



Business Succession
in
Rural Communities
CASE STUDY



Careforce Home Care
Worker Co-operative Ltd
Wolfville, Nova Scotia

Careforce Home Care Worker Co-operative Ltd. was formed by the workers of Care Force Home Health Care Services Ltd.

Key Features

Careforce Home Care Worker Co-operative Ltd. was formed by the workers of Care Force Home Health Care Services Ltd. (Corporation) to purchase the Corporation (a share purchase) from the owner, Lay Yong Tan. A worker co-operative is a form of employee ownership that is incorporated under the *Nova Scotia Co-operative Associations Act* and seeks to operate according to the International Co-operative Alliance's *Statement on the Co-operative Identity*, and co-operative values and principles.

The member/employees are personal care workers who work under the supervision of a registered nurse. Staff is involved with meal preparation, house-keeping, personal care, respite care, palliative care, appointments and companionship, and any activities required to maintain individuals comfortably and safely in their own environment. Services are provided from two-to-24 hours per day up to seven days a week, if required.



Name:

Careforce Home Care Worker Co-operative Ltd

Location:

Wolfville, Nova Scotia

Legal Structure:

Worker Co-operative

Type of activity:

Home Health Care Services

Date of establishment:

Incorporated March 2006

Membership:

20

Revenue:

\$430,000



Membership in the Co-operative is open to any employee after she/he has completed the probationary period set out in the Co-op's bylaws. The Co-op's membership elects a Board of Directors that is responsible for the affairs of the Co-op. The Board sets the strategic direction for the Co-op, sets key policies, and hires and supervises management. The Co-op currently has 20 members and a board of seven Directors.



History

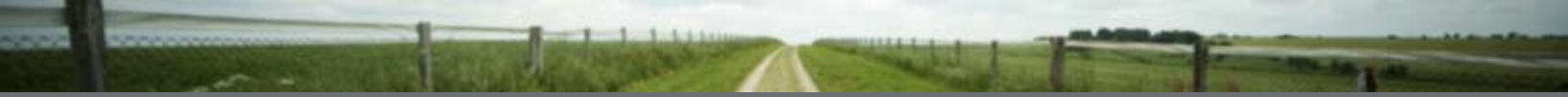
In the fall of 2005, Lay Yong Tan approached the Canadian Worker Co-operative Federation to explore the option of converting his business Care Force Home Health Care Services Ltd. into a worker co-operative. The business had been providing home health care services in the Annapolis Valley since 1990. It had established a strong reputation for client service by providing respectful and responsible home care to clients either in their homes or in an institutional setting. Mr. Tan originally bought the business as a family enterprise but due to changing circumstances desired to sell. Based on his experience as CFO of another worker co-op, he believed that a worker co-operative employee buyout would be beneficial to the workers while achieving his goal of selling the Corporation.

A co-op development consultant from the Canadian Worker Co-operative Federation met with the manager and some of the long-term workers to explore the attractiveness and specific benefits of creating a worker co-operative to purchase, own and operate the business co-operatively. The manager and employees decided to move ahead and form the Co-operative to purchase the business. A business valuation was agreed upon and an interim agreement signed.

The purchase was financed through a very modest initial employee investment and by ongoing employee investment through weekly wage deductions, as well as through the dividends paid on shares purchased to date. Essentially, the vendor provided the financing while requiring no interest on the outstanding balance. It is fair to say that without this support, the workers, who earn a very modest wage, would not have been in the position to make this purchase. It was estimated, depending upon the profitability and some other factors, that it was likely to take seven years or more to complete the purchase. Although only about one-third of the workers initially joined the co-op, by the end of 2006 about 70% had become members. This was accomplished by a wage incentive given to workers who wished to join the Co-operative.

In the summer of 2006, the Co-operative received a training grant for Carrot Cache, a small fund that provides assistance to developing worker co-ops. This assistance was used to secure a training program, which took place over the next eight months and covered both co-op and business basics. This facilitated the development of the Co-op's strategic plan, based upon the Vision and Mission developed by its members. The capacities and confidence of the members and management have grown with their developing ownership.

Although the business has continued to perform as expected and the purchase has followed the proposed tract, the Co-op has recently decided to seek financing to complete the purchase as soon as possible. Completing the purchase immediately is expected to significantly benefit the Co-op's members and the growth of the business.



Structure and Governance

The Co-op is managed from an office in a private home in Wolfville. A Nurse Manager and Business Manager coordinate all operational activities and ensure that timely and effective services are provided to clients. The Business Manager reports to the Co-op Board of Directors, which is elected by the membership. Even though the Co-op has only been a minority shareholder in the Corporation, it has essentially been responsible for all the day-to-day operations and its Board has been actively involved in key policy decisions.

One challenge for the Co-op is the lack of contact between its member/employees due to the nature of the work (taking place in the clients' homes) and the variety of work hours required. In response to this, staff is regularly brought together. In-service training is provided to ensure that the high standard of care is maintained and that any care issues can be identified and addressed, as well as to allow Co-op members to meet with one another. In addition, the Co-op uses more formal communications channels: a newsletter and Co-op Members' Meetings.



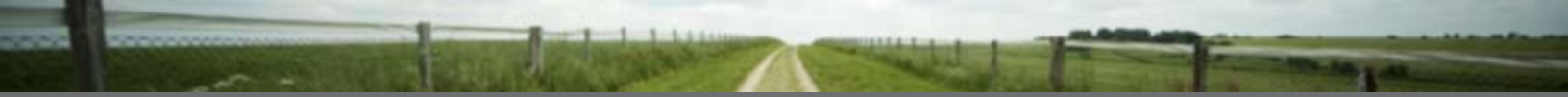
Current Activities and Business Strategy

The Co-op's typical clients fall into three categories. The first is independent living seniors in need of health care assistance. They typically require three or four visits a week. The second is clients recovering from a severe health event, such as an accident or operation that require assistance during their recovery period. Services can range from constant care to a few visits a week. The third category is clients requiring constant care (24-hour care) during the last period of life. The Co-op has been hired by families to provide care to patients in both hospital and nursing home settings, and is currently doing both.

The Co-op's competitive advantage starts with its worker co-operative structure. The members' ownership and participation in the business ensures committed employees who are dedicated to providing the highest quality care. For member/employees, providing good service is building their future.

The Co-op's track record of consistent quality service, based upon the pre-assessments carried out by its registered nurse, is the first element in building its reputation. Careforce is also set apart from its competition in its rapid response time; from initial inquiry to having services in place is generally accomplished within 24 to 48 hours. This response, led by its registered nurse, ensures appropriate and timely services to the client. At the immediate service level, all staff is encouraged to do whatever possible, within safety parameters, to assist the client.

With the aging and often isolated population within the Co-op's trading area, the need for effective home care services is expected to increase over the coming years. The Co-op expects to build on its reputation and commitment to quality affordable service. It will also look for new opportunities to expand its services into new geographic areas and with new services.



Member Benefits

The main benefits to the members include the employment gained, the profit sharing, and participation in the key policy and strategic decisions that affect the conditions of their work and the success of the enterprise. Perhaps of equal importance is the opportunity for the members' personal growth provided by the Co-op. The Careforce Home Care Worker Co-operative has provided opportunities for members to learn and use new skills, and to envision and take new initiatives that benefit both themselves and the Co-op in the long-term.



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