

Because cooperatives are people-driven organizations, the first key to their success is to identify individuals with like needs who want to explore the feasibility of forming a cooperative business. Without this important first step, the chance for a successful cooperative business is slight.

The original group of individuals is usually potential users of the cooperative. They often have leadership and organizational skills. They organize informational meetings for other potential users and discuss topics such as: how the proposed cooperative could meet identified needs, cooperative operational practices, advantages and disadvantages of the cooperative business structure, member investment and financial requirements, and member commitment needed. Use of outside advisors experienced in cooperative development work, legal, tax, and finance issues, and product experts may save the group from making expensive mistakes and losing valuable time. Criteria used for selecting advisors should include: level of cooperative experience, ability to work as a team, understanding of issues related to start-up organizations, and objectivity.

There seem to be absence of consensus as to the steps involved in starting a cooperative society. Various authors, cooperators and cooperative consultants view the steps differently. In this paper, we borrow leave from RBCDS (1995) and UWCC (2002). In an attempt to ensure conciseness, precision and comprehensiveness, we synthesise the various steps developed by these sources.

Thus, starting a cooperative involve the following steps:

1. Hold an organizing meeting; establish steering committee

A core group of interested individuals should hold an informational meeting of potential cooperative members and others in the community. The primary purpose of the meeting is to explain the identified need and how a cooperative would address it. It is important that the group come to general agreement on the nature and importance of the problem and the potential for a cooperative to address it. Such an agreement will

facilities and equipment, and financial business projections such as fixed and variable operating costs, sources of income, and pro forma statements.

5. Develop legal documents

Under the guidance of professional advisors, the steering committee should draft legal documents for approval by prospective members. These documents are: articles of incorporation; bylaws and other legal documents. The articles of incorporation declare the cooperative's purpose, kind and scope. The bylaws provide instruction on how the cooperative will conduct its declared purpose and must be approved by the membership. Other legal documents, such as membership applications and marketing agreements, are necessary to meet a cooperative's special needs. The next thing would be to incorporate the association. In Nigeria, incorporation takes place when a cooperative files its articles with the Corporate Affairs Commission. As soon as the cooperative is incorporated and thus exists as a legal entity, two or three members of the steering committee should open a bank account in the cooperative's name. This account will be used to deposit equity contributions from new members.

6. Secure financing for the cooperative

Cooperative businesses vary greatly in the amount of capital they need to get up and running. The business plan should include the amount and type of financing needed by the cooperative and a strategy for obtaining it. The steering committee and its advisors are responsible for implementing this strategy.

Virtually all cooperatives require some level of member financing, usually in the form of stock purchases or membership fees. Member financing not only provides equity for the cooperative, it also provides a financial base that helps other investors, particularly banks, feel more secure in investing in the cooperative. The steering committee should prepare a membership application for new members to fill out and sign. It should identify the member's name, address, and phone number; the number of shares of stock being purchased (or the amount of the membership fee if it is a non-stock cooperative); and a stated agreement that the new member agrees to belong to and abide by the bylaws and contracts of the cooperative. Each member's initial

In order to achieve their maximum strength and effectiveness, cooperatives of various kinds must regard themselves and, as far as possible, act as a distinct sector within the national economy of any country. As business organizations, cooperatives are partly private, partly public, but essentially different from both private enterprise and public enterprise. They are a "middle way", an economic sector in their own right.

Cooperatives must play the role of a *Third Force*, an alternative and countervailing power to both Big Business and Big Government. A cooperative is a business enterprise in which the elements of ownership, control and use of service are united in one group of persons. The distinguishing feature of cooperative business is its dual nature as economic enterprise and social organization.

An economy based on one form of business organization alone is neither desirable nor possible in modern times. The best economic order is achieved through a mixed economy. To justify their existence and fulfill their purpose, cooperatives must make a significant and unique contribution to solving some of the massive problems facing mankind today.

Governments are expected to provide a supportive policy, legal and institutional framework, provide support measures based on activities, provide oversight on terms equivalent to other forms of enterprise and social organization, adopt measures to improve access to finance for disadvantaged groups, and topically, to promote the formalization of the informal economy. Government can contribute significantly to improving cooperative performance by facilitating access of cooperatives to support services, particularly support to cooperative human resource development.