



FAQs - Development/Setting up Related

Does a feasibility study essential to establish co-operatives and why do we need one?

A feasibility study will help a co-operative to consider market, financial and regulatory issues that may influence the success of the business. It is important to establish if the co-operative is able to survive in time, provide a service or a product for which there is demand and able to cover its own costs. A surplus (a profit) is an indication that the co-operative has an economic impact in its own area and, although, the generation of a surplus should not be what drive forward the co-operative, it is important to consider the implications to the members if losses are incurred.

What are the requirements/checklist to start a co-operative?

Step one – Organize a group of people willing to test the idea: is it a business? Is it feasible?

Step two – Research if there is a need for the business. Discover the uniqueness of

product/services and any added value to the new offerings.

Step three – Define who are the members of the co-operatives and distinguish them from other stakeholders. What are the membership benefits?

Step four – Establish if the business is financially viable. Is it profitable? Put together some initial financial projections such as Profit & Loss and Cash Flows.

Step five– Register the business with a suitable legal structure and appropriate governing documents (use Model Rules).

Step six – Prepare detailed plans on how you would finance the business and how would run its operations: who is doing what?

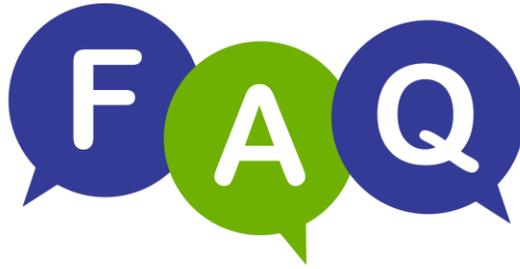
Step seven – Launch day: open the door to members, customers and wider community.

How do co-operatives raise financial resources for setting up or grow the business?

Co-operatives can raise finance via loans from banks, other financial institution¹ and also borrowing from their members and non-

¹ Other financial institutions such as Community Development Financial Institutions (CDFIs). For example, Community Finance

Ireland <https://communityfinanceireland.com> and Co-operative and Community Finance <https://coopfinance.coop>



members by subscribing to loan stock. Co-operatives and community benefit societies, in addition to the above, can also launch community shares offers to raise patient capital for starting up or grow a business. Community shares (also called withdrawable shares) are a unique form of share which can be issued by societies and they are very different from an ordinary share. They cannot be traded nor transferred and can only be withdrawn (cashed in) from the society, subject to the rules of the society and the performance of the business.

What are the incentives and financial assistance provided to an emerging co-operative?

Registration fees for societies are still a considerably higher cost compared to other businesses. Therefore, Co-operative Alternatives which aims to promote co-operative models and increase the number of co-operatives in NI, have worked to overcome this barrier. At present registration costs can be covered through specific

programmes of support such as the Belfast City Council programme for Co-operatives and Social Enterprises or can be subsidized through Co-operative Alternatives own fund or other programmes.

Some funding for emerging co-operatives in Belfast is also available through the [Go Social Incentive Fund \(belfastcity.gov.uk\)](https://www.belfastcity.gov.uk/social-incentive-fund).

Which are the organizations pertinent to co-operative development in Northern Ireland?

Co-operative Alternatives is a co-operative development body based in Belfast, Northern Ireland. To find out about support programmes for co-operatives in the region, visit www.coopalternatives.coop or contact us via email info@coopalternatives.coop.

Other support programmes for co-operatives:

- The Belfast City Council Co-operatives and Social Enterprises Support Programme. More info at [Social economy \(belfastcity.gov.uk\)](https://www.belfastcity.gov.uk/social-economy)
- The Hive, a UK based programme and open to co-ops in NI. More information at [About The Hive | Co-operatives UK](https://www.thehive.co.uk/about-the-hive-co-operatives-uk)

Prepared by Co-operative Alternatives – April 2022