

Youth Cooperative Toolkit

Prepared for:

Eva Clarke
Mattapan CDC & Faith Partnerships

Prepared by:

Kiara Nagel
Khalil Shahyd
Michael Weisner

MIT's Dept. for Urban Studies and Planning
Prof. J. Philip Thompson

May 21, 2005

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DEDICATION AND CITATION

We created the Youth Cooperative Toolkit for organizers, community development practitioners, and others on the front lines of community building work to share this information and continue to think creatively about developing assets and resources for their communities. Most of the core ideas and training materials can be credited to Lyn Benander and Shakoor Anjawani of the Cooperative Development Institute (CDI) in Greenfield, MA. We thank them for sharing their rich experience and knowledge in the field of cooperative development through a series of trainings for Phil Thompson's course, "Community-Owned Enterprise and Civic Engagement," at MIT's Department of Urban Studies.

INTRODUCTION

Background:

Eva Clarke, former Executive Director and current consultant at the Mattapan CDC in Boston, approached Prof. Phil Thompson about her idea of creating a youth cooperative. She was inspired by an online article about a group of 8th graders in the Bronx who, along with entrepreneurship advisor Khadijah Fajr Muhammad, created "So Fresh and So Clean."

So Fresh and So Clean makes a variety of soaps and shampoos using organic ingredients from a local community organic garden. The herbs grown include lavender, peppermint, lemongrass, sage, and rosemary. They have turned these products into soaps, shampoos, floral air fresheners, and a new children's cherry and orange bubble bath.

Eva Clarke, who now works as a consultant for both the Mattapan CDC and an organization called Faith Partnerships is hoping to lead the development of this new cooperative youth-run business.

Our Project:

As part of Prof. Thompson's course, "Community-Owned Enterprise and Civic Participation," we were given the task of laying the groundwork for this new youth-run business - focusing on the potential for forming a cooperative enterprise, owned and managed by the young people themselves.

The concept for this cooperative business is that students could work with existing local community gardens in Boston - including a garden at the Kennedy Playground in Mattapan, one at the Boston Nature Center (where there is also a greenhouse), and perhaps other locations around the city. Products would be

marketed and sold through local small stores and perhaps some chains (maybe Trader Joe's or Whole Foods).

In addition to the entrepreneurship and cooperative experience of this business, the non-business side of the project would provide educational opportunities for participating youth. There would be business/cooperative training, lessons about sustainable agriculture and community gardening, and a science component based on the production process of creating the soaps, shampoos and other products.

About This Toolkit:

While we were, and still are, extremely excited about the potential for this project, we had some initial concerns. We met with Eva Clarke and toured the Mattapan neighborhood, the community garden at Kennedy Playground, and Mattapan CDC. We heard her ideas for future development and plans for the youth but, given the timing of the project, we were not able to meet with any youth - the potential members of this cooperative.

As part of our course at MIT, we received multiple trainings on cooperative development from consultants Lyn Benander and Shakoor Anjawani, of the Cooperative Development Institute (CDI). A consistent part of their advice to us in helping get a cooperative business off the ground was that the members needed to be invested, have full buy-in, and actively participate from the beginning in setting their vision and goals. As we did not have an extended period of time to work with the youth directly, we were not able to help them work through this process together. Our fear was that we would dictate exactly what these young people were going to sell, how they would be structured, what roles they would have, their branding and marketing decisions, and in doing so, take that democratic control out of their hands.

Therefore, we decided, after discussions with Eva Clarke and others, that the best value we could add to their efforts was to create a "Toolkit." In developing this toolkit we had multiple goals in mind. The three goals are:

1. To provide **background information**, and resources to Eva Clarke and Mattapan CDC staff;
2. To provide **materials to be used with the youth** - the co-op members - as they define their goals, set up their co-op, and start-up their business;
3. To demonstrate to **potential investors and funders** that this project has momentum and real potential.

We are excited to see, over the next 6 months to a year, this project take off. We hope that this Toolkit can provide some valuable resource in an energetic, innovative,

entrepreneurial group of young people starting a cooperative business!

SECTION 1

BACKGROUND ON CO-OPS AND YOUTH CO-OPS

1.1 Background on Cooperatives

This section provides a basic introduction to cooperatives - how are they defined, what are examples of co-ops, what are their principles, and what are their values? For a more detailed introduction to cooperatives, see the Resources (Section 1.4) below.

What is a Cooperative?

A cooperative, or co-op, is a group of people who join together and work toward their shared economic goals through jointly-owned and democratically operated business.

A co-op is a business that is owned and controlled by the people that use it - it's members!

Cooperatives are similar in many ways to basic businesses. They provide similar services, follow similar business practices, and have boards of directors. However, in important ways, co-ops are different. Unlike businesses that are owned by a single person or passive shareholders, a co-op is member owned and democratically run.

Patronage refunds: In a co-op, the profits at the end of the year are distributed to its members. These distributed earnings are called patronage refunds. They are paid based on the amount of business the member did with the cooperative that year.

Co-ops are motivated to serve their members, not to make profits for shareholders and investors. Unlike a for-profit business where owners maximize profits that they keep, in a co-op, profits are returned to members based on their use of the co-op itself. This is called a patronage refund.

Table 1: Types of Cooperatives

<p>[1] Consumer</p>	<p>Members of consumer co-ops come together to purchase goods like groceries, financial services (like credit unions), health care, and utilities (like electricity).</p> <p><i>Examples</i></p> <ul style="list-style-type: none"> • Grocery stores (see Harvest Co-op, http://www.harvestcoop.com) • Credit unions (see Tremont Credit Union, http://www.tremontcu.org)
<p>[2] Producer</p>	<p>Members of producer co-ops purchase supplies, usually in bulk, and jointly market each other's products. They often are made up of farmers or craft producers.</p> <p><i>Examples</i></p> <ul style="list-style-type: none"> • Agriculture / Farming co-ops (Florida's Natural juice, http://www.floridasnatural.com) • Other farmer-owned examples include SunKist, SunMaid, Blue Diamond, Ocean Spray, and Land-o-Lakes.
<p>[3] Employee</p>	<p>Members of employee-owned co-ops are the workers themselves. Each member-worker has a vote in decisions about the business.</p> <p><i>Examples</i></p> <ul style="list-style-type: none"> • Health care (Cooperative Home Care Associates, 550 employee-owners, http://www.paraprofessional.org/Sections/chca.htm) • Cab companies (Union Cab in Madison, WI, http://www.unioncab.com)
<p>[4] Purchasing</p>	<p>Members of purchasing co-ops are other businesses, non-profit organizations, or other cooperatives that come together to increase their purchasing power.</p> <p><i>Examples</i></p> <ul style="list-style-type: none"> • Hardware (ACE Hardware and TruServ, http://www.acehardware.com) • Wholesale Food (Unified Foodservice Purchasing Co-op, http://www.ufpc.com/)

Principles and Values

Almost every cooperative holds itself to seven common principles. Some co-ops change them a little to fit their mission.

1. Voluntary and Open Membership
Nobody should be forced to join, and nobody should be restricted from joining.
2. Democratic Member Control
One member, one vote.
3. Member Economic Participation
Members contribute equitably to the co-op's capital.
4. Autonomy and Independence
Co-ops are independent. If they partner with anyone else, they stay independent.
5. Education, Training and Information
Co-ops educate members, employees, the public, and youth about benefits of cooperation.
6. Cooperation Among Cooperatives
As part of the cooperative movement, co-ops work together with other co-op.
7. Concern for Community
Co-ops work to foster the sustainable development of their communities.

In addition to these principles, there are many values that are adopted by the majority of cooperatives. These values include: self-help, honesty, democracy, equality, equity, solidarity, and ethical behavior in business.

Co-ops have a long history that spans the globe. There are so many different kinds of co-ops that is hard to define them. Here are some facts¹ about co-ops in the U.S.:

- 3200 agricultural cooperatives, with a membership of 3 million, account for around \$103 billion in net business volume
- Credit unions have over 80 million members and assets in excess of \$100 billion.
- Rural electric cooperatives operate more than half of the electric distribution lines in the United States and provide electricity for 26 million people.
- There are approximately one million cooperative housing units serving households with a range of income levels and housing needs.

¹ The list below is from the "Co-ops and You!" website, <http://www.wisc.edu/coops/introduction.html>

- Cooperative health maintenance organizations (HMOs) provide health care services to nearly 1.4 million American families.
- More than 40,000 different cooperatives provide more than 100 million Americans with a wide range of goods and services and account for \$123 billion in net business volume

1.2 Youth and Cooperatives

This section examines three cases of cooperatives that have incorporated youth into their mission and activities. An overview of each cooperative and its youth activities is provided along with contact information.

Case Study: So Fresh and So Clean, Bronx, NY

The story of So Fresh and So Clean is the story that launched the concept for a Mattapan youth cooperative. Located in the Bronx, the 8th grade workers in So Fresh and So Clean turn herbs from a community garden - including lavender, peppermint, lemongrass, sage, rosemary - into soaps, air fresheners, and bubble bath products.

The Learning Tree sponsors and supports this youth business. According to Khadija Fajr Muhammad, who helped found So Fresh and So Clean, "For years, the Learning Tree has been conducting a gardening program. One day we realized that we had this over abundance of herbs of the program."

This gave them the "seed" of an idea to start the business. Fajr Muhammad explained, "So we decided to make soap from the herbs in the garden. Eventually we decided to bring more to the program. So we went into making shampoo and insect repellent."

Starting from lower grades, each grade does something specific. By eighth grade, the students do an entrepreneurship program as part of their senior activity before they graduate on to 9th grade. Generally, the bulk of real gardening is during the summer program. In the fall they have a training process and make product from plants the grow

At first, they did not have any outside funding. **The next year the students invested in themselves.** Students were willing to do this since they make something from selling the product. Another year, we started with seed money.

When asked if they would share their business plan, they admitted that they never developed a formal business plan. Fajr Muhammad told us, "We then just kept reinvesting the seed money and that keeps turning over year by year. And each year, we experiment to see how we can upgrade the program."

The products are sold in three stores. Each store came to be a retail partner with So Fresh and So Clean in a different way. The first store the Learning Tree staff reached out signed on to get the account. With the second store, one of the students recruited the retailer. In the third case, the store reached out itself after seeing the product being sold at a Kwanzaa festival put on by the Learning Tree. But the products

are not only sold in stores - the students also sell the products individually. They man every school function, like recital and other events.

The students, and their business, are also getting some international exposure. In fact, in April, 2005, the students went to South Africa. They took along their soap products to show other students and to get in contact with students doing similar sorts of projects. This was not even their first international trip. They went to Ghana two years ago and found that in Ghana, they make soap out of the palm plant.

For this project, we approached So Fresh and So Clean and the Learning Tree about the possibility of Mattapan students visiting. Fajr Muhammad seemed open to it, but needed to speak with the principal. She asked that in terms of scheduling, they are given a few weeks notice at least.

Contact information:

Khadija Fajr Muhammad
The Learning Tree Cultural Preparatory School
801 Bartholdi Street
Bronx, NY 10467
(718) 944-0958

Case Study: Nuestras Raíces, Holyoke, MA

Nuestras Raíces is a grass-roots organization that promotes economic, human and community development in Holyoke, Massachusetts through projects relating to food, agriculture and the environment. In addition to maintaining community gardens and supporting education, health and community development initiatives around the city, they have taken an interesting approach to economic development that involves youth and creative strategies of micro-enterprise.

Nuestras Raíces runs an after school program for youth that focuses on environmental justice and urban agriculture. The youth maintain their own garden and work with other community residents, college students, and community elders around the gardens. They have spoken at conferences, led workshops for other youth and adults on urban agriculture and the importance of community gardens and community building work in their neighborhood.

The Centro Agrícola Project has transformed an abandoned building and vacant lot into a vibrant center for small business development and community education. The Centro Agrícola includes an outdoor plaza, a restaurant space, a shared-use community kitchen, a bilingual library, and meeting space. The youth painted a large mural along the exterior of the building that lines the plaza on the corner of Cabot and Main Street, boldly visible to passing traffic on the busy intersection. The restaurant, *Mi Plaza*, opened and provides another business

opportunity and a gathering space and place to market goods from the gardens. At the same time, micro-enterprise initiatives have emerged from the Centro, including a canning of garden products and a marketing of *sofrito*, a traditional Puerto Rican sauce.. Finally, a bakery opened in the Centre. *El Jardin* is a for-profit business housed with the non-profit of Nuestras Raices. The profits are shared in some ways (not sure of exact details of financial structure but they may be willing to share this with you).

Recently, Nuestras Raices acquired a large plot of land on the edge of the city to expand their farming initiatives. They continue to grow and experiment with different business ventures and community development strategies that seek to empower residents and youth and improve their community.

Contact information:

Nuestras Raices CDC
Executive Director: Dan Ross
329 Main Street
Holyoke, MA
Phone: 413-535-1789
Fax: 413-535-1100
www.nuestras-raices.org

Case Study: Alternatives FCU, Ithaca, NY

Alternatives Federal Credit Union (FCU) has been working with youth for over 15 years now. In recent years, its youth members have been playing an increasingly active role. Credit unions are cooperative financial institutions owned by their members. Like other cooperative businesses, credit unions are democratically operated by their members, who each get one vote and elect a board and vote on other issues during annual meetings.

In addition to their main branch, Alternatives now has branches open in local middle and high schools - their Student Credit Unions. At these credit unions are run by students themselves. "The staff are all under 19 years of age and are trained as tellers, marketers, loan officers, and financial educators, and are given the opportunity to organize their credit union."

Middle school students can open an account with only a \$1 deposit. Over the school year, as they save small amounts each week, they learn the power of saving. The student members who run the school branches receive training from Alternatives, and work alongside the adult tellers in the main branch each Friday afternoon. This provides great work experience - whether they choose to work in a credit union or bank in the future or not.

The youth members of Alternatives' Student Credit Union branches can do more than just save money. With an adult co-signer, the young people can open a checking account, apply for loans, and even get a credit card. By learning how to responsibly use checks and pay back loans and credit card bills, these cooperative members are building important skills and habits at an early age.

Contact Information:

Alternatives Federal Credit Union
125 North Fulton Street
Ithaca, NY 14850
(607)273-4611
www.alternatives.org

1.3 Legal Issues²

Disclaimer: None of the authors of this Toolkit are lawyers. While we hope the information here provides a good start, we highly recommend consulting with a *lawyer familiar with cooperatives*, when establishing the co-op.

The tax code of the United States gives special status for cooperative businesses. Under Subchapter T of the IRS tax code, cooperatives are defined as businesses that are owned and controlled by their members, and where profits are returned to their members.

Qualifying cooperative businesses only have to be **pay taxes** at either the corporate or the individual level, but not both. This is different than traditional corporations. C-corporations have to pay taxes on corporate profits and then individual investors pay taxes on the dividends they receive. So if members of a co-op receive **patronage refunds**, these need to be recorded on their individual income tax returns.

There are **two paths** to becoming a cooperative business under the IRS guidelines:

1. Incorporate under a co-op statute in your state; or
2. Incorporate as a C-corporation and adopt cooperative by-laws.

Limited Liability Corporations (LLCs) can operate cooperatively, but they do not need to meet the IRS definition of a cooperative in order to qualify for the single tax status described above.

While many cooperatives incorporate, it is not necessary. Some cooperative businesses operate informally or as nonprofits. Regardless of whether you incorporate or not, it is your **bylaws** that determine that you are a cooperative and outlines how you operate.

1.3.1 Worker-Owned Cooperative Model

As was outlined above, there are a number of different ownership models a cooperative business can take. We assume that for the Mattapan youth project, the co-op will probably form a **worker-owned cooperative**.³

In your worker-owned co-op, the members will need to **elect a board**. Boards of worker-owned co-ops are majority controlled by

² This section is taken from the Cooperative Development Institute. 2000. "Want to Start a Cooperative?"

³ This section is based on the National Cooperative Business Association webpage covering worker-owned co-ops, found at http://www.ncba.coop/abcoop_work.cfm

the workers themselves. However, sometimes an outside director or advisor may serve on the board as well.

The **management** of worker co-ops can vary widely - from a tradition hierarchy of management roles, to a more flat system that spreads management decisions more evenly across all members. Some co-ops use a team-based system that mixes the two approaches.

Patronage refunds given to workers are sometimes given out based on management position, or hours worked, or seniority. Again, some worker-owned cooperatives have a completely flat structure where all workers earn the same wage, in which case refunds are typically distributed based on hours worked.

When joining a worker-owned co-op, members sometimes must go through a **probationary period** - sometimes a few months long, or even more than a year. Once they pass their probationary period, they are permitted to buy an **equity share in the co-op**. For some co-ops this amount is deducted from their paychecks in small amounts over time. Once a worker/member leaves the co-op, their equity share is returned to them.

Founding Documents

There are two documents that the youth will draft when first establishing their cooperative business - the **Articles of Incorporation** and the **Bylaws**.⁴

The **Articles of Incorporation** state the kind and scope of the cooperative business. Often broad operating authority is stated even though services may be limited at the beginning. The articles usually contain the following:

- name of the cooperative
- principle place of business
- purposes and powers of the cooperative
- proposed duration of the cooperative
- names of the incorporators
- a provision for redemption of member equity although sometimes this is in the bylaws

The **Bylaws** state the rights and obligations of the cooperative's board of directors and members and guide the day-to-day operations of the cooperative. The bylaws usually specify the following:

- requirements for membership

⁴ The following text on the Articles of Incorporation and Bylaws is taken directly from the National Cooperative Business Association website, at http://www.ncba.coop/abcoop_howto.cfm.

- rights and responsibilities of members
- grounds and procedures for member expulsion
- procedures for calling and conducting membership meetings
- voting procedures
- procedures to elect or remove directors and officers
- the number, duties, terms of office, and compensation of directors and officers
- time and place of the directors meetings
- dates of the fiscal year
- information on how the net earnings will be distributed
- other rules for management of the cooperative

Decisions to Make

Note: This section on "decisions to make" is quoted directly from the Cooperative Development Institute (CDI) website, <http://www.cooplife.com/startcoop.htm>.

Membership Decisions

- Who is eligible for membership?
- What equity will members contribute?
- Will members each have one vote? Or will there be weighted voting?
- Are there financial obligations for voting?
- Are all members treated the same? Or are there classes of members?
- How can a member terminate his/her membership? How can the co-op terminate a member's membership?

Board Decisions

- Who is eligible to serve on the board?
- What are their duties?
- How many seats should there be?
- Will you have board members from outside the organization?
- How long will a board member serve?
- How are board members elected? removed?
- Are they paid? Are expenses reimbursed?
- How will vacancies be filled?
- How often will the board meet? What quorum is required? What meeting notice is required?
- Will there be standing committees of the board? If yes, what are they and what are their functions?
- Will there be officers? If yes, what offices, terms duties, selection process?

Liability and Legal Concerns

Lynn Benander from the Cooperative Development Institute (CDI), writing about co-op liability, states, "Group-based businesses with limited liability shield individuals from personal liability for the business' debts and liabilities. If the business isn't successful, you won't be personally liable for its debts."⁵

Please see **Appendix 4.1** for background on the various legal forms your cooperative may take and the possible pros and cons of these structures - from the perspective of legal liability.

⁵ Benander, Lynn. 2004. "Legal Structure for Group-Based Businesses." Cooperative Development Institute.

1.4 Resources

We have included here a number of additional online resources that might be helpful as you build and launch your new cooperative business. The lists below, however, should not be considered exhaustive - there are many other websites on co-ops, youth co-ops, and gardening that we did not include here. But these lists should be a good start!

General Co-op Resources

BC Institute for Cooperative Studies (Canadian organization)
<http://web.uvic.ca/bcics/index.html>

Center for Cooperatives (University of Wisconsin)
<http://www.wisc.edu/uwcc>

Center for Cooperative Excellence
<http://www.coopdevelopmentcenter.coop/>

Cooperative Development Foundation
<http://www.cdf.coop/>

Cooperative Life (Cooperative Development Institute, CDI)
<http://www.cooplif.com/>

Co-op Month (October)
<http://www.co-opmonth.coop/index.html>

Co-ops and You! (University of Wisconsin)
<http://www.wisc.edu/coops>

A Legal Sourcebook For California Cooperatives: Start-Up And Administration
http://www.cooperatives.ucdavis.edu/CFC_pubs/vanbaldwin/vanbaldwin.htm

National Cooperative Bank:
<http://www.ncb.coop/>

National Cooperative Business Association
<http://www.ncba.org/>

REGINA - Regional Index of Cooperatives (use to search for co-ops)
<http://regina.csail.mit.edu/>

Rural Cooperatives Center at UC Davis
<http://cooperatives.ucdavis.edu/>

US Dept. of Agriculture. "Co-ops 101: An Introduction to Cooperatives"
<http://www.rurdev.usda.gov/rbs/pub/cir55/cir55rpt.htm>

Youth-Related Resources

International Cooperative Association (ICA) - "Co-ops 4 Kids"
<http://www.ica.coop/kids/>

Juma Ventures
<http://www.jumaventures.org/>

Junior Achievement
<http://www.ja.org/>

National Foundation for Teaching Entrepreneurship
<http://www.nfte.com/>

North American Students of Cooperative (college campus co-op resource)
<http://www.nasco.coop/>

Nuestras Raices (in Western MA)
<http://www.nuestras-raices.org/index.htm>

REAL Entrepreneurship (youth curriculum)
<http://www.realenterprises.org/>

Rural Education & Development Association (youth co-op camp in Canada)
<http://www.compusmart.ab.ca/ruraled/youth.html>

Tupone, Juliano. 2003. "The Core Neighbourhood Youth Co-op: A Review and Long-Term Strategy." Community-University Institute for Social Research, Saskatoon, Canada.
http://www.usask.ca/cuisr/docs/pub_doc/economic/TuponeFINAL.pdf

Y&E - The Magazine for Young Entrepreneurs
<http://ye.entreworld.org/>

Young Entrepreneurs' Organization (YEO)
<http://www.yeo.org/>

YoungBiz
<http://www.kidsway.com/>

Youth Enterprise Organizations and Programs (links to youth sites)
<http://www.jamieallen.com/youthlinks.htm>

Youth Venture
<http://www.youthventure.org/>

Gardening / Herbal Seed Resources

The Food Project
<http://www.thefoodproject.org/default.asp>

GardenGuides.com - Herb Guide

<http://www.gardenguides.com/herbs/herb.htm>

Johnny's Selected Seeds - Herb Seeds

http://www.johnnyseeds.com/catalog/category.html?source=&cat_id=205&topname=Herb%20Seeds&ct=hg

KidsGardening.com

<http://www.kidsgardening.com/>

Mountain Valley Growers - Organic Seeds

<http://www.mountainvalleygrowers.com/organicseeds.htm>

Nichols Garden Nursery - Seed Store

<http://www.nicholsgardennursery.com/store/dept.asp?dept%5Fid=79&mscssid=NXJHV89DBDN49MD7UEV4JCH38NPQ3GUC>

Papa Geno's Herb Farm

<http://www.papagenos.com>

Park's Gardens

<http://www.parkseed.com/webapp/wcs/stores/servlet/StoreCatalogDisplay?catalogId=10066&storeId=10101&langId=-1&mainPage=gateherbs>

Richters Herb Specialists

<http://www.richters.com/>

Sand Mountain Herbs

<http://www.sandmountainherbs.com/Catalog.html>

Seattle Youth Garden Works

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

South Eastern Efforts Developing Sustainable Spaces (SEEDS) - DIG Youth Gardening Program

<http://www.seedsnc.org/dig.htm>

The Washington, DC, Youth Garden

<http://www.fona.org/youthgarden.html>

SECTION 2

CO-OP BUSINESS PLANNING TOOLS

2.1 Vision and Mission

Starting a cooperative business is not entirely different than starting a traditional business. It requires a lot of planning and preparation, up front and dedication over time. The business planning stage takes time, careful planning, and attention to detail. The success of the business rests largely in the successful planning stage. The twist to a cooperatively run business is that it must also be seen as an organizing process. As you develop a sound business plan, you are constantly working to build capacity in members, provide a good or service to the community, work towards a shared vision, build assets, and improve the member's lives and community as a whole. This section lays out specific tools and sets of questions that will lead you through a successful planning process step by step. Following these steps you will help you avoid the most common start-up mistakes for cooperative businesses.

Most Common Start-up Mistakes

Poor board leadership - lack of shared vision, lack of agreement on focus, lack of clear board delegation to management, poor management/board relations, lack of response to new information.

Poor management - lack of experience, poor skills, inadequate financial controls, poor quality or service, lack of response to new information.

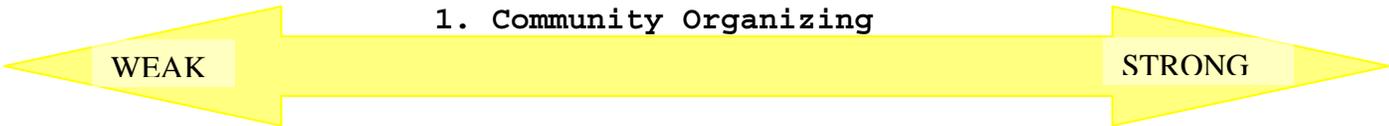
Poor planning - Shortage of cash, bringing wrong product to wrong market, inadequate market research, overly optimistic projections, rushing to market without proper preparation or sufficient capital.

Lack of member or community support - lack of involvement, poor product quality or service, inadequate education.

The Five "Must Have" Ingredients to Cooperative Start-up

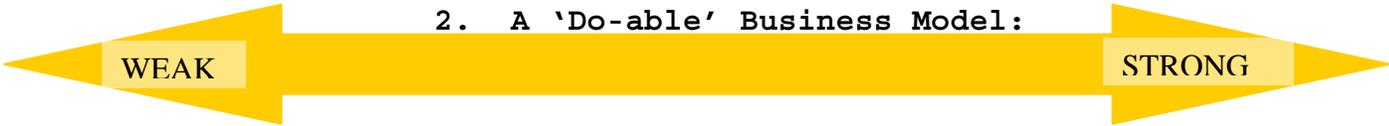
Purpose: The following is an exercise to get you thinking about the condition of your 5 ingredients and how to strengthen each of them to strengthen the success of your cooperative.

Directions: Use the worksheet to facilitate a discussion among your group members on the strength of each of the 5 components among your group. Rate yourself along the continuum on each ingredient and brainstorm ideas of building the capacity for each area and measuring its effectiveness. We have provided suggestions on measuring the strength of each of the ingredients on a scale of 1-3 but feel free to create your own scale, value and indicators.



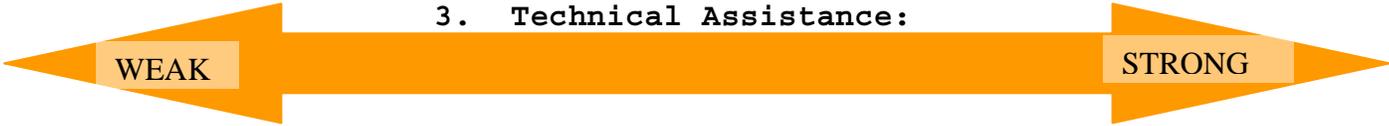
Potential members are not involved, officials decided in this business; leadership and commitment.

Meetings held with potential members; shared vision and clear understanding of what's realistic; leadership/commitment.



No agreement on vision; no plan in place; strategy isn't do-able

Do-able business model defined and adopted by group.



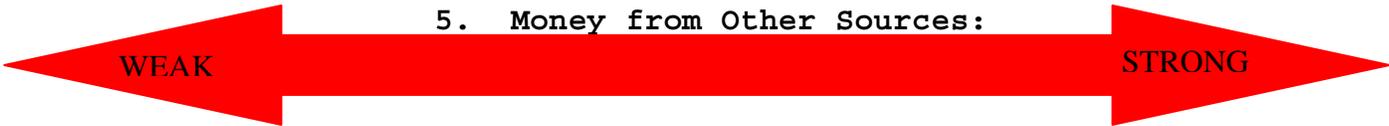
No one involved has any experience with business planning, start-up.

People with expertise in every area needed are contributing; group is actively learning from their advice and support



Members are putting in no money.

Members are putting in the equity needed for successful launch.



Group has no idea where they might access other funds needed.

Group has no relationship with entities likely to bring in more equity, grant funds required for successful launch.

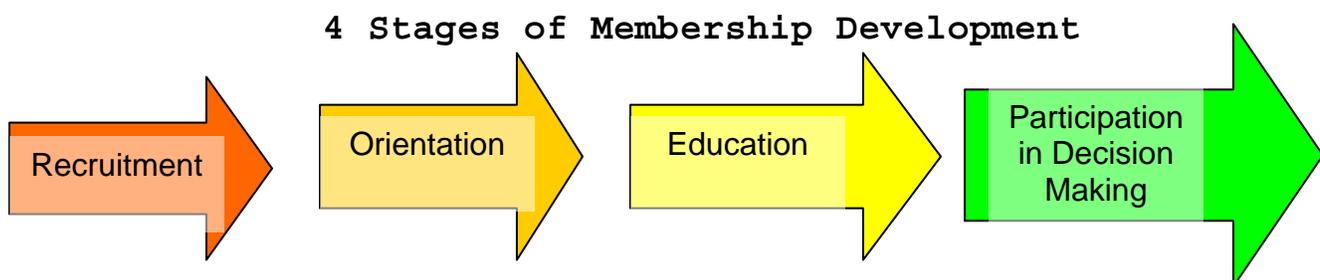
Members/Board Development: Roles and Responsibilities

Developing leadership and a strong base of members is key to the success of group-based businesses. It is important to develop strategies and mechanisms to listening and communicating with members. Capacity building among members translates to a strengthening of the cooperative. It is important that people receive continued education and training needed to be effective members, owners, and informed decision-makers. **Consider how members can be involved at EVERY stage of the development process.** What are potentials for organizing at any given point? How are roles and responsibilities clearly defined?

GET TO KNOW YOUR BASE	GET TO KNOW YOURSELF
<ul style="list-style-type: none"> • Who are members? • Where do they spend their money? • What is important to them? • What skills/interest/resources do you already have among you/them 	<ul style="list-style-type: none"> • What do you do already? What is CDC experienced with? • What is reputation in community? • What is most important to you? • What can you offer? (i.e. quality goods or services, more affordable, more convenient, more locally rooted?)

Getting to know your self and your base are key. Remember to always be creative and continually brainstorm what makes sense for your group and your constituents.

Membership Development Plan: Members need to be recruited through a process of outreach and organizing. Orientation and ongoing education is required in order to participate as active, effective members.



Key Questions on Membership Development:

- o How will this business begin organizing potential members in the development stage?
- o How will members be involved in the feasibility study?
- o How will members be involved once the feasibility study defines a potential business opportunity?
- o How will members be involved in the business launch?
- o What organizing efforts are needed? How will these efforts relate to existing community organizing efforts?
- o How will new members be recruited?
- o What orientation will be given to new members?
- o What public relations efforts are needed?
- o What ongoing education and training are needed?
- o What online tools are available for membership development, consensus building, and business development?

Board Development Process

Key Questions on Board Development

- o How will you build member leadership?
- o What is the role of member and community leadership in a group-based business? How does it change over time?
- o Who will serve on the initial steering committee to oversee business development activities?
- o Who needs to be on the board? How do you effectively recruit board members?
- o What education and orientation is needed for board members?
- o How do you set up an effective board?
- o How do you set up an effective relationship between board and management?

The group needs to determine a process for making decisions and communicating between management, board, members, and all the pieces of the business. It is important that everyone clearly knows their role and what they are responsible for. Open communication around these issues is key. **Appendix 4.2** "Clarifying your Roles Worksheet" provides a worksheet that helps your groups map out who is responsible for what in very concrete terms. The process of filling out the worksheet can be a process of deciding these difficult issues, creating buy-in from members and board members, creating transparency through the cooperative, and educating all group members on the cooperative structure.

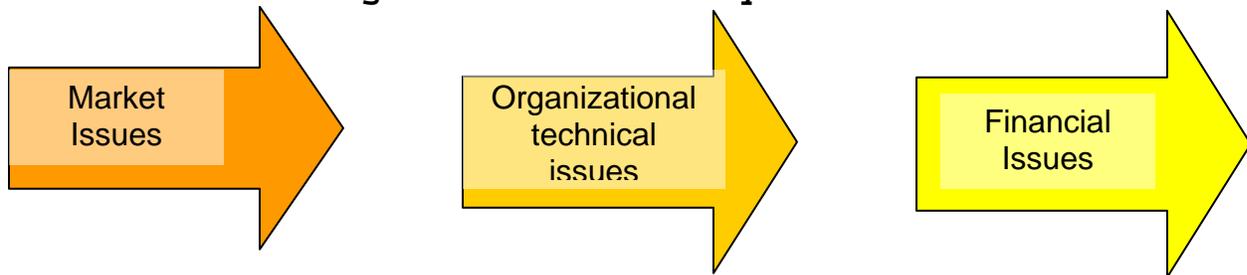
2.3 Market Feasibility

As you consider your organizing strategy of building strength and commitment among members, you want to consult a market and feasibility study and begin drafting your business plan. This section will take you through the basics of what you need to know for taking concrete steps in market analysis and business planning. The questions are taken from the CDI guide on market analysis.

What is a feasibility study?

A Feasibility Study is designed to provide an overview of primary issues related to a business idea. The purpose is to identify any "make or break" issues that would prevent your business from being successful in the marketplace. In other words, a feasibility study determines whether the

3 Stages of Feasibility Studies:



1. Market Issues

Key questions:

- o What is my target market (geography demographics, lifestyle, interests, attitudes)?
- o What am I going to market?
- o How does my product match the needs of my market?
- o How will the market know I have what they need?
- o What competition exists in the market? What are their strengths and weaknesses?
- o Is there a niche that you can establish to compete effectively?
- o How many competitors can you identify? How much are they charging?

2. Organizational/technical issues

Here you will determine what the structure will be of the business, legal and decision-making processes, and technical needs.

Key questions:

- o **What organizational structure is best for your project?**

[NOTE: Because all subsequent decisions depend on the organization's legal business structure, this question is critical and should be answered before you continue with feasibility analysis. Remember, cooperatives are not the best business structure for every project.]

- o Who will serve on board of directors? What are their qualifications?
- o What qualifications are needed to manage this business?
- o What other staffing needs does the co-op have? How do you expect staffing needs to change over the next 2-3 years?
- o What equipment does your proposed business need?
- o Where will you obtain this technology and equipment?
- o When can you get necessary equipment? Does this affect start-up timeline?
- o How much with equipment and technology cost?

Remember, sometimes equipment needed may not be so technical. You may find you need a camera, or computer, or phone/fax machine. Think of creative ways to obtain donations and critical technical needs. At the same time, be realistic regarding costs as these estimates will be plugged into your financial projections.

3. Financial issues

Start-up costs are costs incurred in starting up a new business, including "capital goods" such as land, building, equipment, etc. The business may have to borrow money from a lending institution to cover these costs.

Revenue Projections: How will you price your goods or services? Access what the monthly revenue will be.

Sources of Financing: If your business needs to borrow money, you need to research potential lending sources.

Profitability analysis: This is the "bottom line" for the proposed business. Given the costs and revenue analysis, will your business bring in enough revenue to cover operating expenses? Will the business make, or lose a profit or break even? What can be done to improve the bottom line?

Appendix 4.3: This section will take you through the 3 stages of a feasibility study. There are many resources available to assist you with market analysis. A local business school or small business development center may help guide you. Local college students can be a source of labor for conducting interviews.

Business Plan

What is a business plan?

A business plan is an organized, thoughtful process of identifying and assessing opportunities and problems inherent in a business endeavor to give it an increased chance of being successful.

What is the purpose?

1. To craft a shared understanding of the business' goals and how to achieve them
2. To create a launch strategy and an operational plan for a new venture
3. To establish strategies for growth
4. To create a proposal for financing
5. To minimize the risks new businesses face

Why do business planning?

1. The research, analysis, and thinking that goes into business planning forces a critical, rational, holistic look at your business
2. Business planning process educates the group about the business and brings in ideas and resources from a range of stakeholders.
3. The business plan serves as an operational tool to help manage and govern your business.
4. It established the means of convincing you, your members, your lenders and investors that the idea is a sound investment
5. Provides a vehicle for a group to create agreement about who will do what
6. Creates ownership and commitment to business goals and strategies

Who should be involved?

1. Potential owner-members who are willing to invest
2. Community leaders with special skills, experience, interest or knowledge useful to planning process
3. Consultants with experience in business planning and business start-up
4. A lawyer and accountant experienced with group-based business

Appendix 4.4 provides a comprehensive business plan that will lead you through the start-up and launch of your cooperative business. Perhaps the most useful tool in the Toolkit, the

business plan takes you through the steps and allows you to layout the timing in a realistic way. If you take nothing else from this Toolkit, we recommend you use this business planning tool with your group.

SECTION 3

ASSET MAPPING / POSSIBLE PARTNERS

Gardens

1.) The Food Project - www.thefoodproject.org

About Us:

Our mission is to grow a thoughtful and productive community of youth and adults from diverse backgrounds who work together to build a sustainable food system. We produce healthy food for residents of the city and suburbs and provide youth leadership opportunities. Most importantly, we strive to inspire and support others to create change in their own communities.

Since 1991, The Food Project has built a national model of engaging young people in personal and social change through sustainable agriculture. Each year, we work with over a hundred teens and thousands of volunteers to farm on 31 acres in rural Lincoln, MA and on several lots in urban Boston. We consider our hallmark to be our focus on identifying and transforming a new generation of leaders by placing teens in unusually responsible roles, with deeply meaningful work.

Each season, we grow nearly a quarter-million pounds of food without chemical pesticides, donating half to local shelters. We sell the remainder of our produce through Community Supported Agriculture (CSA) crop "shares," farmers' markets, and Harvest Bags. We market our own Farm-Fresh Salsa and holiday pies, and even offer fine catering. Locally, we also partner with urban gardeners to help them remediate their lead-contaminated soil and grow healthier food.

Nearly half of The Food Project's work is as a resource center for organizations and individuals worldwide. We provide unique capacity building for organizations and educators who learn from The Food Project's expertise through materials, youth training and professional development opportunities. Even projects completely unrelated to farming can draw on our methods for building inspired, diverse and productive youth communities.

Lincoln Office:
10 Lewis St.
Lincoln, MA 01773
Phone: (781) 259-8621
Fax: (781) 259-9659

Dorchester Office:
555 Dudley St.
Dorchester, MA 02125
Phone: (617) 442-1322
Fax: (617) 442-7918

2.) In Mattapan

Clark-Cooper Community Garden at the Boston Nature Center, Inc. (MAS/BNC)

former Boston State Hospital site, enter off Walk Hill St.; off American Legion Hwy.

One of Boston's oldest and largest gardens (300 gardeners), but totally rebuilt in spring 1999! Part of overall nature sanctuary being developed by Mass Audubon. EarthWorks Projects orchard.

<http://www.massaudubon.org>

Community Garden at Kennedy Playground (MDC & BNAN)

Edgewater Drive along the Neponset River, north of Mattapan Sq.

3-yr. old community garden with 23 planting areas on the banks of the Neponset River.

Imani Garden

River St. at Chronic Care Hospital, south of Mattapan Sq.

2-yr. old garden for mothers and children to improve nutrition, provide recreation, and enjoy nature. Currently being rebuilt and expanded.

Shangri-la gardens/Almont Park (BPRD)

Behind 54 Messenger St. in Almont Park

Boston Nature Center

500 Walkhill Street
Mattapan, MA 02126
Phone: (617) 983-8500

Mattapan Board of Trade and Commerce Association

1663 Blue Hill Ave
Mattapan, MA 02126
Phone: (617) 286-2200

3.) Boston Natural Areas Network

62 Summer Street, Second Floor
Boston, MA 02110-1008
Phone: 617-542-7696
Fax: 617-542-0383
Email: info@bostonnatural.org

BNAN is in the Conservation Law Foundation building at Downtown Crossing. For directions:
http://www.clf.org/aboutclf/massachusetts_directions.htm

Boston Natural Areas Network, a city-wide organization, was founded in 1977 as Boston Natural Areas Fund. The organization was created by a small group of citizens who took up the challenge of a Boston Redevelopment Authority report entitled Boston Urban Wilds. In it, 143 Urban Wilds or unprotected sites of natural beauty and environmental significance in Boston neighborhoods were listed. Five years later, through working with and engaging residents with open spaces in their neighborhoods, began to protect Community Gardens threatened with development. Most recently, with major resources made available from the Lila Wallace-Reader's Digest Fund, BNAN began linking Urban Wilds and existing and proposed parkland into multi-mile Greenways in East Boston and along the Neponset River.

Forging effective partnerships has been a hallmark of BNAN's work since its inception. Working for a Greener City, BNAN brings community groups, public agencies, non-profit organizations and businesses together to develop common visions and to combine resources. Our work is often described as "community building through greening."

In 1995, BNAN was instrumental in starting Garden Futures, a collaborative of the non-profit organizations that own and manage community gardens. Garden Futures developed into the common service provider and voice for all of the Boston area's 200 gardens with 30 different owners, involving 10,000 gardeners. BNAN owns 25% of these gardens. In January 2002, Garden Futures merged with BNAN to more efficiently and effectively support Boston Community Gardening.

Environmental education programs, special events, exhibits and publications are some of the ways BNAN builds an informed and enthusiastic constituency for urban open space. Come participate in an Event soon.

We offer many Volunteer opportunities. Environmental education programs, special events, exhibits and publications are some of the ways BNAN builds an informed and enthusiastic constituency for urban open space. See our Frequently Asked Questions (FAQ) section.

4.) Greenleaf Composting

179 Boylston Street
Jamaica Plain, MA 02130
Phone: 617.522.4477
Fax: 617.522.9820
Email: info@greenleafcompost.com

Greenleaf's mission is to achieve the maximum financial, social and environmental value from the local organics cycle. Our mission springs from our vision of a Boston with a locally self-reliant and environmentally responsible economy. To support this, Greenleaf redistributes the waste stream away from the landfills, produces a valuable commodity, and creates local employment opportunities. Composting replaces the need to send money out of Boston to dispose of leaves, food and other organic materials. By transforming these into compost, Greenleaf replaces the need to send money out of Boston for imported fertilizers and soil amendments. Instead, the money stays within our own economic system, employs local people, and provides local products to landscapers, park managers, community developers, gardeners and homeowners. It is our deepest desire to maximize our ability to serve our friends, neighbors and city. We trust that our neighbors will assist us in making sure that we do by encouraging that which we do well and pointing out that which we need to improve.

Potential Nonprofit Partners

Mattapan Community Health Center

1425 Blue Hill Avenue
Mattapan, MA 02126
Phone: (617) 296-0061 (24-hour)
Fax: (617) 296-5408

A Healthy Community. A Healthy You: We are committed to improving the quality of life for our patients and the greater community through health education, advocacy and hands-on delivery of health care. The Mattapan Community Health Center frequently sponsors community activities, from health fairs to fundraisers.

Alternatives for Community and Environment

2181 Washington Street, Suite 301
Roxbury, MA 02119
Phone: (617) 442-3343
Fax: (617) 442-2425
Email: info@ace-ej.org

ACE builds the power of communities of color and lower income communities in New England to eradicate environmental racism and classism and achieve environmental justice. We believe that everyone has the right to a healthy environment and to be decision-makers in issues affecting our communities.

Massachusetts Association of Community Development Corporations (MACDC)

Joe Kriesberg
89 South Street
4th Floor

Boston, MA 02111
Phone: 617-426-0303
Email: macdc@macdc.org

The mission of MACDC is to preserve and promote affordable housing, and to promote economic opportunities for low and moderate income residents.

Advertising / Marketing Assets

Red Tomato

1033 Turnpike St.
Canton, MA 02021
Phone: (781) 575-8911
Email: redtomato@redtomato.org

Red Tomato is a nonprofit marketing organization that helps family farmers survive and helps make sure that people can find high-quality produce. We use two strategies:

- finding markets for family farmers through our brokerage operation, and
- educating consumers and trade buyers so that they will seek out products from family farms and those that are locally and ecologically produced.

Distribution

Donelan's Supermarket - <http://www.donelans.com/>

About Us:

Donelan's Supermarkets was founded in 1948 in Littleton, MA by John E. Donelan. Over the next several years, Donelan's expanded in Acton, and Lincoln, MA. In 1985, John E. Donelan sold the business to his two sons John K Donelan and Joseph R Donelan.

In August 1992, Donelan's opened its fourth location in Groton, MA. In July 1994, Donelan's added a fifth location in Pepperell, MA. Donelan's opened its sixth store in Wayland, MA in the summer of 1995.

In August 1996, Donelan's relocated its Acton store from South Acton to its present location in Gould Plaza.

Through the years, Donelan's has continually updated and remodeled our stores. Our most recent remodel was completed in 2002 when Donelan's took over space formerly occupied by Newport Creamery. We completed renovated the store adding a new kitchen and cafe' as well as a new frozen food and dairy department.

We are proud of our accomplishments and of the associates who have helped make them possible. We look forward to continued quality service to our customers and success for our company.

Locations: Lincoln, Acton, Pepperell, Wayland, Littleton, Groton

City Feed and Supply - <http://www.cityfeedandsupply.com/>

66 Boylston St
Jamaica Plain, MA 02130
Phone: 617-524-1657
Email: feedback@cityfeed.com

About Us:

We are a small, neighborhood grocery/cafe catering to the Ped Set with a fine selection of natural foods, bread, bagels and pastry delivered daily, fair trade coffee, local goods, and the list goes on. We may not have everything you think you need, but surely we've got enough to help you put off that dreaded trip to the supermarket for a few more days.

Harvest Co-op - <http://www.harvestcoop.com/>

57 South Street
Jamaica Plain, MA 02130
Phone: 617-524-1667
Email: cdurkin@harvestcoop.com

Harvest Co-op Markets is a community owned, not-for-profit cooperative that started over 30 years ago as two separate Co-ops. Boston University Student Union Food Coop was a small buying club formed by some students at Boston University in 1971. This was a pre-order Co-op: everyone ordered food together to get bulk prices. In 1973, it became the Boston Food Co-op (BFC), and moved to Union Square, Allston. In 1975, Cambridge Food Co-op (CFC), later known as Central Square Market, was opened in Central Square by some BFC members and Cambridge community activists. Their mission was to create a diverse and low cost Co-op open to members. It opened its doors to the general public in 1983. In 1992, the Central Square Market experienced financial difficulties as a result of its move from the basement store to the new location where Harvest, Cambridge is today. The Boston Food Co-op stepped forward with assistance, the two Co-ops joined together, and became Harvest Cooperative Supermarkets.

In May 1998, responding to decreasing business due to changes in the surrounding neighborhood, the Allston location was reluctantly closed. There was a search for a new location, and finally in October 1998, a new location was found in Jamaica Plain, the former site of the Arborway Natural Foods. On May 20, 1999 the doors finally opened. The store was, and continues to be, a great success, adding over 1,000 new members in the first two weeks of operation. When the store opened in Jamaica Plain it

was decided to change our name to Harvest Co-op Markets to reflect our commitment to neighborhood stores. Today, our mission remains the same – to serve our members, and to sell and promote organic, natural, fair trade, and sustainable food products, and to educate and advocate for our members and customers in the food business.

The Food Project - www.thefoodproject.org

(see Gardens section).

Our produce is sold in the summers at two farmers' markets in the Boston area:

- Tuesdays at the Children's Museum of Boston from 4:00-6:30 pm, and
- Thursdays at the Dudley Town Commons in Roxbury from 4:00-7:00 pm.

This year (2005) the markets start on Tuesday June 1st.

Equal Exchange

50 United Drive
West Bridgewater, MA
02379 • USA

Equal Exchange's mission is to build long-term trade partnerships that are economically just and environmentally sound, to foster mutually beneficial relations between farmers and consumers and to demonstrate, through our success, the viability of worker cooperatives and fair trade.

Potential Funding

Cooperative Fund of New England

P.O. Box 3413, Amherst, MA 01004-3413
Phone: 910.395.6008 / 1.800.818.7833
Fax: 910.397.2857
Email: cfne@cooperativefund.org

The Cooperative Fund of New England is a community development loan fund that is a bridge between socially responsible investors and cooperatives, community oriented non-profits, and worker-owned businesses in New England (and parts of New York).

We advance community based, cooperative and democratically owned or managed enterprises with preference to those that serve low income communities through:

- provision of prompt financial assistance at reasonable rates

- provision of an investment opportunity that promotes socially conscious enterprise; and
- development of a regional reservoir of business skills with which to assist and advise these groups.

Appendix 4.1

Legal Structures for Group-Based Business

Appendix 4.2

Clarifying Roles in the Development Process

Appendix 4.3

Market Analysis

Worksheet

Appendix 4.4

Business Planning