



Global 300 briefing

Report on progress and invitation to participate

Outline of presentation

- Background
- Why have such a project?
- How are we proceeding?
- What have we learnt so far?
- Where to now?
- Conclusions



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Background

- The need for a better statistical base
- Need to better understand the developments affecting co-operative businesses
- Previous efforts at creating a forum of top co-operative business leaders
- ICA Board supports general approach of Global 300 project



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Why?

In his publication *Co-operatives in the Year 2000*, Alex Laidlow identified three problems facing co-operatives –

- First, there was a crisis of credibility;
 - co-operatives still had to prove their viability as business organisations.
- Second, there was a managerial crisis,
 - because as co-ops became larger they faced the problem of how to keep an active membership and to curb the technocratic power of their managers.
- Third, there was an ideological crisis,
 - arising from ‘gnawing doubts about the true purpose of co-operatives and whether they are fulfilling a distinct role as a different kind of enterprise’.



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Why? - Question of credibility (or legitimacy)

- Since the 1980's the issue of demutualisation (list of *Global 300* significantly different 15 years ago)
- Need to demonstrate co-ops work in a business sense in the marketplace – particularly in some sectors of the market
- Laidlow's question about management is a very important one, particularly in regard to CEO attitudes to membership and business model
- Showing co-op values work and don't limit business performance – commercial success and solidarity – important to instil confidence among co-operatives themselves that this way of operating works!
- Just because co-operatives are large does not mean that they can't still be co-ops!



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Why? - Question of visibility

- Among co-operatives themselves!
- With media, particularly the business media – international and national
- With business generally
- To government and policy makers generally, internationally, regionally, nationally and within industry sectors
- To academic and research institutions
- To business advisers, accounting/legal etc
- To the broader community



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Why? - Question of being able to prove your case

- Something of a “statistics crisis”
- Need to give profile to the statistics issue
- Move from rhetoric to evidence based – more rigour and compatibility with other databases, modelling and business analysis approaches and methodologies – establish a good robust “data set”
- Global 300 only “tip of iceberg” of millions of co-operative enterprises throughout the world



Global 300

Why? - Question of good practice -

- Modelling approaches to:
 - competitiveness
 - growth,
 - innovation,
 - governance and management
 - capital,
 - international operation
 - branding
 - values and principles
 - CSR
 - technology/communications/IP
- Benchmarking opportunities
- Proving that size does not set an upper limit of being a co-operative



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Why - Question of members

- Opportunity to both involve and serve members
- Put together a “Global 300 team”
- Build and retain membership



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How are we proceeding?



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- Project approach:
 - Genesis in idea of global CEO's forum
 - Synthesis with need to link other statistics projects
- Three parts:
 - Global ranking list (Forbes global 2000)
 - Survey of CEO's (PWC's global CEO survey)
 - Forum of CEO's (Davos)
- We are we in this process
 - Completed development phrase of mapping exercise
 - Currently validating global ranking list

Complying the list – some co-op sources

- Canada Top 50 Canadian Co-operatives 2003 Co-operatives Secretariat <http://www.agr.gc.ca>
- Canada Top 10 Canadian Agricultural Cooperatives in 2002 Co-operatives Secretariat <http://www.agr.gc.ca>
- Canada 2nd Quarter 2004 Top 100 credit unions & caisses populaires, Credit Union Central of Canada
- Europe Co-operative Banks Key Statistics 2003 European Association of Co-operative Banks, <http://www.eurocoopbanks.coop>
- France Top 35 agricultural co-operatives July 2005 Co-op de France
- Japan Top 10 Retail Co-ops 2004, JCCU <http://www.jccu.coop>
- Netherlands Top 30 (2004) The largest co-operatives in agribusiness <http://www.cooperatie.nl>
- UK Member Trading Performance 2005 Co-operatives UK <http://cooperatives-uk.coop>
- UK Rank of Building Societies by Assets Building Societies Association <http://www.bsa.org.uk>
- USA NCB Co-op 100 <http://www.coop100.coop>
- USA National Credit Union Administration lists of largest credit unions <http://www.ncua.gov>



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Also
checking
previous
ICA and
other
statistics
projects

Complying the list – some business lists

- Top 200 New Zealand Management, December 2004
- World 2000 & Largest Private Companies, Forbes, <http://www.forbes.com>
- Top 500 Private Companies, BRW 1000 & Top 500 Public Companies <http://www.brw.com.au>
- Fortune 500, Fortune 1000 and Global 500 Fortune <http://www.fortune.com>
- Banking Business Review <http://www.banking-business-review.com>
- Goliath <http://www.goliath.ecnext.com>
- Hoovers <http://www.hoovers.com>
- Insurance Business Review <http://www.insurance-business-review.com>
- Yahoo Finance <http://biz.yahoo.com>



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How? - Methodology

- Audited public accounts
- Turnover – the value of total sales of goods and services by a co-operative in a given 12 month period.
- Economic unit – where business activities are conducted by independent business units or co-operatives but are identified as members of a group turnover by the group is used e.g. the Mondragon Corporation in Spain, Co-op Norden in Sweden, Denmark and Norway and the Co-operative Group in the UK.
- Currency – US currency has been used as benchmark with local currencies converted into US\$.



Global 300

Collecting following information

- Financial information
 - Turnover, assets, capital, etc
- Corporate structure – holding companies, subsidiaries, company/co-op mix
- etc
- Number of members
- Number of employees
- Brands
- Market position – i.e. "largest dairy exporter in the world"



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Collecting following information

- Industry, company/co-op mix
 - Using The Global Industry Classification Standard (GICS) was developed by Morgan Stanley Capital International (MSCI), a premier independent provider of global indices and benchmark-related products and services, and Standard & Poor's (S&P), an independent international financial data and investment services company and a leading provider of global equity indices
- Countries of operation
- Year of formation
- CEO details
- Contact details and websites, emails etc



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Validation process

- Need to get it right!
- List needs to be able to withstand possible critical examination – check and recheck
- We be shortly formally asking sectoral, regional and national co-operative organisations to review list
- Will be approaching individual co-ops
- Consistency and methodology issues need to be finally settled before list(s)



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Release of global listing

- Aiming for completion of validation process, resolution of methodology issues and formation of Global 300 partnerships by end of June 2006.
- Release on 2006 International Day of Co-operatives in July 2006 (2004 figures)
- To be updated annually



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Global 300

What have we learnt so far?

- The aggregate size – larger than many would have thought
- Very (very) preliminary estimates are that the *Global 300* have a combined annual turnover of approximately US \$750 billion or $\frac{3}{4}$ of one trillion dollars.
- By way of comparison the Forbes Global 2000 of the all the largest public companies in the world has a combined turnover of approximately 17-18 trillion dollars
- This means that the largest co-operatives/mutuals have a very real global presence



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What have we learnt so far?

Countries on list – very preliminary list



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Australia	15	Japan	59
Austria	7	Korea	3
Belgium	8	Luxemburg	1
Canada	18	Netherlands	30
China	1	New Zealand	7
Colombia	1	Norway	6
Czech Rep	1	Singapore	2
Denmark	11	Slovak	1
Finland	8	Spain	5
France	41	Sweden	11
Germany	18	Switzerland	2
India	4	UK	29
Indonesia	1	USA	86
Ireland	4		
Italy	19		

(28 countries in listing of 397
co-ops/mutuals so far
counted with over US 100 m)

What have we learnt so far?

Sectors, age

- Principally concentrated into three sectors
 - Agriculture
 - Consumer/trading
 - Financial
 - Banking
 - Credit Unions
 - Insurance
 - Other areas include energy, health
- Many of the Global 300 are over 50 years old!



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What have we learnt so far?

Range of turnover



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- From US \$100 million to US \$58 billion
- Large number, over 100 in US \$1-5 billion range – some implications

What have we learnt so far?

International operation



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- Many of the Global 300 still operate primarily in a domestic market
- Not many appear to have members in many countries
- Some appear to operate somewhat similarly to corporates in their international operations
- Not many examples of international co-operation
- Not many examples of well known international brands, although they have many well known domestic brands, which many would not necessarily recognise as co-ops

What have we learnt so far?

Brands



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MIGROS	Socopa		Tradeka	Ica
KBC		AGRIAL	Folksam	
Grupo Eroski	coop	AVEVE Aveve Group	WGZ-Bank Luxembourg S.A.	
EDEKA	ACE The helpful place.	UNITED CO-OP		coop
SODIAL	FOODSTUFFS Proudly New Zealand		CECAB	Terrena
co-op			FairPrice NTUC Singapore's very own	

What have we learnt so far?

Market positions – some examples

- No 1 retailer in Switzerland and the largest employer
- Largest European auction co-operative society with almost 40% of Belgian horticultural products
- Largest independent livestock marketing agency in USA
- world's largest tree nut processing and marketing company
- Europe's largest producer of UHT milk
- Exports each year up to 40% of Australia's average annual grain production
- UK's largest grain marketing business
- World's largest miller and marketer of rice
- The third largest bank in Austria
- Largest soybean processing business in the world
- One of the largest institutional lenders in Japan
- Market leader in flower auctions with establishments throughout the Netherlands
- One of leading dairy processors in Europe
- Europe's largest dairy business
- One of the top 10 dairy businesses in the world and is responsible for a third of international dairy trade
- One of Europe's biggest forest industry groups



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Where to now?

- Invite to join project
- Meeting of interested partner organisations, co-operatives and research institutions
 - Ask co-ops to provide Excel files of balance sheet etc
- Creation of reference group to help shape project and drive forward
- Commitment of funds by interested partners to “fast track” project



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Conclusions

- Description of Global 300 project
- Explained some of the reasons behind the project
- Outlined the methodology for the project
- Outlined some of the preliminary findings
- Offered way in which interested organisations could join with the ICA to further develop this project



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Thank you

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