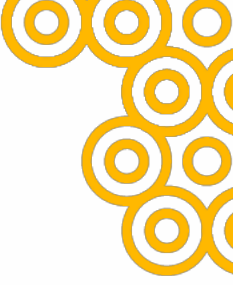


Field Guide: Assessing Emerging Expansion Opportunities

By Michael Healy

As co-op leaders recognize that reinvestment in their business is critical to long-term sustainability, they need some tools to help them assess whether any particular reinvestment makes sense. When business expansion is on the list of possibilities, the risks are higher and so the assessment needs to be more rigorous. Leaders must certainly undertake adequate due diligence before finalizing an expansion project, but how will they know whether an emerging opportunity merits more time and attention? Here are six key considerations for assessing expansion opportunities *before* feasibility:

- Market analysis
 - Will the community support this venture?
 - Will it be tailored to meet the needs of the neighborhood and current or future customers?
 - Is it distinct from other consumer options within the market?
 - Remember, a professional market study done by a reputable organization with grocery experience is essential for assessing a project's actual feasibility.
- Financial return on investment (ROI)
 - Will the project improve the financial condition of the co-op?
 - Your opportunity should deliver on one or more of the following
 - Growth in sales
 - Stronger margins
 - Reduced costs
 - Improved cash flow/position
- Opportunity cost
 - How will this project impact our ability to execute other strategic objectives or opportunities? What do we give up?
- Internal capacity
 - Are we able to carry out this project without hurting current financial or operational performance?
 - At a governance level, do we have strong alignment, systems and policies? Do our board and general manager have a strong and effective working relationship?
 - At a management level, do we have relevant experience, especially with project management?
 - At a staff level, do we have strong engagement and positive culture?
 - Do we have good internal systems and processes for communication, accountability and reporting?
- Success analysis
 - Is success possible? What does success look like?
 - What are the risks? How difficult is the opportunity?
 - Do we have a plan for what happens if the project is not successful?
 - What has happened when other co-ops have done similar projects?

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- Brand alignment
 - Does this opportunity strengthen our brand identity?
 - Does it play to our organizational strengths?
 - Does it align with our mission/vision as understood by the community?
 - Do we have a plan for communicating about the project?

Other Resources:

[Understanding Marketing Research](#), by Debbie Suassuna

[Cooperative Strategic Leadership](#), by Art Sherwood

Thank you to Dave Blackburn, Jenn Hileman and Dave Olson of NCG for their gracious permission to adapt their CCMA 2019 workshop presentation for this Field Guide.

