

Economy and meaning seminar

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COOPANAME : ASSOCIATE ENTREPRENEURS AND NEW WAYS OF REGARDING WORK

by

Stéphane Veyer
Associate and managing director, Coopaname

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Report by Élisabeth Bourguinat
Translation by Rachel Marlin

Overview

In 1979, Raymond Barre said 'If you do not have a job, create one !' This remark inspired a number of policies aimed at encouraging business creation. However, the unemployed often lack networks, management know-how, experience and the capital which would enable them to launch their project without taking too many risks. Since 2004, Coopaname has been offering these people the opportunity to create their own jobs as an employee within a co-operative. They are given help to develop their interests, they benefit from pooled resources (such as accountancy, treasury management and invoicing services and so on) and social security protection for employees. They also avoid the loneliness which is often associated with business creation. Today, Coopaname brings together nearly five hundred employees from various professions. How does one create an *affectio societatis* (a desire to join forces) between hairdressers, computer scientists and jewellery exporters? According to Stéphane Veyer, the secret lies in the co-operative's method of governance, and its view of the economy as a means of creating business and not as a means in itself.

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TALK : Stéphane Veyer

The concept of a co-operative of activities and employment (CAE) has been in existence for about fifteen years, mainly in France. The first CAE was started in Lyon in 1995 at a time when individual entrepreneurship was first encouraged.

Prior to 1995, very few people had thought of creating an enterprise apart from the professions which required it, such as those involving self-employment, tradesmen and artisans. Because of the threat of unemployment, a number of incentives encouraging business creation were launched, some of which were inspired by Raymond Barre's famous remark in 1979. Many schemes were set up to help these new-style entrepreneurs such as management boutiques and microcredit. Numerous measures were taken to simplify the necessary steps, such as creating a limited company for just one Euro, micro-businesses, and, today, self-enterprise.

Unemployed people heading for disaster

Unfortunately, the unemployed who are encouraged to create their own businesses are often courting disaster. Many do not have networks, management skills, experience or the capital which would enable them to set up their own businesses without taking too many risks. Paradoxically, people who have been out of a job for a long time are expected to have all the necessary skills to create and manage a company, either in accountancy or management. Setting up a business without help is a real test.

Furthermore, in an attempt, as far as possible, to simplify the necessary steps to create a business, entrepreneurs have, over time, become wary of taking risks. Self-entrepreneurship may be interpreted as a legal right to exploit oneself: everyone has the right to earn virtually nothing by working in whatever way he sees fit, and giving up his own social protection in order to pay fewer costs.

The CAE concept

CAEs offer these people an alternative which consists of creating a salaried job for themselves in an open company which is organised in the form of a SCOP (société coopérative ouvrière de production: a co-operative whose majority shareholders are its employees) and is shared between professionals. An entrepreneur can launch his activity without taking risks and, if it fails, the company will not become bankrupt because no actual company will have been created. If the entrepreneur has to terminate his salaried work contract, he will receive unemployment benefit. In the meantime, he will still belong to the general social security scheme.

In general, a CAE comprises between 60 and 150 people whose members range from gardeners, consultants, computer scientists, hairdressers and fish importers to jewellery exporters. They are all salaried and have open-ended work contracts. The number of paid hours of work varies according to the added value produced by the activity. Each person brings to the co-operative an autonomous activity which he manages like a cost and profit centre.

Three parts of the CAE

There are three kinds of service provided by a CAE.

Security

The first service is security. Anyone who is thinking of creating his own job can ask a CAE. The CAE will help him to start and to develop his activity before he even starts paying

himself a salary. It can start his activity without having to create a company and without any large financial investment.

Pooling of resources

A CAE pools the management of legal, accountancy, administrative, insurance and tax matters. It also handles treasury concerns. If there are months when there is less income or when the client is late in paying, the employee still receives his pay-check, and the following month his activities will cover the salaries of the other members of the CAE.

The members of the co-operative can also help each other, either by sharing their skills or by bringing in additional work. For example, from time to time a graphic designer may work with gardeners if their activity is successful enough for the creation of an additional part-time job. If illness or family problems arise which put a stop to an activity for a few months, a person can entrust his clients to a colleague and take them back at a later date. All of this would be impossible for an entrepreneur working alone.

Co-operation

The third service is co-operation. After a certain length of time, employees may become associates in the collective business. This is very difficult to implement because people who create their own businesses often, in the beginning, are very individualistic.

Nonetheless, this part is fundamental, especially with regard to the development of individual professional activities. Most of the time, CAE employees make a living from their work and not from capital or investment management. The amount of work they can achieve each day is limited. If they remain independent, there is little hope that they will increase their salary significantly. The only solution for generating money is to develop an activity on a collective basis, such as in a group of three or four people who will create more money per person than the amount of money generated from three or four separate individuals. For example, a photographer may work with a wedding organiser and a wedding dressmaker. The activity from which he will be able to earn a living after two or three years may very well be different from that in which he entered the company in the beginning.

Coopaname

Today there are just over 70 CAEs in France which consist of about 4,000 people in a network called 'Coopérer pour entreprendre' ('Co-operate to set up business'). Over the past few years, this movement has become an important element in the creation of business and economic development in areas where these co-operatives exist.

Initially, the CAEs developed south of the Loire river and in the Rhône-Alpes and Midi-Pyrénées regions. After a few years, it was clear that a CAE had to exist in the capital in order for them to gain recognition. This was how Coopaname started in 2004 and has continued, as a result of the very pro-active methods of the members of the network.

Coopaname is now one of the most dynamic CAEs. This is undoubtedly because of the importance of the labour pool in the Paris region. It has nearly 500 members and a large diversity of skills.

Reciprocity in the workplace

Our experience in Coopaname, and more generally in the CAE structure, makes us think that we are perhaps starting to draft out a new form of economic organisation which would be more like mutual exchange than co-operation.

The idea of mutual exchange is based on a principle of mutual protection against risks. Taking out mutual insurance means being insured by others while at the same time being their insurer. Until now, this idea was restricted to the world of prevention (health and insurance) but there are also 'work mutuals' in which people mutually protect their professional progression.

Discussion about the flexibility which has developed over the past few years is founded in extremely liberal ideas. The aim is to make business frontiers more open in order to hire and sack people more easily. With such a concept, protecting people is handled outside the company by a form of unemployment insurance. At Coopaname, we prefer the opposite : to insure the protection of the worker in the long-term, one must devise this protection inside the company. We suggest creating a collective framework in which each person's career path is organised, with its highs and its lows, but always within the structure of the co-operative. Rather than making the frontiers of the business more flexible, we are making the career path of each individual in the company more flexible.

We are studying the possibility of associating ourselves with mutual insurance regulations and especially the laws concerning the management of social and sanitary institutions. This would be very interesting in the light of the current collapse of the mutual insurance system, with the exception of a few large mutual insurance companies, such as the Macif or the MAIF. Today, mutual insurance companies are merging, investing more capital, and as a result, are losing their individuality.

Changing scales and paradigms

If we change the reasoning behind 'work mutuals', we should change the scales and increase the number of employees from 150 or 500 to between 1,000 and 2,000 people. The greater the number of people, the more we will protect ourselves against certain risks.

This change should also result in a change of paradigm in our relationship with work, time, ownership and even the whole economy.

Many of us are convinced that liberal capitalism is not long-lasting and that we will certainly have to invent other economic systems in the years to come. The research, innovation and utopia element is dominant in an organisation such as Coopaname which sees itself as a constantly changing, 'work-in-progress' building site. We have already invented a number of things from the simple idea of creating jobs in a shared company, and we intend to continue. This is what makes this experience so interesting apart from the real aim which is to allow people to develop their own activities in a safe environment.

DISCUSSION

CAE and billing agencies

Question : *What is the difference between Coopaname and a billing agency ?*

Stéphane Veyer : Both Coopaname and billing agencies, they are companies which convert revenues into salaries, but one is a co-operative and the other is a business. A billing agency which provides billing and administrative services to self-employed people in exchange for part of their income sees its employees as sources of large commissions without running risks. The existence or absence of a profit goal changes everything.

Changing salaries ?

Q. : *You mentioned that the number of paid hours of each employee depends on how profitable his work is. Does this mean that if the company is not doing well, a person who had been employed for 30 hours per week might have to have his salary cut to the equivalent of 20 hours of work the following month ? I think this contravenes employment law.*

S. V. : The salaries of Coopaname employees do not vary greatly. A large part of our work in assisting people involves discussing with them the salary they think they can pay themselves in the long-term, bearing in mind their occupation and the need to conserve working capital or cash reserves for times of need. Times when activity is at a peak provide a supplement or 'safety net'. Salaries are not lowered the moment that activity slows down.

The decision to lower salaries usually comes after discussion with the employee as a result of a persistent problem. Coopaname managers never make unilateral decisions. Staff representatives are systematically consulted and can make sure that the decision is taken with the employee's agreement.

Some reductions in salary are intentional. A person may want to take a sabbatical for a few months for personal reasons, or work two days a week instead of four and take an additional, part-time job in another company.

Risks of being copied

Q. : *In some ways, you are achieving the flexibility which companies dream about. I should think that there are a few, rather envious managers...*

S. V. : The procedures we use are in no way different from those which an ordinary company can use, and every time we devise a new method, we consult the various bodies in charge of ensuring that employment law is respected (such as the labour inspectorate, job centres, government employment bodies, trade union organisations and so on) to check that it complies with regulations. Our aim is to re-register in employment law people who would otherwise be excluded from it if, for example, they were self-employed. We certainly do not want to upset the right to work by creating instability in our company.

We are aware that there is a risk that some companies may copy our model with very different aims in mind. A few months ago, the manager of a computer services company telephoned me and said 'We are going to do the same as you and change out status from a limited company to a co-operative in order to recruit salaried entrepreneurs. We need to expand our business in Chartres and Blois. These people will be creating their own work and they will only be able to pay their salaries if their business is profitable.' The difference between their approach and ours is quite subtle, and this made us become much more vigilant. It is a very fine line between changing the law on the right to work in places where it no longer exists, and managing to disentangle the employment laws which remain.

Q. : *Have you had to appear before an industrial tribunal ?*

S. V. : I remember presenting Coopaname to an employers' trade union. The company bosses whom I met were astounded and said 'You're crazy ! You're hiring people who you don't even know, offering them open-ended contracts and then reducing their salaries ? You're going to be hauled in front of the industrial tribunal fifty times before the end of the year.' Coopaname has been in existence for seven years and this has never happened.

A typical Coopanamian

Q. : *What is a typical professional Coopanamian ?*

S. V. : They tend to have degrees, which is not surprising if one takes into account the fact that half of the Coopanamians are Parisian and that studying for degrees by Parisians is higher than the French national average. A quarter of them have degrees which required five years' study after leaving school ; a quarter have degrees which required three or four years' study after leaving school ; and a quarter have more than just the school leaving certificate (Bac). Therefore, three-quarters have degrees.

Q. : *What is the average age ?*

S. V. : Those whom we meet generally have some professional experience which is why they are considering developing their skills. They are therefore at least in their thirties. In general, Coopanamians can be divided into three groups : those aged between thirty and forty ; those between forty and fifty ; and those between fifty and sixty. The oldest is seventy-three years old.

Q. : *What is their salary bracket ?*

S. V. : Monthly salaries range from zero (for those who have not yet begun to pay their own salary) to 4,500 Euros gross (which is the highest salary in Coopaname), however, this is an exception : most Coopanamians think that a monthly salary of more than 2,000 Euros gross is reasonable. This may appear modest, but compared to the length of time taken by a retailer to start earning money, it is not bad.

There are also a number of women aged around forty at Coopaname who, having raised their children, are now going back to work on a part-time basis. Managing to get an open-ended contract after having been absent from the workplace for ten years is almost impossible, and wanting to create a company on a part-time basis is equally unrealistic. The co-operative gives them the opportunity to choose the number of hours which they work, for example, they can limit their work to two days per week. Their salary would then be quite low – the equivalent of half the minimum wage – but this represents a supplementary income for a couple and would allow them to get back to work and create a social network again, while also making the most of their skills, instead of having a job which 'downgrades' them professionally.

How does one become part of a co-operative ?

Q. : *What is your secret for developing the affectio societatis between computer scientists, gardeners and hairdressers, in order to change individual entrepreneurs into members of a co-operative ?*

S. V. : We organise workshops for beginners which are not obligatory, but strongly recommended, to encourage people to think about their co-operative project, and also training workshops for those who are interested. We are constantly putting everything we do into perspective with respect to the perfect setting and the principles with which we set out. We do this at the initial talk which we have with anyone who wants to be part of the co-operative. We discuss their project and try to imagine from the start how it can fit into the co-operative's project. This modus operandi constantly influences how we work.

Q. : *Is there a probationary period before one becomes a member of the co-operative ?*

S. V. : There is no probationary period. Each person embarks on his own career path. Initially, one does not even have a salaried contract. After joining the collective, one is helped to start one's project. Four out of ten people never get beyond this stage: they try to launch their project, never manage to find clients, and give up.

Once a person starts making headway in production and sales, he signs a work contract which often carries a very low salary. Endorsements follow, the salary increases, but there is no threshold above which the employee is forced to become a member of the co-operative. It is his choice. On the other hand, those who want to, can become members. People normally become members. Coopanamians are encouraged to take part in work groups concerning mutual insurance, financial tools, and the co-operative's political project. Each autumn, there are sessions called the 'University of Coopaname'. Last time, about one hundred people took part in the debates.

When the project shows signs of success and its originator feels that it is going to last and it is in keeping with the co-operative's project, he may become an associate. In general, this process takes between two to three years. He is voted in by the other associates during the general assembly.

About 150 out of the 500 people who are currently part of Coopaname are still in the initial trial-and-error phase. Out of the 350 employees, there are currently 65 associates, and there will be another 25 voted in at our next general assembly.

The place of women

Q. : *What is the proportion of women ?*

S. V. : Two-thirds of the employees are women.

Q. : *In view of this, why is the co-operative managed by a man ?*

S. V. : I keep on saying that a woman should take my place in answer to this question which I am always being asked. Two-thirds of employees, associates and administrators are all women and the president of the board of directors is a woman. Management was initially handled by a woman, and then I became co-director with a woman for a while. My successor will be a woman. We are very careful and well aware that our organisation has to be exemplary in this field.

The real problem does not lie in our governance but in the salaries. The five largest salaries in Coopaname are held by men. This is very awkward. Clearly, men tend to pay themselves more than women, perhaps because women only see their salaries as a supplement, or quite simply because they underestimate themselves. This is a question which requires more thought.

A means of local development

Q. : *Why is it called Coopaname ?*

S. V. : It is the 'co-operative of Paname', otherwise known as Paris. One of our premises is that a CAE is not only a company but also, in view of the help we give to all those who want to be part of our organisation, a means of local development. We receive financing from the city of Paris, various *départements*, the Paris region, the Caisse des Dépôts (a French organisation under the control of Parliament), and the European Union.

There are in fact two components to Coopaname. The first is a shared company which is completely self-financed : each of its activities gives nearly 10 % of its turnover to pay for the shared work premises, the accountants and various other services. The other component is free help which we give to all those who want to be part of our co-operative. This aspect is regarded as a public service hence the public funding.

Q. : *Is there a discrepancy between employees who have a secure job, covered by the grants, and those who have to create their own turnover ?*

S. V. : When you are in charge of the CAE and you have to apply for grants which will eventually help to pay your salary, this also requires entrepreneurship.

Q. : *Could there be circumstances which result in your salary being lowered like others in the co-operative ?*

S. V. : Yes, I have lowered it often even though it is not very high. The dividing line is between the people who take a different entrepreneurial approach and agree to reduce their salary if the situation deteriorates, and those who were employed as 'ordinary' employees regardless of their activity. This is the case, for example, of an apprentice who works with a tree pruner. Both are salaried by Coopaname, but if there are fewer orders, only the person in charge will lower his salary, not the apprentice. If difficulties persist, the boss will perhaps abandon his activity and we will try, like any other company, to redeploy the apprentice in another activity.

In the same way, in the co-operative's management team, we will not ask the assistant accountant to lower his salary if there are hard times, unless one day he decides to become an associate in the co-operative and we take a collective decision to reduce salaries.

Black sheep ?

Q. : *Your talk is so non-confrontational and innocent that it makes me rather suspicious. There has to be a more confrontational side. What would happen if someone says he is capable of generating turnover and does not make any money ? What do you do either to eliminate this sort of person from the very beginning, or to get rid of him afterwards ?*

Q. : The basis of our expertise consists of building an organisation on foundations which are fundamentally different from those of other companies. One of these foundations is trust. Perhaps herein lies the secret of the *affectio societatis* of Coopanamians. People are so sceptical of the idea that trust can work in an economic world that when it does, they are determined not to betray this trust. Since Coopaname was created, we have seen about 900 people and we have only had a handful of bad experiences. There was a case of someone who signed a commercial lease in Coopaname's name and who, when his company moved, did not take any notice of the security conditions. As a result, Paris City Council ordered us to close an establishment which we had never even heard of. Of course, we sacked this person. We would have done the same if, for example, one of our employees had hired someone without letting us know.

Apart from these sorts of extreme cases, we are indeed calling for a more peaceful atmosphere in companies even though there may be some 'slanging matches' from time to time.

Before starting Coopaname, I worked for ten years mainly in small limited companies, but also in a large management consultancy. I came to the conclusion that even the management of our most modern companies have remained feudal. People devote considerable time and energy in putting in place personal strategies in order to obtain information which will allow them to be close to the right person who in turn will go up a notch because he is well viewed by another person, and so on. Two hundred years ago we abolished feudalism in politics, but in economics nothing has changed and bonds of reciprocal allegiance and indebtedness still exist. The co-operative movement has been trying for two hundred years to establish democracy in the economy and to apply the three words of the motto *Liberté, Égalité, Fraternité*.

Q. : *In the Cistercian order, gentleness is a sign of the true nature of fraternal friendship shared by monks. However, such gentleness supposes shared rules of life. Have you established a charter or internal rules ?*

S. V. : We have a charter called ‘Coopérer pour entreprendre’ (‘Co-operate to set up business’) which is common to all the CAEs in the network, but is intended more for managers than employees. There are also guidelines for when we organise conferences. We are constantly trying to adopt a position of research and detachment with regard to our activity. This too produces texts which in turn also supplement our actions intellectually.

Having said this, not everyone in the co-operative agrees with this. About one-third of employees are simply ‘consumers’ in the co-operative. It provides them with support, help, security and various services which is enough for their needs, and that is fine. A democracy works with people some of whom are very committed and militant, and others, who are a lot less so. As Philippe Braud wrote, it is impossible for everyone to be militant about everything all the time.

Those who decide to leave

Q. : *Although you say that 900 people have joined Coopaname only 500 work there now. What has happened to the other 400 ?*

S. V. : Most gave up because their projects did not work or did not make enough money. In general, they leave gradually. The person puts his project to one side and takes a fixed work contract because activity is slow and he needs to ‘bring home the bacon’. After some time, he comes back to his project and starts another fixed contract. After several comings-and-goings, he ends up finding an interesting open-ended contract and leaves Coopaname.

By contrast, some people leave us because their project is going well and they want to become independent. The last SCOP (a co-operative whose majority shareholders are its employees) which emerged from Coopaname was created by a group of three costume designers who make theatre costumes and wedding dresses. After a few years, they felt that in order to establish their own name they had to sever their ties with the co-operative. They left Coopaname, but we still work together.

Q. : *What happens during the interim period when the project is not working and the time when the person has not yet taken the decision to stop his activity ?*

S. V. : The salary each person pays himself is always dependent on the amount of business he creates. If a person does not work, he does not get paid. In general, two years is the period of time necessary for people to decide whether to continue or not. Being able to pay oneself the equivalent of the minimum wage is not too bad when one has to pay one’s social security, but it is never easy to live on the minimum wage in Paris....

Q. : *Who pays the salary of ‘chronic deficits’ ?*

S. V. : There is no chronic deficit. If someone is in this situation, it is because his salary is too high. Inversely, if someone’s profits are too great, it means that his salary is too low, and in this case, we encourage him to increase it !

Thriving activities

Q. : *When business is thriving, is the person forced to leave the co-operative ?*

S. V. : For a long time, CAEs thought that projects which worked well ought to leave the co-operative. At Coopaname, we were the first to suggest that there was no reason to ask someone to leave if he was happy to stay. We also think it is important that the co-operative is not a problem for his business and, on the other hand, the development of the business should expose the co-operative to unnecessary risks. Some time ago, nine people came to see me. They were employees of the French subsidiary of a Canadian company which wanted to close the subsidiary and lay off these people. They suggested continuing the business within Coopaname by bringing to the co-operative a turnover of one million Euros. I turned them down because our own turnover is five million Euros and the risk would have been too great. However, we will help them to create their own co-operative.

Ownership of business

Q. : Consider the case of a salaried person in a hairdressing salon who wants to start his own business within Coopaname. Can you finance the purchase of a business which he could buy back from you in the future once he has developed his business and saved money ? And can this person then leave the co-operative ?

S. V. : We do not have the means to buy a business and in any case, most of the people who come to Coopaname do not have the capital to invest. The projects we help are mainly based on know-how and work, and not capital. The situation therefore does not occur, and even if it did, we would not know how to manage it. On the other hand, we can help someone who wants to start a home hairdressing business and create his own job without having to invest. If at a particular moment in time this person wants to buy his own salon, he will have to leave the co-operative.

The most frequently asked question is to do with business and value. For a long time, people left Coopaname once their businesses started to grow even though their business had virtually no value. Today, some projects are beginning to grow, and the expression which we still use – ‘Come to Coopaname whenever you want and leave whenever you want’ – is no longer really applicable because if the business has increased in value, then this value usually belongs to the co-operative !

There was a case recently which was slightly different. Three young women started a small, free magazine which is distributed in Paris. The activity made a profit but one of the three decided to leave. They had developed the business together and this third person could, in principle, have asked for compensation. She said she wanted nothing and we were very relieved because we had not thought of this possibility. We really must start thinking about it now.

Ways of managing ownership in a co-operative was the subject of our last associates’ seminar. How does one reconcile the fact that people are owners of the value they have created with the requirement that their business should strengthen the co-operative which is helping them ?

We think we have found the solution by going back to the main principle of co-operatives where the concept of ownership is so important. Many co-operatives declare that the company belongs to the employees. In fact, a co-operative company belongs to no-one. The employees are only tenants. If the employees decide to liquidate the company, they are not allowed to redistribute the profit from its sale as this would serve as additional equity capital for another co-operative.

Based on this, one might suppose that the relationship each employee has with the co-operative might be similar to that of a tenant. All activities in Coopaname would be considered to be small, individual co-operatives with funds which cannot be divided up, regardless of the situation, and therefore that it would be impossible to evaluate the capital.

There was a case of a person who was retiring and wanted to stop his business and so the Coopaname members had spent a lot of time helping him to develop his business and so the question was whether this person had the right to destroy the wealth which had been created. We decided that the answer was ‘no’, and that each member of the co-operative was responsible for finding a means of ensuring an appropriate succession. A co-operative member has the *usus* and the *fructus*, but not the *abusus*, in other words, he does not have the right to destroy the business. The reasoning behind the ‘work mutual’ we are striving to achieve is that the activity developed by one person might be transferred to another within the co-operative. Instinctively, one wants to say ‘It’s my baby, it belongs to me, I can do what I want with it.’ But, in fact, one does not own one’s baby and one cannot do with it what one wants !

Perhaps one of the problems from which our society suffers most is that it allows shareholders to think that if a business does not make enough money, one can close it down without any qualms or caring about the consequences.

Reviewing the fundamental principles of the co-operative also allows one to solve certain paradoxes : is an employee who decides to reduce his own salary still an employee or an

employer ? A member of a co-operative is someone whose status is more than an employee or an employer. He is not in a traditional hierarchy characterised by the wage system, but he is not an individual entrepreneur either: he is a collective entrepreneur. The status of a member of a co-operative which has been in existence for 200 years gives him the necessary legal expertise to solve these difficulties.

Growth

Q. : *Your concept seems so logical and sound to me that I cannot understand why there are only 500 members in Coopaname. There should be 500,000 ! Why did you grow so slowly ?*

S. V. : In the beginning, when I presented our project, the reaction was always the same : 'It will never work.' Now that we are starting to get some results which are quite good, people regularly ask us why we do not have several thousand employees. We cannot advance very quickly. What is important is to create democracy in the company, and like all democratic processes, this takes a great deal of time.

Presentation of the speaker :

Stéphane Veyer plays a key role in the movement of co-operatives of activities and employment (CAE), and is involved in the social economy. He has been the co-leader of Coopaname since 2005. He is also executive vice president of the network 'Coopérer pour entreprendre'.

Translation by Rachel Marlin (rjmarlin@gmail.com)