

Slaithwaite Cooperative Limited
Business Plan 2009-2012

Version 1.1

May 2009

Executive Summary

- We will open a new community owned food retailing business on the premises at 14 Carr Lane, Slaithwaite. Our target launch date is July 4 2009.
- Our primary business goal in the first year is to put the business on to a sound financial footing as soon as possible, aiming to achieve break-even before the end of 2009, moving into profit from 2010 onwards.
- We will offer good quality fresh fruit and vegetables, high quality locally made bread, fresh fish, and a range of complementary chilled and ambient goods.
- We will focus on high standards of customer service, quality fresh produce, and fair pricing.
- We will offer customer-friendly opening hours, and will develop online ordering for collection (and possibly delivery).
- We will seek to source locally grown/made produce where feasible, and will aim to work with local growers and producers to develop the local food economy for the benefit of the whole community.
- We will seek to raise awareness of the benefits of local seasonal food.
- We plan to capitalise the business through a community share issue raising approximately £18,000 over the first year, augmented with grants and loans as needed.
- We aim to deliver a broad range of benefits to the local community, through the provision of good quality healthy foods, the encouragement of the local food economy, and increased awareness of the importance of local food,
- As a social enterprise our goal is financial sustainability, generating sufficient profits to reinvest in the business as required, to contribute to the achievement of our social goals, and to provide for a fair return on the investment of our members.

Our Aims & Objectives

1. To operate a sustainably profitable food business serving the needs of local people in and around Slaithwaite

- Offering healthy eating choices with a range of quality fresh and wholesome products.
- Promoting locally grown and produced food.
- Encouraging local shopping and strengthening the local economy.
- Ploughing profits back into the enterprise and into the local community.

2. Through a community owned cooperative structure enable local people to have a real stake in the enterprise

- Giving local people the opportunity to practically invest in the future of their community, with a mechanism that will reward that investment, both personally and socially.
- Enable local people, businesses and organisations to support and guide the business so that it serves their needs, while remaining commercially viable.
- Strengthening community spirit and the belief that acting together we can make real change happen in our community.

3. To promote the local food economy

- Establishing links between growers and consumers locally and encourage people to become more involved in local production.
- Promote local resilience to external economic influences.
- To develop a lower carbon food production and consumption cycle locally, encouraging greater use of seasonal produce.

Background

The imminent closure of the existing greengrocers in Slaithwaite, following a lengthy period during which the business has been run down, triggered the idea of creating a new business that would meet the needs of local people and offer real choice in respect to fresh fruit and vegetables, and other provisions.

A greengrocery business is a fundamental element of any small retail centre, and we share the view that to lose this business, especially in the current economic climate, could quickly lead to problems in other local retailers, and the very real risk of lasting damage to the local economy.

Those initially involved in the project had a background in social enterprise and knew that the cooperative business model would offer an ideal means both of capitalising the new business, and knitting it tightly in to the local community.

This approach also offered an excellent opportunity to promote the benefits of local food, and to play a role in developing local resilience by helping to develop the local food economy and encouraging more people to become involved in food production locally.

Various consultations over the last 5 years have pointed to interest in building the local food economy links with residents. These include work by the Marsden and Slaithwaite Renaissance programme (2030 Vision) and the “d-Carb” project, which was a precursor to the Marsden and Slaithwaite Transition Towns initiative (MASTT). The links into the community through these two groups, from which several of the founding members of Slaithwaite Cooperative have emerged, have been critical in building the initial community of interest and support around this project.

Early promotion of the idea of a community owned shop generated lots of interest and support, and the steering group was confident that this was sufficient evidence of community interest in the project to proceed.

The registration of Slaithwaite Cooperative Limited with the Financial Services Authority as an Industrial and Provident Society is now complete (reg. no. 30700R). This structure is robust and well proven over 150 years, indeed it is essentially the same legal structure as used by most consumer co-operatives in the UK, including the Co-operative Group, and the Phone Co-op, to name just two of the more well known co-operative businesses.

Slaithwaite Cooperative Limited is negotiating a new lease for the premises at 14 Carr Lane. The target for opening the shop is July 4 2009, although with luck we may be able to open sooner than this.

The Business Proposition

Our proposition is built on 5 pillars:

1. **Quality:** Small shops will always struggle to compete against major food retailers on price. This is not to say that we do not aim to be competitive: we must be if we are to successfully appeal to a broad cross-section of the local population. Where we can be distinctive is in terms of the quality of the food we sell. We can source good quality produce which focuses on flavour, freshness, and provenance, rather than the uniform bland 'showroom' appearance for which supermarket produce is often selected.
2. **Fresh:** as a purveyor of fruit, vegetables fish and dairy products we simply must ensure that our produce is always fresh and wholesome.
3. **Local:** Locally grown and produced foods can be fresher, tastier, better for the environment, and better for our health than produce that has travelled long distances to get to us. Local produce is well liked by customers and can be competitively priced.
4. **Customer Service:** This is a critical aspect, and one that is often overlooked. Simply having the right products available at a fair price is not enough to ensure our success. Friendly, helpful people in the shop, that are knowledgeable, informative and interested in the products we offer, will be essential to our ability to grow the business to the point where it is generating steady profits for our community and our shareholders.
5. **Community Ownership:** Our structure and ownership model roots the business very firmly both in the values and principles of the cooperative tradition, and within the local community. This will drive, for example, our low carbon strategy designed to minimise our impact on our environment.

Product Range

Slaithwaite Cooperative Limited began with the objective of supplying good quality fresh fruit and vegetables with a focus on locally grown produce, high quality real bread from The Handmade Bakery (a partner business) alongside a complementary range of products. Following initial research the following product offer is currently planned:

- Fresh fruit and vegetables locally grown, much by producer members.
- Fresh fruit and vegetables externally grown, where no local supply is available.
- A range of locally made produce, including bread from the Handmade Bakery, eggs, honey, jams, chutneys etc.
- Fresh fish, with a high quality display of fresh fish in the shop and a well marketed range to order.
- Locally produced dairy products, such as from Longley Farm, Delph House Farm, Clever Cow Organics, etc. from within a 30 mile radius.
- Some pre-packed quality cheeses.
- An expanded range of dry and ambient goods, potentially including environmentally friendly cleaning products.
- Seasonal plants and flowers, seeds and seedlings, locally sourced where we can.

- Other complementary products, such as delicatessen, and perhaps harder to find products to make the overall offer distinctive.
- We hope to be able to continue to serve a small number of organisational customers that the previous business serviced, and we will be looking for further opportunities to offer services to businesses and other organisations locally. (Notably we are already in dialogue with Wooldale Cooperative Society about the potential to supply them with locally sourced fruit and vegetables.)
- Local cheeses, and cut to order cheese is being explored.
- Meat products are not currently envisaged, because of the proximity of a good quality butcher.
- A limited range of items aimed at growers is being considered.

The shop is small, and optimum use of the space will need to be achieved. A coherent offer is important.

Taking forward initial suggestions, a formal questionnaire is being developed to enable a better understanding of customer needs and wants.

Opening Hours

We will begin operations with the following opening hours:

| | |
|------------|----------------|
| Monday: | 9 am – 5.30 pm |
| Tuesday: | 9 am – 1.00 pm |
| Wednesday: | 9 am – 5.30 pm |
| Thursday: | 9 am – 7.30 pm |
| Friday: | 9 am – 5.30 pm |
| Saturday: | 9 am – 4.00 pm |
| Sunday: | closed |

Slaithwaite's retailers currently operate half-day closing on Tuesdays, a number of the shops close early on Saturday, and most close on Sunday. The previous closing time of 5.00 pm has been extended to 5.30 pm in order to appeal to many people passing through the village centre at this time of day. We also plan to open later on Thursday evenings to provide an opportunity for commuters and others who may not get back from work until after 5.30 pm to shop with us. This will be combined with an online ordering service where customers can arrange to collect their purchases. Other developments regarding opening hours will be explored.

A delivery service is being explored, and requires thorough research and planning, but we do feel that there is a latent demand for a "veg box plus" delivery service if we can make it work logistically and commercially.

Staffing

The current projected staffing hours (71.5 per week) assume two additional part time employees in addition to Carol Wood, who will be supported by volunteer assistants where we can attract interest.

Our employees are our key asset. Although paid employees will initially receive the minimum wage, -s we achieve break-even a performance related scheme will be implemented to reward employees in line with their contribution to the performance of the business. Improved terms and conditions for employees is an important element of our business philosophy,

and needs to be balanced with the economic reality of operating a small new business.

Development opportunities will be sought and promoted to enable employees and volunteers to develop their skills, knowledge and expertise.

Future Activities and Development Plans

Business Development

The primary focus will remain on operating the shop on a sustainable basis. We will continue to invest in the business and our employees in order to enhance our offer to our customers and our members.

We will innovate in terms of new products and services based on solid research evidence, with the goal of building a strong and resilient business that can continue to serve the changing needs of the local community for many years to come.

Working with Growers and Producers

The future development of the enterprise will focus on developing local grower/producer relationships. The plans for producer development are aligned to the Country Markets model (another cooperative model which evolved from WI markets).

Community Supported Agriculture

Our current thinking with regard to supporting and developing the local food economy, and encouraging stronger links between people, the land, and the food we eat, is through the idea of community supported agriculture, whereby local people are enabled to be more actively involved in agriculture and food production. This could take many forms, and we are keen to explore the potential within the Colne Valley for projects of this nature. Some of the food produced through such a project could be retailed through the shop.

Educational Activities

We are interested in the possibilities of initiating/supporting community focused educational initiatives focussing on food, healthy eating, local resilience, and related issues.

Marketing Plan

We aim to offer a range of products with broad appeal, enabling us to meet the needs of the whole community rather than target a specific segment. This is in part driven by our community owned structure and ethos, and in part by the facts of where we are based: an area of relatively low population density with a fairly even distribution across income groups, which demands a broadly applicable offer.

Primary Market

The business seeks to serve a primary market that is geographically based. The immediate catchment area for the shop includes approx. 5500 people in c.2,600 households, with a wider catchment area (as defined by the Kirklees Colne Valley local area committee boundary) that includes a little over 33,000 people in approx. 14,250 households. (Figures from Kirklees based on 2001 census data).

Secondary markets

We believe that once the business is established and begins to build a reputation for quality and local produce, that we will attract a small yet significant number of customers from further afield.

In addition there is a modest but growing potential in Slaithwaite as a tourist destination, and the shop could add to Slaithwaite's credentials as a worthwhile day-trip destination.

Market Analysis

Our biggest and best piece of "research" is the fact that a greengrocery business has been located at these premises for the last 50 years at least, indicating that there is a fundamental demand for the basic services offered.

The evidence from the accounts of the previous business on the site clearly shows a profitable operation as recently as 18 months ago, and discussions with the proprietor support the evidence that the key reason for the decline over recent months has been his failure to invest in stock and to develop the business.

Strengths, Weaknesses, Opportunities and Threats

What they are, and how we aim to work with them or counter them.

Strengths

- A high level of community interest in the project that should translate into trading support. Effective and ongoing communications with our community of supporters and members to fully engage them with the business.
- Clear interest in and apparent demand for local produce.
- A unique offer in terms of fresh locally produced fruit and vegetables, high quality bread, fish, and the wholefood/ambient/deli range.
- The planned co-location with Handmade Bakery will encourage greater footfall.
- Highly experienced and knowledgeable employee.
- Good location in centre of village close to a good quality local butchers.
- Compact nature of Slaithwaite, people's houses are fairly close to the shop

- A good range of skills and experience within the founding board and other potential members.
- The cooperative ownership model will engender customer loyalty and employee commitment.
- The previous business on the same site has proven that a profitable business can be achieved, as recently as 18 months ago.
- Retail and business management experience on the board.

Weaknesses

- Many local people do their main food shopping outside the village for perceived cost and convenience reasons. We aim to offer a distinctive alternative in terms of “top-up” and specialist shopping, whilst also seeking to serve a small but growing number of customers who need to, or are interested in doing, their main shopping in the village.
- Limited car parking close to the shop. However we are very near a bus stop, there is relatively good free parking within a minute’s walk, and we are exploring the potential for delivery.
- Carrying heavy shopping bags up some of our hills is hard work, especially for older and disabled customers. As above, the delivery option is being researched.
- Limited retail space will constrain the range of products we can offer in-store. With online and telephone ordering facilities we can effectively offer a far wider range of products.
- There are complexities involved with working with a range of small producers producing multiple different products, demanding increased administration and management time. We should be able to balance this by delivering a more attractive range to customers, potentially with better margins.

Opportunities

- The high level of local interest in the project, coupled with our cooperative structure means that we can engage with local people and build a strong community of interest and a loyal customer base that will be our best marketing tool.
- Consumer trends, in terms of interest in local food, shopping locally, low carbon lifestyles, etc., are in our favour.
- The current economic climate is actually benefiting many food retailers, as people move their spending towards food ingredients and increase home cooking activities.
- The potential to develop local growers and producers offers both economic benefits and enhanced local resilience.
- The potential to develop a range of seasonal local produce, including high value soft fruits, at reasonable cost, with low transport costs.
- The opportunity to complement and go well beyond the constrained range offered by the Co-op supermarket in Slaithwaite.
- The potential redevelopment of Globe Mill will bring more people into the village centre to work, creating more potential customers.
- The opportunity to become a supplier of locally sourced produce to other retailers and businesses in the area.

- The ownership by Dartmouth Estates of much of the land locally offers potential for community supported agriculture projects.

Threats

- Supermarkets and discount outlets with which we will be unable to compete on price. This means we must focus on our five “pillars” and deliver outstanding value for money.
- People’s limited time, making it easier to shop at a one-stop-shop. We can attract some of this time-pressed market by offering online/telephone ordering, collection and delivery, and personal service. We can make shopping a pleasurable experience again.
- The Co-op supermarket in Slaithwaite could extend its fresh offer and include locally sourced produce. If promoting local food is part of our aim then we will be successful if this happens. In terms of our own retailing survival and prosperity, we will remain distinctive and deliver value that is beyond the reach of stores like the Co-op.
- The recession makes people more price sensitive. We can offer staples at highly competitive prices, whilst not damaging our overall margins. We deploy the same multi-tiered pricing models that are now standard in large food retailers.

Strategy

Our strategy aims to increase the number of customers that use the shop regularly (at least once a week), to increase the amount of money each customer spends with each transaction, and to encourage customers to become members.

We will also aim to bring in a steady stream of new customers with the goal of turning them into regular customers. Fundamental to the success of this strategy are our five “pillars”: Fresh, Quality, Local, Customer Service, and Community Ownership.

Our product and pricing strategy is simple: we will aim to offer product ranges that are attractive to all sections of the community:

- A basics range of staple products offered at keen price points.
- A mid-range of products selected and priced to meet the needs of the majority of customers.
- A premium range of products, including locally hard to find products, at premium prices.

Marketing Channels

Our promotional strategy will be directed through the following channels:

The Shop Premises:

We have an excellent position in the main parade of shops within the heart of the village, with adjacent on-street parking, close to main bus stop, near to the butcher and other services, including the bank and building society branches, affording high visibility.

- We will refurbish the shop to create a bright, clean and attractive environment.
- External signs and information will inform and invite people to enter the shop.

- External and internal product displays to illustrate the range and quality of our produce.
- More detailed formation inside the shop about the business aims and structure, the local food focus, and a membership invitation.
- Encourage the use of the shop as a hub for community information, with a noticeboard.

Website

We will develop our online presence to extend out from the shop and reach into our members' and customers' homes. This will not only enable customers to apply for membership and make an investment in the cooperative, it will also enable members to order online for subsequent collection (and possibly delivery).

The website can also be used to explore the potential for additional and affiliate services that could be valuable in generating additional revenue streams for the cooperative.

In addition the website will provide a forum space for members and customers to share and discuss issues of interest and concern, and offer a direct channel of communication between members and the board of directors.

Our Members

Our members and customers are our best marketing tool - if we deliver a consistently good service.

- We will keep members and supporters informed and engaged through regular newsletters, in-store information, and via the website as well as ensuring that staff engage positively with all customers.
- Use of on-going market research amongst members and customers to ensure we stay in tune with trends and changing customer needs.
- Regular general meetings and the AGM will foster member engagement and support.
- Encouraging members to volunteer as assistants to learn more about the business.
- Word of mouth: the value of members and customers talking to friends, family and neighbours cannot be overstated.

External Media

We will seek to gain coverage in the local paper, radio/tv stations, locally focused websites, etc.

Direct marketing

Use of targeted leaflet drops or more focused direct mail campaigns, aimed to create awareness and encourage new customers to visit the shop.

Community Engagement and Education

We will seek to actively engage with other local community based organisations to promote the benefits of growing and eating local food, and

healthy eating in general. These activities will in turn increase awareness of our business and generate new customers for us.

Marketing Communications

Our marketing communications will focus on our five “pillars” (Fresh, Quality, Local, Customer Service, and Community Ownership) and the values and issues that stem from these.

For example, as a community owned enterprise we will pursue policies that seek to minimise our impact on the environment. One of the biggest concerns that consumers have is the issue of packaging. Our product range will offer a substantially lower level of packaging than that which is offered by larger competitors.

Communications will be designed to enable us to learn from our customers (e.g.a product suggestion book, regular market research, tasting opportunities) and for our customers and members to learn (e.g. recipe cards, product information sheets, etc.)

Organisational Structure

Slaithwaite Cooperative Limited is registered as a bona fide Cooperative under Industrial and Provident Society legislation. This is a proven and robust legal structure designed specifically to enable democratic ownership and control by the members through a board of directors elected on the basis of one member one vote regardless of the shareholding.

There is an 'asset lock' in place designed to prevent an unscrupulous board from winding up the business and profiting from the assets. The assets can only be passed to another similarly registered entity.

Role and makeup of the Board of Directors

The role of the Board of Directors will be to:

- Formulate the strategy and policy of the business.
- To supervise those (employees and/or volunteers) who are managing the business on a day to day basis.
- To enable those managing the business on a day to day basis to make effective decisions.
- To ensure that the members' capital investment is managed effectively for their benefit and that of the enterprise, in accordance with the aims and objectives of the enterprise.

The board is structured as follows:

- Up to 5 consumer members
- Up to 5 producer members
- Up to 2 tenant members (partner businesses)
- Up to 2 employee members

This structure is designed to give a voice to all of the key stakeholders in the enterprise.

Finances

Start up capital required

We are aiming to raise £15000 in share capital initially, in order to provide sufficient start-up capital for the business plan to be implemented. Our projections indicate that we could proceed with significantly less than this (as little as £10,000), but given that undercapitalisation is the primary cause of new business failure the founding board would be extremely cautious about proceeding if the level of share capital raised was this far below our target.

In addition to share capital, we are confident of a loan of £3000 from a local supporter. We have confirmed £4500 in grant from the Development Trusts Association, with a good possibility (although not yet confirmed) of a further £10,000 (£5,000 grant, £5,000 loan) from Key Fund Yorkshire. We also have an application in process to the Lottery funded Local Food grants scheme for £10,000. We will be making an application to the Jo Barnes Fund for approx. £400 to support our initial refurbishment costs. We are actively pursuing several other funding sources.

Financial projections

Profit and Loss

| Year | 09/10 | 10/11 | 11/12 |
|---------------|-------------|-------------|-------------|
| Revenue | 134000 | 181000 | 203000 |
| Cost of sales | 82000 | 119000 | 134000 |
| Gross Profit | 52000 | 62000 | 69000 |
| Margin% | 34% | 34% | 34% |
| Overheads | 49000 | 54000 | 63000 |
| Profit | 3000 | 8000 | 6000 |

Cashflow

| | | | |
|-----------------|--------|--------|--------|
| Total Receipts | 158000 | 186000 | 208000 |
| Total Payments | 145000 | 181000 | 199000 |
| Net Cashflow | 13000 | 5000 | 9000 |
| Opening Balance | 0 | 13000 | 18000 |
| Closing Balance | 13000 | 18000 | 27000 |

*Changes to the figures compared with version 1.0 of this plan are due to clarification on likely rental payments for the premises.

All figures are rounded to the nearest 1000.

Projected Balance Sheets will be available in the next version of this document.

Who's Who

Carol Wood

Central to the entire operation, Carol has been the main employee at The Artichoke, and we are working to ensure that she will be central to our operations when the new shop is launched. Carol has a wealth of relevant knowledge and experience that is vital to our success.

She knows the business, she knows the customers, and we are all looking to her for her expertise and common sense insight into what will work, and what won't.

Steering Group Members

Helen Coxan: Helen is one of the four founding directors of the cooperative, and is taking responsibility for the all-important work of planning and coordinating all employee, volunteer and HR issues. Helen is a teacher by profession, and the original concept of a community owned shop to replace The Artichoke is largely hers. Helen is currently chair of Slaithwaite Playgroup and Toddlers Association, and a parent governor at Two Gates School.

Camilla Govan: Our Society Secretary, Camilla is currently doing excellent work on the business plan, and is keen to develop our connections with local growers and producers. Camilla has a background in community economic regeneration, most recently with the charity Action for Market Towns, and has a good business brain backed up with solid experience in social enterprise. She is currently vice chair of the Marsden and Slaithwaite Renaissance steering group.

Richard Izzard: Richard participated in the first public meeting we held in early May, and approached us straight after the meeting, dead keen to get involved. He works for the Consumer Credit Counselling Service, he has loads of useful retail experience, and is also part of the Moonraking Festival team.

Graham Mitchell: This will be Graham's third cooperative start-up. The first, an employee owned cooperative was started in 1988 and is still going strong to this day. The second provides Graham's current paid employment, and is currently based in the office above the shop, which is how he got to learn about the likely demise of The Artichoke at an early stage. Graham took the exciting idea of a community owned solution to the closure of The Artichoke and has worked with the other members of the steering group to bring the project to fruition. He is chair of the steering group and one of the founder directors of Slaithwaite Cooperative Limited. Graham is also a member of the Marsden and Slaithwaite Renaissance steering group.

Fiona Russell: Fiona got involved in the project through her role as a member of the Marsden and Slaithwaite Renaissance steering group. Fiona is a writer and journalist, whose work regularly features in the Yorkshire Post. Fiona has also been a keen producer member of the Holmfirth Country Markets cooperative, and has lots of invaluable knowledge and expertise to bring to the table. She is a founder director of Slaithwaite Cooperative Limited, and is looking after our media relations at present.

Jenny Stein: Jenny has just recently agreed to act as Treasurer for the Cooperative, and comes to the steering group with solid and relevant experience as a finance specialist with Suma, the major independent wholefoods distributor, based in Elland.

Susan Thomas: Susan is the most recent member of the steering group. she lives in Old Lindley, and has useful retailing and business experience.

Jon Walker: Jon has many years experience both with cooperatives and in the food business, both in wholesaling and distribution, and in retailing, so it was natural, to say nothing of being extremely useful, for him to be involved. He is taking responsibility for the refurbishment and refitting of the premises amongst other things, and would have been a founder director of Slaithwaite Cooperative Limited if he had been available to sign the papers. Jon is the treasurer of Marsden and Slaithwaite Transition Towns initiative (MASTT).

The Handmade Bakery

Right from the start we have been working closely with the team at The Handmade Bakery. Currently a three strong employee-owned craft bakery, Dan, Johanna and Matt began trading earlier this year out of borrowed kitchen and retail space in Mozzarella's in Marsden, producing and retailing some of the best bread we have ever tasted. In their brief history to date the bakery is already receiving attention nationally and winning recognition for the quality of their bread.

Their need for space coincided neatly with the opportunity to do something at 14 Carr Lane in Slaithwaite, and we think this project is a brilliant symbiotic relationship that will strengthen both businesses. It certainly gives our shop a head start when it comes to working with local producers! Bringing the Handmade Bakery to Slaithwaite is a major coup!