



# Evaluating Feasibility and Planning for Success

Presented by: Mel Braverman  
[MelBraverman@cdsconsulting.coop](mailto:MelBraverman@cdsconsulting.coop)

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**Resource packet:** <http://cdfsfood.centraldesktop.com/fc500registration>

**Sponsors:**

**foodco-op500**



# Agenda

- ❶ **Brief overview of the development model**
- ❷ **Development timeline**
- ❸ **Feasibility components:**
  - Market
  - Financial
  - Design
  - Organizational
- ❹ **Planning components:**
  - Organizational plan
  - Financial plan
  - Business plan
  - Management plan
  - Board development plan
- ❺ **General guidelines for success**

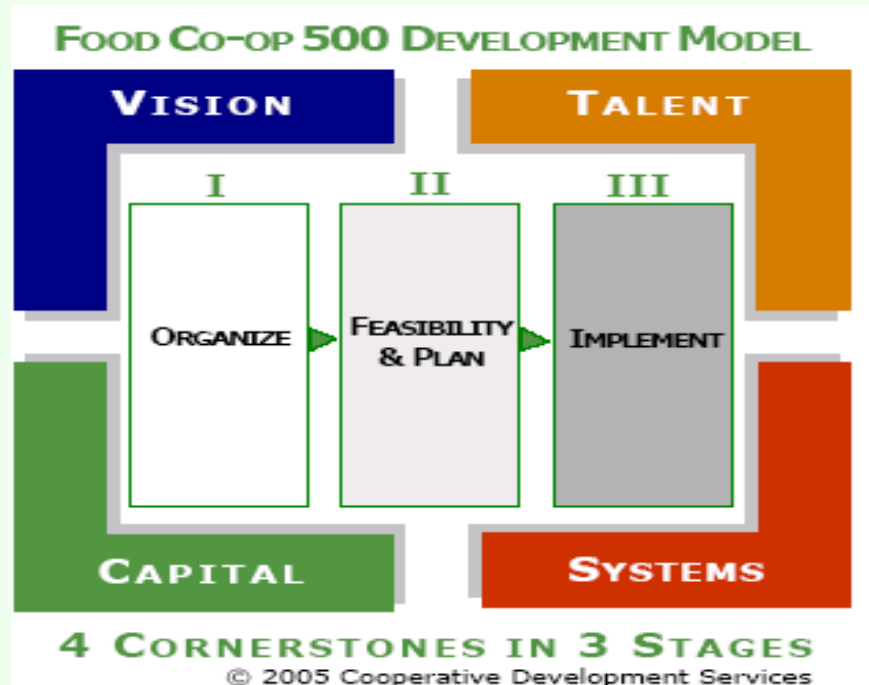
CDS Consulting Co-op



SOLUTIONS FOR COOPERATIVES

# Food Co-op 500 Development Model

## The Model



www.FoodCoop500.coop

**TURN UP THE HEAT!**

*Food Co-op*  
**500**

# Three stages of development

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1. Organize

2. Feasibility and Planning

3. Implementation

# Timeline

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- ❶ **Organizing: 6-18 months**
- ❷ **Feasibility: 3-12 months**
- ❸ **Planning: 3-9 months**
- ❹ **Preconstruction planning & financing:  
3-9 months**
- ❺ **Implementation: 3-9 months  
Construction/renovation/equipment**

# Feasibility components

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 **There are five main areas that should be evaluated for their feasibility:**

- **Market**
- **Location**
- **Financial**
- **Design**
- **Organizational capacity**

# Market feasibility

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- ❏ **Does the cooperative have enough potential sales in it's trade area?**
- ❏ *This is an appropriate time to have a “quick” market study done.*
- ❏ **The results of this study will drive much of the ensuing work**
- ❏ **This will be a key piece of data for the organizing group to have.**

# Location feasibility

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- ❏ Will the store be appropriately visible?
- ❏ Adequate parking?
- ❏ Is it easy to get in and out of?
- ❏ Synergy of surrounding businesses?
- ❏ *Is the site we desire appropriate?*
- ❏ Not an issue until market feasibility has been accomplished.



# Financial feasibility

- ❏ **What is the cost of the feasibility stage?**
- ❏ **Where will the money come from?**
- ❏ **What will the project cost?**
- ❏ **Can we operate the Co-op in a financially successful manner?**
- ❏ ***Producing a financial picture of the first five years of operation is needed to produce an appropriate business plan, to attract lenders and guide management. This will be accomplished during the planning stage.***

# Design feasibility

- ❏ Will the store be able to meet the projected sales and other organizational needs?
- ❏ Is the store able to allow for efficient and effective operation?
- ❏ How much will a fully decorated and equipped store cost?
  - Retail area
  - Back room
  - Administration needs
  - Community approach
- ❏ *Store design will be with the co-op for many years to come and an effective design can save significant operational dollars and increase sales.*

# Organizational feasibility

- ❏ Do we have the appropriate skill set or access to the appropriate skill set for this project?
- ❏ Will we be a board that is educated in best practices?
- ❏ Do we have an adequate structure to encompass changes as needs change?
- ❏ Is our decision making approach appropriate to make effective and efficient decisions?
- ❏ Will we be able to attract qualified management?

# Planning components

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-  **Organizational plan**
-  **Financial plan**
-  **Business plan**
-  **Management plan**
-  **Board development plan**

# Organizational plan

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 **Mission**

 **Vision**

 **Organizational structure**

 **Communication with members**

# Financial planning

## Financial plan:

- Sources and uses
- *Pro forma financial projections*
- Financial plan for year one by month
- *Capital acquisition*
  - » *Member loan plan*
  - » Member equity drive plan
  - » Grants
  - » Community loans
  - » Outside lenders

# Business planning

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 **What to include**

 *Who will write it*

 **When will it be finalized**

# Business plan

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- ❶ Cover Sheet
- ❶ Organizational Info
- ❶ Executive Summary
- ❶ Business Description
- ❶ Industry Analysis
- ❶ The Market
- ❶ Business Objectives
- ❶ Management/Personnel
- ❶ Challenges/Risks
- ❶ Budget/Rationale
- ❶ Supporting Documents



# Management plan

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- 🌀 *Hiring a general manager*
- 🌀 Where to look, what to check
- 🌀 Job description
- 🌀 Salary/benefit package
- 🌀 When to bring him/her on board
- 🌀 How to monitor performance and give feedback
- 🌀 Clear expectations=specific goals

# Board development plan

- ❶ First board composition
- ❷ Recruitment of board members
- ❸ Committee structure
- ❹ Length of terms-staggered
- ❺ Meeting structure-Robert's Rules?
- ❻ How board will make decisions:
  - Majority vote
  - Consensus
- ❼ How board will operate-Policy Governance?
- ❽ Board education/training:
  - CCMA
  - *Initial and regular board training sessions*
  - Publications

<http://www.cdsfood.coop/leaddev>

# What to accomplish during the feasibility stage:

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- ❏ Research
- ❏ Assess technical assistance needs
- ❏ Fine tune development plan
- ❏ Establish basic systems
- ❏ Expand community outreach
- ❏ Begin capital procurement research
- ❏ *Determine rough sales potential*

**DECISION POINT**




# Feasibility

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- ❶ Continued community development
- ❷ Refine vision statement
- ❸ Mission statement
- ❹ Assess organizational capacity
- ❺ Fundraising
- ❻ Assess community momentum

**DECISION POINT**

# What to accomplish during the planning stage:

-  *Member equity drive plan*
-  **Develop outside lender relationships**
-  **Initial site exploration**

## **DECISION POINT**

-  **Research supplier feasibility**
-  *Market feasibility study*

## **DECISION POINT**

-  *Begin business plan development*

# Planning

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- ❶ Expand community outreach
- ❶ Administrative support
- ❶ Development project manager
- ❶ *BOD training*
- ❶ BOD leadership development plan

# Feasibility and planning stages:

- ☞ Recruit members
- ☞ Develop/adopt systems
- ☞ Conduct member equity drive
- ☞ *Develop member loan plan*
- ☞ Assess outside lender requirements
- ☞ *Begin design feasibility*
- ☞ *Finalize business plan*
- ☞ Assess organizational readiness
- ☞ **DECISION POINT**
- ☞ *Capital procurement*
- ☞ **DECISION POINT**

# **General guidelines for success**

- 👍 **Keep your focus**
- 👍 **Keep members informed and involved**
- 👍 **Build strong member leadership and commitment**
- 👍 **Set realistic goals and assumptions**
- 👍 **Conduct businesslike meetings**
- 👍 **Follow sound business practices**
- 👍 **Base decision on market research, not opinions**
- 👍 **Create a comprehensive business plan**
- 👍 **Use advisors and committees effectively**
- 👍 **Forge links with other cooperatives**
- 👍 **Identify and minimize risks**
- 👍 **Maintain honest open communications**
- 👍 **Invest in member, board, and staff education**
- 👍 **Hire competent management**
- 👍 **Raise sufficient capital**
- 👍 **Establish a realistic market entry strategy**