

CDS | Cooperative Development Services
consulting services for food cooperatives

foodco-op500



Evaluating Feasibility and Planning for Success

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

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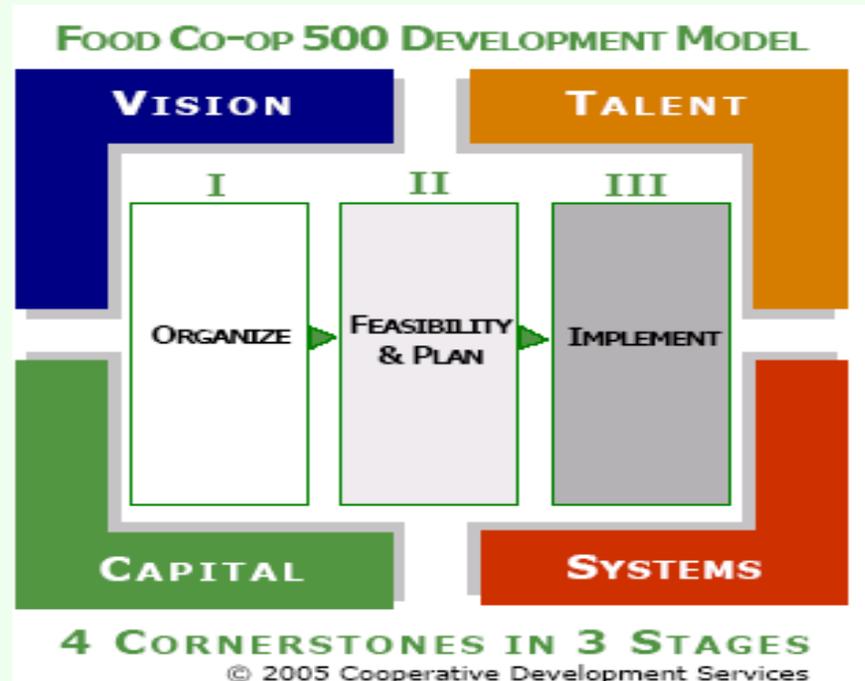
Agenda

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



Food Co-op 500 Development Model

The Model



www.FoodCoop500.coop

TURN UP THE HEAT!

Food Co-op
500

Three stages of development

1. Organize

2. Feasibility and Planning

3. Implementation



Timeline

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



Feasibility components

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

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



Market feasibility

- ❏ Does the cooperative have enough potential sales in it's trade area?
- ❏ *The recommendation to have professional study of the market to determine potential sales the co-op could capture cannot be stated too strongly!*
- ❏ The results of this study will drive much of the following work
- ❏ This will be a key piece of data for lenders



Location feasibility

- ❏ 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

- ❶ What is the cost of the feasibility stage?
- ❶ Where will the money come from?
- ❶ What will the project cost?
- ❶ Can we operate the Co-op in a financially successful manner?
- ❶ *Producing a financial picture of the first five years of operation is needed to produce an appropriate business plan and to attract lenders*



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 capacity

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



Planning components

- ❶ Organizational plan
- ❷ Financial plan
- ❸ Business plan
- ❹ Management plan
- ❺ Board development plan



Organizational plan

 **Mission**

 **Vision**

 **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

- ❶ What to include
- ❷ *Who will write it*
- ❸ When will it be finalized

Business plan

- 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

- 🌀 *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:

- ❶ Research
- ❷ Assess technical assistance needs
- ❸ Fine tune development plan
- ❹ Establish basic systems
- ❺ Expand community outreach
- ❻ Begin capital procurement research
- ❼ *Determine rough sales potential*

DECISION POINT



Feasibility

- ❏ Continued community development
- ❏ Refine vision statement
- ❏ Mission statement
- ❏ Assess organizational capacity
- ❏ Fundraising
- ❏ 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

- 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**



Next step-Implementation

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**

