

# Business and Operations Plan Guide for the Co-op Builder

The Disclosure Statement must include a Business and Operations Plan for the year ahead. This will provide prospective members with essential information needed to decide whether to join the co-operative and commit the necessary share capital (or step up to other membership requirements).

There are many ways to write a business plan and several useful online tools available. In a co-operative, the relationship between members and the co-operative depends not only on financial matters, but also on the operations of the co-op. A member who is required to transact with the co-operative must be able to see how their business fits with co-op operation.

This checklist of questions will help you to prepare a business and operations plan for your start-up phase:

## Operations

- What services will the co-op provide?
- What are the key goals or objectives for the year ahead?
- How will the co-op's services benefit members?
- What human resources does the co-op have?
- What stakeholder relationships (contractual or otherwise) are important?

## Finances

- What are the capital requirements for start-up?
- What is the potential member interest/commitment so far?
- Can capital be wholly sourced from member shares?
- If not, how will it be sourced? e.g. loans, crowd-funding, CCUs (Co-operative Capital Units. This is a debt/equity instrument that works like a bit like a share in a corporation. It enables cooperatives to raise third-party capital).
- What are the expected or forecast financial figures? Note: This information should include a forecast profit & loss statement, balance sheet and forecast cash flow statements, along with a general summary of key information.

This document was produced by the BCCM to support users of the Farming Together Co-op Builder

## Logistics

- What is needed to commence operations?
  - Premises to carry out operations? Buy or lease?
  - Premises for registered office?
  - Regulatory requirements to operate the enterprise (licenses, permissions, zoning)?
  - What insurances are required?
  - What supply chain (input) and distribution chain (channels to market/output) analysis of opportunities and threats has been undertaken?
  - What significant assets are required and how will they be acquired/financed?
- What enquiries or 'due diligence' has been conducted to satisfy prospective members that forecast expenditure is good value e.g. independent valuations and quotations?
- Do any of the first members or directors (promoters) have a material interest in any assets or services to be provided to the co-operative at start-up?

## Product Development

- What supply chain (input) and distribution channels (output) analysis of opportunities and threats has been undertaken?
- What market research in target markets and competitors has been undertaken?
- What realistic market sizing, share and growth targets have been investigated
- What product differentiation has been researched, tested and price-checked?
- What are the marketing, branding and communications costs? e.g. website design and maintenance

## Management

- What immediate professional services are required and what will they cost?
- Accounting?
- Legal?
- Agronomy?
- Technical?
- Marketing?
- What are the risks in setting up and running the enterprise? e.g. product price fluctuations, crop failure, failure to secure necessary assets or start-up capital.
- How will these risks be managed?