



# Designing a cooperative entrepreneurship initiative for Preston: Challenges and strategic action lines

A report presented to the University of Central Lancashire, Preston City Council and the Project Committee

31<sup>st</sup> of March 2020



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## 1. INTRODUCTION

This report collects the main insights obtained from the project “Designing a Cooperative Entrepreneurship Initiative in Preston” developed from September 2020 to February 2021. It is inspired by the larger document that collects the analysis of three entrepreneurship initiatives developed under the Mondragon Corporation ecosystem (BBF, Saiolan and Gaztenpresa), together with Elkarlan, an independent organisation.

The report is organized in four additional chapters apart from this one. Chapter 2 gathers the main conclusions about the current situation and features of the (i) Preston Entrepreneurship Ecosystem, (ii) Preston Entrepreneurship, (iii) the state of the cooperative movement, and finally (iv) the perceptions of the Preston Model among different stakeholders belonging to the Project Committee. In Chapter 3, and having as a starting point the conclusions of this analysis, four challenges have been identified to support the development of a cooperative ecosystem in Preston. Chapter 4 establishes the strategic actions lines to meet these challenges. And finally, we propose a timeline to carry out these actions.

In the framework of this project the following milestones have been developed:

- 9 Project Committee meetings where the 3 entrepreneurship initiatives from Mondragon Corporation were presented and discussed.
- 8 personal interviews with different stakeholders from Preston using a structured script (Annex 1).
- 4 personal interviews with principle stakeholders of the Mondragon entrepreneurship initiatives (BBF, Saiolan, Gaztenpresa, and Elkarlan).
- Information and data analysis.

A special acknowledgement needs to be made to the members of the Project Committee that took part in the different meetings and interviews. They have shown a great level of knowledge, and commitment to this project, taking into account that their engagement is voluntary, beyond their daily work activity. So, this acknowledgement aims to thank their time and indispensable collaboration to achieve the goals of this project.

Also, we would like to thank the Open Society Foundations (OSF) for funding this project. With this support, they are contributing to building a fairer economy in Preston through the creation of a more democratic business ecosystem, where co-operative development can play a key role.

This project has been coordinated by Julian Manley, (UCLan), and it has been carried out by LKS Next (Mondragon), with the participation of the following consultants: Ibon Zugasti, Marta Boixadós, Aitor Landa and Oihana Hernáez.

## 2. CURRENT SITUATION ANALYSIS

The diagnosis has focused in the analysis of four main elements:



The conclusions about the current situation of each of these issues were gathered from the interviews and were completed and agreed with the members of the Project Committee in the meeting of 14<sup>th</sup> of January 2021.



### 2.1 Preston Entrepreneurship ecosystem

- The productive fabric of Preston is based mainly on public sector institutions and SMEs. On the one hand, big Anchor Institutions located in the city are the stakeholders that have a higher purchasing capacity, and on the other, there is a lack of big private companies with this capacity, with the exception of BAE Systems.
- Although Preston is a small scale city where it is more difficult to retain talent, everybody knows each other and this can be an opportunity to foster collaboration and cooperation.

- Preston’s geographical location, near to Greater Manchester (3rd metropolitan area of the UK) and Liverpool, is seen in some cases as an opportunity but also as a threat.
- Diversity of the different communities in Preston, each of them with their own needs (Muslim, African, Caribbean and Eastern- European communities). It is necessary to take into account those idiosyncratic features to attract them when developing entrepreneurship projects (training, communication channels, language, sectors...).
- Despite the tradition of the Rochdale Society of Equitable Pioneers, that became the prototype for modern cooperatives in Great Britain, currently there is an overall lack of knowledge about coops in the whole ecosystem.
- In recent years, collaboration among stakeholders has increased due to the Preston Model development but...
  - ✓ Currently, we are still in an early stage of effective collaboration between organisations. Collaboration can be improved but it requires TIME, KNOWLEDGE and TRUST GENERATION.
  - ✓ Need to connect the dots (different stakeholders and initiatives) in an ecosystem-based approach. The interconnections between stakeholders can enable the development of shared projects with higher impact, and democratic and shared leadership. One of the learnings from Mondragon is the creation of an aligned network of cooperatives, a bank, research centres, and a university that cooperate under the same shared cooperative values and principles to be competitive and create new jobs. And as a result of this approach, they have shaped a collaborative interlinked ecosystem.
  - ✓ A higher level of collaboration can be enabled in existing forums through (i) developing new collaborative approaches, and (ii) identifying and creating new projects/opportunities for collaboration.
  - ✓ There is a need for new public-private collaboration spaces.
  - ✓ A more collaborative approach is needed between education institutions (UCLAN and its elements to support this ecosystem, Propeller and SME Development Centre, Preston’s College, Preston Vocational Centre, Unions, College and other training providers, (including the Preston Cooperative Education Centre) to create a more collaborative vocational and technical training and re-skilling programmes to improve people’s skills and become fully employable, and thus generate an impact in the communities. This collaboration should help to share and develop stronger educational programmes. In order to develop these training programmes in entrepreneurial skills

(management), team-work and cooperation, cooperative business models, new skills for the new sectors to increase employability of workers, there is a need to have a deep knowledge of the current and future business needs.

- ✓ There is a need to increase the coordination and collaboration with the already existing incubation facilities/initiatives in Preston (Propeller, co-working spaces, other incubation facilities) and the proposed new ones in the Towns Fund (Innovation Centre and Incubation and cooperative/social enterprise support Centre) to avoid competition among them.
- ✓ The Covid crisis has increased the collaboration among the companies belonging to the Centre for SME Development network.
- ✓ The collaboration with the trade unions has increased significantly during the last years. They are relevant stakeholders in Preston's ecosystem, and this collaboration should be maintained and strengthened.



## 2.2 Entrepreneurship features

- Preston entrepreneurs' profile:
  - ✓ Mainly middle-aged. It is less common for young people to become entrepreneurs. However, current support is focused mainly on young people, even though the bulk of entrepreneurs are middle-aged.
  - ✓ The main need of middle-age entrepreneurs is access to funding.
- Features of entrepreneurship projects:
  - ✓ Small entrepreneurship projects (micro-SME) belonging mainly to the service sector, and not capital intensive, with low levels of investment needs.
  - ✓ There is an opportunity to create cooperative platforms (digital free-lancers, riders, social care...) in sectors with a high number of free-lancers.
- Main current entrepreneur's needs:
  - ✓ Access to funding resources.
  - ✓ Access to networks and business relationships.
  - ✓ Knowledge and expertise about business and management issues, the cooperative model, leadership and team working.
  - ✓ Space to operate their business.
- Potential sectors for entrepreneurship in Preston:

- ✓ Green economy – Clean energy, waste recycling...
  - ✓ Construction – refurbishment, building renovation...
  - ✓ Social care: elderly care, childcare, disabled people care and domestic work.
  - ✓ Creative industries
  - ✓ Digital and advanced services
  - ✓ Hospitality and leisure
  - ✓ Last-mile delivery
- Importance of supporting entrepreneurship projects with a social value approach for young unemployed with low level of education belonging to low-income communities, but without forgetting that these businesses have to be competitive and sustainable. So it is necessary to engage stakeholders like: BAMME Steering Group, Stir to Action, Cooperative UK, Chamber of Commerce, etc.
  - Need to promote robust business entrepreneurship initiatives to ensure long term sustainability, which could be inspired by the 4 entrepreneurship programmes of Mondragon Corporation analysed in the larger report (BBF, Gaztenpresa, Saiolan and Elkarlan).
  - Currently, UCLAN is developing the programme Entrepreneurs in Residence which tries to support cooperation and the generation of synergies among the Propeller students and the companies belonging to the SME Centre Development. UCLAN is mixing in a co-working space students and graduates that are incubating their business projects with established SMEs. So these two communities get in contact, and it enables students to get soft management skills, creative thinking and develop an entrepreneurial mindset. These kinds of collaborations are really interesting in the creation of an ecosystem and are a good starting point that should be extended to other kinds of entrepreneurs.



## 2.3 Cooperative development

- Lack of knowledge, awareness, and culture about coops among the different stakeholders: trade unions, anchor institutions, entrepreneurs, banks, education institutions, City Council Officers.... Although in the informal economy and voluntary organizations there exists an extended culture of working cooperatively, this experience is difficult to translate into the formal economy through coops creation, possibly due to the existence of a hierarchical culture of employment in the United Kingdom.

- Although individualistic culture is the mainstream in the society, there is a perception of greater willingness to develop and take part in collaborative projects especially among young people.
- Currently, the presence of coops in the business fabric, and its social and economic impact in Preston is small (there are only 21 existing coops registered). However, currently, the City Council is supporting the creation of Food Buying Cooperatives through some of the Food Hubs as a follow-up to the BAMME cooperative recovery programme from last year, and also it is working with PCDN, prison services and other stakeholders to incubate a new cooperative among former prisoners, as well as on-going marketing, publicity and other cooperative projects.
- There is an opportunity to create new cooperatives through conversion processes of already existing companies in industry or service sectors. It is necessary to communicate and disseminate these kinds of processes through best practices and study cases.
- The pandemic and the new digital economy have contributed to the creation of platform cooperatives in sectors like digital technologies, riders or taxis with a high level of free-lance workers.
- Potential sectors for the creation of new cooperatives in Preston's disadvantaged communities include the following:
  - ✓ Construction.
  - ✓ Health and social care.
  - ✓ Creatives and digital industries.
  - ✓ Last-mile delivery.
- The new cooperatives promoted in the framework of Preston Model should be competitive and with a robust model to become long-term sustainable and successful business cases.
- Need to extend and bring cooperative values and principles to all educative levels, from schools to the University, as a way to increase awareness about collaboration, cooperation and democratic economy among young people. One of the learnings of Mondragon is that education is a key point to start this social transformation process. In that case, it was the initial and a core element developed before the creation of any cooperative.
- There is a growing interest in expanding union coops.



- The City Council, through the Preston Model, is supporting the creation and strengthening of the social economy in the city. PCDN was created as a partnership between UCLAN and the City Council to boost the creation of new coops. However, this organisation is based on volunteer work without staff and few funding resources.




## 2.4 Preston Model

- In general, the Preston Model is considered as a **good starting** point, but it should be strengthened without losing the vision of generating a social impact. And these social and economic impacts should be measured by UCLAN's researcher teams.
- It is a model initially **based on the public procurement** from local Anchor Institutions with the leadership of Preston City Council **but...**
  - ✓ This local purchase has to be competitive.
  - ✓ The City Council is also developing other policies in the framework of this model:
    - Living wage policy.
    - Creation of a Cooperative bank.
    - Promotion of affordable housing developments.
  - ✓ It could be interesting to apply a regional vision to this model so to increase the city scale and get a higher impact.
  - ✓ In the framework of this model, the City Council should try to support partnerships between big companies and small local contractors, especially in the construction and building sector.
- There is a lack of narrative and knowledge among citizens about this model:
  - ✓ The communication about the benefits of the model to the citizens should be improved "beyond The Guardian". It is necessary to highlight the impact of this model in wealth generation and distribution, employment generation and improvement of economic indicators to the Prestonians in a way that the community can understand it and people get involved.
  - ✓ More engagement with grass-roots community organisations in the definition of strategies and policies to increase the outcomes and impacts of public decisions. In that sense, Preston Citizens Movement, and other groups in Preston such as the Connected Communities work,

can help to identify the community's needs and boost cooperation among grass-roots organisations.


- The theoretical and the practical approaches of the Preston Model should be balanced. Both of them are necessary to develop it and they have to live together. The definition of a strategic framework to develop the different actions on the ground is based on the theoretical and aspirational vision of the model.
- Some stakeholders consider it necessary to define the governance of the Preston Model, defining and clarifying the roles and functions for each of them. It seems coherent that the City Council should define the strategic framework, the vision and the objectives of the Preston Model, as the leader of this initiative. However, this process should be carried out with the participation of the different stakeholders to get a shared view, some level of agreement and engagement and, thus facilitate this role clarification.
- Need to develop democratic platforms for increasing engagement and participation among citizens and grass-roots community organisations with the goal to maximize the impact of the Preston Model policies. It is fundamental to understand the needs of each different group or community. Currently, in Preston there are several groups and initiatives, like the new Preston Citizens Movement, that are already extending democratic approaches among their members.
- There is a great level of involvement from the different communities which are predisposed towards collaboration and cooperation. However this engagement has to be channelled to strengthen Preston Model impacts.
- The Preston Model should also try to give a response to the climate emergency challenge and other environmental issues. It can be an opportunity to boost social enterprise creation in sectors like sustainable construction, energy efficiency, sustainable mobility and the development of small scale renewable energy projects with impact in the communities. In that sense, currently, there are three initiatives led by the City Council. The first one, about small-scale clean energy production on a couple of developments, the second about supporting district community energy project, and finally worker ownership in retrofitting.
- It is important to apply social principles approach to public and common assets, as it has been done in the public procurement, to facilitate the generation and creation of new social business models.

- There is a lack of a defined action plan to encourage and strengthen inter-cooperation among different stakeholders (Anchor Institutions, educational bodies, community grass-roots organisations...) and between communities.
- Need to attract and mobilize resources from Unions to be invested in projects with positive impacts in the communities.
- The North-West Mutual Bank creation should provide and facilitate funding to develop entrepreneurship cooperative projects or social companies.
- The Towns Fund has to facilitate the development of collaborative projects (with the engagement of different stakeholders) avoiding their competition and maximizing their impacts in the communities.
- Currently, some of the main challenges that the Preston Model is facing are linked to the crisis provoked by the pandemic and the economic crisis and with talent retention:



**Pandemic**

- ✓ Lots of business in danger of closure.
- ✓ How will entrepreneurship be after Covid crisis?
- ✓ How will be the weight and presence of digital and virtual economy in Preston?
- ✓ Increase of unemployment rate. Entrepreneurship as a tool to create new jobs.  
In Mondragon case: periods of crisis have enabled the creation of initiatives to support entrepreneurship.



**Talent retention**

- ✓ What can be done to avoid that students leave Preston once they finish their degree?  
The Birley project as a good practice of talent retention.

### 3. CHALLENGES

The four identified challenges to support cooperative development in Preston are:



#### **INTER-COOPERATION**

INCREASE COLLABORATION AND WORK TOGETHER AMONG DIFFERENT STAKEHOLDERS TO GET A COMMON GOAL, AND WITH THE PREMISE THAT ALL THE MEMBERS GAIN OR OBTAIN SOME KIND OF BENEFIT FROM THIS COOPERATION



#### **SHARED LEADERSHIP**

CREATE AN ECOSYSTEM WHERE THE DIFFERENT PRESTONIAN STAKEHOLDERS CAN DEVELOP SOME COMPLEMENTARY LEADERSHIP BEYOND THE CITY COUNCIL (DEVELOPMENT OF NEW PROJECTS, PARTICIPATION IN STRATEGIC PLANNING PROCESSES AND POLICY DEFINITION



#### **SOCIAL VALUE APPROACH**

FOSTER THE CREATION OF COMPETITIVE COMPANIES, WITH A ROBUST BUSINESS MODEL, BUT AT THE SAME TIME, COMPLY WITH COOPERATIVES PRINCIPLES AND VALUES, AND HAVE A POSITIVE IMPACT IN: EMPLOYMENT GENERATION, IMPROVEMENT OF LIVING STANDARDS IN SOME MINORITIES OR COMMUNITIES, AND THE APPLICATION OF MORE DEMOCRATIC MODELS OF SHARED-OWNERSHIP



#### **COOPERATIVE CULTURE AND AWARENESS**

SUPPORT THE DEVELOPMENT OF A MORE COLLABORATIVE AND COOPERATIVE CULTURE IN PRESTON

## 4. STRATEGIC ACTION LINES

According to the four identified challenges, the members of the Project Committee proposed and agreed some action lines to overcome them. These action lines are shown in the following sections. Likewise, some practical examples are collected to illustrate how these issues are addressed and managed in Mondragon Corporation. These examples should have an inspirational value, in the sense that the Preston Model has to create its own and singular way to generate a cooperative ecosystem, but taking into account and integrating the lessons learnt from others like Mondragon. The objective is not to replicate Mondragon Corporation, which would be unnecessarily challenging, but rather to adapt some ideas to Preston's reality and its own features (institutions, productive fabric, grass-root organisations, entrepreneurship ecosystem and support programmes...).

The level of detail, feasibility, characterization and approach is different in the 25 action lines defined. Some of them have an operational and practical sense, while others have a more strategic approach.

Some of the defined actions are related to the engagement and activism of the different stakeholders of Preston to strengthen the impact of the Preston Model. In that sense, we believe that the PCDN, as a non-profit and neutral<sup>1</sup> organisation, (or other group created for this purpose), could play a central role and could try to connect the different elements of the ecosystem to support coops and social value companies to generate a social and economic impact in the local communities. It is clear that the leadership of the Preston Model falls on the City Council, which has to establish the strategic goals and develop the local policies. However, in its deployment, other stakeholders play a relevant role, and, they need to be engaged to guarantee the Preston Model's success like UCLAN, North West Mutual Bank, Anchor Institutions, PCDN, Grassroots organizations, etc. In that sense, the PCDN, or other organization, could take responsibility for some of these goals in its mission, and it could have an executive and action-oriented approach, supporting the generation of close relationship with the different stakeholders to facilitate the collaboration among them identifying shared projects to give an answer to their needs.

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<sup>1</sup> Neutral organisation understood as non-depending on any political party.

## 4.1 Inter-cooperation

INTER-COOPERATION	
Definition	Collaborate and work together between different stakeholders to get a common goal, with the premise that all the members gain or obtain some kind of benefit from this cooperation.
MONDRAGON EXAMPLE	
<ul style="list-style-type: none"> <li>• The Principle of Inter-cooperation should be evident between individual cooperatives, between subgroups and between the Mondragon cooperative experience and Basque cooperative organisations, and cooperative movements in Spain, Europe, and the rest of the world.</li> <li>• Inter-cooperation between cooperatives and with outside partners to maximise market opportunities and provide comprehensive solutions and value-added services.</li> <li>• Common production plants and business delegations for international activities of Mondragon’s cooperatives.</li> <li>• Common service platforms for all the cooperatives: banking, purchasing, promotion of new businesses...</li> <li>• 15 shared research and development centres with 1,928 researchers.</li> <li>• During Mondragon origins<sup>2</sup>, the collaboration among cooperatives was mainly informal based on personal relationships and shared values. But once the network grew, it was necessary to create a common structure (Mondragon Corporation, areas and divisions) and shared functioning rules to organize cooperation. In 1985 was set up the Cooperatives’ Groups Council the embryo of Mondragon Corporation, and in 1987 the first Congress of the Mondragon Cooperative Group took place where were approved the principles of the Cooperative Experience and the bases for the creation of the Inter-cooperative Solidarity Fund. In 1991 the 3<sup>rd</sup> Cooperative Congress approved the organizational project for the MCC (Mondragon Cooperative Corporation). There is a balance between coop’s autonomy decision-making and the common framework established of collaboration.</li> </ul> <p><b>Inter-cooperation guidelines:</b></p> <ul style="list-style-type: none"> <li>• Redeployment of staff among cooperatives. The example of Fagor when in 2013 fell in bankruptcy in 2 years the 1,895 workers-members were all relocated in other cooperatives or got an early retirement pension.</li> <li>• Restructuring results (from the gross profits).             <ul style="list-style-type: none"> <li>• Within the sectorial groups (&gt;15% - &lt;40%)</li> <li>• Within corporative funds in MONDRAGON (Investment Fund 10%) (Education Fund 2%) (Solidarity Fund 2% for compensation in case of losses).</li> </ul> </li> </ul>	

<sup>2</sup> Ulgor, the first coop, was created in 1956.

- Solidarity in profit distribution (net profit of each coop)
  - 10% Fund of Education and Cooperative Promotion<sup>3</sup> (Law 10%)
  - 45% Fund of Reserve of Coop (Law 20%)
  - 45% Returns to workers → Capitalize → Interest <7,5% in cash
- Reporting of data to MONDRAGON Headquarters.
- No internal competition between coops within Mondragon Corporation.
- Cooperation and teamwork are essential values in the training and education programs developed by MU (LEINN, Team Academy, Lanki<sup>4</sup>, Otalora<sup>5</sup> and Mondragon coops).
- Saiolan, that has a high level of knowledge of the industrial ecosystem and an extended network, supports the collaboration of entrepreneurs with existing companies. It is a tool to match companies' necessities with the solutions offered and created by entrepreneurs.

#### PRESTON ACTION LINES

- 1.1. Identify new inter-cooperation projects between the educational stakeholders of Preston: UCLAN, Preston's College, Preston Vocational Training Centre and Preston Cooperative Education Centre, and Unions.
- 1.2. Foster the collaboration between coops and social enterprises of Preston, through networking meetings. PCDN could develop this role.
- 1.3. Foster the collaboration within and between communities and grass-roots organisations.
- 1.4. Conduct networking events or meetings to connect coops and social enterprises with the Anchor Institutions, Chamber of Commerce, and the industrial/business fabric of Preston. PCDN could be the event organizer with the engagement of the City Council.
- 1.5. Strengthen the relationship of Preston with Mondragon Corporation and other territories and organisations that are developing a more collaborative and democratic economic models.
- 1.6. Create a Preston stakeholder map to know who and what is doing everything to facilitate the knowledge between them and the development of collaborative projects.
- 1.7. Define an action plan with the aim to foster collaboration among Preston's stakeholders (Anchor Institutions, SME, entrepreneurs and community grass-roots organisations).

<sup>3</sup> Fund of Education and Cooperative Promotion (COFIP) it is established in the article 72 of the Law 11/2019 of Cooperative in Basque Country approved by the Basque Government on the 20th of December of 2019. All Basque Country Coops, independently that they belong to Mondragon or not, must invest at least 10% of their profits in this fund.

<sup>4</sup> Lanki: Institute of Cooperative Research dedicated to investigate, shape and have an impact on cooperative situation mainly on the development of socio-educational aspects of cooperative and social economy.

<sup>5</sup> Otalora: Management and Cooperative Development Centre. They offer trainings mainly to managers and staff from the cooperative about (i) Cultural development in coops; (ii) Leadership and Teamwork, (iii) Cooperative Education, (iv) Management development and (v) Cooperative model dissemination.

## 4.2 Shared leadership

SHARED LEADERSHIP	
<b>Definition</b>	Create an ecosystem where the different Prestonian stakeholders (including PCC) can develop some complementary leadership beyond the City Council (development of new projects, participation in strategic planning processes and policy definition...).
CONSIDERATIONS	
<p>The City council must clarify the role that it wants to play in the development of the Preston Model. Having an active role and hold the leadership or acting as an instigator to make things happen among the rest of the stakeholders. There are two different visions, the first based on New Municipalism, and the second based on the Mondragon study case. In each of them, the level of engagement of the City Council is different.</p> <p>To develop this shared leadership is important to define the governance model of the different stakeholders and the role and functions that play each of them in the framework of the Preston Model.</p> <p>Aside from the City council, this process of roles clarification currently affects mainly the PCDN, the Cooperative Steering Group, UCLAN and the rest of Anchor Institutions, but in the future it will also affect the Preston Cooperative Education Centre and the Cooperative Bank, as well as other future organizations or actors developed in the framework of the Preston Model such as the incubation centre.</p>	
MONDRAGON EXAMPLE	
<ul style="list-style-type: none"> <li>• Shared and extended leadership as a core element.</li> <li>• Shared values among all the cooperatives (<b>democracy</b> - one member one vote, inter-cooperation, solidarity, wealth distribution...) that facilitated at the beginning informal and organic cooperation among them.</li> <li>• Initially, leadership was based around the figure of Arizmendarreta. In 1964 a mutual support movement was established between coops, and later the Corporation was created, a democratic organisation that defines the mission, values and the inter-cooperation framework for the group, and its shared leadership with the coops.</li> <li>• More than 250 companies and entities organized in 4 areas and different sectorial divisions - knowledge, industry, retail and finance-.</li> <li>• Each of these cooperatives has autonomy and independence within the general strategic framework agreed by the overarching Annual Mondragon Congress<sup>6</sup>, which is made up of 650 elected members from all the cooperatives. However, each cooperative takes its own decisions about the business management internally.</li> </ul>	

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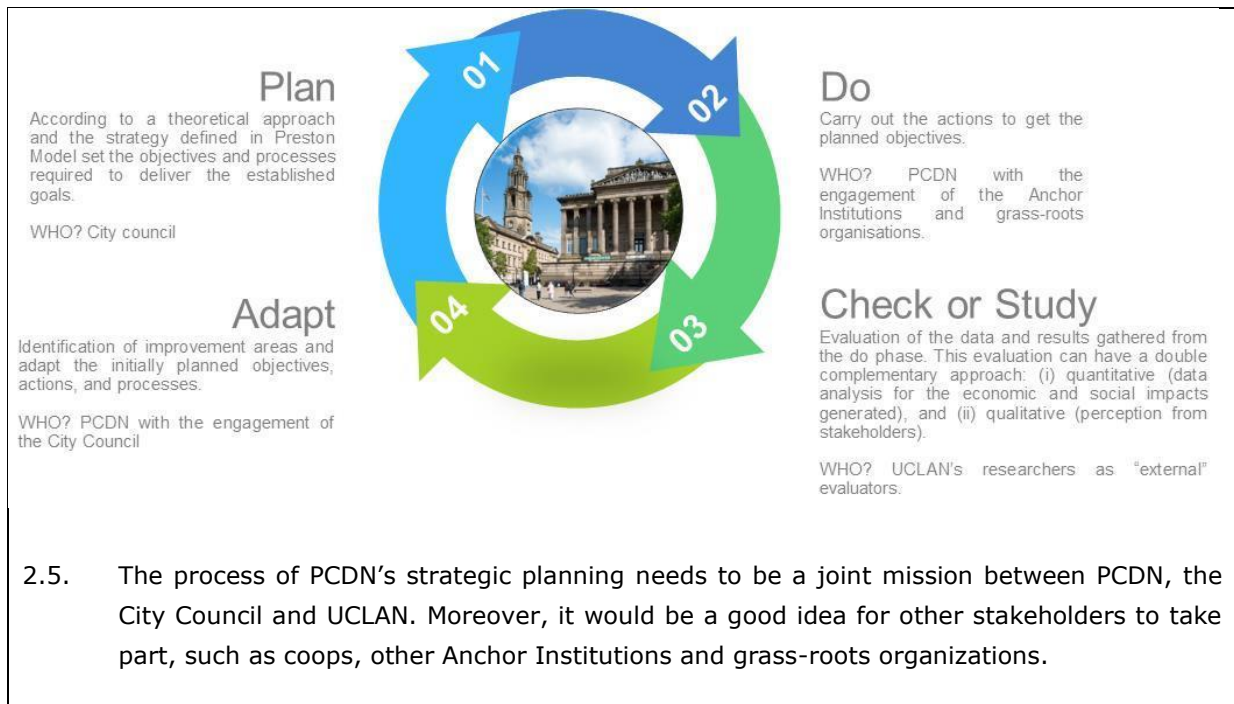
<sup>6</sup> The Annual Mondragon Congress is the body that establishes the general action lines of Mondragon Corporation and it defines the general basic policies for all the coops, and also it approves the integration of new cooperatives.



- Within each cooperative in the Annual General Meeting, worker-owners select the the Social Council and Governing Council members which sets the rules, define the mission of the cooperative, and selects the Managing Director who is responsible for selecting the Management Council that takes the operational decisions of the company according to the premises of the Governing Council.
- Saiolan, apart from being an incubator for new entrepreneurship initiatives, develops the function of Business Innovation Centre and supports Basque Government and Gipuzkoa Provincial Council in the development of entrepreneurship support programmes, and the collaborate with public and private institutions to define, develop and implement policies and programmes for (i) business promotion, (ii) employment, and (iii) territorial competitiveness.

### **PRESTON ACTION LINES**

- 2.1. Identify some shared common values or “common sense” elements between the different stakeholders to facilitate the development of this shared leadership. This action could be done by the PCDN with the engagement of City Council to integrate the strategic goals of Preston Model.
- 2.2. Define and select a “neutral” organization to dynamize the entrepreneurship ecosystem, detect collaboration opportunities among different stakeholders, and support cooperatives creation. PCDN could develop a more active role in the generation of connections between the different stakeholders as an independent organisation, but integrating the strategic objectives of Preston Model.
- 2.3. Facilitate the engagement of other relevant stakeholders in Preston Model: Chamber of Commerce, Community organisations, SME and industrial companies, and Lancashire County- Boost (Lancashire’s Business Growth Hub) through the creation of new spaces for collaboration or changing the approach to the existing ones to facilitate collaboration. PCDN, with the support of the City Council and UCLAN could invigorate collaboration and cooperation.
- 2.4. Define a P-D-C-A iterative and on-going process cycle to facilitate continuous improvement of the Preston Model, where both theoretical and practical approaches are integrated and balanced, as well as the model is evaluated and studied to identify improvement actions or initiatives. The objective is to balance the more theoretical and strategical approach with the more practical.



### 4.3 Social value business approach

SOCIAL VALUE BUSINESS APPROACH	
Definition	Foster the creation of competitive companies, with a robust business model, but that at the same time, comply with cooperative principles and values and have a positive impact in (i) employment generation, (ii) the improvement of living standards in some minorities or communities, and (iii) the application of more democratic models of shared-ownership.
MONDRAGON EXAMPLE	
<ul style="list-style-type: none"> <li>• Mondragon Cooperatives, as business companies, place social benefit as a core element in their mission, but without compromising their success and competitiveness in the market.</li> <li>• Committed to the community, competitive improvement and customer satisfaction, to generate wealth in society, mainly through business development and job creation but also through different Funds from the Corporation proceeding from the profits of the coops</li> <li>• Innovation, which together with Development and Knowledge should pave the way for the permanent review of our business models and the promotion of operations in the sectors of the future.</li> <li>• Commitment to innovation (M4Future model):</li> <li>• 130 million euros invested annually by all the coops and Promotion Centre of the Corporation</li> <li>• The Budget of 8.4% of the added-value to R&amp;D (Industry Area)</li> <li>• In the Industry Area, 628 million euros in products and services that did not exist five</li> </ul>	

years ago.

- Learning by doing approach in education and work.
- Mondragon district in 2018, where the cooperative movement was born, has a higher income per capita (23,651-10.2%) than the average rate of the Basque Country (21,458). And it is placed in the third position in the ranking of income per capita of the 20 Basque districts.
- Resilient model in crisis periods and creation of sustained employment. In the last economic crisis in 2010 Mondragon cooperative suffered a 6% job lost in comparison of 9.5% in the Basque Country and 20.5% in non-cooperative companies.
- Equity model of Mondragon Cooperatives through the 1:6 fair pay interval between the lowest and the best paid worker of the cooperative, in comparison with the USA where this interval is 1:278 (wage + stock-options). It is an approach to fighting structural causes of inequality.
- Territorial anchoring and long-term commitment of the cooperative model in comparison to the model of foreign direct investment.
- The core value of Mondragon cooperatives is labour sovereignty. Capital is seen as a tool for creating employment and for the long-term sustainability of the model. Profits are sought as a mean for job creation and socio-economic change rather than as an end in itself.
- Gaztenpresa in its origin was focused on supporting self-employment initiatives in deprived areas. Currently, one of its target group are entrepreneurs who are facing difficulties when seeking employment and at risk of social exclusion.

#### **PRESTON ACTION LINES**

- 3.1 Support the creation of worker-owned coops (traditional ones or platform coops) and companies with social approach in sectors with an important number of self-employed workers like digital, riders, last mile delivery, health and social care.
- 3.2 Mentoring services and grants assessment for strengthen business models in cooperatives and companies with social values to support them in being more competitive.
- 3.3 Support collaboration and cooperation among coops and companies that have a social approach with the engagement of Centre for SME development. Facilitate the knowledge between them through networking events and meetings.
- 3.4 Mentoring and assessment services to companies that are facing conversion processes to worker-owned models.
- 3.5 Collaboration with Unions and the Chamber of Commerce to identify companies that might be susceptible to a conversion process into worker-coops, due to owner-retirement or other causes.
- 3.6 Community assets mapping and strengthen the relationships of Anchor Institutions with grassroots community organizations, and among them.
- 3.7 Microcredit lending program for cooperatives or social value companies creation from the North West Mutual Cooperative and Community bank.

## 4.4 Culture and awareness

CULTURE AND AWARENESS	
Definition	Support the development of a more collaborative and cooperative culture in Preston.
MONDRAGON EXAMPLE	
<ul style="list-style-type: none"> <li>• Solidarity and social responsibility with the community as an essential part of the Corporation’s identifying features.</li> <li>• With deep cultural roots in the Basque Country (“Auzolan”: common good and community work).</li> <li>• Set aside sufficient human and financial resources for cooperative, professional and youth education.</li> <li>• Mondragon University and its cooperative learning and research units (HUHEZI, LANKI, MIK,...).</li> <li>• Cooperative dissemination/education activities (Otalora, TU Lankide review...).</li> <li>• Cooperative school model (“Ikastola”).</li> <li>• <a href="#">Mundukide</a><sup>7</sup> (NGO) and Mondragon Foundation.</li> <li>• Mondragon origins, before the creation of any cooperative, are in education and training activities. Those were the key pillars of cooperatives development through Goi Eskola Politeknikoa (today Mondragon University) with 2 main initial goals: (i) to provide vocational training to young people; (ii) to instill them a humanistic, participatory vision based on values of equity and justice.</li> <li>• BBF and the LEINN Degree based on Team-Academy model of team working and students collaboration.</li> </ul>	
PRESTON ACTION LINES	
4.1	Creation and launch of the Preston Cooperative Education Centre and define its strategy to collaborate with all the rest of educational institutions in Preston.
4.2	Support the educational institutions in Preston to include cooperatives and collaboration examples, principles and concepts in the current training offered by them (schools, UCLAN, Preston’s College, Preston Vocational Training Centre, Preston Cooperative Education Centre, and Unions). In that sense, the Preston Cooperative Education Centre can contribute or provide these contents and the development of new trainings to create a more collaborative mindset among young students.
4.3	Support creation of apprenticeship programs in cooperatives or social companies of Preston.
4.4	Collaboration with Propeller and Centre for SME Development, UCLAN, and Chamber of Commerce and Boost to create training programs about the cooperative model and shared-ownership models for entrepreneurs and business people.
4.5	Design the narrative for a marketing/communication campaign to publicise and spread the

<sup>7</sup>Mundukide’s mission: “To cooperate with countries in the Southern Hemisphere. We share expertise, resources and know-how about cooperative experience to help local communities to become independent and autonomous”

cooperative and the shared-ownership models to citizens, and update these concepts to the current market competitive vision -successful innovative business model-: videos of coop members explaining their experience (why they create a cooperative, working conditions, flexible model for any economic sector company, democratic organizations, highlight the benefits of coops,...) for entrepreneurs and community leaders, promotional and information events in Unions, Chamber of Commerce, Centre for SME development, and Propeller. The goals of this new narrative should be:

- Make worker-cooperatives more attractive.
- Modernize the concept of cooperative as competitive companies as a suitable model for all kind of economic activities and sectors.
- Show examples of already running coops where worker-owners explain their own experience through videos.
- Highlight the social approach of coops as a way to impact in wealth distribution and in the creation of competitive and sustainable productive fabric.
- Get an emotional engagement to coops ("I own it").

4.6 Development of training/awareness sessions to the Council officers and Anchor Institutions about the cooperative movement and its social and economic impacts in Preston.

## 5. STRATEGIC LINES PHASING

This final section explains how these 25 action lines could be developed in a 4 years framework (2021-2025), the usual framework for strategic planning processes. The goal of this calendar is to help carry on these activities in an organized and coherent way, but taking into account that it is a proposal and that it can be modified and adapted to any change in the ecosystem.

	CODE	ACTION LINE	2021	2022	2023	2024
INTER-COOPERATION	1.1	Identify new inter-cooperation projects between the educational stakeholders of Preston				
	1.2	Foster the collaboration between co-ops and social enterprises of Preston				
	1.3	Foster the collaboration within and between communities and grass-roots organisations.				
	1.4	Conduct networking events or meetings to connect co-ops and social enterprises with the Anchor Institutions, Chamber of Commerce, and the industrial/business fabric of Preston				
	1.5	Strengthen the relationship of Preston with Mondragon Corporation and other territories and organisations				
	1.6	Create a Preston stakeholder map				
	1.7	Define an action plan with the aim to foster collaboration among Preston's stakeholders				
SHARED LEADERSHIP	2.1	Identify some shared common values or "common sense" elements between the different stakeholders				
	2.2	Define and select a "neutral" organization to dynamize the entrepreneurship ecosystem				
	2.3	Facilitate the engagement of other relevant stakeholders in Preston Model: Chamber of Commerce, Community organisations, SME and industrial companies, and Lancashire County- Boost				
	2.4	Define a P-D-C-A iterative and on-going process cycle to facilitate continuous improvement of the Preston Model				
	2.5	Define the strategic plan for PCDN				
SOCIAL VALUE APPROACH	3.1	Support the creation of worker-owned co-ops (traditional ones or platform co-ops) and companies with social approach				
	3.2	Mentoring services and grants assessment for strengthen business models in cooperatives and companies with social values				
	3.3	Support collaboration and cooperation among co-ops and companies that have a social approach				
	3.4	Mentoring and assessment services to companies that are facing conversion processes to worker-owned models				
	3.5	Collaboration with Unions and the Chamber of Commerce to identify running companies susceptible to face conversion processes				
	3.6	Community assets mapping and strengthen the relationships of Anchor Institutions with grassroots community organizations				
	3.7	Microcredit lending program for cooperatives or social value companies creation from the North West Mutual Cooperative and Community bank.				
COOPERATIVE CULTURE AND AWARENESS	4.1	Creation and launch of the Preston cooperative Education Centre				
	4.2	Support the educational institutions in Preston to include cooperatives and collaboration examples, principles and concepts				
	4.3	Support creation of apprenticeship programs in cooperatives or social companies of Preston.				
	4.4	Collaboration with Propeller and Centre SME Development, UCLAN- and Chamber of Commerce and Boost to create training programs about the cooperative model and shared-ownership models for entrepreneurs and business people.				
	4.5	Design the narrative for a marketing/communication campaign to publicise and spread the cooperative and the shared-ownership models				
	4.6	Development of training/awareness sessions to the Council officers and Anchor Institutions about the cooperative movement				

**This project has been funded by the Open Society Foundations**

### ANNEX 1 INTERVIEWED STAKEHOLDERS

NAME	ENTITY / ORGANISATION
Cllr Matthew Brown	Leader Council
Gaynor Wood	Chair PCDN
James Moore	Bank
Lis Smith	Principal Preston's College
Gareth Nash	Cooperative business consultant, PCDN
Mark Porter	The PDF coop
Chris Davis	Community activist
Mick McKeown	Professor and union-coop activist, UCLAN