

Creative co-operatives

A guide to starting a co-operative in the creative industries



About this guide

This guide is aimed at established freelancers in the creative industries, at newly self-employed people looking for innovative ways to work, and at recent graduates from creative courses who are looking to build their portfolios, exploit their own ideas or explore ways to work creatively, without sacrificing their integrity. For all these groups, finding ways to co-operate with fellow creatives may just be worth a second look. You'll be taken through the basic steps of starting a co-operative, hear from people who already work in one and find out where to access advice and support.



“I think a co-operative approach could provide ways to rebuild a community of musicians but also of fans who are interested in people actually making music. I think the mass market model

of music we have now is in crisis, and the new inspiration will come from individual creative musicians and new people and structures that develop to support them. I think co-operatives could help to build some of those bottom-up structures, because the top-down ones aren't working.”

Peter Jenner, Sincere Management/co-founder, Featured Artists Coalition



“The advantage of co-operatives and collaboration is that for freelancers who don't want to try and build a huge business that they have to run, but who want to be entrepreneurial and

go beyond being a micro-enterprise, they can leverage that co-operative support structure. They're not on their own.”

Paul Robinson, digital entrepreneur and co-operator



“In journalism, the co-operative's time could have come. There's scope for a more realistic model which allows the connection between product and profit to be maintained.”

Alex Klaushofer, NUJ Freelance Industrial Council and co-founder, newmodeljournalism.com



“Given the collaborative nature of the creative industries in general, and the mobility they often demand, the co-operative model can be an exceptional one, providing flexibility and

opportunities for collaboration. Collaboration, or the co-operative model, can be such exciting ways for a group of creatives or internet entrepreneurs to capitalise on their skills, not just in one company but in a range of endeavours.”

Victoria Lennox, CEO of the National Consortium of University Entrepreneurs

Co-operation in the creative industries

Freelance and self-employed workers are the mainstay of the creative industries. They generate many of the best ideas and represent some of the most dynamic and entrepreneurial activity in this key economic sector.¹

But although working as a freelancer offers many benefits – flexibility, control of one’s own time and decisions – it also has its pitfalls. According to a survey of creative course graduates by the Institute for Employment Studies, nearly half of all workers in the creative industries have ‘portfolio careers’, working in several part-time or freelance roles at a time, “typically combining employment” to support themselves “with self-employment, study or developing their creative practice.”²

The same study also found that many new graduates in the creative sector find themselves having to do unpaid work to get experience, and the main influence on the career plans of creative graduates was the desire to combine their artistic practice with making a viable living. The report commented that “graduates may be trading off higher earnings in their career choices to achieve more satisfaction in terms of life/work balance, personal development and independence.” The University of London’s careers service has reflected widespread concerns about the growing trend towards creative businesses, such as magazines, PR agencies and film companies, using unpaid interns to do work which should be done by qualified professionals.³

Co-operation, collaboration and co-working, whether within formal co-operatives or informal networks and ad hoc structures, have much to offer workers in the creative industries. Working solo can also be a lonely business, and creative professionals often benefit from having someone else to bounce ideas around with. As well as the company of like-minded people, being part of a co-operative can broaden horizons, contacts and economic and creative opportunities. Membership of

a co-operative can cut risk and costs, perhaps bringing investment in expensive equipment within reach, or helping to fund new training. Co-operatives can make members feel valued and incorporate their opinions and knowledge in a way that other work environments often can’t.



“One of our recommendations is that although universities are getting much better at running group projects, they need to make it much clearer to students how important collaboration

is, and to provide opportunities for students to co-operate in different ways on projects which simulate what is actually going on out there in the creative economy.”

Linda Ball, Senior Research Fellow, University of the Arts London

REFERENCES

- 1 'Investing in Creative Industries: a guide for local authorities.' Local Government Association 2009
- 2 'Creative Graduates, Creative Futures', Creative Graduates Creative Futures Higher Education Partnership and the Institute for Employment Studies, March 2010
- 3 'Creative Industries – Recession Survey,' Creative Careers: University of London, August 2009

Why start a co-operative?

Co-operatives are a way for people to collectively ‘do it for themselves’ – whether that’s responding to a market opportunity, or meeting an identified need that neither the market nor the public purse provides. They engage people in their own solutions and enable members to share the risks and development costs of the business. They also draw on the knowledge, skills and expertise that diverse membership brings.

Co-operatives link members together so that they can help one another – perhaps by sharing ideas, costs, resources and equipment.

Co-operatives are democratically owned and run, giving members real control over the direction of their enterprise and allowing them to contribute to the success of the business. In worker co-operatives this can galvanise the creativity and commitment of the employees in a way many other businesses cannot.



“If you’re in an actors’ co-operative there’s the benefit of knowing what’s going on for everyone else, you know what’s happening in the industry and you’re in charge of your own career far more than you would be with a personal manager. You may not get 100 times more work, but at least you can have an input both into your own career and 24 other people’s. Working with other people and having a network is a huge thing. I went to drama school in Birmingham and I came back to Manchester and I didn’t know anybody who was an actor, no-one in my family does this kind of work, and TAG is like a second family.”

Victoria Brazier, The Actors Group stage agency

Co-operatives are more sustainable than other forms of small business – survival rates are higher and they create more jobs which are less likely to leave the local area when the business is successful.

Co-operatives support all-round personal development, including encouraging entrepreneurial and business skills in all their members.



“I don’t think anyone who’s working here would trade it for a hierarchy. Staff tend to stay an unusually long time because they find it such a sensible and practical way of working. You’re given proper respect and the chance to input into key decisions. It’s very difficult for people to move from that position of relative freedom and respect into a command chain.”

Chris Brazier, New Internationalist publishing co-operative

What is a co-operative?

Co-operatives are businesses that exist to serve their members, whether they are customers, employees or the local community. They work in all parts of the economy, from food to farming, healthcare to housing, wind farms to web design.

What's more, these members are the owners, with an equal say in what the co-operative does. So, as well as getting the products and services they need, members help shape the decisions their co-operative makes.

Co-operatives want to trade successfully – they are businesses, not charities, after all. Co-operative members can often do better by working together, and sharing the profit is a way to keep it fair and make it worthwhile. Rather than rewarding outside investors, a co-operative shares its profits amongst the members.

Across the UK, co-operatives are owned by more than 11 million people – and these numbers keep on growing.



“Being in a co-operative space, the complementary skillsets are there, and there are a lot of opportunities to say, ‘actually I can bring so-and-so to the table, they work with me in the office

on a daily basis, you're not going to have communication issues because they're working next to me.’ We get to leverage each other's skills in order to take on larger projects or joint ventures.

There are other advantages to being in a co-operative. You're surrounded by people you can riff off and who have experience of working on the kind of thing you might be doing. You start thinking about projects in a different way, about who at FlyThe.Coop I could bring in on this?

There isn't a typical day at FTC. Sometimes everyone's in, heads down, getting on with their own work. There's always somebody with a deadline. But once a month we have a co-op meeting for the members and directors, and we have collaboration meet ups to discuss ideas.”

Paul Robinson, FlyThe.Coop digital workspace co-operative

How to start a co-operative

Setting up a co-operative is like setting up any other business – you need a market, products or services, labour, finance and sometimes premises. But a co-operative is different from a conventional business because it is operated by and on behalf of its members primarily to meet the members' needs, and secondly to provide any wider economic, social and environmental benefits.

If you want to set up a co-operative, you should seek advice from your local co-operative business advisor. See page 10 for more information on getting support. You can also use the stages below as a guide to the issues you'll have to consider, although they aren't a rigid framework and will differ according to the type of business and your needs:

- 1 **Outline a broad feasibility plan:** what are the objectives of the business? Do you want to work together on a day-to-day basis, or to have a looser approach which supports individuals' activities? How much time and effort can different members commit?
- 2 **Discuss a draft legal structure:** who are the members – workers, consumers, community, or other small businesses? What will be the relationship between the members of the business? What are the benefits – and the responsibilities – of membership?
- 3 **Develop a business strategy and an outline business plan setting out:**
 - business objectives
 - market
 - staffing needs
 - how the business will work
 - finance: financial projections; raising finance
 - marketing
 - governance: legal structures; decision-making procedures; who the members will be and their relationship with the business; and, what roles and responsibilities the key people involved will have.
- 4 **Incorporate the new business under a legal structure,** if appropriate. If you intend to enter into contracts or employ staff, incorporation will limit the liability of the co-operative's members.
- 5 **Carry out detailed financial planning** – build a financial model including start-up costs and overheads as well as your projected income streams, and finalise a full business plan.
- 6 **Look for start-up finance.** Most co-operatives do this by raising money from members and/or seeking a business loan. It is important to seek financial advice before you do this. Grants may also be available.
- 7 **Plan your organisation** – draw up a detailed action plan, quality and performance standards, and staff policies.
- 8 **Develop a marketing plan.**
- 9 **Develop a communication plan:** how will your members have their say in running the co-operative?

For more information, see the Creative Co-operatives website outlining the in and outs of starting a new co-operative: www.uk.coop/creative

Types of co-operative

There are several different types of co-operatives, with structures and membership rules to suit people or organisations ranging from small groups of workers to large businesses banding together. What they all have in common is their commitment to providing ways for their members to support one another.

The most relevant to creative businesses are:

Worker co-operatives. Owned and controlled by their workers. In some worker co-operatives all workers are members and are also committee members or directors. In others, a smaller committee or board is elected by and from the employee members.

Co-operative consortia. Co-operatives formed by a number of independent businesses, organisations or individuals, and owned and controlled by them. Members can carry out joint activities such as purchasing and marketing/promoting their services.



“Being part of the co-operative not only gives me the space to be more creative but also to take a look at how I am as an individual and how important you are to the community.”

Julie E. Gordon, Single Cell musicians' consortium

Community co-operatives. Enterprises that are owned and controlled by people belonging to a particular community. This may be a geographical community or people with common interests.

Multi-stakeholder co-operatives. Enterprises that are owned and controlled by members drawn from a variety of areas. Membership can include employees and users of the co-operative, local residents, partnership organisations or relevant professionals.

The legal bit

Currently, there is no Co-operatives Act in the UK, so organisations wanting to operate as co-operatives must choose an existing legal form. Which legal form you choose will depend on whether you want to incorporate or remain unincorporated. It is usually advisable for a co-operative, whatever its type, to incorporate to limit the liability of its members and governing body. All types of co-operative, regardless of the legal form, can be registered through Co-operatives UK.

Some possible incorporated legal forms for a co-operative include Industrial and Provident Society, Company Limited by Guarantee/Shares and the Community Interest Company.

It is advisable to seek advice on this – see Get Support on page 10 for more information. More information on the pros and cons of these different legal forms can be found at www.uk.coop/creative

The financial bit

As trading organisations, co-operatives need finance, just like any other business. You'll need funds at the start-up stage, and possibly if and when the business expands and changes.

Before you start thinking about financing your co-operative you'll need to make sure you've got a strong business plan and have undertaken detailed financial planning, including start up costs, overheads and incorporation costs. A business advisor can help you with this – see the Get Support on page 10 for more information.

Investment by members

This can be in the form of shares (if you have incorporated using a legal structure which allows this), or by loans. There is a co-operative principle that specifies that when a member invests in the business, the return on their investment should be limited. This is to ensure that one person with a large amount of money doesn't benefit more than members with less to invest.



“We were all working either as sole traders or in very small companies. By working together we could create the scale required by clients, market our unique proposition more effectively and win more business.”

Liz Taylor, The Very People marketing & PR group

Loan finance

Money can be loaned by members, and also borrowed from non-members. There are many sources of loan finance – from large institutions such as high street banks to small specialist organisations, including the co-operative's members and their friends and relations. Loans can be short-term or long term, and the interest rate can vary. Wherever the loan finance comes from, a proper agreement should be drawn to specify the condition upon which money has been lent. An approved bank overdraft – also essentially a loan – enables you to borrow an agreed amount of money on top of your bank balance as and when you need it. Permission can be withdrawn at very short notice, however, and overdrafts often have high interest rates, so should be used sparingly.

Grants

Co-operatives have social benefits both for their members and to the wider society, so they sometimes qualify for grants. As with loans, there are many different sources and types of grant, many restricted to particular kinds of business, category of people or geographical area. A specialist adviser will be able to offer guidance.

Get support

In each region, a co-operative business advisor should be your first port of call for help in setting up a co-operative.

These advisors work in specialist advice and support organisations based across the UK, providing information on how to establish, run and grow co-operatives and maximise their social and economic benefits. They can help with feasibility studies, business development, legal advice, business registration and training for staff and directors. For a list of advisors – often called ‘Co-operative Development Bodies’ – see the see www.uk.coop/cdb.

One of the major funders of this work is the Co-operative Enterprise Hub. It supports free advice, training and consultancy to help existing co-operatives adapt and grow, supports people setting up new co-operatives and assists in the conversion of existing enterprises. It is funded and managed by the Co-operative Group. For more information and to apply for support visit www.co-operative.coop/enterprisehub/



“Personally, I like working as part of a team, and most of the work we do benefits from teamwork. From a business point of view it makes sense – our clients know that if one of us is off sick, someone else can fill in. I think you have a different mindset in a co-operative, people take responsibility for themselves and feel more responsibility to their colleagues.”

Steve West, The Graphics Company design co-operative

The Co-operatives UK Legal Services Team can also help, by registering your co-operative using our model rules, and by arranging free membership with us for one year. For more information contact the

Co-operatives UK legal services team on legal@cooperatives-uk.coop or visit our website www.uk.coop

The Co-operatives UK website, www.uk.coop, is home to publications on setting up, running and growing a co-operative, on equality and diversity within co-operatives, and on the social, environmental and economic benefits of the co-operative model. It also has information on networking and promoting your co-operative, and on the wider national and international co-operative movement.

If you’re looking for support on aspects of running a creative business, try:

- **Skillset:** the industry body supporting skills and training in the creative industries www.skillset.org
- **Artists Professional Development Network** <http://apd-network.info>
- **Design & Artists Copyright Society** www.dacs.org.uk
- **UK Intellectual Property Office** www.ipo.gov.uk
- **Authors’ Licensing & Collecting Society** www.alcs.co.uk

Creative freelancers should also consider joining their sector union – there are representative organisations for everyone from TV technicians to journalists, actors to musicians, architects to authors. They can advise on issues such as contracts and other workers’ rights. The HMRC website, hmrc.gov.uk, has valuable tax information for the self-employed, while Businesslink has advice on the practicalities of life as a sole trader.

Co-operatives UK

Co-operatives UK works to promote, develop and unite co-operative enterprises. It has a unique role as a trade association for co-operatives and its campaigns for co-operation, such as Co-operatives Fortnight, bring together all those with a passion and interest in co-operative action.

Any organisation supportive of co-operation and mutuality can join and there are many opportunities online for individuals to connect to the latest co-operative news, innovations and campaigns. All members benefit from specialist services and the chance to network with other co-operatives.

www.uk.coop

For information specific to co-operation in the creative industries visit **www.uk.coop/creative**



Developing the co-operative economy

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