

Co-op 101: Answering Questions about the Co-op

Reading the answers to these common questions, you'll realize that you already know most of the answers! This list – and the training – is meant to help you feel comfortable talk about them. A conversation you have about the Co-op with a curious friend or neighbor may result in a new membership, so don't be shy! First, here are some basic things to remember in a conversation:

Do say that the most important benefit of membership is having a store. No members, no store!

Don't say when the store will be open or where it will be. We don't know that yet, we are still in a test period to see if the community wants and will support this store (they show they do by joining). Don't even give estimates.

Don't make promises about what products the store will carry (except to say that it will be a full-service grocery store) or about its policies or procedures. These will be determined at a later date with input from the General Manager, the Board and the Member-Owners.

Do encourage people who have strong feelings about any of these issues to join the Co-op and join a committee so they can be a part of the process.

Don't be afraid to admit that you don't know the answer to a question.

Do say that some questions just don't have answers yet.

Do say “one time membership share.”

Don't say “lifetime membership.”

FAQs covered:

- What is a co-op?
- Why should I join this co-op?
- Why should I join **now** instead of later when the store is open?
- When will the store be open? Why is it taking so long?
- Where will the store be?
- How does a co-op benefit the community?
- Why do you call the money that members pay an investment?
- Why not just shop at FreshLocal, Central Market, or another area store?

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Q. What is a Co-op?

Short Answers:

1. A co-op is an organization that puts the idea of working together into a business structure.
2. A co-op...
 - is a business, not a club or association
 - is owned by its members
 - is governed by its members
 - is operated for the benefit of its members
 - also tends to benefit its community
3. Food co-ops are formed by consumers to improve access to the food their community requires. This often includes a variety of natural and organic foods, but can also be for traditional products in a community that has no grocery store at all.

Detailed Answers:

1. Examples of co-ops include credit unions, food co-ops, REI, and co-ops of farmers or fishermen seeking better wholesale prices for their products. Some of the earliest American farm co-ops were started in the 1930s, and many co-op grocery stores were started in the 1970s. Co-ops adhere to internationally recognized principles of cooperation. The seven cooperative principles are listed later in this packet.
2. A cooperative business relies on its member-owners' investment for its capital. The members really do own the business! Member-Owners have a voice in how the co-op is run, by helping to choose the Board of Directors, by participating in polls and attending the annual meeting. The activities of the co-op are based on what its membership wants from it. The store profits go to its Member-Owners, either directly or indirectly by being plowed back into the business. In a consumer co-op, the profits go to the members who shop there. In a producer co-op, like a farmers' co-op, the profits go to the producer members who sell their products through the co-op.
3. A food co-op, or cooperative grocery, is usually a consumer co-op started to meet the needs of the members and the community. A co-op can usually open a larger store and get better wholesale prices than most small private businesses, and it can also make ethical choices about the sources of the food.

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Q. Why Should I Join this Co-op?

Short Answers:

1. Own a local business!
2. You will get a full-service grocery store in your area that offers a wide variety of natural and organic foods, some of them locally produced.
3. You will receive discounts, specials, and share in the store's profits.
4. You will have a voice in the Co-op's decisions.
5. Joining is easy! It's a one-time investment and you can join for as little as \$35 to start!

Detailed Answers:

1. Based on the idea that people can achieve greater results working together than working alone, a cooperative business is run for the benefit of its owners. When you join the co-op, you become not just a member, but a **Member-Owner** of a local business.
2. The Co-op will be able to offer products that may not be available in other area stores, especially locally grown foods. This gives you more food choices, helps support local farmers and helps keep more of our local landscape green. The co-op's choices of what products to carry, and the information it makes available about what products can also help you support ethical standards of where food comes from and how it is raised.
3. Member-Owners will receive discounts, special sale prices and access to coupon books distributed through co-op associations. Also, once the store shows a profit, Member-Owners will share in the store's success via patronage dividends based on how much they have purchased.
4. Formal Consensus, a process that assures Member-Owners some input on decisions, governs this co-op. Member-Owners help choose the Board of Directors and participate in decision-making through polling and attendance at annual meetings. The Member-Owners must always be consulted on crucial business decisions, such as sale of the co-op's assets.
5. The co-op makes it easy for you to join. Your one-time investment buys a membership with no dues or fees to pay later. Payment options give you up to four years to make the full investment. Annual payments of \$50 are due on January 31st and semi-annual payments are due on January 31st and July 31st. Your investment is even refundable, though there is a one-year grace period after the store opens before your request for a refund will be considered.

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Q. Why should I join now instead of later when the store is open?

Short Answers:

Right now is the most important time to become a Member-Owner because...

1. The longer you wait to join, the longer it will take to open the store.
2. To get loans and grants, we must show that we have the funding and that we have community support.
3. If we want the store to last, we need to know that we have a solid base of community support before we open.
4. The earlier you join, the more opportunity you will have in deciding the formation of the co-op's policies and procedures.

Detailed Answers:

1. The basis of a cooperative is a common goal – in this case, access to healthy food. Buying a share now is a critical step to demonstrating this community is committed to providing the resources to open a co-op; without your financial support in the early stages, we will not open.
2. We will need bank loans before we can open the store. Also, as a food cooperative, we will have access to start-up assistance dollars and grants. Both potential lenders and the groups that can assist with the start up of our store need to see that our organization has the support of the community.
3. This is a difficult economic climate in which to start a new business. To be successful as a food cooperative means making it through the first few years when so many new businesses fail. To survive, we need the commitment of many people in our community as investors and shoppers.
4. In order to assure that your grocery dollars will support sustainable food systems and local, organic foods, we need your input. If you join now while the business is still in a formative stage, your values, your opinions and your expertise will help to shape the co-op. But it is important to get involved! Donate your time to the Fall Fair or another event, join a committee, attend board meetings, or even run for a position on the Board to make sure your needs are heard and met.

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Q. When will the store be open? Why is it taking so long?

Short Answers:

1. A food co-op is a grassroots effort, so it takes time for momentum to build.
2. We're not rushing it, so we can do it right the first time.
3. To open, we need enough Member-Owners for banks to take us seriously.
4. We are meeting our goals at a steady, efficient pace.
5. Co-ops typically take five or more years to open, depending on community support and how much debt they're willing to carry.
6. The best way to help speed the process is to JOIN as a Member-Owner, to donate your time and resources, and to encourage others to join as well.

Detailed Answers:

1. Starting a food cooperative is truly a community effort. Our commitment, our enthusiasm, and our willingness to invest our money and time will be what makes this cooperative successful.
2. We want to do it right the first time, rather than rush into it, starting too small and endangering the profitability of the business. With a small store, the need for more space and equipment upgrades would cost us more money and delay the sharing of profit with our Member-Owners.
3. Speed of opening depends on several factors, but the main one is how quickly we can get enough money together. This means having plenty of money invested by Member-Owners, and also having an impressive number of Member-Owners when we speak to banks, so we can convince lenders that there is a strong community support for the business. Our goal is 750-1,000 Member-Owners before we approach lenders.
4. According to experts in this field, we are making excellent progress. We are moving forward at a steady pace and have succeeded in meeting targeted milestones well ahead of some other start-up co-ops.
5. Modern co-ops can easily take five or more years to open; one even took 11 years because they chose to build their own store from the ground up. They took the time to raise all of their needed funding prior to opening.
6. Joining the co-op is the quickest way to speed up the process of opening a store. If you want to be an even bigger asset, talk to your friends, family members, and acquaintances about joining as well. If every Member-Owner recruited ONE new Member-Owner, we would reach our goal in no time at all.

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Q. Where will the store be located? What if it is too far away from where I live?

Short Answer:

1. The Co-op will be as centrally located as possible.
2. If the chosen location is too inconvenient for you, you can ask for your investment to be refunded, after a one-year grace period, following the store opening.

Detailed Answers:

1. Our Member-Owners come from all over Kitsap County, with some even in Mason and Pierce County. In October of 2010, the Board of Directors hired the Hambleton Resource Group to conduct a feasibility study of the area and help determine the best locations for the future store. These were the results of that study:
 - a. Our store will be located in Bremerton (East or West) or Silverdale. Visibility, access to multiple households, and being easy to find and to park at our store are vital to our success.
 - b. Our store will be located on a major arterial (highway, main road, or freeway). It will be easy to find and highly visible.
 - c. Our store will have its own on-grade (on the same level as the store) parking lot. There will be adequate parking for the size of the store, a minimum of 4-6 spaces per thousand feet.
 - d. Our store will be a minimum of 6,000 square feet or larger in size. It will be significantly larger than this if we build. Stores that are too small don't tend to succeed. Co-ops traditionally are smaller stores, however being too small means shoppers will use your store only occasionally for a side trip, and not for the majority of their grocery needs.
 - e. We will choose a site that we can remain in for at least five years, if not longer. Our long-term financial success is extremely important to our Member-Owners. They have seen too many stores close lately, and don't want ours to be one of them!
2. After the co-op has been open for business for one full year, and the board deems it prudent, you can retire your shares and receive a full refund of all your payments, not including the \$10.00 installment service fee.

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Q. How does a co-op benefit the community?

Short Answers:

1. A co-op boosts the local economy by...
 - Keeping profits in the community.
 - Creating more jobs.
 - Supporting local farmers.
2. A co-op promotes a healthier community by...
 - Fostering a sense of community by participation.
 - Creating a business governed by and for its members.
 - Offering healthier, more natural food for everyone.

Detailed Answers:

1. A co-op helps strengthen the local economy directly by creating more local jobs and supporting the local farms. It also helps the local economy by keeping the profits of the co-op circulating in the community. The profits of most big grocery chains go to the shareholders and institutional investors, who usually don't live anywhere near the local store. A co-op's profits, on the other hand, remain in the community. They are invested back into the business and distributed among its Member-Owners through patronage dividends. Co-ops may also give to community improvement projects and charities.
2. A co-op also promotes a healthier community in several ways. First, co-ops foster greater community participation. Through the Member-Owner governance structure and opportunities for donating time, co-ops encourage everyone to take a more active role in the community. Second, because its members govern the co-op, our Member-Owners will have the power to influence ethical standards of food production through the selection of foods we will offer at the co-op. This influence can extend to educate our community about strong and healthy choices. Finally, offering more natural foods will help enable all our customers, members and non-members, to lead healthier lifestyles.

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Q. Why do you call the money that members pay an investment?

Short Answers:

1. When you pay money to join the co-op, you are making an investment in the business. That means you are not just a member of the co-op, but an OWNER.
2. An investment is **not** the same thing as fees or dues. The co-op does not have to pay taxes on an investment, because it is equity the business owns.
3. Unlike fees or dues, your investment is refundable if you leave.

Detailed Answers:

1. The money you pay when you join the co-op makes you not just a member, but an **owner** of the business. In a way, it's like owning stock in a company, because the profits belong to the people who invest money in the business to provide it with working capital. In return you get, first and foremost, the co-op store, plus all the rights and benefits of membership. This includes sharing in the store's profits through the patronage dividend. But in a co-op, unlike a corporation where a shareholder's vote depends on the size of the investment, all of the Member-Owners have equal access to power in the co-op.
2. An investment is different from fees or dues. For example, if you join Costco, you pay dues every year or you lose your membership. It's the same with a health club, except that besides the yearly dues, they usually ask for a one-time joining fee. Currently, the co-op's only fee is a one-time \$10 administrative fee if you pay your investment in installments, instead of all at once. There may later be added additional fees, for instance, to replace a lost membership card.
3. Dues and fees are not refundable. If you pay dues in an organization, once your membership expires, your money is gone forever. When you invest in the co-op, your money is eligible to be refunded after one full year of the co-ops being open for business. How soon you get a refund may depend on how well the co-op is doing at the time, but unless the co-op has failed as a business, or failed to become profitable (which is a risk with every investment), you will get it back eventually.

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Q. Why not just shop at Central Market or another area store?

Short Answers:

1. The more options to access local, natural food, the better!
2. Shop at those stores today and shop at the co-op when it is open.
3. The co-op is member owned, so the members share in the profits of the store, and participate in the decision-making process.

Detailed Answers:

1. Up until recently, the best place for buying locally grown food was at the Farmers Markets, or Central Market in Poulsbo. The best way to support these efforts is to shop there! There is room for Safeway, Albertsons, QFC, Red Apple Market, Central Market, and the Co-op!
2. These stores provide access to local food now! The co-op is still organizing and, as of yet, there is no store in which to shop. Support the local farmers and the local food effort by shopping locally now, and sign up for the Co-op to own a part of your own business.
3. Because we're 100% member owned, all of our Member-Owners share in our profits and participate in making decisions. We also adhere to the **Seven Cooperative Principles**:

Voluntary and Open Membership: Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

Democratic Member Control: Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and decision-making.

Member Economic Participation: Members contribute equitably to, and democratically control, the capital of their cooperative.

Autonomy and Independence: Cooperatives are autonomous, self-help organizations controlled by their members.

Education, Training, and Information: Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperative.

Cooperation among Cooperatives: Cooperatives serve their members most effectively and strengthen the cooperative movement by cooperating with one another.

Concern for Community: While focusing on members' needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

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Mission Statement

The Kitsap Community Food Cooperative connects our local community with quality food, products and access to information that promotes a healthy future for our families and our planet. Together we work toward a world where mutually beneficial relationships exist between producers and purchasers.

Vision Statement

Food	We sell the highest quality food at a fair market price.
Local	We provide local food and products.
Community	We are committed to building strong ties within our community.
Education	We educate ourselves and the public.
Welcoming	We provide a welcoming environment to everyone.
Ownership	Members are more than just customers – members are OWNERS .
Volunteerism	We encourage members to help out and give back.
Dynamic	We listen to our community, and work to meet their needs.
Ecological	We commit to sustainable practices.

Core Principles

Communication	We are dedicated to mutual understanding.
Good Stewardship	We are grounded, visionary, and responsible in our decision-making.
Integrity	Our words and our actions are congruent.
Cooperation	We have the willingness to step up, and the wisdom to step back. We work together with patience and flexibility for a common purpose.
Professionalism	We are accountable for our actions and decisions. We work responsibly with appropriate transparency.
Optimism	We enjoy our work and hold a deep belief in the abilities of our collective power. We continue to look to new sources of inspiration. We see mistakes and conflict as opportunity to grow.
Commitment	We are the co-op and the co-op is us. It's a priority – its where we give time, money, and resources.