
The Co-op Development Process

The co-op development process consists of *six phases* that take a group from its first consideration of a co-op opportunity to the time after the co-op is launched. The six phases are:

Phase 1: Pre-Development

The goal of this phase is to determine that there is

- a product or service the co-op can provide;
- a market for that product or service;
- a group of people prepared to build the co-op and provide the goods and/or services; and
- resources available in the community and elsewhere to help start the co-op and see it succeed.

Phase 2: Building the Group and Establishing the Form

During this phase, the group will decide

- what service the co-op will provide to the members
- who will be the members of the co-op (the main recipients of the co-op's service)
- what obligations members will have, and
- who will be members of the steering committee and the first members of the co-op;
- if (and how) non-members may be involved in the co-op.

Phase 3: Governance Structure and Incorporation

This phase leads to decisions about

- the size and composition of the board of directors;
- the authority of the board;
- how the general membership will be involved;
- how members will join the co-op; and
- how they might be removed.

Incorporation will embed these decisions in the co-op's structure.

Phase 4: Planning and Organizing the Business

The key element of this phase is the *business plan* which involves:

- market research
- a marketing plan;
- operations and administration plans;
- identifying revenue potential ;
- determining how much financing will be needed for start-up; and

- where and from whom the co-op will raise investment and borrowed capital.

Phase 5: Implementation and Launch

This phase is about the process of launching the business and involves

- developing a 'critical path' of activities and timelines;
- hiring people;
- negotiating leases and other legal agreements; and
- it may also involve purchasing large pieces of equipment.

The group needs to be certain it is prepared for this step with the necessary skills and technical help.

Phase 6: Sustainability, Follow-Up and Mentoring

The development of the co-op does not end after it has been launched.

There are some important steps to take, especially

- recruiting and orienting new members;
- ensuring an education process for members;
- communicating with members and involving them in decision-making; and
- connecting with other co-ops.

It is also helpful to have someone the group can call upon to assist them to move forward, such as

- helping establish contractual arrangements with suppliers and customers;
- reviewing performance of the business;
- assisting with financial reporting and other policy and systems development;
- identifying and/or assisting in finding resources for additional training needs or capital.

This person may be a co-op developer, a lender or a mentor who has experience with the business and the community.