

COOPERATIVE BUSINESS PLAN OUTLINE

I. Executive Summary

II. Cooperative Introduction & Background

Where and when was the cooperative started? By whom?
What is the coop's mission or statement of purpose?
What is legal/organizational and ownership structure?
Where is the business located?
What are the products/services the company offers?
What are your coop's strengths?

III. Products & Services

- **Product/service description**

What product/service is to be offered?
What is the purpose/function of the product or service? (Does it solve a problem or address an opportunity? Is it a luxury item or a need item?)
Does the product/service fill a niche? Which one?
What are its unique features (cost, design, quality, capabilities etc.)
What makes it different and better than the competition?
What are the community benefits of the product/service?
What is the stage of development of the product/service?
Outside of the business' main product/service, will the business offer any secondary services? Which ones?

- **Proprietary features**

Can your product be protected by patent, copyright, trademark or servicemark? What protection will be provided?

- **Future development plans**

What new products or services are you planning to meet changing market needs in this industry or others? What is the timeframe for future development plans?

- **Product/service liability**

What are the liabilities this product may pose? What are the insurance requirements? What are the regulatory or approval requirements from government agencies, or other industry participants? How are you planning to meet these?

IV. Market Analysis

• Industry Analysis

What industry do you consider your business to represent?

What is the current status of that industry? (How big is it; provide total sales, profits and margins of the industry).

What are the industry's chief characteristics? (seasonality, profit characteristics etc.)

What are the major trends influencing the industry?

What is its growth potential? Where will it be in five years, ten years?

• Competitive Analysis

Profile

How would you characterize the nature of the competition in your area?

Who are your nearest and most significant competitors?

Is their business steady, increasing or decreasing? Why?

What do you know about your competitor's businesses? (Strength and weaknesses of each; length of time in business; sales volume; size and number of locations; number of employees, suppliers and support personnel; number of customers; share of the market; product niche).

What market share do your competitors hold? Who has the largest shares and what gives these companies an edge?

Product/service comparison

What are the similarities and differences between your business and your competitors?

On what basis will you compete with them?

In what ways is your business better? (Operations, management, product, price, service, delivery, other).

How does your product or service compare with the competition in the eyes of the customers?

• Target Market & Characteristics

Who or what is your target market? (individuals, companies, institutions, government agencies, other). Name various segments, if applicable.

What is the size of your target market?

What is the profile of your targeted customers? Describe segments, if applicable.

What are the buying habits of your customers?

Why will they purchase your product/service?

What will be the impact (economic and otherwise) on the customers who use your product or service? How much will they save? What benefits will they obtain? Will they have to change their way of doing things? Will they have to purchase other goods and services to utilize yours? Overall, how will you satisfy their needs and wants?

Have you surveyed customer reactions to your business idea? What reactions were recorded?

Do you have any major customer commitments to purchasing your product/service? Which ones?

- **Market Share, Trends & Growth Potential**

What share of the market do you hope to capture? (Base your estimate on the advantages of your product/service; the market size and trends; customers; the competition and its products; and sales trends in prior years).

How will you maintain and increase your market share? (Satisfy current customer needs? Attract new customers? Offer something better, new or unique?)

What is the growth (both historical and potential) of your market? What are the market trends? Is the market seasonal? What factors will affect the market?

V. Marketing Strategy

- **Marketing philosophy & goals**

What is your overall approach and strategy for introducing your product or service and gaining its market familiarity and acceptance?

What are your marketing priorities among segments and applications (ie: how will you prioritize your marketing effort?).

How will you expand your market? Over what period of time will you expand?

- **Advertising, public relations and promotions**

What advertising/promotion mediums will you use? (Radio, newspaper, trade journals, magazines, TV, trade shows, other).

What public relations strategy will you use (ex: news releases, speaking engagements etc.)

What are your efficiency ratios and conversion rates? (how much response per promotional medium?)

- **Pricing and packaging**

How will your prices be determined?

How will the product/service be priced relative to the competition?

How will pricing change over time? (supply and demand factors; competitive re-pricing needs).

How will your packaging and labeling enhance name identification and foster brand/name loyalty? Why will your prospective customer want to buy your product or service just by seeing it or seeing reference to it?

- **Service & Warranty Policies**

What kind of service, warranties and guarantees will you offer? How will you orient your customers to these?

How will you deal with customer complaints?

Are your pricing, service and warranty policies attractive and competitive in the marketplace?

Have you received reactions from prospective customers? Describe their reactions.

Have they tested your product/service?

- **Sales and distribution**

What are your current sales goals by product or service?

What methods of sales and distribution will be employed? (ie: licenses, franchises, agency contracts, wholesaling, retailing, direct sales and other methods?)

What level of selling effort will you implement? (ex: ow many salespersons or sales representatives will you have?)

What geographic area will sales and distribution cover?

What will be the average order of each customer?

VI. Organization, Management & Members

- **Legal Structure and Ownership**

What is the legal structure of the business?

Who are its owners?

What investment will owners make, and how will ownership stock or shares be distributed?

- **Organizational Structure**

What is the organizational structure of the coop? Attach an organizational chart showing all all decision-making bodies and their functions (for example, the Board of Directors, Advisory Board, Management Team, Finance Committee, Personnel Committee etc.).

What decision-making power does each body have? What are the communication and accountability mechanisms between the different bodies?

How are decisions made in the organization?

- **Board of Directors (if applicable)**

What are the responsibilities of the Board of Directors?

Who are the Board members, what Board positions do they fill, and how were they selected?

What is the length of term of Board members?

If there are committees, describe committee functions, composition and responsibilities.

How often will the Board and committees meet?

- **Management System**

How will the coop be managed?

What skills/capacity does the manager/management body have?

What are the responsibilities of the manager/management body?

What authority does the manager/management body have?

How will the work of the manager/management body be evaluated?

- **Members & Membership Policies**

How many members does the coop have?

Who are the coop's members? (Background, skills, experience, etc. Include resumes if available).

Membership requirements

What are the criteria for selecting new members for the coop?

What are the requirements of membership (signing membership agreement, making an investment, demonstrating necessary level of skill etc.)?

Member responsibilities

What are the work-related responsibilities of members? (ex: arriving on time, working the full amount of time allocated, calling in if sick etc.).

What are the responsibilities of members in governance and management? (ex: going to weekly meetings, participating in a committee etc.).

Evaluation & Accountability Mechanisms

How will the performance of members be measured? How often, and by whom?

What happens when members don't uphold their responsibilities?

Under what conditions can a member be fired? What is the firing process?

What are the rights of members to appeal decisions about sanctions, probation or firing?

Member benefits

What benefits does or will the coop provide its members? (Describe wage/salary levels, fringe benefits and other benefits).

What is the coop's profit sharing plan?

- **Professional support services.**

Where will the coop obtain professional services such as lawyer, accountant, insurance agent, bank etc.?

Does the coop have access to technical assistance in the area of organizational development, administration and management? List names of TA providers and services they provide.

VII. Operating Plan

- **Location of facilities**

Where will the business be located? Why? What pertinent criteria, if any, are being--or will be--taken into account in selecting a location? (For example, access to customers, to transportation, to wholesalers and distributors).

What are the advantages and disadvantages of the location?

Will any changes or improvements be made to the property?

Are there any zoning or legal considerations that could negatively affect the start-up and operations of the business?

- **Facilities and equipment**

Have facilities already been found?

If yes, describe the facilities that will house the business. What are its advantages and disadvantages? Do improvements need to be made to the facility? What kind? What is the cost and length of time involved?

If no, describe the criteria that are being used to select facilities.

What equipment is needed to operate the business? Will it be purchased or leased? How much will it cost?

- **Production Process & Systems**

Production and production control

Provide a description of operations (systems used in getting the work completed). Describe production planning and production control systems (who does it and what are the procedures?).

Quality control

What is the quality control mechanism?

What procedures will the business use to minimize service problems and associated customer dissatisfaction?

Supplies and materials

What are the principal supplies or raw materials needed?

What is their availability?

Who are the principal suppliers?

What are their policies on discounts, credit, delivery, prices etc.?

How will supplies and materials be stored?

Inventory and Inventory Control

What is the average inventory turnover for this business and the industry as a whole?

What methods of inventory valuation will be used?

How will shortages and over-supply be avoided?

Distribution

How will the product/item be distributed?

Over what geographic area?

- **Personnel requirements**

What job positions need to be filled, and when? Who will fill what positions?

How many hours does each job involve?

At what point will everybody be working full-time?

Do members have the necessary skills? If not, is training available? What kind? How will training be provided?

Will the coop need to hire non-members (ie: employees)? If yes, how many, and for what positions?

What wages and benefits will be paid to members and employees?

Is there a policy and plan for job rotation? How will it operate?

Is there a policy and plan for upgrading of worker skills? How and when will it be put into operation?

- **Insurance and Liability**

What liabilities are associated with manufacturing, production or service operations?

What insurance will be purchased? (ex: general liability, property loss, workers compensation, theft, vehicles owned and leased, etc.).

VIII. Development Plan

- Start-up scheduling

What needs to happen, when, and by whom? (attach chart)

- Operations scheduling

(attach chart)

- Strategic Plans

IX. Community Impact & Benefits

What will be the social, economic and financial impacts of this business, not only for its member-owners but also for the neighborhood, community, or city?

How will workers/consumers be empowered by the development of the business?

Will there be environmental impacts (negative or positive)? What kind? Describe.

What jobs and training opportunities will the business generate?

What is the organization's affirmative action policy? Describe recruitment, hiring, advancement and compensation policies for women, people of color and persons with disabilities.

X. Financial Data & Projections

• Funding requirements and sources

How much money is needed for start-up?

How much money is needed for operating costs until break-even? (working capital)?

Where will necessary funds come from, including member capitalization and external financing?

How much money will be available in reserves? How will reserve funds be obtained and built up?

• Capitalization and ownership

Member share purchases

Describe your goals for member capitalization via share purchases and your plan for achieving them.

For example: "We need \$83,000 to finance our coop. We want 25% of this financing to be provided by our 10 members. Each member will be required to purchase \$2,080 in coop shares. These shares will be purchased by subscription with payments of \$10 per week for the first two years."

Retained earnings, patronage rebates and repurchase of shares

Describe the capital reserves that will be set aside from earnings and not distributed to members.

Describe community reserves that will be set aside from earnings (ie: reserves that will be distributed back to the community).

Describe how profits will be divided amongst coop members and how rebates will be determined.

Describe how shares of members who leave will be repurchased.

- **Income Statement Projections**

Attach income statement projections (with statement of assumptions) for the next three years, projected month by month for at least the first twelve months and quarterly for the next two years.

- **Cash Flow Projections**

Attach cash flow projections (with statement of assumptions) for the next three years projected month by month for at least the first twelve months and quarterly thereafter.

- **Balance Sheet Projections**

Attach balance sheet projections for the beginning of the first year of income statement projections and for year-end for the next three years.

XI. Critical Risks and Contingency Plans

- **Negative factors**

Describe possible variations in actual sales, profits and cash flow compared with your projections.

How will variations in profits or cash flow affect your business?

How will variations in sales affect your business?

Describe possible negative organizational factors, including decline or loss of members and founders.

What other factors might impact the business negatively?

- **Alternative plans of action**

How will you deal with the risks described above?

XII. Future Plans