



Projet de conversion  
en coopératives

Conversion to  
Co-operatives Project

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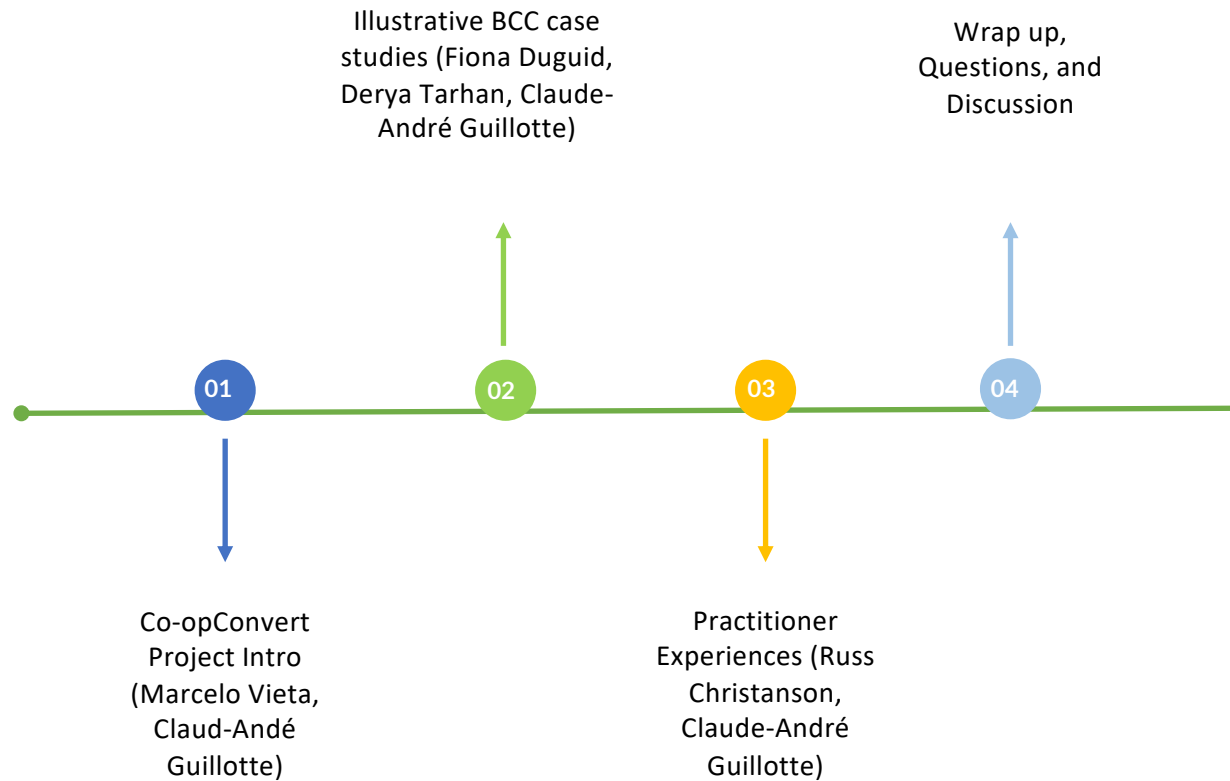
## **The Co-opConvert Project, Year 3: Mapping the Potential of Converting Workplaces and Community Spaces to Co-operatives in Canada**

[www.coopconvert.ca](http://www.coopconvert.ca)

**Association of Co-operative Educators (ACE) 2021 Annual Institute**

**June 22, 2021**

# Outline





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## The Conversion to Co-operatives Project (Co-opConvert) [www.coopconvert.ca](http://www.coopconvert.ca)

Marcelo Vieta, OISE/UT

Claude-André Guillotte (IRECUS, University of Sherbrooke)

# Co-opConvert

A partnership-based research project



**University of Toronto's Centre for Learning, Social Economy, & Work (CLSEW)**



**Institut de recherche et d'éducation pour les coopératives et les mutuelles de l'Université de Sherbrooke (IRECUS)**



**Co-operatives and Mutuels Canada (CMC)**



**Social Sciences and Humanities  
Research Council of Canada**

**A SSHRC Partnership Development Grant**



# Motivations for the project

## The Canadian SME-Succession Crisis and the Pandemic

- 1.2 million employer SMEs in Canada.
- Nearly 72% of small business owners plan to retire in the next decade; 59% of SME owners are over 50.
- 81% of these retiring owners plan to transfer or sell their businesses, but **only 14% have a formal plan for succession**, 41% have an informal plan, and 51% *have no formal plan*.
- At stake is over \$1.5 trillion in assets and the fate of 850,000 businesses (CFIB, 2018 ) and over a third Canada's private sector workforce (Parkinson et al., 2017 ).
- The **impact of the COVID-19 pandemic on SMEs** has added to the concerns. As of Sept. 2020: 33% of Canada's businesses were partially open and 2% fully closed due to COVID-19 edicts and challenges.

## What about business conversions to co-operatives (BCCs)?

- **Business conversions to cooperatives (BCCs)** could be a very viable solution. **No solid policies or uniform enabling environments in place in Canada**, however, for BCCs or for systematically fostering the BCC solution .
- Canada has had some successful experiences of BCCs through the leadership of local community developers and co-operative sector associations and federations, especially in Quebec.
- But **BCCs mostly falls under the radar** for SME owners, unions, workers, policy makers.
- Why?
- What does the co-op sector have to do?
- What do SME owners, business leaders, workers, and policy makers need to know?

# Objectives of the project (1)

## Objective

1

To identify and enhance the enabling environments for BCCs in Canada via a mixed-methods approach (SSHRC Insight goals)

1. An international scan of BCC experiences and enabling environments  
in progress, by fall 2021
2. A current Canada-wide data set + map <https://www.coopconvert.ca/map>
3. A survey of retiring SME owners <https://www.coopconvert.ca/reports>
4. In-depth, semi-structured interviews of key informants almost completed
5. Multiple embedded and contextual case studies almost completed, now in graphic design

# Objectives of the project (2)

## Objective 2

To build capacity for BCCs in partnership with Co-operatives and Mutuels Canada and co-op sector (SSHRC Connection goals)

- ▶ Webinars and info sessions with key stakeholders and the general public.
- ▶ Presentations to business leaders and provincial government units regarding the conversion option.
- ▶ Reports and fact sheet-style summaries of the research (in English and French).
- ▶ Repository of how-to guides in English and French.
- ▶ Research dissemination and educational/capacity-building legacy website, social media initiatives (in EN and FR)
- ▶ Encouraging the formation of a policy committee (with CWCF, CMC, PAs)
- ▶ Edited book(s), refereed journal articles, conference presentations, and teaching case studies.
- ▶ Building on a national and international network of researchers and co-operative sector developers



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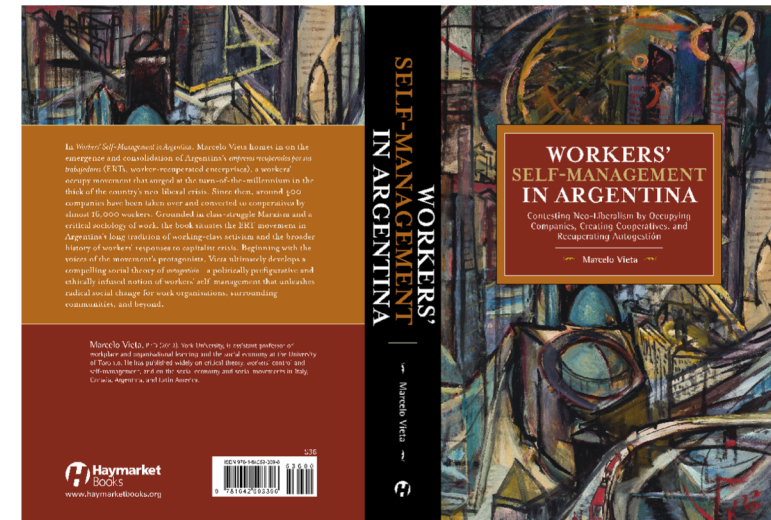
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# Pathways to Democratizing the Economy and Saving Jobs by Converting Businesses to Cooperatives: Situating the Canadian Landscape

Marcelo Vieta, OISE, University of Toronto

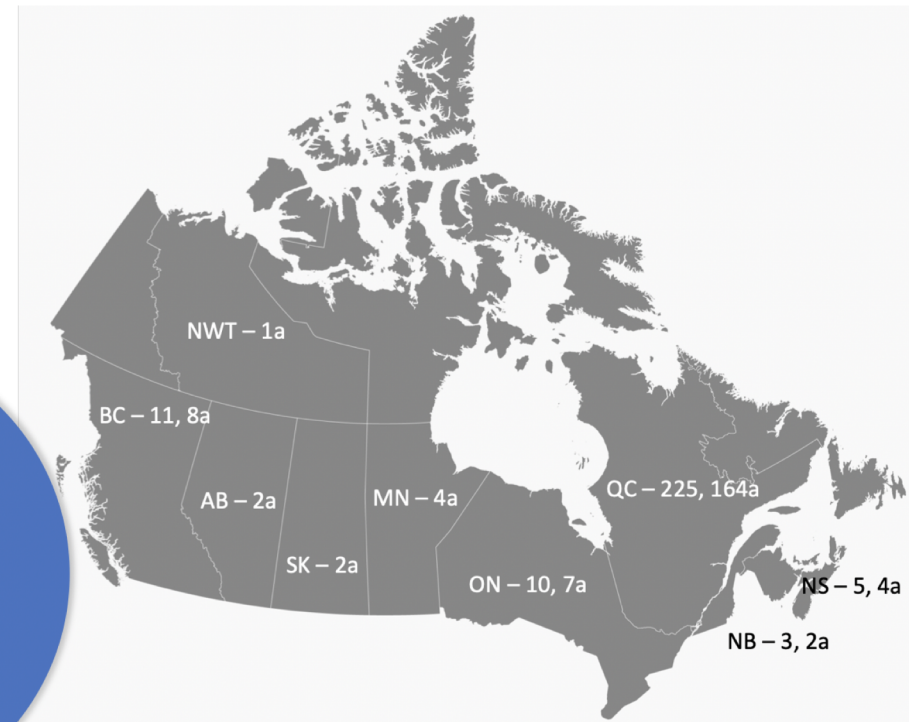
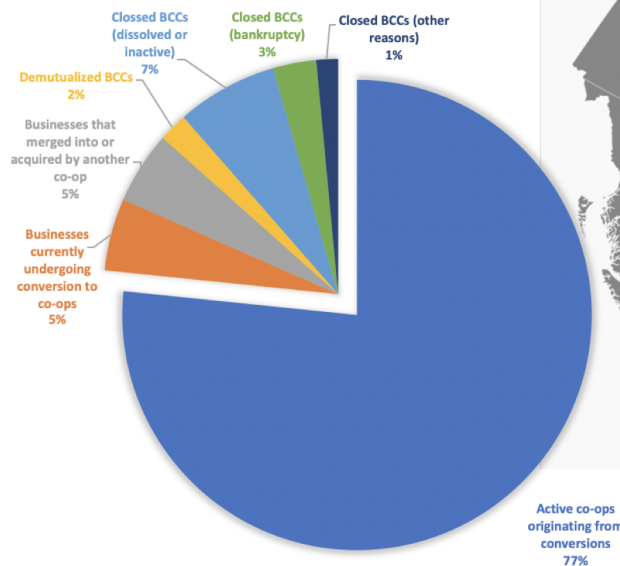
# Democratizing work and the economy by converting companies to cooperatives: Three major pathways

1. **Labour-conflict conversions** (Argentina, Brazil, Uruguay, parts of Europe)
  - Mainly worker-led, conflict-motivated, defensive at first (to save jobs)
2. **Negotiated conversions** (Italy, France, Spain, Canada especially Quebec)
  - Clear WBO or BCC laws and pathways, and mainly led by exiting owners, unions, or the cooperative sector, with financing and support from the state or SEO orgs
3. **Partial conversions** (US, Canada, UK, Venezuela, Cuba, Northern Europe)
  - Usually not led by workers nor leading to complete workplace democracy or worker/community ownership. Private-sector, social economy sector, or public-sector conversions (ESOPs, worker shareholder cooperatives, nationalized firms)



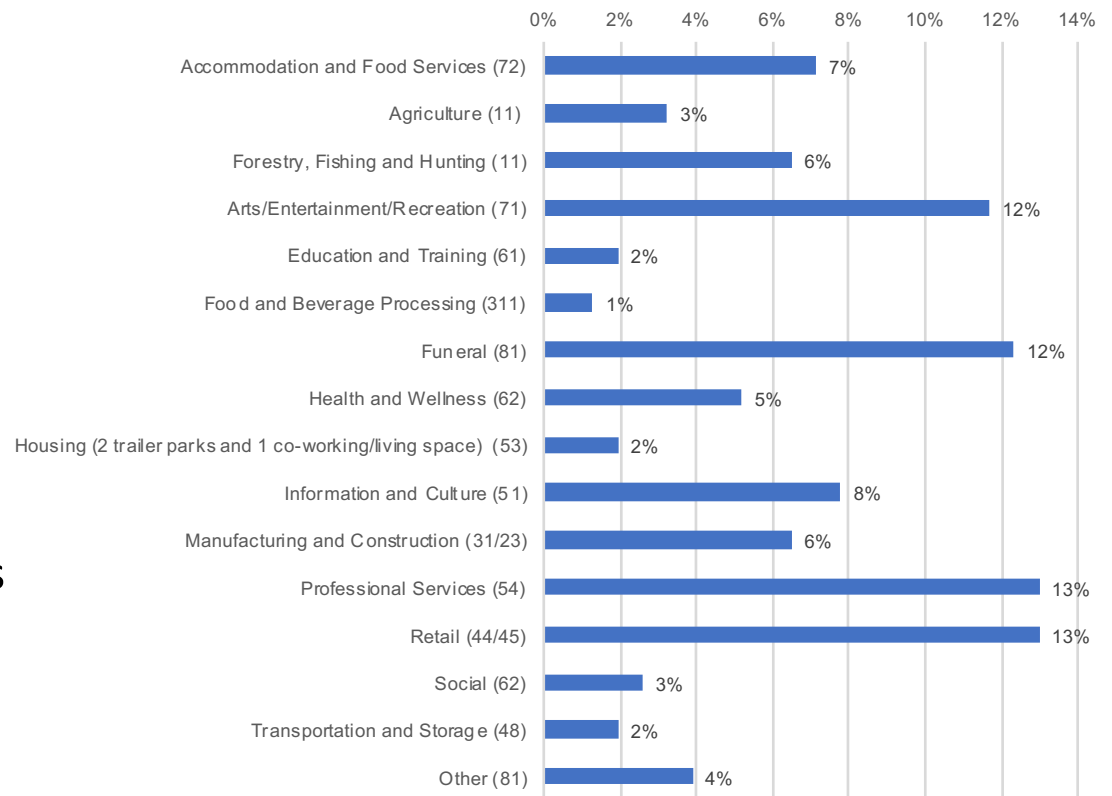
# Conversion to co-ops in Canada, by province\*

- ▶ Canada's BCCs are present across the country.
- ▶ **263 active and inactive BCCs** in our database, **194 active**. In addition, we have tracked a further 77 housing co-ops emerging from conversions (but many more have existed historically), bringing our **total BCC db to 340**.
- ▶ In this analysis, we focus on the **194 active and non housing co-op conversions**
- ▶ **Most of Canada's non-housing co-op conversions located in Quebec**, due to its rich enabling ecosystem for co-ops and the social economy.
- ▶ Fairly robust after conversion. 74% of non-housing BCCs still active, the first formed in the '40s and '50s! Most have emerged in last 10 years.
- ▶ If BCC model so promising, especially in QC, why is it not better known in the rest of Canada?



# Conversion to co-ops in Canada, by industry sector\*

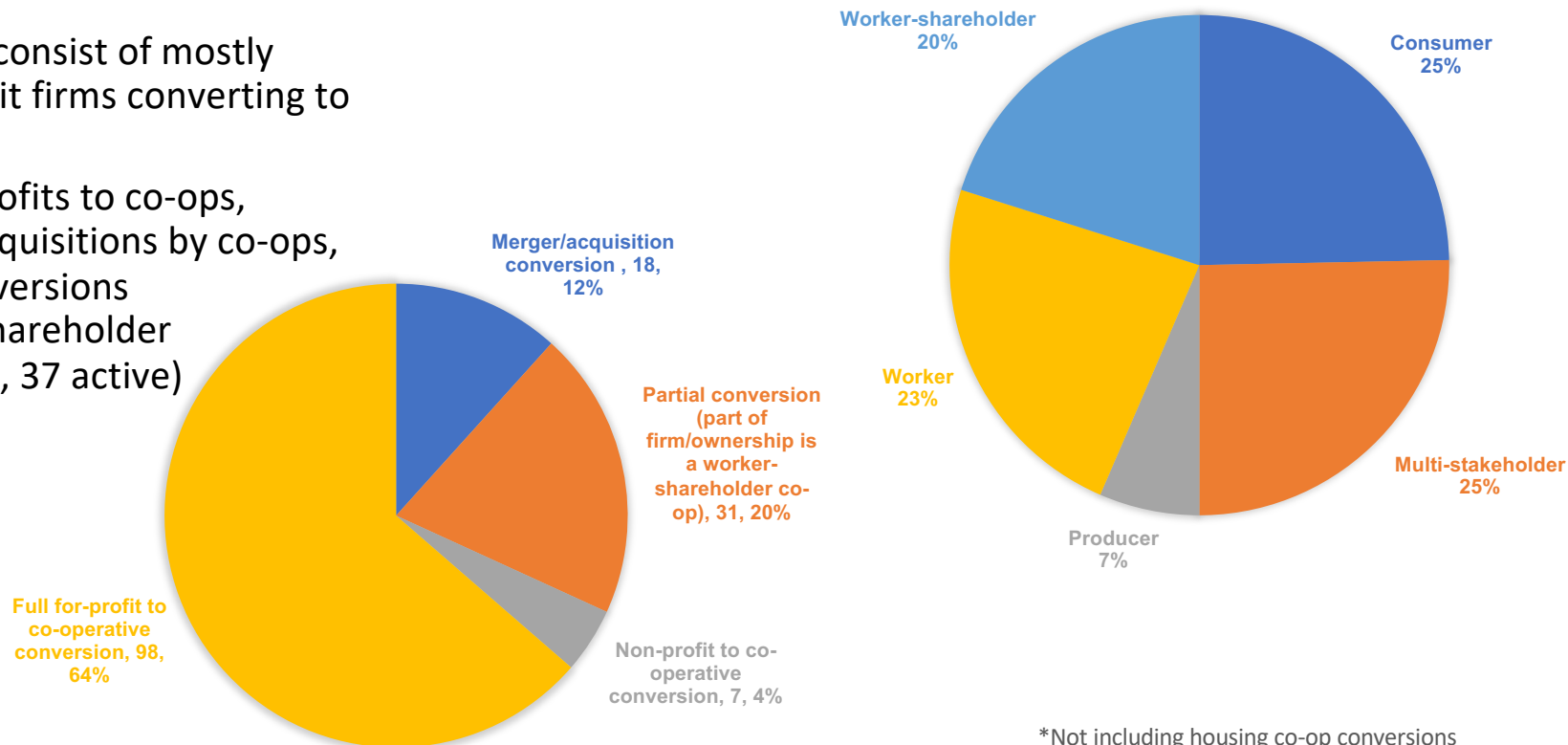
- ▶ Canada's BCCs are present across the economy.
- ▶ Info and prof. services, education, health, and arts & rec. = 40% of BCCs
- ▶ Co-opConvert is highlighting illustrative cases of conversions in different regions and economic sectors...



\*Not including housing co-op conversions

# Conversion to co-ops in Canada, by conversion and co-op type\*

- ▶ Canada's BCCs consist of mostly private for-profit firms converting to co-ops
- ▶ But also non-profits to co-ops, mergers and acquisitions by co-ops, and partial conversions (QC's worker-shareholder co-ops, 87 total, 37 active)

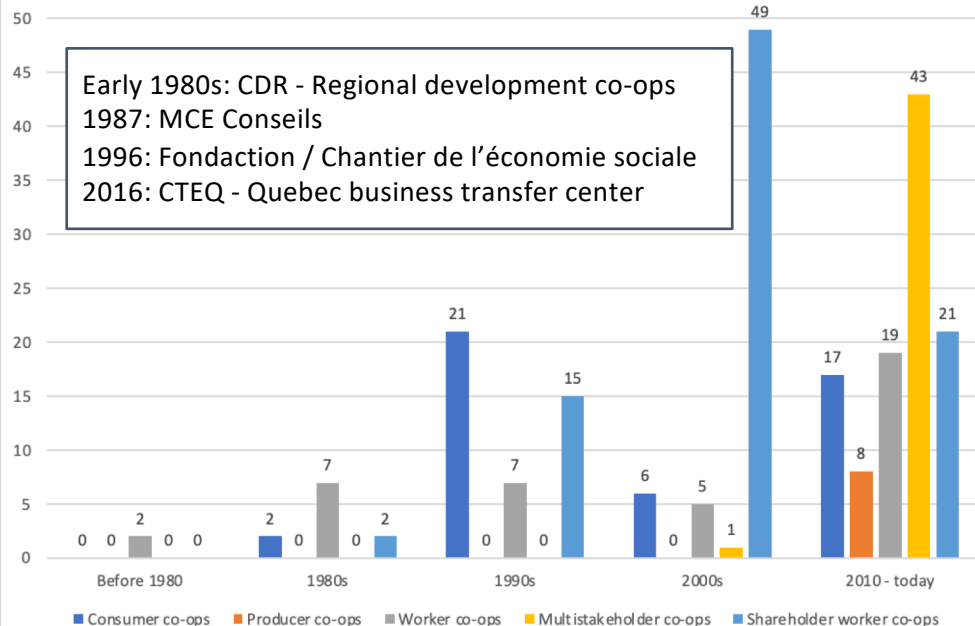


\*Not including housing co-op conversions

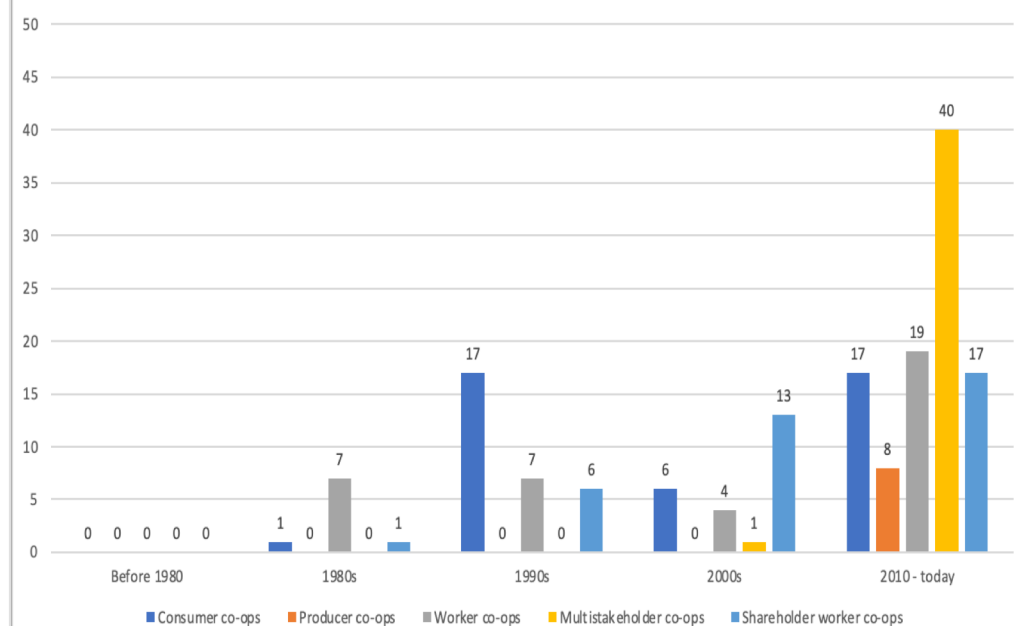


# BCCs in Quebec\*

Total BCCs in Quebec, by type of co-ops  
(n=225)



Businesses converted to co-ops in Quebec that are still active today, by type of co-ops  
(n=164)



Shareholder worker co-ops are possible since 1984; multistakeholder co-ops, since 1997

\*Not including housing co-op conversions



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# The Significance of Illustrative Cases of Business Conversions to Co-operatives in Canada

Fiona Duguid, Saint Mary's University and Cape Breton University  
Derya Tarhan, OISE/University of Toronto

# Embedded Case Studies

- ▶ Total of 13 case studies completed with 5 more being finished
  - Selection criteria: Province, language, type, industry, maturity, rural/urban, curious-factor
  - Include: Battle River Railway (AB), Harrop-Proctor Community Forest (BC), Blooming Ladies (AB), Aron Theatre (ON), Arise Architects (ON), Groupe Capitales Medias (QC), Coopérative de travailleurs d'Ambulance de l'Estrie (QC), Fédération québécoise des coopératives funéraires (QC), Almost but not quite
- ▶ Methods:
  - Desk work = literature review, document analysis
  - Interviews with range of stakeholders i.e., owners, members, supporters, previous owners, clients etc.

# Kincardine Ladies Fitness Co-op (ON)

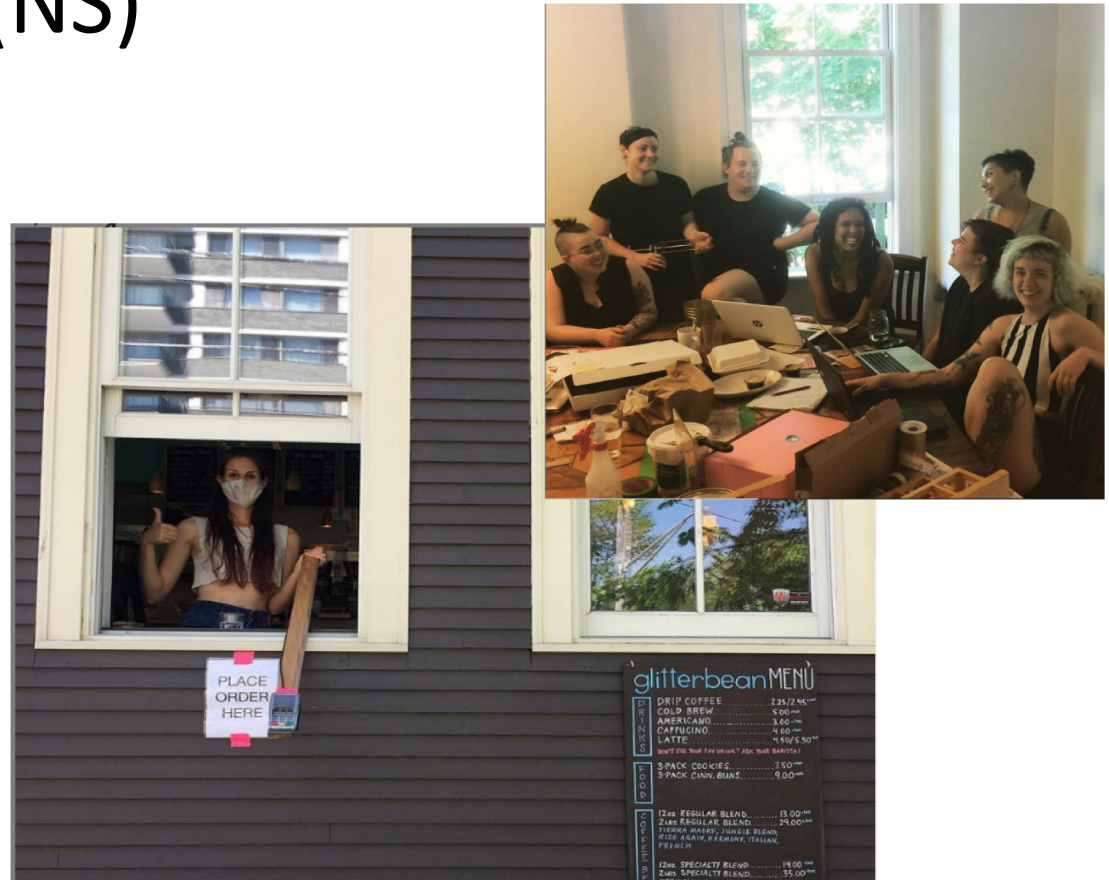
- ▶ From multinational franchisee to not-for-profit co-op
- ▶ Meeting members needs
- ▶ Able to be very lean because no franchise costs, no employees, no one needing profit
- ▶ No dollars leaking from the community to franchise headquarters
- ▶ Supportive previous owner



“Now I feel a lot more committed. Previously if I stopped going, it wasn’t a big deal. Now I couldn’t quit! How can I quit? I would be quitting on myself.”

# Glitter Bean Cafe (NS)

- ▶ Group mobilized through labour dispute (2010-2018)
- ▶ Community characteristics played key role in conversion
  - Skilled workers
  - Socially cohesive group who share LGBTQ2+ identities
  - Unionized
- ▶ Supportive roles from co-op coffee roaster, union, co-op developer
- ▶ Sweat equity, no government financial support



# Co-operative Conversions in Quebec

## Examples



- **Sector:** Paramedic services
- **Foundation:** 2004
- **Type:** Worker co-operative



- **Sector:** Funeral services
- **Foundation:** 1987
- **Type:** Federation, grouping customer co-operatives



- **Sector:** Newspapers
- **Foundation:** 2019
- **Type:** Producer co-operative, grouping multistakeholder co-operatives

# Co-operative Conversions in Quebec

## Why?

### Paramedic sector

- **1980s:** Important changes in the Quebec ambulance sector
  - Unionization, mostly led by CSN
  - Restructuring due to the inefficiency of the sector
  - Government becomes the sole customer
- **1990s:** Numerous changes of ownership
  - Loss of interest on the part of private owners due to reduced profitability
  - Movement to transform ambulance companies into worker co-operatives

### Funeral sector

- **1990s:** Attractiveness of the Quebec funeral market
  - Aging of the population
  - Numerous retiring owners without family succession
- **Result:** Increasing acquisition of Quebec private funeral companies by multinationals
- **Mid-1990:** Implementation of an acquisition strategy by the FCFQ to counter these acquisitions and maintain Quebec ownership of funeral businesses

### Media sector

- **Media context:** New challenges
  - Rise of digital media and platforms
  - Loss of advertising revenue
- **August 2019:** Groupe Capitales Médias (GCM), owner of 6 regional dailies, announces its intention to file for bankruptcy protection
- **Quick reaction:** Ministère de l'Économie du Québec, CSN, regional newspapers' employees begin to organize to maintain jobs and access to regional information



# Co-operative Conversions in Quebec

## How?

### Paramedic sector

- **1999** : Coopérative des Ambulanciers de la Mauricie buys Ambulance de l'Estrie Inc.
  - **Funding**: Fondation, Investissement Québec, Caisse d'économie solidaire
  - **Counterpart**: Commitment to converting the business to a co-operative within a reasonable time
- **2005**: CTAAE buys 1/3 of the business as a shareholder worker co-operative
  - **Technical support**: MCE Conseils
- **2010**: CTAE completes the business conversion to a worker co-operative



### Funeral sector

- **1994**: Beginning of an acquisition strategy
  - **Communication strategy** under the theme of regional belonging
  - Creation of a \$15 million **development fund**
  - **Financial partners**: Mouvement Desjardins & Investissement Québec
- **To the present day**: Proven acquisition-conversion process
  - Team of experts
  - Approx. 35 businesses/points of services transformed into new co-operatives or integrated to existing ones



### Media sector

- **December 2019**: Acquisition of the 6 dailies by CN2i
  - **Funding**: Investissement Québec, Mouvement Desjardins, Fondation, Fonds de solidarité FTQ, solidarity fundraising campaign
  - **Technical support**: MCE Conseils
- **March 2020**: Beginning of the operations of the daily newspapers under the co-operative form





# Some Initial Learnings from Case Studies

- ▷ Three critical catalyzers:
  - Business succession
  - Worker mobilization
  - Community mobilization
  
- ▷ Given the lack of enabling policy environment, the following are critical for co-op conversions:
  - Co-op developers;
  - Support organizations (esp. with financing);
  - Community characteristics;
  - Dedication of steering group.
  
- ▷ Role of the previous “boss”

# Practitioner Experiences

1. Could you tell us about the history of the conversion? What were the catalyzing factors?
2. Who were some of the key stakeholders in the project? How did they support you?
3. What would you like to tell fellow co-operative practitioners who might consider co-op conversions?
4. Why was the conversion important for your community?





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## Next Steps for the Co-opConvert Project

# Current work, next steps

- ▷ Case studies: More and different types
- ▷ Actual conversion case follow up and documentation (with VanCity)
- ▷ Finalize BCC diagnostic tool (with the Ontario Co-operative Association)
- ▷ Canada's BCC landscape report
- ▷ BCC best practices report (international, comparative)
- ▷ BCCs in Canada book, with cases, best practices, Canadian typology
- ▷ Journal articles
- ▷ International conferences and network-building
- ▷ Lead an international and comparative BCC research project in coming years
- ▷ Continue to work with Canada's co-op sector, governments, community economic development organizations in network building and policy development (have already been working here with CWCF, CMC, OCA, etc.)