

Business Plan



Greener Pastures Natural Foods Co-op & Wellness Center

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Prepared for Community of McLeod County
Created by ARG & Company, St. Paul MN

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2. Business Description & Vision

Mission Statement

Our mission is to enhance the quality of life in our community through a member owned store that provides the best nutrition, education, preventative medicine, partnerships with local farmers and initiatives that strengthen and enhance us as a community.

Company Vision

Our vision is to create a member-owned natural foods cooperative and retail store for our community that educates and promotes organic, natural, local foods, education and which serve the community through the support of non-profits. The organization would operate in the form of a retail store with education room(s) and dining area. The store would ideally include a multi-seating space for guests, classes/education, wellness area, full deli, meat department, produce, fresh/frozen foods, general grocery, bulk foods, water filtration system, gardening center and more.

Goals and Objectives

To make natural foods and education available to the majority in McLeod and surrounding areas.

History of Business

2014-2015 Market Research, Co-op Planning, Feasibility Study, 200+ community member meeting, turned down by National Co-Op Grocers Network, University Ave St. Paul office for partnership/buying group.

2015 -- LLC (Sole Proprietor) Health Nut Pantry Store Opening!! September

2016 -- 300,000+ Sales!!

2017 -- 160,000 Sales -- Owner becomes ill March 2017

2018 -- Business for sale

2018 -- May 1st Business acquired by Co-operative board as Natural Foods Co-op

Key Company Principles

The Seven Cooperative Principles

1. Open and Voluntary Membership

Co-ops do not limit, for any social, political, or religious reasons, who may join and become a co-owner of the co-op. Co-ops are open to anyone who can make use of their services and is willing to accept the responsibilities involved.

2. Democratic Member Control

All co-op members have equal voting and decision-making power in the governance of the business, on the basis of one vote per membership.

3. Member Economic Participation

Co-ops—and their money—are owned and controlled by their members. Members provide the basic capital (money) to start and operate the co-op. If co-ops pay dividends to their member-owners, the rate must be limited. Surplus, or profit, resulting from the operations of the co-op belongs to the members, and they control how it will be distributed. If a co-op's surplus is returned to members, it will be distributed in proportion to the amount of business each member has conducted with the cooperative.

4. Autonomy and Independence

Cooperatives are independent self-help organizations controlled by their members. They limit the influence of outside agencies or business partners to ensure their independence.

5. Education, Training, and Information

Co-ops have an obligation and need to educate members about co-ops. This mandate also encompasses educating the general public, young people, and community leaders about the nature and benefits of cooperation.

6. Cooperation Among Cooperatives

Co-ops recognize the vital importance of working with other co-ops—locally, regionally, nationally, and internationally. Through these efforts, co-ops try to help each other—to strengthen their economic positions and to contribute to the co-op movement. This principle of “cooperation among co-ops” extends the idea of working together to the organizational level.

7. Concern for Community

While member needs are their primary concern, cooperatives also work for the sustainable development of their communities.

3. Definition of Market

Our business industry and outlook.

(From May 2018 Twin Cities Business Magazine) Twin Cities is home to one of the first natural food co-ops and continues to host the most co-op food businesses per capita in the nation. There are 330 food co-ops in America, 130 of them founded within the past 10 years. 74% of Twin Cities Co-op sales are to members.

Critical needs of our perceived or existing market.

There is not currently a dedicated source for organic and natural foods within a 40 mile radius of Glencoe.

Our target market.

“Today's consumer wants to know where and how their food is produced and many are willing to pay more in order to support the environment, animal welfare and small local farms, while keeping dollars in the community. Consumers are voting with their dollars, buying from places they feel are transparent.” (May 2018 Twin Cities Business).

A general profile of our targeted clients.

Our targeted clients are people who live within a 40+ mile radius of Glencoe who are looking to buy organic/natural foods for socio-environmental reasons, preventative health reasons, or because they are trying to treat current illness or want to get their health questions answers.

We are looking to partner with the conscious consumer and grower. Our partnerships serve the community by selling local produce at better margins to farmers, offering education on a healthier lifestyle to consumers, offering rewarding work environment to employees, carrying nutritious food for the community and creating opportunities for everyone to partner with their neighbors through non-profits, community activism or initiatives that improve the quality of life in our area.

Co-ops spend **24%** of revenue on wages and benefits vs. **16%** at conventional grocers.

21% of co-ops products come from local or cooperative producers vs. **2%** in conventional stores.

The average co-op recycles **81%** of its plastic waste and composts **74%** of its food waste vs **29%** of plastic waste and **36%** of food waste, respectively, for corporate grocers. (May 2018 Twin Cities Business).

Share of the market we currently have and/or anticipate.

Competition is stiff. Target, Walmart and Cash Wise/Coborns & Aldi are our chief competitors. Cash Wise/Coborns have natural foods sections, Walmart and Aldi carry some organic produce, Target, Walmart and Aldi all have a small amount of natural foods dispersed throughout the store.

Co-op stores were created by member-owners and guided by the shared mission of providing whole, healthy, organic and local foods from farmers and producers that use sustainable practices, pay fair wages, use fair trade and contribute to local economy. Co-ops are not bound by higher up corporate decisions that force cookie cutter inventories into their stores. Co-ops offer local, wider variety of inventory tailored to our area and customer.

The co-ops' ability to continue to drive growth with substantially smaller stores and more limited selections of all manner of goods than their commercial rivals is due to their mission-driven approach. “Conventional stores are marketing organics,” says Exec Dir of Cooperative Development Services (advisor to co-ops). “Co-ops do more than sell products, their value proposition is relationships - relationships with members, employees, the community, and the environment.”

4. Description of Products and Services

Our products and services specifically described.

Our goal is to provide high-quality, local, natural and organic products, supplements, soup/salad bar along with transparency on how the food is sourced and produced. From organic farmers, ranchers and processors in a variety of partnerships. We carry fresh produce, frozen foods, dairy, vitamins, minerals, herbs, bulk, dry goods, home health care products, meats and more.

How our products and services are competitive.

Our competition sells “low hanging fruit”, products and brands that are ubiquitous. Our competition lacks dedicated, educated staff that can answer customer questions adequately. The co-op has the knowledge and has a larger more varied supplier base that allows them to make more informed inventory decisions and hence offer customers truly superior product choices over what is available at chain stores (our competition). A co-op also has staff that can offer customers the support they need in making their purchasing decisions.

There is only one place that combines the factors of community support/involvement, nutritious selection, educational opportunities and natural healthy remedies -- that is a natural foods co-op. We will face competition from other stores. We know this. We also know that our greatest service to the community is not only the items we sell but the value we add to those items. That value includes bringing together local sellers, offering the highest quality nutrition and supplements, educating the consumer/community, creating handmade food items, recipes and combinations that educate and service the community as well as provide opportunities for volunteer and employment.

Pictures or brochures of products, in the appendix.

5. Organization & Management

Description of how our company is organized as well as an organization chart, if available.

The co-op is first formed as a board of directors. That is where the key principles are formed and decided upon. After the first year the board elects by members and governs the management of the co-op. Department Managers are hired by the board - some work in store and some work from an office or home. Team members beyond this are both paid and unpaid/volunteer. For an organizational chart see appendix.

Philosophy and management: Empowerment is a deliberate goal. The idea is we're more powerful when power is distributed. The goal for everyone in the organization is to know how their actions and decisions contribute to the overall goals and objectives of the co-op, including how they relate to our values and our financial positions.

Legal structure of our business (proprietorship, partnership, corporation, etc.).

We will registered as a C-corporation and be owned by shareholders. In our case, as a co-op, our shareholders are our members. Member-owners receive a share of the profits when there is a surplus.

Identify necessary or special licenses and/or permits our business operates with.

We are required to be licensed in three areas:

- 1) Minnesota Department of Health
- 2) Minnesota Department of Agriculture
- 3) Food Service Management

Brief bio description of key managers within the company.

Alycia Gruenhagen, Board Member - Project Manager

B.S. in Marketing and Business, Alycia has experience in the corporate world as well as with the development of a small local family business in Glencoe, MN. She brings to the table and knowledge of the market, and background in business, experience utilizing technology for business solutions and passion for a natural foods co-op model in our community.

See resume in appendix.

Karl Holmberg, Board Member - Food Service Manager

Karl has a wide background in laboratory work for various industries including medical devices, polymers, and especially food processing. He also has Pilot Plant and Quality Assurance experience in coffee, dairy, ice cream, flavorings, cheese/whey, and eggs. The state of Minnesota recently confirmed Karl's commitment to pathogen-free eating by issuing him the Food Service Manager Certificate thru ServSafe LLC.

See resume in appendix.

Carol Streufert, Board Member - Membership Coordinator/Treasurer

Carol worked as an x-ray technician in a traditional hospital setting. She has a wealth understanding in the world of healthcare and nutrition. Through years of experience, Carol has learned a lot in addressing her own health issues through the use of alternative medicine, foods and supplements. She has learned ways to help the body to heal naturally and is passionate about being able to share this journey with others.

See resume in appendix.

Dawn Artmann, Board Member - Wellness Manager

See resume in appendix.

Alexandra Woodmansee - Buying/Nutrition

Alex has managed the Health Nut Pantry since December 2017. Her responsibilities have included scheduling employees, buying, food service, finances, education, social-media promotion and general management of the store. She is also a former teacher who has run her own home based jewelry business since 1988. She brings with her a passion for healthy eating and natural healing.

Education Coordinator - to be filled.

Treasurer/Financial - to be filled.

6. Marketing & Sales Strategy

Identify and describe our market – who our customers are and what the demand is for our products & services.

We consider our market to include an approximate 40 mile radius of Glencoe. This is because there are currently no other natural foods co-op within that area. This is the primary indicator of what the demand for our products and services is.

Our channels of distribution.

We are a single brick and mortar retail outlet. There is no channel of distribution.

Sales strategy, specific to pricing, promotion, products and place (4Ps).

Shelves don't sell **products**, people do. Our staff is better at telling our story than any advertising, they take pride in their workplace. Employees know members' names and they know the products we carry. Cashiers can direct a customer to the right aisle to find what they're seeking. Produce staff do more than stack apples -- they know the different varieties and the names of the orchards. We have knowledgeable staff and that is key to our sales strategy.

Our **pricing** is set to reflect that value of our team and the work of their hands. If we brought it in for a low cost let's sell it at a low price. If we made something of it, that is where our cause and our mission can be advanced through profit. The education, the ideas, the work of our hands is the value behind this store and that is where higher markups will be seen.

Word of mouth is the best **promotional** tool we have. Open communication with members and prospective members is one of the 7 Key Co-Op Values. We adhere to this strongly with spoken and written values in store as well as news updates online and through email. We aim to keep sharing the good news about Co-op membership through community partnerships and outreach. Let others praise us - not our own mouths.

Education is another key **promotional** tool. If we have not made our area a healthier and more knowledgeable through nutrition and education we have failed. The co-op is not just about selling memberships and groceries. It's about altering the consciousness of the area to a more health conscious consumer enhancing lives and improving health.

Other **promotional** avenues include a member newsletter that will announce new products and specials, exterior signage, cooperating with other local businesses to hang flyers, place business cards, etc and partner in local events.

We occupy a "**place**" in the downtown area of Glencoe visible to all residents and visitors. We are also at the center of a 40 mile radius where there is currently no other natural foods co-op. The other "place" we occupy is with other co-ops where we support one another as a group as stated in the 7 Co-op Principles - "cooperation among cooperatives".

7. Financial Management

Income statements/Tax Return

Health Nut Pantry 2016, 2017

See appendix.

Cash flow statement

Projected 2019

See appendix.

Current personal financial statement - Principals

See appendix.

8. Appendices

Company brochures

Organizational Chart

Resumes of key employees

List of business equipment

Pictures of business location and products

Information supporting the growth of our industry and/or products

Financials

Key business agreements, such as lease, contracts, etc.

Company Brochures

Organizational Chart

Resumes Of Key Employees

List of Business Equipment

Pictures of Business & Products

Information Supporting the Growth of the Natural Foods Co-Op Industry

Key Business Agreements (Lease, Contracts, Etc)

Financials

Key Business Agreements