Co-operatives and the New Millennium: The Emergence of a New Paradigm[1]

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Introduction

Over the last twenty years, there has been a strong trend towards change in almost all aspects of the world as we used to know it. These changes have provoked a profound transformation in organizations, including co-operatives. Yet those transformations also allow us to examine the co-operative foundations from a totally different perspective, which is why this paper refers to the emergence of a new paradigm. The trends identified as the basis upon which future organizations will be built should lead to a re-evaluation of the specific nature and structure of co-operatives.[1]

We need to take a second look at co-operatives. On the one hand, they have more difficulties than ever in distinguishing and differentiating themselves from privately owned enterprises. On the other hand, recent developments in organization theory, and the trends in organizational transformation, open up a number of opportunities to renew and enhance their distinctive characteristics. This paradox finds its solution by shifting the analysis from a traditional approach towards the development of a new paradigm.

A New Context

Like all contemporary organizations, co-operatives are faced with important changes. Let us look at some examples.

Agropur is the largest dairy co-operative in Canada—in fact, it is one of the largest in the world. In 1997, it showed a turnover of $1.4 billion, with close to 5,000 members and 2,800 employees.[2] In the last five years, Agropur has seen its competitive environment change profoundly. From an industry mainly controlled by Canadian enterprises—mostly small family organizations—the industry has shifted gears and become global, not so much in its selling and buying of products, though that day will come, but through the emergence of powerful global leaders such as Nestlé,

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Unilever, Danone, and Parmalat. These leaders, which might be called "globocorporations," have established a strong presence in all key markets around the world. Canada is no exception. This is why there has been a significant concentration of the Canadian dairy industry among a handful of players—Parmalat, Agropur, and Dairyworld Foods. This competitive pressure is enhanced by the even stronger concentration in food distribution coast to coast following the acquisition of Provigo by Loblaws, and IGA by Sobeys. These powerful changes affect all organizations involved and require a profound re-evaluation of their competitive advantages and capacity to perform in such a hostile environment.

The same scenario is occurring, even faster and with more intense effects, in the financial services industry. The evolution of regulation, the transformation provoked by information and communications technologies, and the arrival of new financiers have revolutionized the industry. In such a difficult context, Desjardins and credit unions have to restructure drastically. Here again, the question of competitive advantages and strategic positioning is crucial.

In this environment, managers and leaders naturally question the capacity of co-operatives to compete. Is the co-operative model of organization well suited to handle these challenges? Co-operatives around the world are faced with the same complex issues. For some, the answer is no. They prefer to become a private capitalist organization of some sort. Others reaffirm the relevance of the co-operative model. All question themselves.

The Increasing Difficulty of Being a Co-operative

Traditionally, co-operatives have been distinguished on the basis of principles and values. Three main traits need to be strongly underlined—the double identity of ownership and usership; democratic control and orientation; and the redistribution of surpluses based on the transactions between the members and their co-operatives. These characteristics are what distinguish a co-operative from a private, capitalist organization.

However, most members of large, mature co-operatives no longer recognize these distinctions. The lack of co-operative education is certainly one reason for this situation. These mature co-operatives were founded several generations ago, and when vigilance is not constantly renewed through education, members tends to become mere clients and act like clients. The size of membership also poses serious problems. How does one train, inform, and consult an association of fifteen thousand members? Economic democracy is still young and ill-equipped for such challenges, certainly from a managerial point of view. How can managers integrate participatory practices in such a large association of members when it is already difficult for them to involve employees? Furthermore, co-operatives are faced with the problem of collective action. Members can all benefit from the efficiency of the co-op, even though they do not necessarily share the burden of investing time and energy in its control and orientation. This well-known problem in economics—the free-rider problem—is certainly a key factor in explaining the low level of member participation in large co-operatives such as les caisses populaires and the credit unions.

Members receive limited education about co-operatives, and therefore tend to compare the co-op with its capitalist competitor. For example, members of a caisse populaire will compare products, services, and prices. When they deal with their co-op, most of the time they are unaware of the nature of the relationship in which they are involved. The small amount of money invested to become a member is more like the casual payment of a fee than a thoughtful decision to become an owner of a co-operative designed to respond to your needs. Strangely, managers and employees face a similar lack of knowledge about the organization for which they work. Considering such an absence of understanding, it is unlikely that either members or employees will act according to co-operative principles and values.

This serious problem is enhanced general discourse of the dominant system. Rarely do we hear about co-operatives, either in school or in the mass media. Their relative marginality results in their specificity being hidden by the strong voice of capitalist discourse, the obvious standard of reference. This is even more of a problem since the evolution of large co-operatives has brought them head-to-head with their capitalist competitors. Historically, members were capable of distinguishing a caisse (credit union) from a bank by what it did or did not do, or by the fact that it agreed or did not agree to service them. Today, those differences have all but disappeared, and most members can walk into a bank or a caisse populaire and find similar products and services at comparable prices. How do people distinguish between them if no one has educated them about the subtle but profound differences? And without this understanding, how can people appreciate the potential for different arbitrages once co-operative principles and values are fully implemented? We rarely get to the point where the most valuable differences can be observed, since we don't start building those differences. How can people perceive differences if they don't even know they exist?

The problem of large, mature co-operatives is further complicated by the profound transformation of the current social economy. Co-operatives these days are very much aware of the overlap of their membership with the clientele of their competitors. They are not aware, however, of a stronger reality from the associative point of view. Members can be involved in a number of collective organizations. Research and surveys demonstrate year after year that 25 percent of the general public is involved in such nonprofit enterprises. From these figures, it is possible to hypothesize that an equivalent percentage of members and employees of co-operatives are involved as well, but outside their co-operative. The rapidly growing number of nonprofit organizations will make this reality even more acute. By not paying attention to their interconnections with other associations, large, mature co-operatives significantly limit the impact of their actions. This paper will return to this question later.

Finally, the difficulty of recognizing a co-operative is compounded by the appropriation of managerial practices from capitalist enterprise without much thought about the neutrality of those practices. A good example of this is the Desjardins competency charter.[3] The charter, called DACUM (Develop a Curriculum), reflects a detailed view of what it takes in terms of competencies to be an efficient manager. This is all very well, but more than 90 percent of those competencies are thought to be identical whether one operates a bank or a financial co-operative. Since practices are built from these set of competencies, members are unlikely to differentiate co-operatives from within either. Because most managers are hired for their expertise in a specific area, without any further reference to their understanding of the co-operative’s specificity, they cannot be expected to behave any differently than if they were managing a capitalist organization. Everything surrounding them points in that direction, including the very basis of their performance evaluation.

It is difficult for anyone to recognize a co-operative organization these days. For the few who can, the question becomes: Does it make any difference anyway?

An Organization of the Future

Over the last ten years, an increasing number of authors have investigated the question of the “organization of the future.” Authors such as Crozier (1989), Sérieyx (1993), Hammer and Champy (1993), Peters (1992), Prahalad and Hamel (1994), Blackwell (1997), Davis and Meyer (1998), and Brilman (1995) are all examples of thinkers who provide a good understanding of the “redefinition of the concept of organization.” The logic behind such a major redefinition of the organization lies with the drastic transformation affecting the economy, which Brilman explains clearly with the following key factors:

(1) the imbalance between supply and demand, and the necessity to constantly imagine and innovate;

(2) the rise of consumer sovereignty and its new requirements and characteristics such as contraction of time-space, the seriousness and competence of consumers, and deception about what they are being offered;
(3) the increased transparency of markets through new communication technologies;
(4) the globalization of markets, and so on.

These forces result in pressure for the organization to adapt and transform itself both in terms of products and services, production technologies, the organization itself, and its mentality and behaviour.[4]

Blackwell expresses similar views and draws the conclusion that “these and other factors are putting the squeeze on today’s corporations.” Looking into the crystal ball, he forecasts a future in which “excellence will be the minimal requirement to stay in the game.” and goes on to say that “the winners of tomorrow will be united by a common ability to penetrate the mind of the consumer. As businesses of all types become consumer-based, all companies will need to have some mechanisms in place to express their thoughts and feelings, as well as systems to transform those ideas into products and bring them quickly to market.”[5]

All these changes put enormous pressure on organizations to adapt. Again, Brilman provides an interesting overview of what has emerged since the early eighties—concepts such as total quality, just-in-time, re engineering, outsourcing, flattening, benchmarking, lean company, world-class organizations, horizontal enterprise, learning organization—all of which have been developed and implemented in various degrees. According to Brilman, all these models are not incompatible; on the contrary, they are coherent and convergent when viewed over a sufficient period of time and through the lense of pressures from the markets and the need to respond accordingly.[6]

These ideas are found in various forms in an increasing number of authors. It is interesting, though, to come back to one of the first to have adequately looked at these transformations and the need for a new organizational paradigm. Crozier, in his ground-breaking book L’Entreprise à L’Écoute, refers to the emergence of a new logic of enterprise. The trends mentioned earlier, mainly the central role of consumers, lead to an emphasis on quality and services. Human resources, therefore, become the most important ones. The capacity to innovate puts nonmaterial investment in the forefront, which leads to learning as a central concept. The managerial revolution that is needed will be based on the capacity of entrepreneurship, of combining various partners, of recognizing nonmaterial investment, and on the ability to organize learning. Crozier concludes that three principles will dictate the new concept of enterprise: simplicity, autonomy, and governing through culture. [7] The human mind, therefore, becomes the key, requiring increasing competencies, and the ability to re-examine the variables of human behaviour in order to obtain a stronger convergence and co-ordination, to increase co-operation among people more freely than ever.

Bridges between an Organization of the Future and the Nature of a Co-operative

It is amazing to observe these changes taking place in organizations, for reasons of efficiency and survival, and to realize how much value they unwittingly place on the distinctiveness of co-operatives. The point here is certainly not to predict that most organizations will transform themselves into co-operatives. They will not. However, it is fascinating to consider these trends and then go back to the "old co-op model" and ask how much these changes help us reinterpret its values and principles. Furthermore, if there is a convergence between co-operative values and principles and the emerging organizational paradigm, we may find a solution to a most serious problem facing co-operatives: that is, to move from values and principles towards a proper operational framework to get those values and principles into action. This lack of a proper framework for co-operative management is certainly central to the capacity to transform the human values put forward by co-operative leaders into the competitive advantages desperately needed to remain in business.

With these bridges in mind, this paper will focus on four key elements of the emerging organization of the future, namely:

loyalty,
the search for meaning and legitimacy,
mobilization through values, and
the learning organization.

Such an approach allows us to start looking at the co-operative model with a different mindset. Most co-op managers known to the author seem to regard the co-operative model as one of the past. They have heard enough about values and principles, but are without proper tools to implement them in a day-to-day operation. Furthermore, the ever-increasing pressure of their environment requires responses at all four of the levels outlined by Brilman and mentioned earlier (products and services, processes, social organization, mentality and behaviour). Like all managers, they are left with no choice but to find answers to these very tough questions.

What Do We Know about Loyalty?

Reichheld states that on average, American firms lose half their clients every five years, half their employees every four years, and half their shareholders every year. He compares that to a tragedy that affects the performance of those organizations by an average of 25 to 50 percent, perhaps even more. Managers working to keep an organization afloat, and further, hoping to make it grow profitably, while losing their most valuable assets to such a large degree, have an almost impossible job. At the same time, organizations capable of "earning" loyalty grow and generate amazing profits.[8]

Reichheld identifies "what we know about loyalty." First of all, it is impossible to expect a loyal customer base without loyal employees. The best employees prefer working for an organization capable of delivering superior value to consumers, which in turn is necessary to earn consumer loyalty. Loyalty is based on the vision and reliability of senior management. Organizations that have it rely on long-term commitment and regard people (clients, employees, and shareholders) as their best assets. Losing them is an unacceptable destruction of value. Loyalty requires an appropriate selection of clients, employees, and shareholders, properly training them to contribute and receive value, and supplying them with incentives to learn these lessons by themselves. Loyalty is not possible at the margin. It needs to be the main concern of everyone involved in order to consistently deliver superior value. Finally, it requires a focus on human dignity, and needs to find an equilibrium between personal and collective interest. Management, therefore, needs to be based on people, their motives and behaviour, and humanistic values. In other words, it is not a trick.

What makes loyalty such a valuable objective is that it makes it possible to build profitability with every client through an expanded profit base, cost reduction in serving it, increased business volume over the years, and recommendations from fellow clients based on their high level of satisfaction with the organization that serves them.

Bhote, in Beyond Customer Satisfaction to Customer Loyalty, identifies ten principles required to put loyalty into place. At the top of the list, there must be a partnership based on ethics and integrity, without compromise. There must be a conviction that the organization is there to deliver superior value to its client. There must be mutual trust, and all parties must agree to open the books, leading to concrete, active, and mutual aid between clients and the organization, even coaching from both sides. There must be constant attention to variables that enthuse the clients, those that they identify themselves as the most important. There must be close proximity to the clients and a sincere interest in them even after the sale. Finally, the organization must anticipate their needs and expectations for the future.

Loyalty and Co-operatives

All organizations want to achieve loyalty. Experts on this question, however, underline how difficult it is, and the need for a managerial revolution among firms if they want to accomplish it. From what we know about loyalty, it is obvious that it brings us closer to dealing with the complex issues of the organization of the future. That organization will generate strong competitive advantages for those who have succeeded in building it.

At this stage, though, the question is what about loyalty and co-operatives? A quick look at what loyalty is all about evokes a certain feeling of déjà vu. Is it not amazing that the principles of loyalty are so coherent with those of co-operatives? Could it be that we have missed something; is it possible to link the development of the special nature of co-operatives to the development of loyalty? If that is the case, we will have accomplished two things. First, we will have identified an important source of added value inherent in the co-operative model. And second, we will have succeeded, at least partially, in bringing co-operative principles closer to action.

The traits identified earlier need to be re-examined with the issue of loyalty in mind. A brochure published by le Conseil de la coopération du Québec (CCQ)—Les traits caractéristiques de la cooperative—is helpful here.[9] According to the authors, a group of managers who are leaders of the co-operative movement, a co-operative is owned by those sharing the same needs that it is supposed to satisfy. There is a direct correspondence between the raison d'être of the co-operative and the needs of its members. The organization must build unity in the duality that characterizes it—ownership and usership, individuality and collectivity, social and economic, association and enterprise. It is fascinating to realize that the very ambivalence at the foundation of the co-operative is at the heart of the issue all organizations face when considering loyalty. No organization can come closer than a co-operative, by nature and structure, to resolving such a difficult set of issues. The co-operative starts with a group of persons who create an enterprise to satisfy their common needs. In a co-operative context, the association and the enterprise are one and the same entity.

Their preoccupations as consumers encourages members to become owners of an enterprise. As stated in the CCQ brochure, such a different approach to ownership, while retaining an economic relation, becomes subordinated and integrated in an ensemble of social and moral links. It is this new perspective on ownership that allows the co-operative organization to push its humanistic values higher than any other organization can, at least in theory. Again, the values behind the management of loyalty are best exemplified in a co-operative context. A co-operative does not have to make fundamental changes to its principles in order to find a proper balance between conflicting values and a management centred on people—again, in theory. Ethics, mutual trust, proximity, reciprocal learning, putting consumer satisfaction first before, during, and after the transaction, are at the heart of the co-op's existence.

The reality, of course, is different. The failure of co-operative reality to live up to co-operative theory has to be linked to the lack of understanding about the nature of co-operatives. Lack of co-operative education, lack of concepts to appreciate the distinctiveness of co-operatives, and the use of a capitalist framework by most managers are undoubtedly at the heart of the problem. When vigilance is relaxed, links among members become loose, making it difficult to maintain their solidarity and common interest. They stop participating and then "we no longer have a true co-operative." It is at this point that the full potential of the co-operative, its higher order of arbitrage gets lost. Is it possible that by looking for loyalty, a desirable quality indeed, we find a way to appreciate co-operative potential, and go even further than mere commercial loyalty.

In Search of Meaning and Legitimacy

Prahalad and Hamel[10] recently published what is considered a new paradigm about strategic approaches to organizations. To them, competition for tomorrow requires a deep understanding of emerging opportunities, commitment, acquisition of new competencies, and the capacity to impose standards, and then to fight for market share. Managers need to develop a distinct view of the future; they need to gain intellectual leadership. In order to achieve such leadership, organizations must be able to rethink their genetic code (i. e., beliefs and practices). They need to learn to forget in order to regenerate their strategies. Their key concepts, such as intellectual leadership, strategic architecture, and strategic intent are based on a democratic approach and should be shared as widely as possible if they are to be implemented efficiently.

When they deal with the idea of strategic intent, they seek a source of energy by which to construct the future. And they see it coming from the intellect and the emotions of employees concerned more than from financial resources. In their model, the brain is the strategic architecture while the heart is the strategic intent, and the resources available are bad indicators of future leadership. The strategic intent represents a shared dream, a felt meaning, and implies a substantial stretch beyond the actual objectives. It indicates a sense of direction, a destiny. Goals derived from it must command respect, allegiance, and aim at making a difference. They must call not only upon the brains of employees, but also on their hearts.

Co-operatives and Meaning, Legitimacy

As we did for loyalty, it is most interesting to look at what this new approach to organizational strategy means for co-ops. Of course, we need to appreciate how this new paradigm brings solutions to the issues faced by the organizations of the future. The lack of balance between supply and demand, the idea of the consumer-king, transparency, globalization, requirements of excellence, the ability to penetrate the consumer mind, and the need for some mechanism to express thoughts and feelings—all of these lead to an emerging logic based on nonmaterial investment, the human mind as the key, simplicity, autonomy, and governance through culture. Based on these challenges faced by organizations that want to be part of the future, Prahalad and Hamel certainly make an interesting contribution. But what about the co-operative model in all this?

Co-operative leaders have neither an advantage nor a disadvantage in terms of intellectual leadership and the capacity to build vision. The more significant point, however, is that strategic intent needs to draw from the heart as much as the brain in order to make a difference. Again, if co-operative distinctiveness, properly understood, carries all this potential, it could link us to a second set of significant competitive advantages for co-ops.

The 1997 CCQ brochure identifies some key points that will help us here. It has already been mentioned that co-operative property is seen from a distinct perspective, subordinated to an ensemble of social and moral links. Because of its inherent duality and ambivalence, co-operative property has to harmonize collective and individual interests. It is centred on the reinforcement of membership status, and therefore, economic interests are articulated on a higher order. The co-operative advantages are found in the shared surplus but also in the improvement of the member's bargaining power. Based on these facts, the CCQ committee draws the conclusion that wealth is more equitably distributed when it is done by those who contributed to its creation. This distribution is based on needs, for a larger group, and can be seen as a higher ideal of social justice. Co-operative organization is therefore seen as a formula that helps bring us closer to a more just and humane society.

This conception of co-operative organization certainly seems capable, in theory, of adding value to the concept of strategic intent, and everything it entails. The concept is full of dreams, meaning, and emotions. It can draw from the brain as much as from the heart, and certainly hopes to make a difference. Since all of that is necessary to compete for the future, is it possible that, if properly understood, the co-operative model has inherent competitive advantages? The success of a number of co-operatives that emerged in very difficult circumstances would seem to be a living proof of that.

What Do We Know about Mobilization?

The mobilization of human interests and resources is an important factor in any organization of the future. The changes to which we have alluded leave us with an organization, as Hammer says, "with a historic chain reaction underway. When the customer comes first in the environment, something has to adjust in the company culture."[11] Hammer goes on to say that we must relinquish commands, and that customers require whole human beings possessed of hands, heads, and hearts to serve them. Security, stability, and continuity are gone, but the new regime offers freedom and personal growth, and initiative for opportunity. How can we accomplish that if motives and incentives are not sufficient?

Mobilization needs to be put in proper perspective regarding performance. Boyett and Boyett refer to the work of Thomas Gilbert as still a key reference in this matter. Gilbert states that performance is the result of what people bring to the job: knowledge (the result of education, training, and experience); capacity (physical and mental ability); and motives (the individual's values, beliefs, and preferences). Employees also require certain environmental support in order to function effectively: information (goals and objectives, what is expected from them, and how well they are doing); instruments (tools, techniques, technology, processes); and incentives (monetary and nonmonetary). According to Gilbert, if you establish the right repertoire of behaviour and the right environmental support, you get competent, even exemplary, performance.[12]

Among the variables mentioned by Gilbert, the question of incentives needs to be addressed more specifically. Chester Barnard remains a major reference. He recognized long ago that the problem of "incentives to collaborate" was fundamental in all organizations. According to him, it is where management had failed most notably. Barnard defines incentives as specific or general. Specific incentives can be material, personal opportunities, and satisfaction of personal ideals. He sees the latter as an important and inadequately addressed factor compared to material incentives, which "are largely overstated." In terms of general incentives, he lists associative attractiveness, methods and habits, opportunities of enlarged participation, and conditions of community, such as solidarity among employees, friendship, social integration, and mutual support.[13]

Barnard clearly attaches a great deal of importance to nonmonetary incentives, which have been largely underrated—namely, satisfaction of personal ideals, opportunities for enlarged participation, and conditions of community. Goleman confirms this idea that people do not work for monetary reasons alone: “What fuels their passion for work is a larger sense of purpose or passion.”[14] According to him, the ultimate sources of satisfaction are the creative challenge and stimulation of the work itself, plus the chance to keep learning. Next come pride in getting things done, work friendships, and helping and teaching people on the job. Much lower on the list came status. And even lower was financial gain. He goes on to say that the motivation and inspiration that energize people need to be based on the satisfaction of basic human needs for achievement, a sense of belonging, a feeling of control over one’s life, and the ability to live up to one’s ideals.

Co-operatives and Mobilization

Again, what can we make of this in a co-operative context? As we did for loyalty and meaning, is it possible that we can find, in the nature and structure of co-operatives, incentives that could generate competitive advantages? Considering the general view developed by Gilbert, and the perspective on incentives provided by Barnard and Goleman, it is worth exploring.

The question of the mobilization of people involved in co-operatives demands a consideration of employees as well as members. Regarding the problem in such a perspective is important, considering the issues faced by an organization of the future.

Putting value on co-operative nature and structure with regard to mobilization requires considering the co-operative’s raison d’être. We also need to take into account the new perspective on ownership, which becomes subordinated and integrated in an ensemble of social and moral links. The clear consciousness of solidarity and the need to consider individual as well as collective interests are important factors as well. Finally, the economic democracy at the heart of co-operative orientation, and the shared advantages for a large number of people—and not only for the most wealthy—lead to an ideal of social justice and a more humane society.

Considering the co-operative in this light certainly offers ample opportunities for employees and members to experience achievement, a sense of belonging, a feeling of control over their lives, and the opportunity to live up to their ideals. Again, it is worth hypothesizing that the nature and structure of co-operative organizations can provide a specific answer to the serious issue of incentives. Most interesting are the opportunities in terms of mobilization of customers—members in this case—through their integration with the organization. It seems obvious that a private capitalist organization cannot benefit from such a natural relationship. With respect to employees, the same things can be said, as long as they fully understand the true nature of the organization for which they work.

Having said that, of course, it remains a necessity to put in place the proper conditions, such as knowledgeable people with the proper capacity and motives. They also need to be provided with the appropriate information and instruments that accompany the incentives such as we have been discussing.

A Learning Organization

Organizations have been learning since day one. Talking about a learning organization, therefore, has to be a question of degree. However, the concept needs to be put in perspective in light of the profound changes we are undergoing. One of the major consequences of this is the need to question deeply what we know, believe in, and act upon. More than ever before, we need to develop skills with respect to learning. Those skills have to be at the level of individuals, of course, but that in itself is not enough. Individual learning is a necessary but not sufficient condition for organizational intelligence. In fact, organizational learning needs to be structured at the levels of the individual, the team, the organization, and its clients. Boyett and Boyett provide useful information on the main ideas behind the learning organization. The following discussion is based on their book, The Guru Guide.

Although the concept of the “learning organization” has been around for some time, it did not become a major trend until the early nineties. The research of people such as Chris Argyris, Edgar Schein, Daniel Kim, and Peter Senge has deeply influenced what we know on this subject.

First of all, we have to recognize that the most important learning occurs on the job, and that it is most effective when in a social and interactive context. Real learning occurs when we have concrete experiences in the workplace. We reflect on those experiences, form concepts and generalizations based upon them, and finally, test them through new experiences. This is what Kim refers to as the “wheel of learning.” This wheel of learning structures what can be referred to as our mental models, which are deeply held images of how the world works. When we begin to share our knowledge of know-how and know-why with others, organizational learning begins.[15] Since the organization’s unrecorded wisdom is more valuable than the captured knowledge, the “community of practice” becomes essential for organizational learning.

Problems with organizational learning occur when we fail to recognize and challenge the mental models that control our actions. According to Senge, our mental models misrepresent reality. The principal disability for most of us is that we fail to recognize the true cause-and-effect relationship in any given situation. Learning fails also because organizations have an improper, unsuitable culture. Schein suggests that a culture that enhances learning needs to balance the interests of all stakeholders (customers, employees, suppliers, community, and stockholders); it must focus on people rather than systems. People must believe that they can change their environment. The organization must make time for learning; being lean and mean, therefore, is not a good prescription for organizational learning. It must take a holistic approach to problems, and encourage open communication. Finally, it must believe in teamwork and have approachable leaders. Most organizations today have a culture that inhibits learning.

Organizations also need to be able to learn from customers. This paper has referred at several points to the importance of "mind to market," the need to penetrate the mind of consumers. This relates to the imbalance between supply and demand, and the rise of the consumer as king. The importance of such a revolution takes a curious perspective when considered by Davis and Meyer, who examine what we know about the economy, the organization, and its strategy using what they call the rise of immateriality, connectivity, and speed.[16] These three elements, they believe, create an environment where everything becomes a blur. What are the consequences of such an environment?

Though too complex to go into in detail, one point worth making relates to the transformation of the relations between buyers and sellers. Organizations will need to offer consumers permanent access, in real time, online, based on interactivity that will require constant learning both by capturing information from their users and also by initiating new actions based on this knowledge. They will have to anticipate what consumers will require and be prepared to deliver goods and services "tailored to fit." Finally, they will need the capacity to evolve through extension of the original product or service. Management of such offers will be based on a long-term perspective, totally dedicated to customers. Davis and Meyer go so far as to say that the best offers will establish relationships that integrate the client into a larger community, where loyalty emerges from a feeling of belonging to a community created by such an offer.

They argue that the distinction between buyer and seller will tend to vanish, and they will find themselves linked into a web of economic, informational, and affective exchange. Consumers have more and more consciousness of the real value of the information they can deliver. The problem is that in most cases there is no current mechanism to exchange this information for practical return. When this becomes properly understood, consumers are likely to form associations, express desires, mobilize to negotiate specific offers from a given enterprise—in other words, form associations. The enterprise must learn to link with the client on levels other than economic, in a true, bilateral, affective exchange. Davis and Meyer argue that "in an economy where the notion of buyer and seller becomes blurred, and where the transactions become multidimensional, this idea becomes perfectly logical.” The question becomes “are you capable and ready to organize your clients, or do you have to wait for some professional organizer to do it?” The exchange of a “continuum of value” created in common by buyers and sellers, simultaneously consumers and producers, gives rise to a new economic structure.

Co-operatives and Learning

It is fascinating to compare what is emerging as the dynamic of the organization of the future with respect to learning, especially considering the relationship with clients, and what we know about the co-operative organization. The problem related to the “wheel of learning,” however, does not have a particular solution in a co-operative context. We are still faced with the necessity of challenging our mental models. But when we look at the cultural dilemma that inhibits learning in most organizations, we can link a number of aspects to the foundation of co-operatives—for instance, the need to balance interest among stakeholders, focus on people, and look at our environment as something that can be changed.

The potential advantages of the co-operative model become more obvious when we consider the relationship with clients, with members: permanent access, interactivity, constant learning and access to information from consumers, and the integration into a larger community. These are the fabric of the nature and structure of co-operatives. The connection is even clearer when we consider the vanishing distinction between buyers and sellers, and the emergence of associations linked to enterprise. What is described here fits perfectly with the nature and structure of co-operative traits, with their basic distinctiveness. The absence of a mechanism to properly link buyers and sellers is rectified with the co-operative infrastructure, even though it has been largely neglected. One has to wonder what economic structure will rise from such trends, but it is amazing to realize the commonality with the co-operative structure. It is well worth exploring whether there is a comparative advantage to be found in the development and exploitation of the specific traits of co-operatives. It seems that everyone will be looking at something of the kind.

Conclusion

As mentioned in the first section of this paper, managers of co-operatives generally do not exploit the potential inherent in the specific nature of co-ops. The purpose of this paper was to explore the concept of the organization of the future, and put it in perspective with the concept of the co-operative. By looking at the challenges ahead faced by all organizations, we can identify the added values carried by co-operatives. Furthermore, we can link these added values to specific competitive advantages that everyone is seeking in this hypercompetitive world we are entering.

Instead of looking at the co-operative model as a solution of the past, we need to start looking at it as a solution of the future. Of course, it will require a lot of work to build this inherent potential into reality, even though there are already strong traces of it in a number of co-operatives. First, there was a need to find good reasons to start looking for solutions. Then there was a need to establish a new framework by which to refer to co-operatives. There is a clear need for a different paradigm. This paper has tried to provide ideas along these lines by defining what challenges lie ahead for organizations, and then re-evaluating the co-operative foundations.

There are a number of practices already in place in some co-operatives that help us move from theory to implementation. Organizations such as Agropur, la Coopérative forestière des Hautes-Laurentides, la Caisse d'économie des travailleuses et travailleurs de Québec, la Caisse de St-Lin, la Caisse de St-Rémy, la Coopérative agricole des Appalaches, and la Caisse de Saint-Roch-de-l'Achigan are examples from which we can learn. A number of these cases have been written.[17]

There is an urgent need to educate managers and employees about issues facing organizations of the future, and to address the potential of the nature and structure of co-operatives. Such education must be approached by looking at the competitive advantages of the co-op model. The integration with the "main frame" of the organization needs to start with thoughts about strategic intent. This is where the co-operative project, constantly renewed, is buried. From such a strategic intent, we can move to structure, both with respect to the association and the enterprise. Structure is essential since it carries the sharing of power. How much power is found in the associative structure (compared to the enterprise) is a key question if we want the meaning and legitimacy of the co-operative project to be affirmed. Finally, all of this needs to deliver a number of arbitrages from strategic decisions that are coherent with both the strategic intent and the structure.

When the main frame is in place, i.e., when strategic intent, structure, and strategic decision making are well aligned, we can look back at it all through the concept of the organization of the future, loyalty, meaning and legitimacy, mobilization through values, and the learning organization. The full potential of the co-operative model will start to reveal itself and be transformed into competitive advantages. This will happen when we realize that there is a need to reinvest in the development of co-operative distinctiveness.

Endnotes

1. This paper is based on a number of research projects undertaken by the author over the past ten years. They have included topics such as co-operative education, globalization and the relevancy of co-ops, managerial practices in a co-operative context, co-operative entrepreneurship, and co-operation and organizations of the future. This paper is also based on a continuing discussion with co-operative managers through conferences, teaching, interviews, and case studies.
2. Agropur, Annual Report, 1997.
3. The charter referred to here is not employed any more in Desjardins. The example is interesting, however, because it reflects how this problem of competency is approached.
4. J. Brilman, L'Entreprise Réinventée (Les Éditions d'Organisation, 1995), pp. 24–25.
5. R.D. Blackwell, From Mind to Market (Harper Business, 1997), pp. xvi and xviii.
6. Brilman, p. 299.
7. M. Crozier, L'Entreprise à L'Écoute (InterEditions, 1989), p. 51.
8. F. Reichheld, The Loyalty Effect (Harvard Business Press, 1996), p. 15..
9. Conseil de la Coopération du Québec, Les Traits Caractéristiques de la Coopérative, 1974.
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13. C. Barnard, The Functions of the Executives (Harvard University Press, 1938).
14. D. Goleman, Working with Emotional Intelligence (Bantam, 1998), p. 58.
15. Boyett and Boyett, p. 90.
16. S. Davis and C. Meyer, Blur (Addison Wesley, 1998).
17. D. Côté et al, "Agropur et la formation coopérative," 1993; "Formation ponctuelle et intégrée: le cas de la Coopérative forestière des Hautes-Laurentides," 1993; D. Côté et F. Boulva, "La coopérative agricole des Appalaches: la coopération—un choix stratégique," 1999; D. Côté et A.A. Gratton, "La caisse populaire Desjardins de St-Lin," 1998, and "La loyauté à la caisse populaire Desjardins de Saint-Roch-de-l'Achigan," 1999. All of these cases appeared under the imprint Cahier du Centre de gestion des coopératives.

This paper also made use of the following reference material not specifically quoted in the text: Bhote, K.R. *Beyond Customer Satisfaction to Customer Loyalty.* AMA Membership Publications Division, 1996; Hammer, M. "The Soul of the New Organization" in *The Organization of the Future.* Jossey-Bass, 1997; Peters, T., *Le Chaos Management*, InterEditions, 1992; Senge, P., *La*

Cinquième Discipline, First, 1991; and Sérieyx, H., *Le Big Bang des Organisations*, Calman-Lévy, 1993.