

Questions to inform your worker cooperative's legal documents

Location

1. What state will you be operating in?
2. Will you have operations in more than one state?
3. Will you have members in more than one state?

Business Name

4. Is it important to you to use the word "cooperative" in your name?

Becoming a Member

5. Will all workers be eligible to be members? If not, what will be the restrictions on eligibility (part-time, etc).
6. Will all workers be required to become members if they are eligible?
7. How long will the candidacy period be before a worker can become a member?
8. What steps will a candidate members need to complete before becoming a member?
9. Will membership be automatic upon completion of required steps? If not, what is the additional step?
10. How will you decide whether to admit new members?
11. How will you decide whether to remove a member?

Member Decision-Making

12. How will decisions be made by the members
 - a. majority vote (50%)
 - b. super-majority (67%? 75%?)
 - c. consensus (100%)
 - d. modified consensus? (i.e. 100% minus 1 person)
13. Will some special decisions be made differently, and require more, or less, agreement? Which?

Member Capital Contributions

14. How much will member capital contributions (equity buy-in) be?
15. Will members have to pay the capital contribution all at once? Or can they pay it over time?
16. Who will be able to change the contribution amount (the board, the membership)?

Management

17. Will the business have a general manager type of position?
18. If the business has a general manager type of position will that person be a member of the cooperative or hired from outside?
19. Who will be in charge of writing company policies? Who will approve them?

Board Decision-Making

20. How would you prefer the board to be structured in terms of member representation?
 - a. The members will all be on the board
 - b. The members will make most decisions, but a smaller board will make some special decisions (weak board)
 - c. The board will make most decisions, but all the members will make some special decisions (strong board)
21. How will decisions be made by the board
 - a. majority vote (50%)
 - b. super-majority (67%? 75%?)
 - c. consensus (100%)
 - d. modified consensus? (i.e. 100% minus 1 person)
22. Will some special decisions be made differently, and require more, or less, agreement? Which?
23. How will you decide whether to remove directors?

Board makeup

24. How many people will be on the board? Will there a minimum or maximum?
25. What do you want the term of office to be for the board members?
26. Do you want term limits?
27. Do you want staggered terms?
28. Do you want to have any qualifications for who can serve on the board?
29. How will you fill holes in the skills of the board? (ex. In accounting, or in key business skills)
30. Will you have any outside advisors on the board?
31. Will you have an advisory board? If so who will be on it?
32. If you have officers, what officers do you want to have and what will be their duties and qualifications?
33. Do you want the board to have committees? If so, what powers do you want them to have?

Outside Capital

34. Does the cooperative need to raise outside capital?
 - a. For expansion or ongoing operations?
 - b. For financing a conversion or buyout?
35. If so, how does it plan to raise capital?
 - a. From loans?
 - b. From non-voting equity investors?

Distributing Surpluses (Profits and Losses)

36. Is the cooperative focused on maximizing benefits to its current members, or focused on creating a long standing business and expanding to have more member positions?
37. Who will make decisions about the allocation of profits and losses in the cooperative (either to the members or to the cooperative itself in the form of retained earnings)
 - a. The board?

- b. The members?
- c. The board inside of a broad structure set by the members?

38. Will you want some of the surpluses to be allocated to a collective equity account, not owned by any individual?

39. If so, what % of the surplus should be allocated to the equity account?

Employment Law

40. Will the workers be more like employees or independent contractors?

41. Will all the workers have the legal right to work in the United States?

Accounting

42. Who will have check signing authority? Who will have the authority to sign contracts on behalf of the co-op?

Taxes

43. Given your business plan, what are your biggest concerns about taxes?

- a. Dividends being taxed twice (at the entity and investor level)?
- b. Having to pay employment tax on distributions?
- c. Having to deal with “pass through” tax treatment?

Ownership Transition

44. Is this a conversion to a cooperative from an existing business?

45. If this is a conversion, do you want the founders to receive some sort of extra benefit to compensate them for the risks they took?

46. Does the founder(s) want to be a member of the cooperative

- a. during the transition period?
- b. after the transition period?

47. Will the founder continue to be the general manager type position

- a. during the transition period?

b. after the transition period?

48. Does the founder want to be on the Board of Directors in exchange for taking non-voting equity or advancing a loan to the company
49. When the founder leaves does the cooperative want to significantly change the management structure? If so, how?