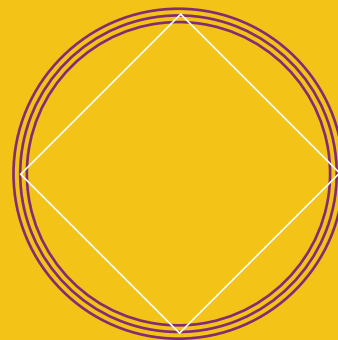
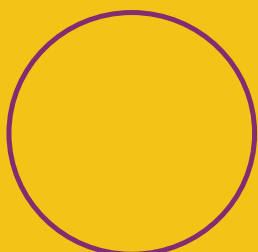


Key Performance Indicators



A Framework & Guidance for Co-operatives

January 2019



CO-OPERATIVES UK



Foreword

“If you don’t know where you’re going, any road will take you there.” Part of the exchange (paraphrased here) between the Cheshire Cat and Alice is the antithesis of good business planning.

We need high level objectives and a plan for how to achieve them. Over time those objectives and strategies may change as we seek out the best ways to achieve our aims. What does not change is our basic co-operative values and principles.

So where do KPIs come in? Just as we must know our destination, we also need to know our progress. KPIs provide that sense-check. They are an incredibly important tool in terms of delivering our strategy and feeding back to members. But how do we select the right indicators? And where does our co-operative status come in?

Co-operative values and principles are the very bedrock upon which our organisations are built, so our KPIs have to be co-operative. They have to be effective and meaningful and the framework in this document is designed to help co-operatives select the indicators most appropriate to them. Put together by the Co-operative Performance Committee, the framework is simple and flexible and can be used by all co-ops, irrespective of type, size or sector.

John Sandford

Chair of the Co-operative Performance Committee

This guidance can be used on a standalone basis or in conjunction with the following Co-operatives UK publications:

Narrative Reporting: A Framework and Guidance for Co-operatives. (2017)

Simply Performance: A guide to creating member value by aligning co-operative strategy, performance measurement and reporting. (2013)

The Role of the Co-operative Performance Committee (CPC)

The CPC is a Co-operatives UK Member Group made up of senior finance leaders from the co-operative sector which provides strategic direction and best practice guidance in matters of accounting, financial reporting and business performance monitoring: www.uk.coop/cpc

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Executive summary

Key Performance Indicators (KPIs) are quantifiable metrics that – when done well – reflect how well an organisation is achieving its stated goals and objectives. They play a key role in how organisations agree, monitor, review and improve the things that deliver their core purpose, mission and strategy. KPIs can be used internally or externally and link to a wide range of other processes, tools and approaches to running co-operatives.

KPIs give direction, focus and insight to all those involved in the running and governance of a co-operative – from the Board to colleagues or volunteers, or members in a worker co-operative. They provide a clear structure for reporting to members and other stakeholders.

This report provides a framework, based on a series of questions which reflect the seven co-operative principles, to help co-operatives set meaningful KPIs. Real examples of best practice from other co-operatives are included in the Appendices to bring this framework to life.

The framework also provides a tool that can be used alongside Co-operatives UK's *Elements of Governance Wheel*; depicting the areas of governance and reporting that should be in place within a thriving co-operative business (see [Appendix A](#)).

Each co-operative can choose the areas of the framework that will particularly resonate with their members and use the model as an 'options menu' for developing best practice.

Introduction

Key Performance Indicators (KPIs) are one of the tools used by many businesses and organisations to set and monitor performance against their core objectives, goals and purpose. Effective KPIs should provide a snapshot of how an organisation is delivering against its strategy, mission and purpose. They are supplemented by a wide range of other business performance tools and data.

The challenge for any organisation is identifying and selecting a set of KPIs that will drive the right behaviours and activity to deliver their organisation purpose, mission, strategy and goals.

This guidance helps co-operatives to challenge, test and determine the right KPIs. It is not designed to be a prescriptive list or standard set of KPIs as every co-op needs to set the most appropriate ones that demonstrate their difference as a co-op. Instead, a simple and flexible question-based framework is provided to help embed, revisit or start the process of identifying KPIs.

This guidance sets out:

An overall framework to support co-operatives to demonstrate their 'co-operative difference' through KPIs

A bank of questions, based on the seven principles of co-operation, that can be used by a range of co-operatives (by type, sector, size, stage of development) to identify and select potential KPIs

Best practice examples for each principle showing how other co-operatives use KPI's (or similar measures)

Support and guidance for co-operatives with limited experience or expertise in identifying and setting KPIs

Key Performance Indicator framework for co-operatives

The KPI framework builds on the principles and approach set out in Co-operatives UK's *Narrative Reporting: A Framework and Guidance for Co-operatives*.

Co-operatives exist for the benefit of their members and the wider community and the Narrative Reporting Framework sets out a simple and effective way to think about how KPIs support delivering member value, member voice and co-operative values.



Key Elements

Your Co-operative Difference

Bringing your co-op's purpose and mission to life

The three narrative reporting pillars

Demonstrating your co-op difference through:

Member Value

Member Voice

Co-operative Values

Our shared Co-operative Principles and Values

How your co-op applies the ICA principles common to all co-ops globally

See Appendices B and C

Like the Narrative Reporting Framework and Guidance, this KPI Guidance integrates best business practice with co-operative principles – rather than co-operative KPIs treated as an 'add on' and/or standalone from business KPIs (or not used at all).

KPIs have many different uses within businesses and their strength comes when there is clear alignment and understanding. When used effectively they are integral to driving behaviour, activity and prioritisation – not just purely as measures.

This is not a prescriptive approach, but one based on generating examples and questions to support co-operatives in their journey to agree the right KPIs for their organisation. The most important element is the discussion and selection of KPIs that reflect the 'co-operative difference' and making these as integral to the organisation as turnover and surplus.

The context or answers to questions may differ across co-operatives (due to a range of factors from membership type to size or sector). There are no right or wrong answers. However, many of the questions can be used as a starting point for discussions around how core objectives and the mission is delivered, and what are the key indicators when applying a co-op lens.

There are growing examples of all types of businesses, including co-operatives, adopting a more integrated approach to their reporting of business and corporate social responsibility, rather than separate and standalone.

Many larger businesses, including co-operatives, have already taken the step of aligning their business reporting, KPIs, metrics and targets to the *United Nations Sustainable Development Goals 2030* – demonstrating a link to a broader external set of goals. Best practice advocates taking an integrated approach to the ways organisations apply KPIs, targets and business aspirations.



Tips and Guidance



Integrating co-op KPIs into the core business planning, target setting, management and reporting processes will create a stronger alignment to delivering the co-operative's purpose and reinforce the co-operative difference.

Create one set of KPIs with supporting metrics, data, reporting and processes.

Many organisations use balanced scorecards or dashboards to bring together all their KPIs to create a single view that can be understood and used by all those involved in a co-operative – employees, directors and members.

Effective KPIs should bring the co-operative business model and the individual co-operative's way of doing business to life by demonstrating the co-operative difference.

Track trends and where possible identify and use benchmarks.

Basic structure

The guidance uses an open set of questions to help co-operatives:

Test how a co-op's current KPIs support delivery of its core purpose and co-operative difference.

Help identify gaps, potential new co-op KPIs or strengthen existing ones.

Open up thinking and discussion on the right KPIs for the type and size of co-operative with links to ambition and business strategy.

As no two co-ops are identical it is likely that different co-ops will identify different KPIs to reflect their own unique purpose, mission and priorities. Some KPIs will be similar, for example, all co-ops should be member-focused. What should be evident is a direct link from KPIs back to what it means to be a co-operative.

KPIs can also be used to demonstrate to members how the co-op is doing; to identify trends; and in more progressive cases, future targets and aspirations. They can also be part of the 'holding to account' framework within a co-op business.

Co-ops are adopting a similar reporting approach by focusing on how they create value (inputs and outputs). Examples include *The Cooperators* (Canada) and *Rabobank* (Netherlands).

Effective KPIs

To drive and support the right behaviours KPIs must be:

Well understood at all levels within the organisation – particularly if this cascades through to performance management processes

Key levers to achieving the co-operative's core purpose and business success by translating vision, mission and strategy into a set of measurable indicators of success

Limited in number (and underpinned by supporting metrics) to ensure a clear focus is maintained and SMART

Integrated into the way the business and its people operate

Used as a tool to look forward, as well as backwards and identify gaps, challenges and opportunities

Complement wider strategic and business discussions and dialogue, supporting prioritisation and areas where actions or initiatives may be needed to achieve KPI targets or aspirations

SMART: Specific,
Measurable, Achievable,
Realistic and Timely

Developing KPIs

At a high-level co-op KPIs need to be rooted in thinking about why the co-operative exists. This extends to using KPIs to support the delivery of strategy against purpose, vision and mission.

A number of high-level questions can be used as a simple way to test how well aligned current KPIs are to mission, purpose and co-operative identity/difference.

Why the co-op exists	What the co-op measures	How, when and where does the co-op use KPIs and measures?	Who has access to performance indicators?
Purpose Mission Type of co-op Who it exists for (member type) Types of member services and member benefits	Identify current KPIs and map to: <ul style="list-style-type: none"> Co-operative Principles (see Appendix B) Narrative Reporting Pillars (see Appendix C) Are there any major gaps? How do KPIs support delivery of mission and purpose? Identify what the co-op does well; could do better; doesn't currently do	Is reporting (internal and external): <ul style="list-style-type: none"> Backward looking Forward looking Setting priorities and actions Are co-op KPIs used as part of regular business management processes? Are co-op KPIs part of performance management and remuneration processes?	Members Board Management Employees Wider public, suppliers, customers

Using member or stakeholder surveys for co-op KPIs

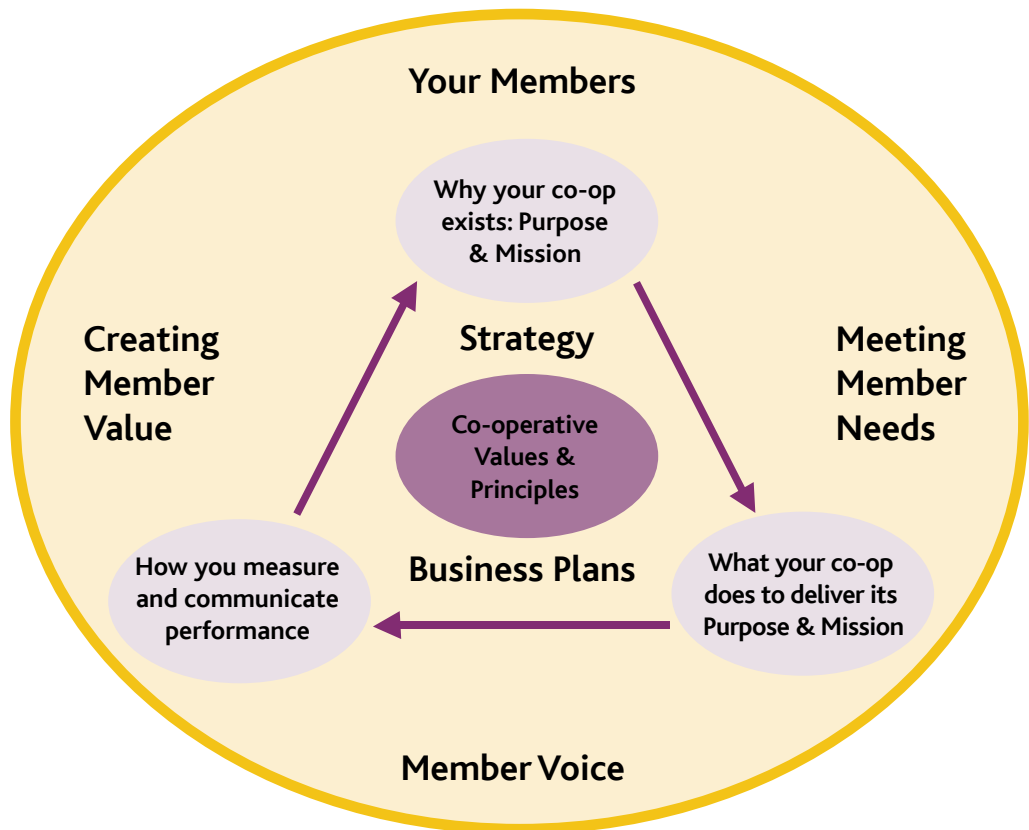


Engaging members or stakeholders in a survey is a good way to test or answer questions. Ask questions most suited to your co-op and engage members or stakeholders in advance to help select the right questions in the first place – the ones most relevant to the business and to the people you are asking.

Exercise care in survey design to ensure fairness (note that if people know a question is reported as a KPI some may respond in a different way). It may be possible to repeat questions and compare responses year-on-year to develop benchmarking.

Some KPIs may be used over the long term to provide a consistent benchmark for the organisation to monitor and review progress and set targets. It helps to have a comparison over time to understand whether the organisation's potential is being reached.

Other KPIs may be time sensitive to address external risks or critical issues (for example, compliance or regulatory changes), to address new activities (such as a new area of business or investment) or where a step change in performance is required to address issues (for example, if active membership has fallen to an unsustainable level).



The Framework

The framework from page nine onwards is designed to guide and help co-operatives determine the co-op KPIs that best support delivery of their objectives. Linking back to the Co-operative Principles and Narrative Reporting Pillars provides a simple way to review and explore how some of the co-operative fundamentals are being applied and brought to life in the way the business operates and its key objectives.

Co-operative Values and Principles are the DNA shared by co-operatives across the world, irrespective of size, sector or type. The seven co-operative principles have been used to create the framework for co-op KPIs as they apply to all co-operatives.

They also provide a flexible way to consider how your co-operative operates; why it exists; and how, through business activity, the seven principles are put into practice.

The framework takes each principle and identifies a number of core questions to consider. It sets out example KPIs and how supporting metrics may also be used.

The KPIs shown may only be relevant to certain types of co-ops. Some will be more applicable to those with resources to monitor, measure and report on specific areas. Others may be more suited to newer or less complex co-ops. But all can be used to prompt debate and discussion on the KPIs that work for individual co-ops and align with their co-operative difference.



Too many KPIs can be counterproductive and it is important to look for the right balance. There may be many indicators that are worth tracking, but only at the Management Indicator (MI) or project level. There will be others that may not be right to track now, but may be worth tracking in the future. In France, for example, once every five years co-operatives now complete an independent 'co-operative audit' on how they are performing against all the co-operative values and principles.

The international co-operative principles are guidelines by which all co-operatives put their values into practice.

See Appendix B

Principle 1: Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Co-operative Principles	Narrative Reporting Pillar	Example of high level questions	Example KPIs	Example Metrics
Principle 1: Voluntary & Open Membership	Member Value 	Does our co-op have a membership strategy – and how does it support delivery of our core purpose? Is our co-op demonstrating it is meeting member needs by retaining and attracting new members?	Net membership growth year on year Number of new members in key segments (e.g. young members under 25)	Member profile/segmentation data Rate of new members over lapsed members (%) Number of members at start of year Number of members at end of year/time period
	Co-op Values 	Is membership of our co-op open and inclusive?	Membership demographics (e.g. gender, ethnicity)	Member profile/segmentation data



Spotlight on:

Organisation:
Country of origin:
No. of members:
Principle 1:

Seward Community Coop

USA




20,000

"We invite everyone to become a co-op owner through multiple payment options and a needs-based discount."

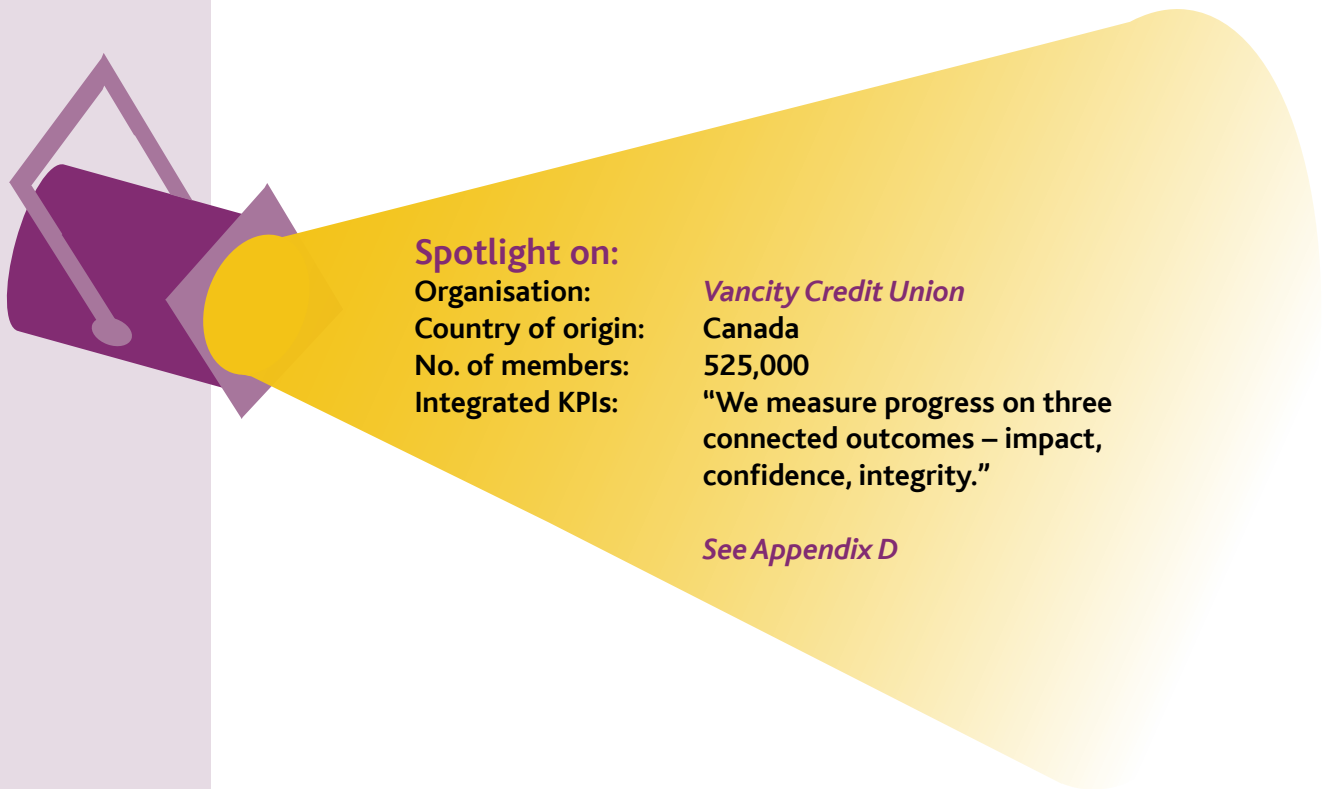
See Appendix D

Principle 2: Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Those serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organised in a democratic manner.

Co-operative Principles	Narrative Reporting Pillar	Example of high level questions	Example KPIs	Example Metrics
Principle 2: Democratic Member Control	<p>Member Voice</p>  <p>Co-op Values</p> 	<p>How do we want our members to engage in the co-op?</p> <p>How, and why, are members involved in the democracy of our co-op?</p> <p>Are values of equality reflected in how the democracy works?</p>	<p>% of members engaging with our co-op</p> <p>% of members voting at General Meetings (online /in person /post)</p> <p>Gender equality at senior levels (Board/staff)</p>	<p>AGM participation</p> <p>Voter turnout %</p> <p>% members engaging online/ social media</p> <p>% members attending events</p> <p>Member profile/ segmentation data</p> <p>Gender pay ratios</p>
	<p>Member Voice</p> 	<p>Do our members understand our governance and how they have can get involved?</p>	<p>% of contested elections (and or average no. of candidates per vacancy)</p>	<p>Election data</p> <p>Member survey data</p> <p>Demographics (gender, age, ethnicity, disability, etc)</p>



Co-operative Principles	Narrative Reporting Pillar	Example of high level questions	Example KPIs	Example Metrics
Principle 2: Democratic Member Control	Member Voice 	Do members feel like owners of our co-op?	Member survey benchmark questions	
	Member Voice 	Are members' views listened to and acted upon. What mechanisms are there in place to support member democratic control?	% of approved member resolutions delivered within timeframe	Completed responses to feedback mechanisms Breakdown of member raised issues by type % of issues raised resolved





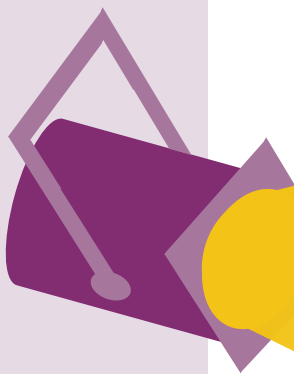
Spotlight on:
Organisation: *Vancity Credit Union*
Country of origin: Canada
No. of members: 525,000
Integrated KPIs: "We measure progress on three connected outcomes – impact, confidence, integrity."
See Appendix D

Principle 3: Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves (part of which at least would be indivisible); benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Co-operative Principles	Narrative Reporting Pillar	Example of high level questions	Example KPIs	Example Metrics
Principle 3: Member Economic Participation	Member Value 	What trade do we have with our members?	Amount of trade with members (sales/income) %	% (and no.) members trading within x timeframe Breakdown by type of trade (business)/ location Average member transaction value versus non-member
	Member Value 	How do we give back benefit to members of our co-op?	% turnover returned to members in direct benefits Members' wages (%)	Total value of discount vouchers redeemed Total value of dividend paid/net profit distribution to members (%) Total value of member pricing Total value of other member benefits

Co-operative Principles	Narrative Reporting Pillar	Example of high level questions	Example KPIs	Example Metrics
Principle 3: Member Economic Participation	Member Value 	How much is our co-op reinvesting for the future (retentions)? Are members investing in our co-op and why?	Annual retentions as a % of surplus % of capital held by members	Growth in capital employed Return on investment Actual share capital Annual change in member capital (£)
	Member Voice 	Are we serving our members well?	Member satisfaction with key products and services Member complaints	Member survey data Complaints data



Spotlight on:

Organisation:
Country of origin:
No. of members:
Principle 3:




The Co-operative Group
 UK
 4.6 million

"What we measure shows us how well we're doing at connecting with members and providing them with products and services they really value."

See Appendix D






Principle 4: Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Co-operative Principles	Narrative Reporting Pillar	Example of high level questions	Example KPIs	Example Metrics
Principle 4: Autonomy and Independence	Member Value 	How secure is our co-op? Are we growing our co-op? How transparent is our reporting to members?	Gearing Ratio (%) (net debt/ net assets) Capital expenditure in comparison to net cashflow Return on capital employed	Free cashflow/ Interest cover Change in assets/surplus Like-for-like value turnover change (%) Staff retention
	Member Value 	How are we planning (and investing) to meet future needs of members (products and services)	% investment in new products and services	Member research/ surveys (what our members need and want)
	Member voice 	How transparent is our reporting to members? What say do members have regarding major transactions and policies? How robust is our holding to account framework?	Click-through rates on digital member communications Downloads of corporate communications such as the Annual Report Number of member resolutions acted on within agreed timescales	Digital analytics Compliance with quality frameworks, such as for co-operative governance Member engagement at General Meetings


Principle 5: Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

Co-operative Principles	Narrative Reporting Pillar	Example of high level questions	Example KPIs	Example Metrics
Principle 5: Education, Training and Information	<p>Member Value</p>  <p>Co-op Values</p> 	What do we do to educate, engage and communicate to improve understanding of members and the wider public about co-ops, the co-operative model and co-op difference?	Increased awareness of co-op difference and co-op model (survey questions)	<p>Investment (time/£) in co-op related education and training (employees and members)</p> <p>Campaign reach and effectiveness</p> <p>Social media reach</p> <p>Co-op Fortnight activity/reach</p>
	<p>Member Value</p>  <p>Co-op Values</p> 	What do we do within our community to involve people in co-op activity or to promote learning around co-operation?	Number of people engaged (actual and year on year change)	<p>Local events (no of participants)</p> <p>Feedback/research on change in awareness/ understanding of co-operation</p>
	<p>Co-op Values</p> 	What do we do to build co-operative and business skills into the personal development of our workforce and why?	Investment in workforce (paid/non paid) % ratio investment (hours or £ value/ workforce costs or hours)	<p>HR metrics/ training budgets</p> <p>Retention rates</p>

Principle 6: Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Co-operative Principles	Narrative Reporting Pillar	Example of high level questions	Example KPIs	Example Metrics
Principle 6: Co-operation among Co-operatives	Co-op Values 	What is our approach to trading with other co-ops? How does our co-operative work with, engage and support the wider co-op sector?	% trade with co-operatives, mutual or not for profit organisations % expenditure allocated to co-operation related activities Engagement with Co-operatives UK/International Co-operative Alliance	Value Number of suppliers/partners Value Time/Resources Campaigns engaged in Events participation Co-op Fortnight activity



Spotlight on:

Organisation: *Midcounties Co-operative*

Country of origin: UK



No. of members: 667,000




Integrated KPIs: "We use our Steering Wheel to measure our performance in the key areas of co-operation, people, customers and delivery."

See Appendix D

Principle 7: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Co-operative Principles	Narrative Reporting Pillar	Example of high level questions	Example KPIs	Example Metrics
Principle 7: Concern for Community	Co-op Values 	What does my co-op do to minimise its environmental impact?	Investment in communities (% of turnover or net profit)	Donations, grants, resources, facilities, volunteer hours, gifts in kind No. of beneficiaries Corporate community investment level (London Benchmarking Group)
	Co-op Values 		Carbon neutrality	£ value and multiplier impact £ spend with local/regional suppliers/partners Social return on investment Participation in community initiatives Workforce volunteering (%/hours) Global reporting initiative metrics

Co-operative Principles	Narrative Reporting Pillar	Example of high level questions	Example KPIs	Example Metrics
Principle 7: Concern for Community	Co-op Values 	What does my co-op do to minimise its environmental impact?	Carbon neutrality Waste reduction	Carbon footprint Building emissions (tonnes of CO2) Energy efficiency of products Transport emissions % waste (by weight/volume) diverted from landfill Water use Priority waste streams data
	Member Value 	How do we involve our members (and employees) in community activity – including decision-making choices and participation?	% member participating in choosing community policies and causes Member (and employee) hours on community activity	
	Co-op Values 	Do we provide a safe environment for those involved in the co-op?	Occupational health and safety	Rates of injury Occupational diseases Absenteeism Work-related fatalities Safeguarding training data

Principle 7 best practice examples, including Rochdale Boroughwide Housing, can be found in [Appendix D](#).

Embedding KPIs in your co-operative

As with any business or organisation tool – KPIs will only be of value if they are fully embedded in the way a co-operative operates and is run.

KPIs can act as a trigger to:

Prompt enquiry and questioning on why things are or are not happening

Build understanding of challenges or opportunities facing your co-operative

Provide clarity and focus for members, volunteers or employees around how key measures demonstrate delivery against purpose, mission and strategy

Spark internal and external communications

Inform risk assessment

Prioritise areas of action when KPIs are not being met

Influence behaviour, culture and action

It does take time and resource to develop and report on KPIs. To help bring out the value KPIs can contribute to your co-operative it is important to focus on how they are used and integrated into the way you do things.

KPIs can provide the common thread that links purpose, strategy and activity to the work of the board, employees, members and volunteers. KPIs add least value or can even hinder an organisation when they operate in isolation of the discussions, decisions and way the organisation works.

This guide is designed to open up ideas and thinking about how to develop new or existing KPI's to bring your co-operative purpose and difference to life and embed this in a balanced set of indicators that help deliver against your strategy.

KPIs will need to evolve and change over time. What can be a constant is 'the how' your co-operative uses KPIs in its operations.

Just as each co-operative needs to determine relevant KPIs, it also needs to discuss and agree 'the how' to embed them into the organisation. On the following page you will find tips on how to embed KPIs into your organisation.

Four ways to embed KPIs into your co-operative

Commit

Develop – and use – a balanced set of KPIs to bring your co-operative purpose (why you exist), strategy (where you are going) and difference (what you do) to life.

Nurture a co-operative culture that embraces and integrates the use of KPIs to link organisation performance (past, current and future) and deliver your co-operative difference and purpose.

Cascade

Build KPIs into how you cascade information to employees, members and wider audiences – making the links between purpose, strategy and what progress looks like.

Build strong links between KPIs, operational plans, teams, performance management and strategy delivery.

Communicate

Use KPIs as part of internal, member and external communications to bring the work and progress of your co-operative to life.

Make KPIs visible in your co-operative through a range of channels and in different ways (including graphics, visuals and through story-telling).

Challenge

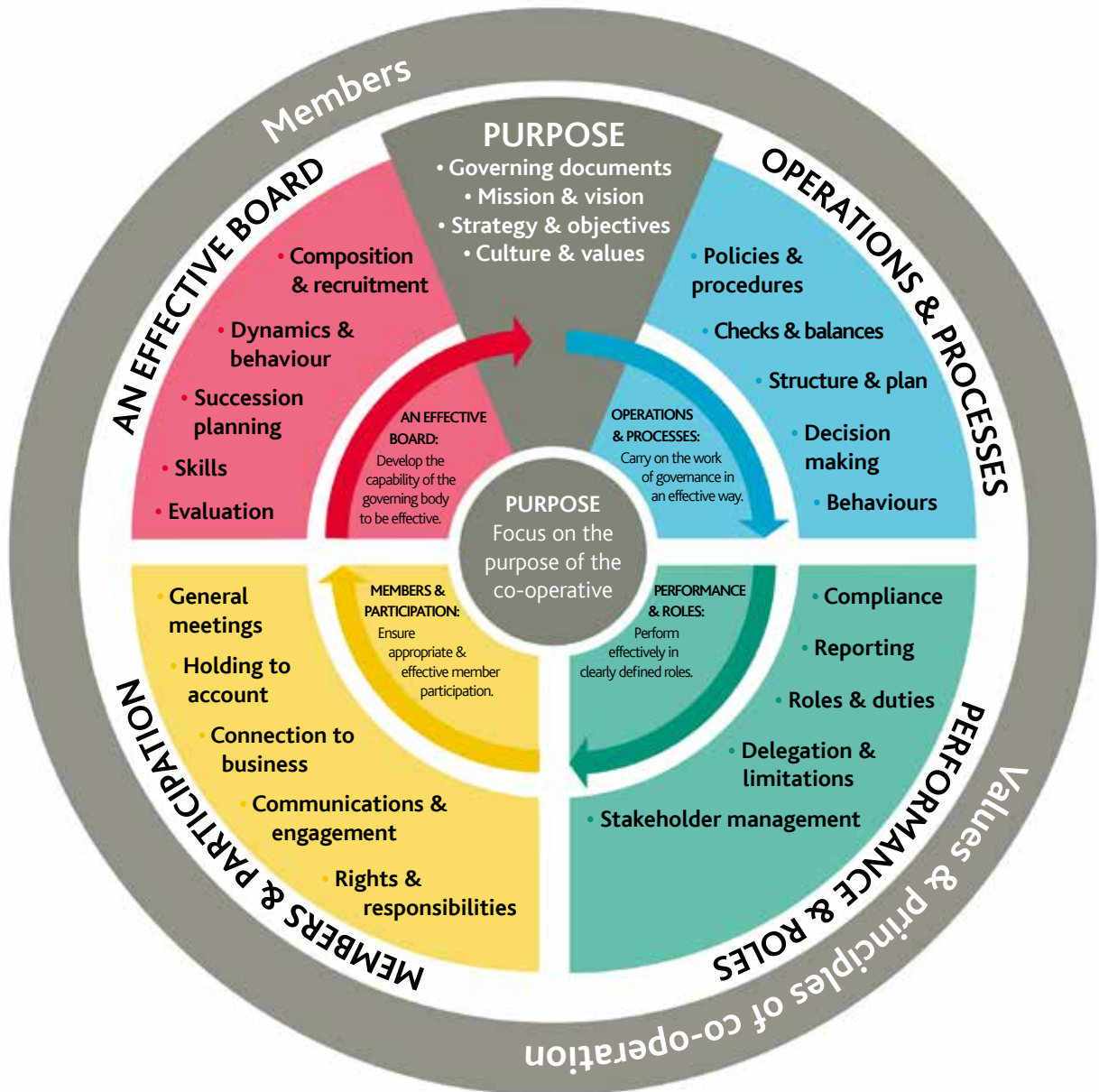
Monitor, track and review KPIs to test how your co-op is performing. Track trends and where possible use benchmarks to help assess progress.

Use KPIs to support discussions with the board, employees and members to support continuous improvement.

Appendix A

Co-operatives UK's Elements of Governance Wheel

The KPI framework can be used alongside Co-operatives UK's Elements of Governance Wheel; which depicts the areas of governance and reporting that should be in place within a thriving co-operative business.



Appendix B

Co-operative Principles

The Co-operative Principles are guidelines by which co-operatives put their values into practice and form part of the globally recognised *International Cooperative Alliance's Statement on the Co-operative Identity*.

Principle	Description
Voluntary and open membership	Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept responsibilities of membership, without gender, social, racial, political or religious discrimination.
Democratic member control	Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote), and co-operatives at other levels are also organised in a democratic manner.
Member economic participation	Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.
Autonomy and independence	Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.
Education, training and information	Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.
Co-operation among co-operatives	Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
Concern for community	Co-operatives work for the sustainable development of their communities through policies approved by their members.

Appendix C

Co-operatives UK Narrative Reporting pillars

The excerpts (below and overleaf) are taken from the Narrative Reporting framework and guidance, published by Co-operatives UK. Download the full document at: www.uk.coop/nr.

The co-operative difference

The 3 pillars represent broad areas of potential content for narrative reporting and as such can be used to frame and organise the reporting. It is through these areas of content (the pillars) that the 'co-operative difference' can be demonstrated and brought to life.

Guidance on how the pillars can be used to express and demonstrate the 'co-operative difference' and how they can be translated into compelling co-operative narrative reporting is given in the subsequent sections

Member value (pillar 1)

Member value can take many forms and reflects the essence of the relationship between a co-operative and its members.

Different members will value different things and this will vary between members and between co-operatives.

Pillars

Member value

Member voice

Co-operative value

What is important is that each co-operative looks to define and express that value in relation to its members.

Tips and guidance

The 3 pillars sit under the umbrella of the 'co-operative difference.' It is through the pillars that the 'co-operative difference' can be demonstrated.

Member value (pillar 1)

Member value can take many forms and reflects the essence of the relationship between a co-operative and its members.

Different members will value different things and this will vary between members and between co-operatives.

What is important is that each co-operative looks to define and express that value in relation to its members.

Key questions

What value do members want from their co-operative?

How well is the co-operative doing at creating, monitoring and sustaining that value?

Member voice (pillar 2)

Member voice is a vital component of any healthy co-operative. Demonstrating and articulating how this is being achieved is paramount to generating further member engagement.

Key questions

How engaged are the members with their co-operative?

How well is the co-operative doing at listening to, understanding and responding to what their members really want from their co-operative?

Co-operative values (pillar 3)

These underpin the sector as a whole and each co-operative can look to demonstrate and articulate them throughout any narrative reporting that is undertaken.

Key questions

How is the co-operative demonstrating the sectors' core values?

Appendix D

KPI Best Practice Examples

Seward Community Coop

Seward Community Coop (US) is a best practice example of aligning KPIs with Principle 1: Voluntary and Open Membership.

The below is taken from page three of the Seward Community Coop scorecard. Download the scorecard [here](#)..

OWNERSHIP

We invite everyone to become a co-op owner through multiple payment options and a needs-based discount.

TOTAL OWNERS

19,456

NEW OWNERS

327

OWNERS USING PAYMENT OPTIONS:



PAID IN FULL

64%

NEEDS-BASED

29%

INSTALLMENT

5%

Vancity Credit Union

Vancity Credit Union (Canada) is a best practice example of fully integrated KPIs. The following is taken from Vancity's 2017 Annual Report. Download the full report [here](#).

Organizational targets and results

We measure progress on three connected outcomes – impact, confidence and integrity:

IMPACT – the difference we create for our members and their communities because of our vision and values

CONFIDENCE – the evidence that what we are doing is good for the sustainability of our business

INTEGRITY – how we run our business and demonstrate confidence based on trust

Results for the targets marked with an * directly influenced senior management's incentive pay and the amount of profit shared with employees. There was a corresponding payout range for each target based on if we met, exceeded or fell short of the target.

KPMG LLP verifies both our 2017 organizational and supporting management targets and results (see page 41). For the full explanation of our performance, please refer to the relevant pages of Section three. For details on methodology and definitions, refer to the consolidated accountability statements and the glossary available online at www.vancity.com/annualreport.

Target ¹	2017	2016	2015	Progress
IMPACT				
*Triple bottom line assets under administration (TBLAA) are 23.7% of assets	23.2%	21.1%	18.6%	NOT MET
Member well-being index is in the range of 75–80 or more	76	75	74	MET
CONFIDENCE				
*Size of membership is 535,000	525,506	518,149 ²	515,579	NOT MET
*Total assets plus assets under administration are \$26.7 billion	\$26.4	\$25.6	\$23.8	NOT MET
*Return on average members' equity, after distribution to members and community, is at least 5.4%	7.6%	5.5%	6.2%	MET
Capital adequacy ratio is at least 13%	14.1%	13.4%	13.3%	MET
Net growth funding ratio is 80% or more	102.1%	144.8% ³	110.4%	MET
INTEGRITY				
*82.5% of members do not report a problem with Vancity's banking system	85%	76%	n/a	MET
Reconciliation – 75% of employees complete unconscious bias training	93%	n/a	n/a	MET

1 We revised several of the 2017 interim targets published in our 2016 Annual Report when we renewed our 2020 Plan in mid-2017 (see 2020–2017 Plan).
 2 2016 data has been restated to reflect a change in the definition of a member. 2015 data is not directly comparable. See the glossary online for more details.
 3 Data has been restated to reflect a change in net growth funding ratio calculation methodology. See page 18 of the consolidated accountability statements for details.



Supporting management targets and results

In addition to our top organizational targets, we set management targets and make commitments to improve our performance and impact.



Target ¹	2017	2016	2015	Progress
IMPACT				
Member satisfaction with overall performance – no significant difference (within 5%) from April 2016 to April 2017	68% in April	84% in April	n/a	NOT MET
People assisted with products and services designed to provide access to basic financial services, affordable housing, credit and credit repair – 35,000/year by 2030	22,695²	6,881	6,619	ON TRACK
Contribution to well-being: the degree to which members believe Vancity has had a positive effect on their well-being is in the range of 26–33+	24	28	n/a	NOT MET
CONFIDENCE				
Net income before distribution and tax is \$104.6 million	\$146.6	\$95.9	\$91.6	MET
Net income attributable to members is \$64.1 million	\$91.8	\$61.7	\$65.1	MET
Liquidity ratio is at least 12.5%	12.9%	14.3%	13.7%	MET
Efficiency ratio after distribution to members and community is 78.9% or less	74.1%	78.4%	79.4%	MET
INTEGRITY				
Employee engagement score	58%	n/a	n/a	No target for 2017
Recertify as a Living Wage Employer	Recertified	Recertified	Recertified	MET
Greenhouse gas emissions are less than 4,500 tonnes CO ₂ e	4,567 t	4,410 t	4,547 t	NOT MET
Continue to be carbon neutral	Carbon neutral	Carbon neutral	Carbon neutral	MET
Average employee carbon footprint is 1.5 tonnes CO ₂ e by 2030	2.0 t	1.9 t	2.0 t	ON TRACK
Waste at Vancity Centre diverted from landfill or recycled is 80% or more	87%	85%	85%	MET

1 We revised several of the 2017 interim targets published in our 2016 Annual Report when we renewed our 2020 Plan in mid-2017 (see 2020–2017 Plan).
 2 Calculation methodology was revised in 2017 so prior year unaudited results are not comparable. As a result of the change in methodology, we have revised the target to 35,000 from 10,000.

The Co-operative Group

The Co-operative Group (UK) is used as a best practice example for Principle 3: Member Economic Participation. The following is taken from page 32 of The Co-op's Annual Report 2017. Download the full report [here](#).

Membership and Community KPIs

Why are these measures important?

Membership and community are at the heart of what we do as a co-op. What we measure shows us how well we're doing at connecting with members and providing them with products and services they really value. The returns made to members and their communities through the 5% and 1% are one way in which our Co-op shares value.

Active members

4.6 million

▲ 2016: 4 million

We define 'active members' as members who have traded with us in the last 12 months

1% reward earned for communities

£13m

▲ 2016: £3m

The amount members earned for local communities through the 1% Membership offer on own brand products

5% reward earned by members

£61m

▲ 2016: £16m

The amount members earned for themselves through the 5% Membership offer on own brand products

Member sales in Food

33%

▲ 2016: 28%

The percentage of sales in our Food business that are made to members

The Midcounties Co-operative

The Midcounties Co-operative (UK) is used as a best practice example of fully integrated KPIs. The following is taken from pages 17-19 of Midcounties' Annual Report 2017/18. Download the full report [here](#).

Reporting our Steering Wheel

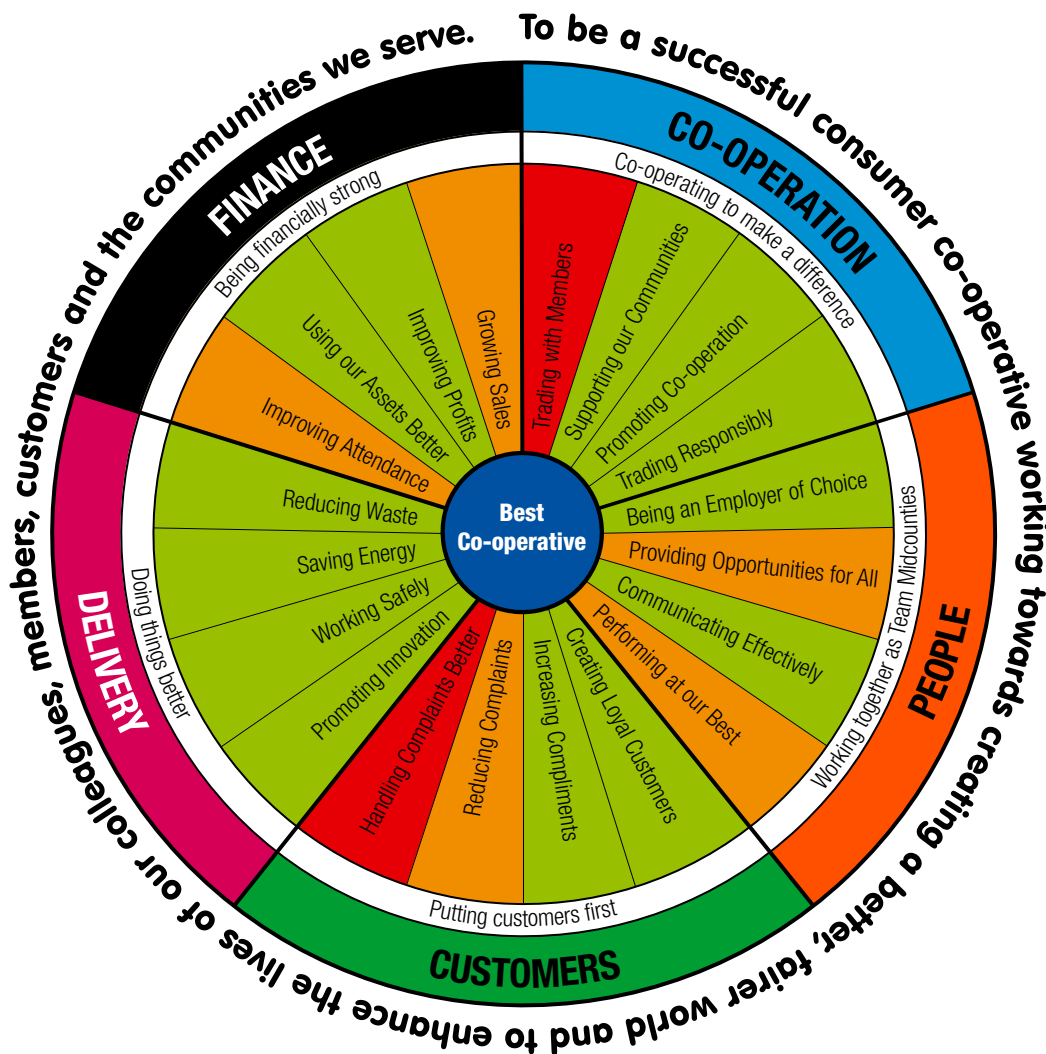
As a co-operative we believe there is more to being a successful business than just profits. So, as well as measuring our financial performance we use our Steering Wheel to measure our performance in the key areas of co-operation, people, customers and delivery. Each section of the wheel has a number of objectives which we monitor on a monthly basis.

The Steering Wheel below shows how we have performed against targets on these objectives during the 2017/18 financial year. The sections are coloured red, amber or green

to indicate whether they are below target (red), nearly on target (amber), or on or above target (green).

All our sites have their own Steering Wheel targets. This ensures we are addressing our co-operative aims as a business on a continuous basis, right down to site level.

On the following pages we report our Society Steering Wheel results and a number of key developments in these areas.



Reporting our Steering Wheel

Co-operation

Trade with members

Percentage of trade with members: 42% (last year: 41%)

Trade with our members has increased slightly to 42% of sales (2016/17: 41%). We have a strong focus on encouraging member trade and have trialled a range of member benefits throughout our businesses in 2017 to help drive this forward. We will develop these concepts in 2018 with an aim to increase member trade further.

Supporting our communities

Hours volunteered in community by colleagues: 36,600 (last year: 36,000)

Our colleagues provided 36,600 volunteer hours (2016/17: 36,000 hours) to support their local communities. This equated to over £528,000 worth of colleague paid time.

Promoting co-operation

Number of members involved in co-operative activity: 28,800 (last year: 32,000)

693 members attended the AGM and 388 attended the Half Year meetings, a total of 1,081 (2016/17: 1,180). Overall we engaged with 28,800 (2016/17: 32,000) members at 300 various events and 849 members attended our Members' Days (2016/17: 743).

Trading responsibly

Value of Ethical Trade: £96 million (last year: £89 million)

Ethical sales have seen an increase of £7 million thanks to a number of initiatives across the business. These include the ongoing development of The Best of our Counties range in our Food group, which has proven to be very popular.

People

Being an employer of choice

Percentage colleague turnover as a moving annual total: 18% (last year: 20%)

Our colleague turnover has reduced from 20% to 18%. Our colleague engagement score has increased from 82 to 84, our highest ever score, thanks to continued investment in developing our colleagues through training and listening to their views. The average number of absence days per full time colleague was 8.6 days (last year 8.9 days).

Providing opportunities for all

Percentage of colleagues who have achieved a Level 2 qualification or above: 83% (last year: 78%)

We have seen a 5% increase on last year. We are committed to supporting colleagues to be the best they can be and look to ensure opportunities to attain qualifications are widely promoted.

Communicating effectively

Percentage attendance rate at Colleague Council meetings: 87% (last year: 86%)

Our colleague councils currently have 180 representatives. These colleagues have identified, shared and developed best practice that has made a difference across the Society in the last 12 months. Our colleague council reps are ambassadors for a number of their colleagues and are empowered to ensure effective communication across the Society.

Performing at our best

Percentage of colleagues receiving an annual performance review: 94% (last year: 97%)

At the year end 94% of all colleagues had received an annual performance review. We continue to prioritise colleague reviews focusing on the quality of the review, the outcomes and identifying opportunities for development.

Customers

Creating loyal customers

Customer Loyalty Index: 81 (last year: 80)

Our customer loyalty score increased by 1 point to 81. Many of our trading groups saw increases in their scores this year, especially Energy, and received some really positive feedback. All groups, both trading and non-trading, continue to monitor their service performance levels closely.

Reducing complaints

Number of customer complaints: 16,244 (last year: 17,867)

We have seen a significant decrease in the number of complaints as we place an increased focus on training our customer-facing colleagues and improving our systems. Our Energy business in particular has seen a marked reduction and has won a number of customer service awards during the year.

Increasing compliments

Number of customers compliments: 13,467 (last year: 15,547)

We encourage customers to provide us with feedback to help us improve their experience. We continue to use a broad range of channels to capture these comments including face-to-face interviews, customer panels, web surveys and, increasingly, social media.

Handling complaints better

Percentage of customers who agreed we responded well to their complaint: 70% (last year: 74%)

We have seen a decrease in the number of customers that said we responded well to their complaint, which has largely been as a result of complaints relating to Energy, in particular, around billing related issues.

Delivery

Promoting innovation

Number of ideas implemented having a positive impact on another Steering Wheel Measure: 37 against a target of 10 (last year: 8)

The GiFTS (Growing Ideas for Tomorrow's Society) programme was relaunched in 2017 to make it more relevant and easier to submit ideas. Each business group now has its own GiFTS Champions. This has been received positively and is reflected in the increased number of ideas implemented.

Working safely

Number of accidents/incidents reported as a moving annual trend: 936 (last year: 853)

The number of accidents and incidents reported as a moving annual trend has increased during the year as reporting processes have continued to be altered to improve visibility across the Society, giving greater transparency and more accurate details. It is pleasing to note, however, that the total number of incidents reported under RIDDOR (Reporting of Injuries Disease and Dangerous Occurrences Regulations) reduced to 31 (2016/17: 41).

Saving energy

Energy reduction on prior year through electricity use (kw/h): 3.7% (last year: 4%)

Our focus on raising colleague awareness around energy saving resulted in the Society reducing energy use by 3.7%, ahead of our 3% target. This saved over 1,600 tonnes of CO₂. Our total CO₂ emissions for the year were 1.5 tonnes per £1 million gross sales (2016/17: 1.9 tonnes). This figure is calculated from our energy consumption (1,936 tonnes CO₂) and colleague business miles (328 tonnes CO₂). As the electricity we use comes from 100% green sources, our electricity use is not included in the figure.

Reducing waste

Percentage of waste recycled: 97% (last year: 91%)

During the year we produced 3,559 tonnes of waste (2016/17: 3,587 tonnes), a 1% reduction, and recycled 3,481 tonnes of waste. We recover the majority of our Food Retail waste from our retail stores and use a recycling collection company to collect and monitor waste from our other sites. We send the food waste from our Food Retail and Childcare sites to an anaerobic digester to produce energy.

Rochdale Boroughwide Housing

Rochdale Boroughwide Housing (UK) is used as a best practice example of fully integrated KPIs. The following is taken from page 17 of Together - Our Corporate Strategy 2018-21. Download the strategy [here](#).

WE WILL MEASURE DELIVERY THROUGH STRETCHING TARGETS ON:

- Reduced tenancy turnover and increased tenancy sustainment
- Number of homelessness preventions
- Increased external income received to sustain tenancies and provide tenancy support services
- Performance of the Independent Living Service
- Our commitments in the Greater Manchester Social Value pledge
- Increased service satisfaction across age groups and communities moving to top quartile by 2025



The Co-operative Performance Committee (CPC)

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Co-operatives UK is the network for Britain's thousands of co-operatives. Together we work to promote, develop and unite member-owned businesses across the economy. From high street retailers to community owned pubs, fan owned football clubs to farmer controlled businesses, co-operatives are everywhere and together are worth £36 billion to the British economy.

CO-OPERATIVES UK

