interviewed attempt to integrate minorities in society, address youth employment and or build social cohesion in a village. *“Cooperative goes together with social sustainability, social responsibility. People interested in cooperatives have a good understanding of sustainability, at least social” (Anderson 2016).*

#### *Ensuring member benefits*

Member participation was mentioned as an important value for the organisation as a means to empower members and contribute to a sustainable society (Mann 2016). An interviewee stated: *“If members are satisfied and committed, then the cooperative runs successfully, the main reason for working are the members” (Eden 2016).*

#### *More funds*

Interviewees expressed their desire to have more funds to stabilise the organisation and reach out to more people by hiring employees with a marketing background because they believe it will help increase their cash flow (Ivarsson 2016a). Some interviewees thought the drive for more funds is a result of the desire to serve more people in the society. *“We’re trying to employ as many people as possible. We’re always lacking money; we always have a bad economy. If you meet a social cooperative that has a lot of money, something is strange. There’s so many people who want to be employed, we try to employ them all” (Bergman 2016).*

### **3.2.3 Decision-making level of current approach**

This subchapter addresses the questions: What is cooperatives’ current approach to decision-making? How do they select actions that help them move towards success?

#### *Participation of members*

According to the chairman of Coompanion, most of the time, the decision-making processes within cooperatives differs from that in other business models because of their participatory approach. *“Members need to be part of the decision-making process. Otherwise they might leave. And if there are no members there is no cooperative” (Hahn 2016).* An interviewee

explained that this approach is aligned with one of the 7 cooperative principles, which is “one member one vote” (Merker-Siesjö 2016). While deciding on the next steps for the organisation, cooperative practitioners try to hold on to the values and principles that are important for the members. Lekkernassuh said: *“I’m constantly very much in the moment of what’s happening in the community and what wants to come out there. I feel that we hold the same values as a group of people. I use those principles as a way of finding direction of where the organisation wants to go (Van Zaanen 2016).”* The chairman of Coompanion emphasised; *“<...>always remember that the cooperative exists for its members - not for the financial market. Focus on members and their needs”* (Hahn 2016).

#### *Include funder opinion*

A business advisor explained that a project idea can stay in the head of people until an external stakeholder asks about the plan and then it is likely that the perspective of this stakeholder would influence the plan (Gustafsson 2016a). *“They usually say they don’t have a business plan. But if I ask them, they have all the answers, the plan is usually in their heads. <...> Usually, they don’t start writing until someone wants to see it”* (Gustafsson 2016a). Having budgetary authority plays also a role when decisions need to be made for next steps (Bergman 2016; Ivarsson 2016a).

#### *Bottom-up*

Interactions between members and board are used to continuously evaluate and reconfirm the mission cooperatives work on. The founder of Yalla Trappan illustrated the interaction between her as a founder and the members as follows: *“Every Wednesday we create a moment to share feedback. It is less about talking, and more showing. For example, the Swedish lessons is always connecting with what they are doing. It is about needed knowledge from bottom-up”* (Merker-Siesjö 2016).

Cooperative practitioners recognise that a bottom-up approach can take a lot of time. *“Startup small business. It has to start from grassroots and then grow. It is hard to start up. It is a long process. People today have no time today for that process”* (Hahn 2016).

Questions that guide cooperatives in a decision making process differ between cooperatives and are not set in stone. Examples of questions are:

- Does it align with our shared values (Lekkernassuh)?
- Do we have the capacity to do this (Yalla Trappan)?
- Can we develop the capacity over time and with our people (Yalla Trappan)?
- Is it new or fun (Macken)?
- Does it maximise social benefit (Macken)?
- Does it create space for people to contribute (Lekkernassuh)?

### **3.2.4 Action level of current approach**

This subchapter addresses the question: Which actions do cooperatives currently take in the starting-up phase to reach success?

A list of actions cooperatives take is provided below:

- Networking
- Asking for external advice

- Completing a baseline study
- Having conversations about common vision
- Registering the cooperative
- Developing the business plan
- Writing the bylaw
- Developing basic governance and administration structures
- Developing a (lump-sum) budget
- Raising initial funding from external or internal (member) sources
- Identifying the skills in group
- Informing members via newsletters about next steps
- Finding the right coordinator

### 3.2.5 Tools level of current approach

This subchapter focuses on the question: Which tools do cooperatives use that support the planning process?

The interviewees mentioned that they have used business plan and bylaw templates to start writing their ideas on paper and to formalise their status. Most of the interviewees have received support of Coompanion who, based on the need of the specific people, provides additional tools (Lundkvist and Sandholm-Lindell 2016a).

### 3.3 Recommendations of interviewees

The table below shows a list of keywords that were identified when the research team analysed the recommendations of the interviewees for a successful strategic planning approach for cooperatives.

*Table 3.3 Interviewee recommendations in keywords*

Questions related to the 5LF	Key Word of recommendations
<p><b>System</b> Which systems outside cooperatives do interviewees recommend cooperatives consider for their overall success?</p> <p>Which systems inside the cooperative do interviewees recommend cooperatives consider for their overall success?</p>	<p>Europe Business sector Regulation Fundraising opportunities outside the community Organisational structure Leadership Different skillsets Ecological sustainability The 7 cooperative principles Approaches</p>
<p><b>Vision of success</b> What do interviewees recommend success look like?</p>	<p>Common vision on growth Flourishing organisation and members Satisfactorily profitable</p>
<p><b>Decision-making</b> What do interviewees recommend for the decision making approach to select actions that help cooperatives move towards success?</p>	<p>Participation beyond members Motivation and energy Distinction between board and management responsibilities</p>

	<p>Take time  Learning-by-doing and disagreements  Entrepreneurship versus management</p>
<p><b>Actions</b>  Which actions do interviewees recommend to take in the starting-up phase to reach success?</p>	<p>In-depth baseline analysis and system analysis  Conversations on common vision and personal needs  Ensuring cooperative is the perfect match  Write down ideas in early stage  Branding and communication</p>
<p><b>Tools</b>  Which tools do interviewees recommend cooperatives use to support the planning process?</p>	<p>Bylaw template, Business plan template, SWOT, Customer (Member) journey map, META Plan, OPERA, ABCD Planning Process</p>

## 4 Discussion

To answer our research question, “How to enhance cooperatives’ long-term success through strategic planning when starting up?”, we first present the clusters of themes emerging from the results as topics to cover in a strategic planning phase in the starting-up phase of a cooperative. We discuss them in relation to current practices and interviewee recommendations, supplemented by our own insights and guidance provided by the SSD. We then present how these thematic areas can be brought to life in an ABCD strategic planning process as a way to enhance cooperative long-term success. Finally, we reflect on the present research, its strengths, validity and potential for future research.

### 4.1 Discussion of results

This section encapsulates the themes, clusters and sub clusters brought up in the results section. We create a thematic narrative of areas to explore in the strategic planning process which touches upon the topics the research team has identified as being of higher importance. This is in line with our purpose of making our findings accessible and practical for a cooperative audience.

To start our discussion, we supplement the thoughts presented in the introduction to what strategic planning means with results from our interviews. We have divided strategic planning into two discussions, strategic and planning, in order to represent the overall common views including our opinions supported by the SSD. The strategic element is considered more as a **strategic direction** that guides cooperatives. It is a flexible and vital process that guides towards the achievements of set objectives *“it is very important to plan ahead and it is recommended to do good business planning, then if needed changing the planning according to the reality but it is necessary to have a direction”* (Anderson 2016a). In strategic planning, you plan with a clear vision in mind. *“The vision is what you are going to do in 5 or 10 years. It’s more a dream than an estimation. Then the dream includes gradual goals to be achieved and cooperatives speak about it. And at times, it’s very chaotic. It can also be a strength to be chaotic, good balance sort of flexible strategy”* (Anderson 2016a).

The **planning** element is seen as an activity to allow for the involvement of all members and also as a way to create a common language on what next steps to take together. The advice given is to use *“formal planning as a way to communicate with external stakeholders and engage internal stakeholders”* (Johannisson 2016a). In that sense it is also a tool to enhance credibility with external stakeholders, such as banks. Through the planning process, the cooperative has the opportunity to promote its mission and values. The actual plan on paper can serve as a monitoring tool to look back at what has been achieved or what has changed according to the initial planning. Planning should not be seen as *“the only way forward”*, on the contrary, as something organic, flexible, adapting to context reality. By comparing the initial plan with the actual actions implemented, cooperatives can communicate their results and challenges with regards to achieving their vision transparently (Johannisson 2016a).

The characteristic of planning in a cooperative is that it happens in a participatory way to ensure all members are involved and feel ownership of it. *“Plans are good for communication. You have an external argument for making plans - stakeholders are interested. The internal argument is that there are a lot of members and they must be informed on what is going on. A plan is one way of communicating when they have their dialogues. What is important is not the*

*plan, but the planning process*” (Johannisson 2016a). In the cooperative setting the planning process happens in a chaotic setting which allows creativity to happen.

In what follows below, we move to discuss the specific thematic areas to be considered when planning strategically. We identified the ‘external world’ as the logical departing point for cooperatives when starting-up and planning in a strategic manner. Then, discussions naturally move into the other main topics identified such as; concern for community, common vision, member benefit, economic sustainability, approaches, leadership, organisational structure.

#### **4.1.1 External world**

When starting up a cooperative it is key to consider what is outside the cooperative because it helps the organisation develop into unknown areas. One expert highlighted the need for cooperatives to adopt a **systems thinking approach**: *“an explicit, conscious interest in parts and wholes and how they are interrelated; not only in terms of structure but also in terms of process”* (Upward, 2016). Systems thinking would help a cooperative to be aware of interdependencies among systems, which means understanding linkages and interactions between different sectors that may affect, influence or benefit the organisation. Embracing system thinking can also be of great help to comprehend the role of different stakeholders within the society, and how to link to them or work with them if needed as a strategic step. As any organisation, cooperatives need to have the willingness to continually develop their capabilities of seeing systems, collaborating across boundaries and creating desired futures, as mentioned in the introduction.

As described in the section about concern for community, cooperatives tend to focus on their immediate needs and surroundings. Taking a more proactive role in observing and analysing different sectors within the society would be of benefit to cooperatives as a way to understand the external world surrounding cooperatives. This includes a **stakeholder analysis** that goes beyond cooperatives and municipalities, but also mapping opportunities in the **business sector** and developing eventual partnerships. Cooperatives can define their position in society out of their comparison with the business sector (Bergman 2016; Eden 2016). The cooperative Macken expresses the importance to establish partnership with business. *“We should cooperate more with private companies and learn more from them. We should be closer to them; we’re trying this the whole time. It’s safer for us and better”* (Bergman 2016). Yalla Trappan is an example of a cooperative which has successfully established a partnership with IKEA. *“This Wednesday we start at IKEA, we have our own studio. It is our business. You buy your textiles. IKEA has built it and they support it”* (Merker-Siesjö 2016).

Interviewees suggest that an in-depth **baseline analysis**, which can be described as an action to encourage systems thinking, is of primary importance when starting a cooperative. Looking for perspectives outside the cooperative world helps developing awareness on sectors on which the cooperative is going to depend or be influenced by (Gustafsson 2016a; Ivarsson 2016b; Upward 2016). The baseline can include literature studies, interviews with experts, as well as conversations with people within the personal network (Gustafsson 2016b). The topics to consider in the study can be needs of customers, demands and competitors (Hassan 2016; Mann 2016; Gustafsson 2016a).

One example of an external factor that can be studied in the baseline analysis is **regulations** affecting the cooperative’s mission. As all organisations, also cooperatives must comply with regulations, especially if the regulations support society to move towards sustainability. The research team encourages cooperatives to use regulations not only for complying with them,

but also as an opportunity to be aware of new **funding opportunities**. The cooperative Allhall and its recreation complex are good example of the influence of regulations. The building is accessible for people with a disability and this is a result of the request of the local municipality. In other situations, the cooperatives might need to take a more active role and use their organising capacity to influence regulations which are not complying with one or more of the 8 sustainability principles. In any case, the cooperative should not fall into the trap of defining sustainability as simply complying with laws and regulation on social or environmental matters as illustrated in the introduction.

As cooperatives' main focus remains the local context, they cooperative may look beyond the cooperative sector or even beyond Sweden for **inspiration** on how to address social issues in a sustainable and cooperative manner. For example, the founder of Macken has done this by looking into cooperative models in Italy and Belgium and imported a cooperative franchising model to Sweden.

#### **4.1.2 Concern for community**

In many ways the cooperative principle of **concern for community** stands at the start of the development of a cooperative. It establishes the drive for change that is one of the three pillars of cooperatives mentioned in the introduction. It is also what sets the cooperative model apart from more conventional business model who may embrace this element at the level of CSR but not as their organisational goal. The chairman of Coompanion noted: *“Cooperatives in the future will be very competitive compared to typical models because people demand sustainability, social and environmental. Cooperatives are part of the community and this is sustainable”* (Hahn 2016).

Concern for community in our interviews primarily appeared in its social dimension, responding to a **social need** that is present such as unemployment, newcomer integration, social cohesion or access to healthy food. Cooperatives work in specific issue areas and very much define their mission in terms of servicing the social need identified.

As we have seen, concern for community for some cooperatives also has an environmental dimension, though for the cooperatives with a social background in particular, this is less strongly developed. One of our interviewees suggested that social cooperatives might be less aware of environmental aspects of their operations because they focus on specific human needs. An increased awareness of the ecological sustainability challenge within the social cooperative sector can be the first step to take a more systematic approach towards ecological sustainability (Upward 2016). In the recommendations identified from interviews, cooperatives can remain focused on social issues as core mission, they should however develop a more deliberate understanding of their **impact on the environment**. There are already cooperatives that have an explicit environmental focus or bridge the social and environmental such as Macken and Lekkernassuh.

An SSD approach would help cooperatives strengthen their definition and operationalization of the principle of concern for community. The fact that social cooperatives we interviewed do not systematically look at their environmental impact, emphasises the importance of practices of systems thinking as described above. In this sense, **the 8 sustainability principles** can be utilised as guidance for cooperative vision making and action planning while allowing choices and creativity within their boundaries. Having conversations around the bigger picture of the

sustainability challenge and developing an understanding of the basic laws of nature and social systems can aid cooperatives in being more systematic in comprehending their social and environmental impact. Hence this can serve to make the principle of concern for community more concrete.

In line with the above approach, we would encourage cooperatives to **map natural and human resource flows** in and out of the organisation. It would add clarity on its environmental impact as well as an impetus to explore the social dimension that goes beyond the immediate community. To do this, a cooperative can ask four key questions: What do we deliver? What do we depend on? What is left? And what is our planning and decision-making framework? This mapping should give a summary of the greatest impact the organisation potentially will have on their surroundings and natural resources (Price-Thomas 2010).

Further, rather than starting from an approach that looks at how a certain need can be serviced when building their vision that is very much constrained by the current reality, cooperatives can use the technique of **backcasting from an envisioned future**. Cooperatives can start by imagining a future in which the need they have identified no longer exists. They can then go back to their current reality to envision steps and business models that have led to the elimination of the need, freeing themselves from dealing with the symptoms of a social challenge to address upstream causes. Further details on developing a common vision are provided below.

#### **4.1.3 Common vision**

According to our interviewees, conversations on the **common vision** are already an important part of the early stages of setting up a cooperative. Visions are formed by cooperatives during these conversations focusing on the element of what the group wants to do together. This vision relates to the need the cooperative will address but conversations are recommended to go beyond this. Bringing everyone to the table to discuss what they want individually and beginning to form something common is crucial. It supports forming relationships, understanding among members and reduce risks of conflicts in a later stage. This is essential as cooperatives are characterised by human dynamics.

A possible topic for conversation is to identify **personal needs, skills, motivations, aspirations** and how these are in line with the **common need** of the cooperative. Adding this dimension can be valuable as it holds the potential to avoid unpleasant frictions down the road. Towards the same objective, interviewees have also identified a common vision on growth as an important element for cooperative development (van Zaanen 2016). When the cooperative grows too fast, the distance between members and board can increase and may be unmanageable. *“The big problem now is that we are too big. The distance between member and business is too big”* (Hahn, 2016). Talking about what size of organisation is needed and desirable for the founders and over what time period this growth is supposed to happen, will also provide impulses for financial, human resource and leadership planning down the road.

Beginning a process of writing down these ideas in an early stage helps forming a shared mental model between all actors involved and can serve as a first iteration of the business plan (Gustafsson 2016a). Forming a common vision creates alignment on organisational needs from the start and helps develop a drive towards the same direction. As one of our interviewees mentioned, taking time at this stage is very important for future success. *“You need to take your time, discuss these things very carefully. Then you begin about the formal parts”* (Mann 2016).

Thinking about long-term success when formulating a vision may be perceived as clashing with the cooperative approach of **learning-by-doing**. A SSD perspective reminds us that the common vision to be developed is one that is principle-based. That is, it sets outer constraints within which a cooperative learning-by-doing approach can play out (Broman and Robèrt 2015). Further, the common vision can also include what the organisation wants to learn over time. Combining thinking ahead and learning-by-doing should stimulate ongoing reflection and collaboration. Training on how to do this can help, but most cooperatives are consumed by their own operations and feel they have no time to ‘think ahead’. The missing element is often a clear vision on what the organisation wants to learn, combined with what the benefits are for members, what they want to achieve in society and how this is in line with the internal processes.

Really taking the time during the initial formulation of a common vision supports creating space for all members and stakeholders to ‘learn by doing’ and ‘think ahead’. At the same time, during these conversations cooperative founders can focus on developing a common language (Dennisdotter 2016) that enables membership growth beyond the founding members and is also understandable for the wider network of stakeholders. This will support retention and growth efforts of the organisation later on. Taking time and developing a common language can serve as a base for the cooperative to eliminate structural obstacles to influence, impartiality and competence as contemplated in the social sustainability principles. It supports building the organisation’s adaptive capacities as it connects diverse people, stimulates learning, creates trust and contributes to a common meaning for people involved.

#### **4.1.4 Member benefit**

In the cooperative context, in which the organisation is owned and governed by its members, the concept of member benefit plays a key role. *“It is important that all members feel they are getting rewarded, that they get an individual benefit”* (Andersson 2016). As mentioned above, it is important for the cooperative founders to talk about the personal needs and motivations that they bring into the cooperative. Together with the common need the cooperative addresses, this can be the starting point to defining what member benefit means for the cooperative.

Interviewees also added a dimension that goes beyond simple member benefit, asking whether it is the organisation’s goal to see **members flourish** at an individual level. To achieve this, cooperatives can create a space where all members, but also employees and volunteers can set a personal goal that helps to achieve the overall goal of a cooperative (Upward 2016).

Needs of members are a factor of great significance when cooperatives make decisions. Whether a given action is in line with benefits for members is a direct reflection of the cooperative principles of democratic member control and economic participation. Another related suggestion for deciding on next steps for the organisation, as highlighted by interviewees, is to see if the action gives motivation and energy. This is important because the cooperative works with and for people (Johannisson 2016b; Bergman 2016).

From an SSD perspective, member benefit needs to operate within the boundaries of the sustainability principles. Otherwise the cooperative may run the risk that generating member benefit overrides achieving the long term success, a more sustainable society. It may be relevant to establish mechanisms where potential members receive an introduction on the organisation’s vision, values and principles to ensure personal goals are in line with the objectives and values of the organisation.

#### 4.1.5 Economic sustainability

The issue of economic sustainability for cooperatives has different facets. One relates to understanding what the cooperative means when it says it wants to be economically sustainable. The second relates to the aspect of the business and funding model. A third aspect refers to the issue of budgeting in support of spelling out what is required to be economically sustainable and setting up proper administration to track how the cooperative performs against this definition.

In defining success, economic sustainability is subservient to the cooperative's concern for community based approach, it can be seen as a means but is not a purpose in itself. For some of the cooperatives to which we have spoken there is the permanent **feeling of having insufficient funds** to accomplish what they want to do and thus obtaining additional funding a constant concern.

It was recommended by our interviewees that the cooperative, upfront, reaches agreement on the point where delivering on the mission and profitability intersect for their specific organisation. A cooperative in an ideal setting creates value in society and finds the perfect intersection between valuing profit and social concerns (Bertoni 2016a). *"The social impact should be maximized. Economic sustainability should be satisfactorily profitable. I am talking about the ideal situation"* (Johannisson 2016b). Delivering on its social mandate is the variable to maximise within cooperatives, based on this a satisfactorily profitable economic situation can be defined. As a consequence, the economic sustainability can only be **satisfactorily profitable**. Shifting the point of view from scrambling to find funds based on a given situation, to actually defining this intersection and using it to plan actions can be considered as another instance of using a backcasting approach based on a principle-based vision.

For social cooperatives, government subsidies are part and parcel of their business model well beyond the start-up phase and they justify this by the fact that they work in segments of the market that are not considered profitable by private business. At the moment cooperatives mostly look to local and governmental **funding opportunities** during their set-up phase and also in the operational phase for the social cooperatives. Interviewees encourage cooperatives to look beyond those traditional sources and access **new networks and opportunities for funding**. The network outside of the 'cooperative world' and outside of their members' networks can be of great help to get additional funding and inspiration for how to work cooperatively. As one of our interviewees made the link between the funding challenge and opportunities hidden in networking: *"The challenge is access to people that have finance. The formal process discourages people to ask for money, because there is no personal relationship. How do you break out of your own ecosystem? How do you go to an event that is not in your community?"* (Hassan 2016).

As some of our interviewees remarked, **dependence on external funding** can distort the focus and autonomy of the organisation and makes it dependent on the funder. In this sense, economic viability independent of external funding can allow the cooperative to increase the commitment to the specific needs it seeks to serve and enhance its value. Equipped with a definition of what satisfactorily profitable means and how the organisation plans to grow in the short, mid and long term, the cooperative can more easily plan its financial needs and make informed decisions about the necessity of external funding. The organisation can look at how it can leverage external start-up funding to become financially independent in the mid to long

term. The SSD prioritisation questions can aid the organisation in identifying its business and financial model as well as supporting more operational budgetary decisions.

Once the cooperative has developed its business and financial model, it needs to be translated into a **budget** for the organisation. As the organisation enters the set-up phase, a solid **administration** is needed to track and process how the organisation is doing against the objectives identified. It was suggested to support financial independence by focusing on **branding and communications** to broaden the cooperative to move beyond existing personal connections and clearly position the organisation in the marketplace in which it competes with other businesses. Coompanion advises cooperatives to work on branding and communication beginning in the early stages of the cooperative (Lundkvist and Sandholm-Lindell 2016). Cooperatives should allocate time to plan strategies for marketing and branding and developing a budget (Gustafsson 2016a). This worked well for Yalla Trappan, a cooperative that published two books to promote their services and communicate their success stories.

#### 4.1.6 Approaches

In the introduction we have stated that a learning-by-doing approach should go hand in hand with strategic planning (Mintzberg, Ahlstrand and Lampel 2009). Cooperatives' strong willingness to take a **step-by-step** approach and embrace **learning-by-doing** appears to point in the right direction. **Member participation** will always be a significant value to the organisation as a means to empower members and contribute to a sustainable society. Interviewees recommend extending the participatory approach beyond members. Following the recommendations to become a learning organisation and increase diversity in the involvement of stakeholders can increase the resilience within the cooperative as it can make use of more diversity, but it makes the work also more complex.

To deal with this complexity, we recommend investigating the capacities that hold a complex social system together. Cooperatives can be seen as a social system since they are engaged in complex work, with diversity amongst members and stakeholders, constantly changing dynamics, and a high degree of uncertainty. **Trust** is one of the essential elements that holds society together. Other elements, as mentioned in the introduction, are learning, diversity, common meaning and self-organising. These changing capacities are called adaptive capacities, which refer to the ability to adjustment in response to changes in the environments in which humans live (Missimer, Robert and Broman 2016a).

Learning in this context means to be able to sense changes and respond to them effectively. If the cooperative succeeds at staying a flexible social network and instantly adapts their strategies to their surroundings and what emerge from the members, cooperatives will be better prepared to survive over the long term (Missimer, Robert and Broman 2016a). Nonetheless, it needs to be noted that constantly focusing on learning can become a challenge as one of our interviewees illustrated: *“A lot of great people come together with good intentions. When it comes down to it, there’s constantly only talking because no one feels they have the authority to do something. You may find that in many of these ‘green’ initiatives people are very allergic to hierarchy which takes things to the other extreme of wanting consensus on every little step. This could lead to never ending decision making processes and thus little action”* (Van Zaanen 2016).

Interviewees suggest that when **disagreements** between members arise, this should be seen as an **opportunity** to understand the opinions of members and friction between the vision and

current practices better, rather than something that needs to be solved immediately (Bergman 2016). Working with conflict and diversity can, therefore, be seen as an entrepreneurial strength because it can develop creativity: *“Live in the conflicts, live in and with them, it’s the source of creativity and strengths of these organisations”* (Bergman 2016). Nevertheless, if conflicts about vision arise, the cooperative should keep the focus on holding on to a clear purpose. Humans will constantly look for meaning and purpose in their experiences. A clear purpose is a concept that humans can hold onto while developing the organisation. Having a common meaning can help the organisation survive.

Interviewees recommend to involve **stakeholders beyond members**. Involvement of different stakeholders can bring in new perspectives and help the cooperative have a better overview of the different options that exist for cooperatives to become successful. In areas where the founders are less knowledgeable, involvement of different stakeholders can help to make the cooperative more resilient as well (Missimer, Robert and Broman 2016).

Furthermore, it is important to allocate **sufficient time** to use a participatory approach well. The **participatory approach** helps create the trust serving as the glue that holds everyone together and will play a significant role throughout the starting-up phase and obviously after the formal start of the organisation. Yet, founders or even all members together, cannot expect to oversee everything that needs to be done when starting up a cooperative. When the level of complexity increases, trust that members and the board will make the right decision becomes more important. Thus, while the **bottom-up** approach of member participation is a fundamental component of the cooperative model, the research team also recognises the need for the cooperative board to take a decision on this basis of trust and pass policies that are then implemented top-down in the organisation.

#### **4.1.7 Leadership**

For people who want to start a cooperative, it might be helpful to understand what is meant by leadership in terms of skills, capacities and mind-set. Leaders are the crucial enabling factor to facilitate the achievement of organisational goals. A leader within the cooperative sector is seen as a **facilitator** who needs to find the fine balance between being a role model and inspiring others while also being humble and leaving space for others to contribute.

Cooperatives see leadership not as management but as facilitation practices aiming to involve members in a **participatory** process in which everybody contributes to moving the organisation towards its vision. A leader involves and **listens** to all members equally, paying attention to everyone’s opinions, and delegates. Seizing the moment when to **step in** and when to **step out** is a fine mindset of a leader (Van Zaanen 2016). Members should be **empowered** and feel **ownership** of the cooperative, even when sudden change happens. Ultimately, our interviewees see the task of the leader as creating **more leaders**, thus opportunities for people within the organisation to take action and help move the cooperative towards its vision (Missimer, Robert and Broman 2016a).

According to our interviewees, for leaders to ensure others take ownership of their responsibilities, it can be extremely important to understand **human behaviour** when setting up a cooperative and also when running a successful organisation. *“You need to know humans to make a good business. People should be aware of human dynamics. Products are for people. So knowing people is fundamental”* (Bertoni 2016a). Insights into what drives humans and

what their real needs are can help to develop positive group dynamics and deliver better products tailored to serve human beings.

Experts we interviewed highlighted that leadership requires a different **skillset** which helps people navigate the day-to-day challenges. They include **humility**, **determination** and being **practical**. The **entrepreneurship** element is also critical as it provides creativity, flexibility and therefore the possibility to navigate emerging and changing circumstances. Leaders should well understand the organisation's **internal dimension** and thus that cooperatives are people-oriented and composed of the members. From the beginning the cooperative should consider what skillsets are needed to run the cooperative. The common vision that is created in an earlier stage, a vision that plays out how the cooperative principles affect the organisation, enables leaders to perform at their best within this type of environment.

When the leader of the cooperative increases the capacity of their members to self-organise as a system, it can positively affect the resilience of the organisation and can avoid obstacles for others to meet their needs.

#### **4.1.8 Organisational structure**

*“You have to have an ongoing process on how to organise. Especially when you want to grow. From the beginning, you need a discussion on how to organise and everybody needs to be involved. Formalised, in all the rules, bylaws are important. It is not only to produce a paper with the rules. You need to be prepared to change it. Always discuss, what should we do and what is the purpose, what resources to use and how to use them”* (Mann 2016). As mentioned in the above quote, before registering the organisations, it is valuable to consider if the cooperative model is the right match for what it is intended to be achieved. To do so, the founders can think through how the **7 cooperative principles** can play a role in the organisation now, and in a later stages of organisational development. Similar to the **systems thinking** approach described in the thematic area “external world”, the cooperative can look into different subsystems of the organisation and try to grasp how they are connected with other aspects of the organisation or the vision of success.

As mentioned, one of the important elements to look into are the 7 principles. These principles are the same for any type of cooperative and on paper a “must-have”. In practice awareness and implementation of the 7 principles is hidden, and it seemed that interviewees did not know in detail what the principles entail. Those principles which are easier to operationalise (“one member, one vote”), play a more significant role than the principles which have an external focus (i.e. educating the community about cooperatives, collaboration among cooperatives). The 7 principles are reflecting the values of cooperatives and therefore, even when the principles have an external focus, need to be reflected in the structure and governance of the organisation.

Part of the cooperative structure is the overlap in roles and responsibilities and the frequent interactions between board and members. Within the organisational structure interviewees agree that, even if they overlap in practice, a distinction between board and management responsibilities must be made (Issal 2016; Lundkvist and Sandholm-Lindell 2016). Board members need to understand their responsibilities well to avoid confusion within day-to-day management.

Other aspects of the **organisational structure** to be considered include; way of working, key definitions, responsibilities, decision-making processes, human and natural resources needs,

working effectively, how to solve conflict, and a structure for meetings. Looking into these details ensures all individuals are on the same page and know what to do when a disagreement or new opportunity arises. When these more formal structures are in place, it can create more space for spontaneous actions and a learning-by-doing approach in a later stage (Mann 2016; Gustafsson 2016b). When thinking through the organisation, cooperatives should remember the “space” that is needed to learn while doing. *“The more time I get them <people who want to start a business> working on a strategy before, without losing energy, the better it is for the future of the cooperative. It is needed to balance this, if it is only the business plan, the momentum and motivation is lost because to keep going is what constitutes the entrepreneur”* (Gustafsson 2016a).

As mentioned in the introduction, there are different approaches to strategic planning relating to how formal versus how emergent the process is perceived to be. These differences can also play out in how the cooperative sets up its administrative structures. Interviewees recommend that administrative systems need to be in place to work in an organised and transparent fashion towards the vision. While setting up the cooperative, it is valuable to formalise lessons learnt into systems to build out the future performance of the organisation.

This may reach a point where spontaneity and creativity of an entrepreneurial approach is no more applicable. The challenge is to find the point of balance at which cooperatives have established systems while still maintaining the necessary flexibility. The ideal solution, in line with the human aspect of cooperatives, is when management and administration exist in support of the entrepreneurship needs of cooperatives. The recommendation therefore is to ensure that **management** systems do not take over **entrepreneurship** because of the necessary creativity needed when running a cooperative (Johannisson 2016b; Van Zaanen 2016). *“Entrepreneurship should not develop based on management. Entrepreneurship is flexible, adapt what you do, and based on the resources you have. But management is also important: you have a lot of stakeholders who believe in that, they are based on cause and effect. This is needed to keep the organisation on alert. Management must submit to entrepreneurship”* (Johannisson 2016b).

The values of the cooperative should not only be reflected in the structure of the organisation but also in the decision-making processes. In the section about member benefit, it has been suggested that the needs of members play a significant role when making the final decision. Another suggestion for deciding on next steps for the organisation, as highlighted by interviewees, is to see if an action provides **motivation and energy** for the people involved. Interviewees explain the importance of this by saying that cooperatives work with and for people (Bergmann 2016; Johannisson 2016b). We can add to the discussion that when an action generates motivation and energy, it is likely to be a match with the common purpose of the members. This, as explained earlier, is an important element of a resilient social system. However, when an action is not in line with the vision bounded by the sustainability and/or cooperative principles, the action cannot be selected.

Overall, cooperatives might want to consider that the organisational structure and governance needs to serve the vision and all the other aspects discussed above, and not the other way around.

## 4.2 ABCD four-step strategic planning process

Having recommended thematic areas to touch upon, we wrap up this chapter by proposing a process design for strategic planning in the starting-up phase to enhance cooperative's long-term success. The process design is based on the ABCD process introduced above as operational procedure of the Framework for Strategic Sustainable Development (Broman and Robèrt 2015).

The ABCD process has worked in various contexts and for various types of organisations. We consider an ABCD process appropriate for the cooperative context for several reasons. The current strategic planning approach of cooperatives, based on our interviews, is close to what the ABCD process envisions. A core element of the ABCD process is a sort of 'ping-pong' between formulating what the organisation wants to achieve and what is currently available. It also allows for a certain flexibility, while making the organisation allocate time to 'think ahead'. A strong element of the ABCD process is backcasting from a vision of success bounded by principles of a functioning natural and social system. This approach requires that the stakeholders involved decide on next steps based on what the organisation wants to achieve, rather than what is expected to happen. This approach is appropriate for people who are starting up their own business because they are driven by a change they want to see in the society. Finally, the ABCD process holds the possibility of involving different stakeholders in a participatory way while at the same time providing a formal forum for planning, something that some cooperative external stakeholders require.

The ABCD process described below is adapted to the needs and cultural context of cooperatives and informed by the results and discussion of this thesis. Going through this process that uses easy to understand language helps to formulate a shared mental model amongst stakeholders, and can serve as a reminder of the essential element of a successful cooperative in the long term.

### 4.2.1 ABCD process for cooperative long-term success

The below table shows the four steps of the strategic planning process. Each step captures key words reflecting the thematic areas identified by the research team as a results of the discussion. Some thematic areas are to be considered as content to facilitate discussions within the cooperative group when running the process. Others, such as the cooperative and sustainability principles, are intended as guiding principles for the cooperative; all topics are strongly interconnected and it can be challenging to have a clear distinction among all of them. Therefore, at times, topics may sound repetitive. The strategic planning process is divided into four phases aiming at different results:

#### A. Building the vision

This phase aims at building the vision of the organisation. Founders need to build a common vision for the cooperative in order to have a strategic direction to follow in the long run. The vision is something the cooperative aims at, something 'big', a sort of dream. The research team suggests that the vision includes the thematic areas which are key to the cooperative in order to increase the likelihood of reaching long-term sustainable success. The table shows the areas which are necessary to discuss among founders and ultimately include into the vision. To have a detailed understanding of the meaning behind each thematic area, refer to section 4.1.

### **B. Assessing the Current reality**

The second part of the four-steps strategic planning process aims to assess the current reality. This step involves an in depth analysis of the overall current situation of the cooperative. There are two main areas to analyse, the external and the internal worlds. The table shows thematic areas to focus on while assessing the present situation. For a detailed rationale behind each topic refer to section 4.1.

Steps A and B are critical as base of the entire strategic planning process. During the entire development of the strategic planning process there is a bounce back and forth between the steps and the topics. This ‘ping-pong’ helps improve reflection and is part of the strategic aspect of the process. For this purpose, these two steps are shown in parallel in the table below.

### **C. Brainstorming Actions**

This phase is based on the backcasting concept which means knowing where we want to go (A, the vision) or where we want to be in the long term. The cooperative founders need to backcast from the vision of success. During this step, cooperatives brainstorm all kinds of possible actions in order to move from the assessed current reality to the identified vision of success. Actions need to contribute to the cooperative’s move towards the vision.

### **D. Prioritisation**

This stage is to prioritise among all possible actions brainstormed in the above phase (step C). Only prioritised actions will be implemented by the cooperative. The prioritisation step is delicate as it aims to filter out the most strategic actions for reaching the vision of success. The table provides cooperatives with initial possible questions to prioritise the most pertinent actions.

Note. The four-step strategic planning process is a participatory process and requires the contribution of all people involved in the starting-up phase. The details of each thematic area are available in section 4.1 above. The summary is captured into the four-step strategic planning process (ABCD) table below for ease of understanding the process.

Table 4.1 Four-step strategic planning process adjusted to the cooperative context

<b>ABCD Four-Step Strategic Planning Process</b>	
<p><b>Building the vision - A</b></p> <p><b>External world</b></p> <ul style="list-style-type: none"> <li>• conversation on what type of world or society the cooperative would like to be part of in the next decades and possible ways the cooperative may support the achievements of the envisioned world (for example: Where would we like to be living 25 years from now? In what type of society would we like our children or grandchildren to live? What may be the role of our cooperative in this society?)</li> </ul> <p><b>Concern for community</b></p> <ul style="list-style-type: none"> <li>• conversation on the need of the community we are living in, possible needs the society and human beings may have in the future (for example: What are possible needs of human beings in the next 20 years? What will our environmental impact be? What type of resources will society need? Who will be providing for those needs? What concerns will our cooperative be addressing?)</li> </ul> <p><b>Common vision</b></p> <ul style="list-style-type: none"> <li>• conversation on a possible cooperative fulfilling the needs of individuals as well as the organisation's own needs (for example: What will this cooperative would look like? How will its members benefit from it?)</li> <li>• conversation on organisational growth (for example: What size of organisation is needed to accomplish our mission? Do we want to grow?)</li> </ul> <p><b>Member benefit</b></p> <ul style="list-style-type: none"> <li>• conversation on a possible perfect cooperative where benefits of members are fulfilled by the cooperative. A cooperative where the growth of the members goes together with the growth of the cooperative (for example: What type of benefit will the cooperative generate? And how would it do so?)</li> </ul> <p><b>Economic sustainability</b></p> <ul style="list-style-type: none"> <li>• conversation on an ideal cooperative that is financially sustainable. This conversation attempts to define at what level the organisation's economics are satisfactory (for example: What would be satisfactorily profitable mean for us? Where would we access funds?)</li> <li>• discussion on the importance of having a strong finance/admin department in place (for example: What would the advantages of having strong finance/admin procedures be?)</li> <li>• conversation on communicating and branding a functioning cooperative (for example: How would a 'perfect' cooperative brand itself? What type of</li> </ul>	<p><b>Assessing current reality - B</b></p> <p><b>External world</b></p> <ul style="list-style-type: none"> <li>• completing a stakeholder mapping and analysis (for example: In which sectors do we operate and what partnerships would we like to establish? Who are currently our main stakeholders?)</li> <li>• awareness on regulations (for example: Which regulations apply to us?)</li> <li>• available network (for example: Do we have business partners?)</li> </ul> <p><b>Concern for community</b></p> <ul style="list-style-type: none"> <li>• analysing what the current needs of the community we are living in today and current needs of human beings today are (for example: How do humans satisfy needs today? What are their needs today? Who is providing for those needs? Is the current community living within the 8 sustainability principles?)</li> <li>• mapping in- and outflow of resources (for example: What do we deliver? What do we depend on? What is left?)</li> </ul> <p><b>Common vision</b></p> <ul style="list-style-type: none"> <li>• analysing if currently personal individual needs match with the organisational needs and take time to understand discrepancies or similarities (for example: What are our individual needs, what are the cooperative's needs? Are both needs matching?)</li> </ul> <p><b>Member benefit</b></p> <ul style="list-style-type: none"> <li>• analysing what type of benefit individuals look for by participating in the cooperative. Discussion on how the cooperative currently generates these benefits as well as current ways of growing (for example: What is our benefit? What do we expect the cooperative to provide us with?)</li> </ul> <p><b>Economic sustainability</b></p> <ul style="list-style-type: none"> <li>• analysing the current financial status and current intentions to be financially viable (for example: are we currently financially stable? For how long? What about in a few months? What is our current satisfactory level? Where are funds currently coming from?)</li> <li>• analysing our current finance/admin capacity (for example: Who is in charge of finance/admin? Do we have procedures?)</li> <li>• analysing the way, we are currently communicating and branding (for example: how are we communicating our values, our 'brand'? What type</li> </ul>

<p>market would it access and what type of network would it have?)</p> <p><b>Approaches</b></p> <ul style="list-style-type: none"> <li>• conversation around possible approaches to embrace such as participatory, trust-based, bottom-up, step by step, learning-by-doing, taking time. Thinking on the long term benefit of adopting these approaches (for example: By embracing these approaches what will we have developed with our cooperative? Will our cooperative allow everybody to express their opinion?).</li> <li>• conversation around the meaning of participation (for example: What do we mean for involving people in discussions? Are we going to listen to them? How will our cooperative allow everybody to participate in decision-making processes?)</li> <li>• Taking time to listen to each other and to people is something we value if we project ourselves in the future (for example: What balance will our cooperative have between learning by doing and being sure of what to do before acting?)</li> </ul> <p><b>Leadership</b></p> <ul style="list-style-type: none"> <li>• conversation on what type of leaders the society will require in 20 years (for example: Will our cooperative be run by leaders? Will our cooperatives rely on one person or will everybody contribute to it? What type of skills will be needed in 10 years from now in our cooperative? Should we start developing those necessary skills, how?)</li> </ul> <p><b>Organisational Structure</b></p> <ul style="list-style-type: none"> <li>• conversation on what type of internal structures the cooperative will have in 10 years from now (for example: What will be the role and responsibilities of our management and boards? Will the cooperative have well established management procedures? How are we going to ensure that creativity and spontaneity are part of our internal structure?)</li> </ul> <p><b>The 7 cooperatives principles</b></p> <ul style="list-style-type: none"> <li>• conversation on how our cooperative will have fulfilled the cooperative principles (for example: Are the cooperative principles part of our vision of success? Will our decisions have been taken based on the principles? How will our cooperative have fulfilled its concern for community? And how will it have fulfilled its social mandate?)</li> </ul> <p><b>The 8 sustainability principles</b></p> <ul style="list-style-type: none"> <li>• conversation on how our cooperative will be operating within the boundaries of the sustainability principles (for example: Do we understand the meaning behind the sustainability principles? How can we fulfil them within our vision? Will our decisions be taken based on the principles? How will our cooperative fulfil its concern for the environment and the society?)</li> </ul>	<p>of market are we currently trying to access funds from? What type of network do we currently have?)</p> <p><b>Approaches</b></p> <ul style="list-style-type: none"> <li>• analysing the approaches, we are currently embracing and why they are important for the cooperative (for example: are we currently using participatory approaches? If yes, on which occasion? Do we trust each other? Yes/No? Are we ready to learn from each other? Are we taking time to speak about our concerns? Our visions? Our diversities, strengths, weaknesses?)</li> <li>• analysing if we are adopting a learning-by-doing approach and understand possible benefit and relevance to the cooperative we want to start up (for example: How do we currently take decisions? Do we listen to each other?)</li> </ul> <p><b>Leadership</b></p> <ul style="list-style-type: none"> <li>• analysing our perception of leadership and being a leader today (for example: Do we understand human beings? Group dynamics? Do we have soft skills? Can we step in and out as we have more than one leader among us? Do we complement each other and have different skills? Are we determined to go through many challenges?)</li> </ul> <p><b>Organisational Structure</b></p> <ul style="list-style-type: none"> <li>• analysing current needs in order to structure our cooperative. Reflecting on the different roles of people involved within the cooperative (for example: What is our current structure? How many employees do we currently have? Who is doing what and when? How do we currently take decisions? Are we currently taking decision based on the cooperative principles or the sustainability principles?)</li> </ul> <p><b>The 7 cooperative principles</b></p> <ul style="list-style-type: none"> <li>• analysing how the principles are currently influencing our views and our decision-making processes (for example: What are the cooperative principles? Are these principles currently important for us and why? Do we ensure benefits for our members? What do members want from the cooperative? What are the priorities of our members?)</li> </ul> <p><b>The 8 sustainability principles</b></p> <ul style="list-style-type: none"> <li>• analysing the sustainability principles and the meaning behind them (for example: Does our current vision include the principles? Are the principles taken into account when currently taking decisions? What is our current environmental impact?)</li> </ul>
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**Brainstorming actions - C**

This section will include all possible actions brainstormed by the cooperative team in order to move towards the defined vision of success.

**Prioritisation - D**

This section includes possible questions to ask when identifying the most strategic action(s) to be implemented by the cooperative in order to reach the long term success:

- Is this action in line with our approaches and contributes to the achievement of the vision?
- Is this action a flexible platform for future financial independence?
- Does this action provide sufficient return on investment for possible future actions?
- If the cooperative receives external funding: Is this action in line with our cooperative principles?
- Is this action in line with our vision of growth?
- Is this action creating space for members to be involved and contribute to the vision of success?
- Is this action motivating and creating positive momentum for the members? If yes, does it distract us from our longer term vision or plans?
- Does this action generate a benefit for our members?

### 4.3 Validity, strengths and weaknesses

Overall, the diversity of interviewees and calibre of responses from the twenty-four interviews gave the research team confidence that the results are valid within the scope identified. The team was able to validate the table of clusters and subclusters completed after the first round of interviews. The validation round supported the research team in their findings and helped us structure the data in a way that is easier to comprehend and analyse. An aspect that might have influenced the validity of the research is that the research team was pressured for time and was not in the position to present the four step strategic planning approach to the interviewees. This round of validation could have strengthened the final outcome. However, we consider the number of interviews completed in the first and the validation round as solid base upon which to base our recommendations.

The research team entered the data collection phase open to different way of analysing the data. Following data collection, the team realised it had collected an overwhelming amount of data and struggled with how to structure the information collected in a clear, accessible, simple to understand and meaningful manner. It was agreed to take an iterative approach in order to gradually digest the information. The initial idea was to use the table with six main clusters and twenty-eight subclusters presented in table 3.2 as a way to present the answer to the research question but the information was perceived overwhelming by the interviewees. After a few attempts to identify the simplest manner to organise information gathered, the team came to the conclusion that the most valuable option to structure the data was using the Five Level Framework (5LF). The framework helped to organise thinking and information in a clear and strategic manner for planning and moving an organisation towards sustainability. The process of clustering the information with the support of the 5LF went smoothly.

The research team could not use a systematic approach to select interviewees beyond ensuring that all three categories identified in the methods section were covered. Due to time constraints, established connection via the Coompanion or personal networks and response to interview request were key criteria to select interviewees. The team interviewed those who responded to a request for an interview. We interviewed a wide spectrum of cooperatives, social cooperatives, worker cooperatives, a cooperative of golf clubs, a food cooperatives and a large

consumer cooperative. While the research team is confident in the base of information gathered through the interviews with 7 cooperative practitioners and 7 experts on cooperatives, narrowing the scope to one type of cooperative could have given more specific information relevant for strategic planning. A related potential weakness lies in the nationalities of the cooperatives interviewed. Most of cooperatives represented are from Sweden, six from region Blekinge and one from Kronoberg, all of them already established as cooperatives. To include an organisation who was still in the starting-up phase, the research team made use of their own BTH network and reached out to the Netherlands which resulted in an interview with Lekkernassuh. The lack of purely Swedish cooperatives may decrease the relevant information for the Swedish context, however Lekkernassuh provided many helpful recommendations, that appear relevant also in the Swedish context.

Initially, the team had planned to include a document analysis step in the research design, using current strategic plans, by-law or business planning documents of cooperatives. However, accessing these document could have decreased the willingness of the interviewees to freely express their views on strategic planning. The team felt the interviewees might feel judged if their documents would have taken a prominent place in the research.

Despite not having been able to test the proposed strategic planning approach in a starting-up phase of a cooperative, it is encouraging to note that the proposed strategic planning approach considers all obstacles and needs of cooperatives as expressed by our interviewees. It builds upon on an approach of strategic planning which has been successfully deployed in a variety of organisations, enhancing their contribution towards global socio-ecological sustainability (Broman and Robèrt 2015).

## **4.4 Opportunities for future research**

Building upon aspects uncovered in this thesis about strategic planning in the starting-up phase of cooperatives, the research team suggests a number of opportunities for future research below.

We suggest a deeper dive into the learning-by-doing approach, which is often mentioned in this report' and how it can interlink with strategic planning and a prototyping approach in an organisational context. Prototyping is an approach that is often mentioned, also by our interviewees, as an effective way of designing solutions in a complex world (Hassan 2016).

Future research could sketch out in more detail what strategic planning can look like zooming in on specific type of cooperatives. One potentially interesting case is that of worker cooperatives with a social mission, owned by members of varying backgrounds and abilities (Bignolas 2016). How do participation and the social Sustainability Principles play out here?

Another suggestion for other researchers is to consider developing tools for the start-up phase of a cooperative (or other business models) to support the implementation of the 4-Step-Planning process developed as part of this thesis. Finally, implementing and developing more detailed guidelines for this process could be a thesis in itself, revealing practical insights into the how of strategic planning.

During the data collection phase, the research team came across several strategies a cooperative could integrate into their work which might help them become more successful in the long

term. An example is that cooperatives can focus on young people to extend their member base, since this generation is most interested in the change the cooperative is striving for. Further research could look into describing these strategies and in what extent they have the potential to enhance cooperatives contribution to move society towards sustainability.

## 5 Conclusion

This thesis started with the assumption that society may benefit if cooperatives enhance their contribution to sustainability. Building on this assumption, the ambition was to provide starting-up cooperatives with suggestions on how to plan strategically in order to reach long-term, sustainable success. Particular attention was given to be pragmatic and deliver an output applicable to the reality of cooperatives during their starting-up phase.

The research was conducted in Sweden, mainly focusing on the Blekinge region. Overall, twenty experts were interviewed: seven cooperative practitioners, seven senior cooperative experts as well as six business and strategic planning experts.

The data analysis resulted in a list of thematic areas and insights from interviewees which were further analysed and presented in a Five-Level Framework (5LF). The overarching view is that strategic planning comprises of two main elements, strategic and planning. The first is a strategic direction to guide cooperatives towards their vision of success; the second, planning, is more an activity to involve people where the process is more important than the result.

The thematic areas external world, concern for community, common vision, member benefit, economic sustainability, approaches, leadership, and organisational structure emerged as key subjects to be considered by cooperatives when planning strategically. Topics were then analysed with an SSD lens and translated into a practical four-step strategic planning process.

Ultimately, the results of this thesis wish to provide people interested in starting up a cooperative with a strategic planning process as an opportunity to better navigate social, economic and environmental concerns. By using the four-step strategic planning process cooperatives can develop a systematic approach towards sustainability while still considering their distinctive organisational context.

Future research in support of cooperatives and sustainable society may want to implement the above mentioned strategic planning process while capturing lessons for its future improvement.

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# Appendices

## A Interviewee list

In addition, the team considered it important to capture a profit/business oriented perspective and therefore included five senior experts on business

### *First round*

The first round exist of eighteen interviews with in total nineteen people.

Seven cooperative practitioners:

- Frederik Bergman, Founder Macken
- Conny Berg, CEO Coop, Karlshamm
- Pierre Bignolas, Founder Cooperative
- Emma Dennisdotter, Business Developer Sveriges Golfkust
- Marianne Ivarsson, Founder Allhall i Holmsjö
- Christina Merker-Siesjö, Director Yalla Trappan
- Sebastiaan Van Zaanen, Coordinator Lekkernassuh (Netherlands)

Seven cooperative experts with senior experience in cooperatives and who are currently working in building capacity of other cooperatives or running large cooperatives:

- Magnus Andersson, Consultant Coompanion, Växjö
- Jan Eden, Svensk Kooperation
- Gordon Hahn, Chairman Coompanion
- Bengt Johannisson, Senior Professor Entrepreneurship Linnaeus University
- Curt-Olaf Mann, Consultant Värdefullt Vetande
- Marianne Lundkvist, Consultant Coompanion Blekinge (interviewed together with Sandholm-Lindell)
- Louise Sandholm-Lindell, Consultant Coompanion Blekinge

Five senior experts on business:

- Marco Bertoni, University Docent, Blekinge Institute of Technology
- Lena Gustafsson, Business Advisor Almi
- Hans Hedström, Consultant Hushållningssällskapet
- Krister Issal, Chairman KFH i Karlskrona
- Antony Upward, Sustainability Business Architect

### *Second round*

The validation round consisted of six interviews with in total five interviewees from the first round and one additional person.

- Magnus Andersson, Consultant Coompanion, Växjö
- Marco Bertoni, University Docent, Blekinge Institute of Technology
- Lena Gustafsson, Business Advisor Almi
- Zaid Hassan, SocialLabs (*additional person*)
- Marianne Ivarsson, Founder Allhall i Holmsjö

- Bengt Johannisson, Senior Professor Entrepreneurship Linnaeus University

## **B Interview guide strategic planning and cooperatives**

### *Setting the stage*

- Thank you for giving to us the opportunity to meet you and access your expertise/views
- Introducing us
  - Master in Strategic Leadership Towards Sustainability
  - We have a passion for cooperatives because we believe cooperatives have the potential to move society towards a more sustainable model.
  - The topic of our research is “*Cooperatives & Strategic Planning*”, more specifically “*which elements of strategic planning should be prioritized in the startup of a cooperative?*”.
  - Current situation (i.e. middle of our research...)
- Purpose of the conversation

### *Statement of confidentiality*

What will the results be used for?

- You were selected because of your experience in cooperatives/starting up business and/or experience in strategy and/or planning.
- The results of the interview will be used to identify how strategic planning is currently used in cooperatives, the needs of cooperatives to become successful.
- In the second round we would like to go more into detail how different elements of strategic planning can play a role in helping you to start up your coop
- In beginning of June we can send the outcome of our thesis which aims to help cooperatives to implement strategic planning into their start-up phase.
- We will send the minutes of the interview to you after the interview. We would like then to know what we can quote you with your/organisational name and if some information we should rather quote anonymously.
- Time of our conversation between 60 to max 90 minutes.

### *Interview questions*

#### **A. Get to know the person/ organisation**

A1. What does your coop do? E.g. Who are your members, customers, employees? What is your coop’s main product or service? What is the ultimate scope of your cooperative?

#### **B. Start up a cooperative**

*Back to the beginning of the coop...*

B1. How did your cooperative come about? Was there a specific reason for founding a cooperative?

B2. How was it to start up this cooperative?

B3. What did it take to start up? e.g. Who was involved?

B4. How long does the start-up phase take? When would you consider a cooperative as “started up”

B5. What should be done in a start-up of a coop, but is currently not done? What did you not do that now, looking back, you wish you had done?

### **C. Vision of success**

C1. What does a successful cooperative mean for you?

C2. How would you like to see your cooperative/cooperatives in general in the future - 20 years from now?

C3. What does sustainability mean in the cooperative context?

### **D. Key factors for start-up**

D1. In your experience, what do you consider important aspects of success in starting a cooperative?

D2. Can you explain why/ Can you give an example why this is important?

D3. *Ask more questions to find out about key factors below.* e.g. How was the community involved?

D4. Which aspects do you foresee are difficult for a coop to implement in the start-up phase? Why is that?

### **E. Current practice of strategic planning**

E1. How has your coop evolved over time? To what extent would you say this happened organically, to what extent was it planned for?

E2. What do you associate with strategic planning?

E3. How is planning currently used in the start-up phase of a cooperative?

E4. How do cooperatives plan actions in the nearby future and actions in the far future? What do coops do to ensure the actions build up on each other?

E5. What reasons are there why it can be difficult for coops to do these activities in the beginning of a coop? Can you explain why?

E6. What are best practices in strategic planning for starting up a cooperative? Certain organisations/ theories, persons we should know of?

### **Rounding up**

- Of all the things we discussed, what to you is most important?

*The purpose of the research is to deliver useful information to cooperatives for achieving their success, and therefore contributing to sustainable development.*

- Do you feel we miss something?
- Or what is worthwhile researching more?

Thank you so much - we send the minutes of the notes to you in <a week> time.





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