



Access to Capital

Presented to: Canadian Worker Co-op Federation

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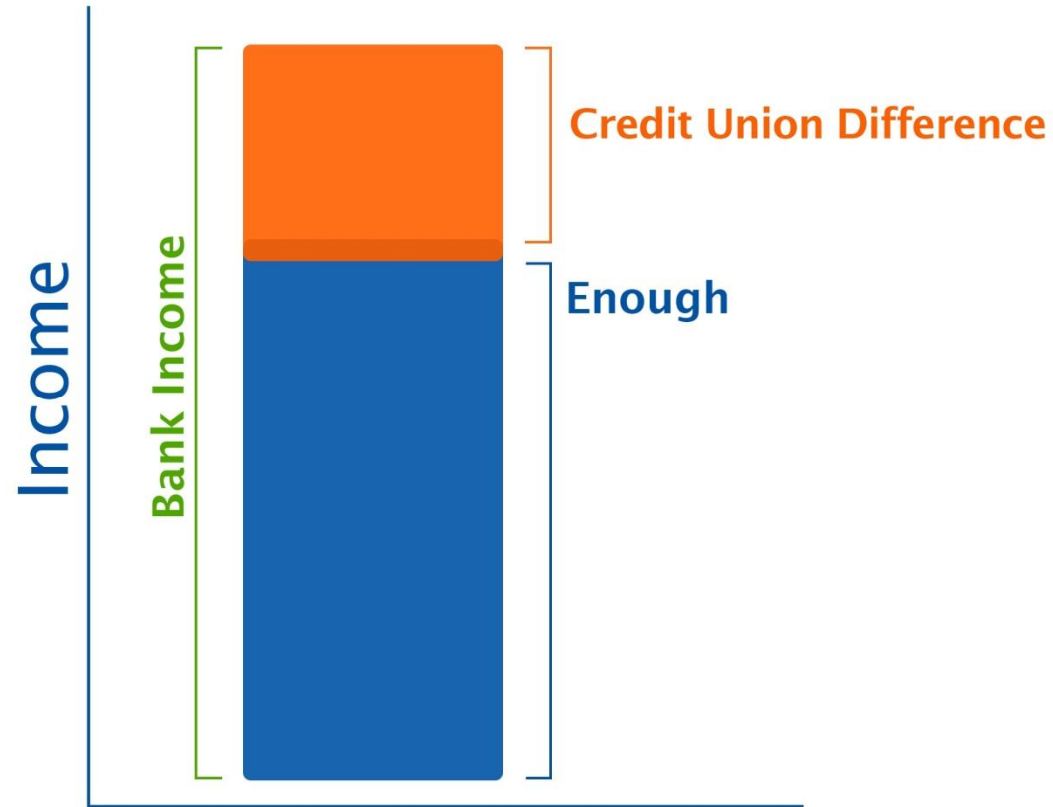
Enough

- Cooperatives should rule the world. They:
 - Balance the tension between the customer and the shareholder
 - Reduce the problem of agency – those pushing for outcome are not removed from the impact of the outcome
 - Will not abandon their member base or local economy in bad times
 - Know there is such a thing as enough

Enough

- But we do need “enough” to ensure long term financial sustainability of cooperatives
 - Enough capital
 - Enough income
 - Enough cash flow
 - More than enough = where we live the cooperative difference
- Less than “enough” and you are in danger of going out of business at some point

Enough – Great in Theory



But in Practice

- Tend to avoid hard decisions associated with ensuring we have enough
- Tend to underestimate what is needed for enough
- As a result, we too often fail when times get bad
- And when we do, we fail all members and our system

What is Servus looking for?

- At its heart, a clear plan that shows your cooperative knows what “enough” is and will have the discipline to live by that
- Ideally a good understanding of how you will succeed using the cooperative advantage from the “more than enough” element

What is Servus looking for?

A business plan that:

- Covers ownership/management and key personnel
- Explains clearly the product/service and market potential
- Describes the competition and how you will win as a cooperative
- Explains the credit terms and conditions you are seeking
- Contains well reasoned financial projections showing you know what enough is to survive and succeed as a cooperative (balance sheet, income statement, cash flow)

What is Servus looking for?

- You are seen as a business
- Expect you to honestly assess your risks and respect the importance of cash flow
- Expect you to really follow through on the plan and adjust when needed
- We need to protect the deposits of the members
- We can consider your cooperative difference
 - But we have not created a formal process for this
 - Is there opportunity here for all parties?

What is your member looking for?

- A clear plan to stay in business and why you will succeed
- A sound reason why you will make a difference for them and the community as a cooperative
- Comfort that even as a cooperative you will work diligently to earn enough and make the hard decisions

What is your member looking for?

- A fair return....which is where the real difference for cooperatives can live in terms of funding
 - Member investors will often accept “enough” rather than maximize return
 - Usually prefer a fixed rate of return
 - But they want to know you will focus on not losing their money