



**FOOD CO-OP
INITIATIVE**

New co-ops start here.

Cooperative Succession

Strategies for Rural Grocery Stores

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Food Co-op Initiative



Today's Questions

Why should you be considering cooperatives?

How can you increase the likelihood of a successful sale & transition?

What are the unique needs of co-op organizers?

Where can you find support and information?

Top Ten
Reasons to Support Small Businesses

From **Made in USA Challenge**
Buy Local

- 1 Personal Service
- 2 Local Products
- 3 Energy Efficiency
- 4 Community Support
- 5 Sustainability
- 6 Hometown Pride
- 7 Economic Impact
- 8 Social Connections
- 9 Fun Shopping
- 10 Entrepreneurship

madeinusachallenge.com



Considering Co-op



- Leverage small investments of many people
- Responsive to community needs
- Not restricted by corporate profit drive & policies
- Keeps your money local!



Planning Ahead



Store owners!

- What is your succession strategy?
- When should you start the conversation?
- Do you want to keep working? How long?
- Can you afford to carry a loan?



Planning Ahead

Community!

- What is the future of your local grocery store(s)?
- Have you talked to the owners?
- Is there community interest?
- Are there willing organizers?





Seller's Concerns

- Confidentiality
- Future employment (self and staff)
- Fair price





New Co-op's Concerns

- Transparency (access to business info)
- Community outreach
- Site, equipment, and inventory quality
- Capital
- Viability





Organizing Steps



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FOOD CO-OP DEVELOPMENT MODEL



FOUR CORNERSTONES IN THREE STAGES





Cornerstones

- Vision
- Talent
- Capital
- Systems





Timeline

- Organizing
- Feasibility/Planning
- Implementation





Stage 1: Organizing Community Role

Confirm owners' interest

Become a business entity

- Incorporation
- Governance
 - Board
 - Committees
 - Volunteers
 - Accountability
- Systems
 - Accounting
 - Ownership records

Community Support

- Sign up owners
- Seek civic investment/support





Stage 1: Organizing Seller's role

- Provide co-op organizers with business information
- Determine starting point for sale negotiations
- Discuss transition with staff
- Work with organizers to promote the co-op





Stage 2: Feasibility/Planning

The Business Plan

Can the grocery store be a viable business as a cooperative?

- Market research
- Community surveys
- Community meetings
- Startup Budget
- Operating (pro forma) budgets
- Distributors and vendors
- Manager and staff





Stage 3: Implementation

Closing the deal, Opening the store!

- Negotiate terms of sale
- Letter of intent/contingencies
- Raise capital
- Set transition date
- Hire GM and staff (as needed)
- Prepare for renovations, new equipment, etc.
- Plan marketing and grand opening





Resources



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- Resource Library <https://www.fci.coop/resource-library/>
- Co-op Conversion Case Studies <https://www.fci.coop/co-op-conversion-case-study/>
- Guide to Starting a Food Co-op <https://www.fci.coop/fci-guide-starting-food-co-op/>

R G I

Rural Grocery Initiative

Strengthening our stores
Strengthening our communities

<http://www.ruralgrocery.org/>



CooperationWorks!
THE COOPERATIVE DEVELOPMENT NETWORK

<https://cooperationworks.coop/member-locator/#search>



<https://www.rd.usda.gov/>