



Planning the Co-op's Business

Before starting a cooperative business, it is important to ensure all members have the same view of the business's purpose. Without a specific plan, any business can lose focus of the original intent and direction, especially a co-op that reflects the visions and ideas of a group of entrepreneurs and not any one specific founder.

A well-crafted business plan will lay out what you plan to do, how you plan to do it, when, where, and why. You can flesh out your business concept by asking the Board or Steering Committee a series of investigative questions.

Simply put:

A business plan is a document summarizing the important thinking conducted before a business actually starts.

It is a summary of where it is going for the near-term and how it is going to get there.

This planning process serves several purposes. First, it ensures all co-op members know what they are getting into. Members should know what the co-op intends to do so they can judge whether they will join or invest. Second, the Board and/or managers can look back at the business plan as problems or unexpected opportunities arise. This will help to ensure that decisions made in the future will fit with decisions made today. A business plan will also be necessary if a co-op seeks financing from a bank; a well thought out business plan will be required to put potential lenders minds at ease about an enterprise they are considering lending to.

In a co-op, a business plan should reflect the consensus of the steering committee or board members and demonstrate their compelling economic interest to participate. While the specific language does not matter as much, the authors should agree on the ideas that guide the co-op. Consensus will guarantee the co-op is serving the broadest group of potential members and work to meet growth targets.

A business plan is comprised of several sections, what follows is intended to be a brief sample outline to bring the overall document into perspective:

Executive Summary

This is a brief overview of the entire plan. The executive summary goes at the front of your business plan and gives readers an idea what to expect as they continue reading.

Prompts: How will you quickly engage potential members and customers in the co-op? What are the most important points from each section?

Company Overview

This section is the biography of your cooperative. Here you will tell the purpose of your co-op, how the concept was developed, and the current state of the business.

Prompts: What is the purpose of the co-op? How did this idea begin, and how has it developed into what it is today?

Products and Services

Whether it is farmers selling seeds together, or neighbors starting a local grocery store, a cooperative must be guided by what it does.

Prompts: What does the co-op do or sell? Who are your customers? How much does the product cost? What makes your product special?

Industry and Market Analysis

Here you should consider the market you will pursue.

Prompts: What are the barriers to entry in this market? What other organizations are already in the market? Who are your customers? What do they want? Your feasibility study is very useful here, since you should have answered most of these questions in that document.

Marketing Strategy

With your market information in hand, you should spell out how you will address the market.

Prompts: You know what your customers want, how will you deliver that product or service/convince potential customers to buy from you? Your market strategy should explain how you plan to produce and distribute your product or service.

Management

The management section explains the structure of your organization, board of directors, identify management and explain why you are particularly suited to the industry you are pursuing.

Prompts: Who is your board? How is the co-op structured? What makes them well suited to working in this industry?

Schedule of Events

Set both your short and long-term goals and consider what obstacles you could face in meeting these goals. Present a list of critical dates so that you can be sure no important events get past you.

Prompts: What are your goals-short and long term? What obstacles could you face? When will these things be done? How can success be measured?

Summary of Financials

What is a business without money? This is just as true for a cooperative business as any other. In this section, you will spell out the finances of your cooperative.

Prompts: Do you need financing? If so how much? How much you can make per product? How many units you plan to sell? What are your start-up and operating expenses?

For More Info:

The Small Business Association's guide to starting a business:

www.sba.gov/smallbusinessplanner/index.html

A template for business plan writing provided by the Canadian Business Network:

www.canadabusiness.ca/ibp/eng/lgn.cfm

A collection of sample business plans: www.bplans.com/sample_business_plans.cfm

Aimed at strategic plans, these are the types of questions to consider while writing a business plan:

www.planware.org/strategicplan.htm