

Your Coop Business Planning Workbook

Success Steps to Achieve your Coop's Business Planning Goals



**Developed for
2-Day Coop Champions Workshop Participants**

November 5, 2019

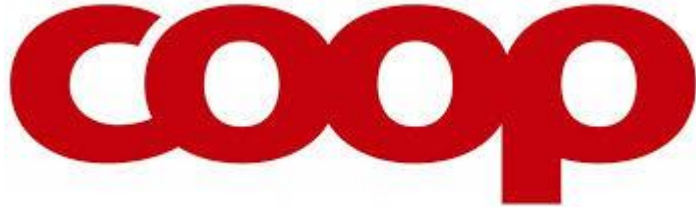
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Coop Business Planning Workbook

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A. Executive Summary



This Coop Business Planning Workbook is designed for business decision makers to develop step-by-step the key thoughts and actions necessary for successful business financing via the cooperative (coop) business model. Whether your businesses financing goal be for working capital, equipment, inventory, existing premises renovation or an entirely new facility build, the coop business model offers significant benefits over traditional organizational structures.

In completing this workbook your coop business planning team will be in its best position to:

- ❖ **Clarify its vision, mission and purpose to better guide future actions**
- ❖ **Develop an up to date business plan**
- ❖ **Confirm what human resource skills and knowledge are needed to support goal achievement**
- ❖ **Reach consensus amongst your executive / management committee as to whether the coop model is right to adopt within your business**
- ❖ **Confirm the type, amount and purpose of financing needed for your business**
- ❖ **Develop the right qualitative and quantitative content within your member, investor and/or donor presentations, all synced with your business plan**
- ❖ **Understand how BEDC can help your coop business achieve its development goals**

Securing the right amount of funding to achieve your businesses goals can sometimes be a daunting endeavour but committing to action your business planning in a step by step way makes the business reengineering process orderly, inclusive of stakeholders and manageable within time and cost constraints. In brief, the coop model starts with reinventing your business through an inclusive business planning process to design an engaging member value proposition which can support foundational member equity investment. In other words, existing and new members will be excited (after learning of your vision/business plans) to invest their money in your business to help it to achieve its goals; in exchange for member funds, the business contracts with its members to be part of business power sharing and decision making in new and exciting ways. BEDC, in its ongoing effort to support coop businesses with their development and best forward planning, produced this workbook to marry the value created within its past coop development seminars, innovative financing products and new business development concessions.

B. The Right People on Board the Coop Business Planning Bus



The Bus Story: It was once said that when the right people are on the bus and the right person is driving the bus and the wrong people are off the bus, wherever the bus goes is all good.

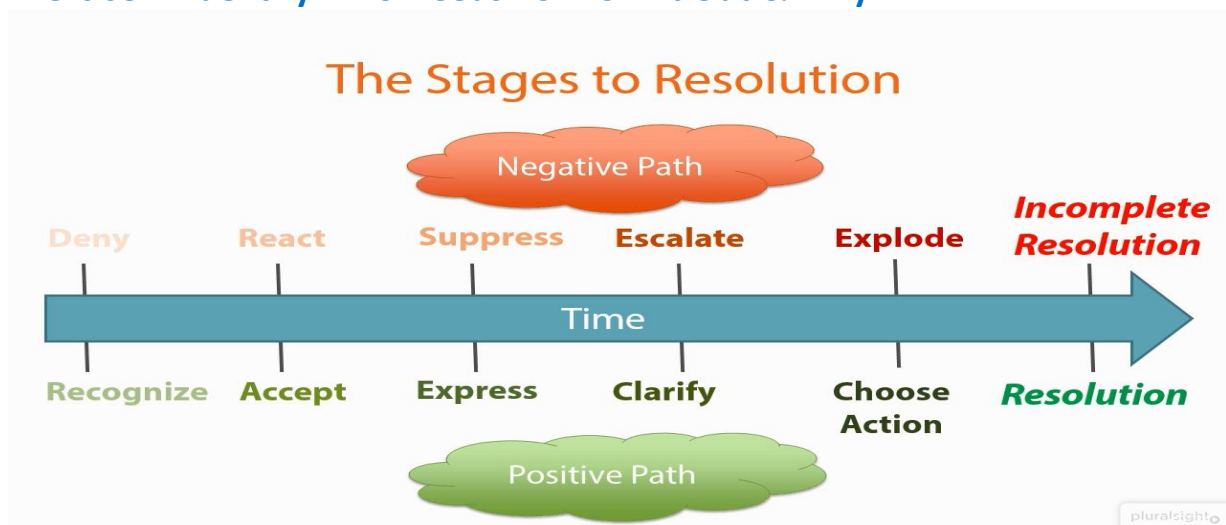
In preparing for your business to commit to a strategic planning session, think about who within your business executive, management and stakeholder circle (members & friends included) should have a seat at your business visioning/reengineering/planning table. Think about it – your business is about to embark on perhaps its most dynamic business reinvention experience so perhaps now is not the time to let any member’s petty rivalries, jealousies or whatever demons of the past derail the business having its best apple cart to barrel into the future. In other words, it’s all about the business and not any one person. We are talking about doing noble, possible legacy work that will benefit the coop businesses members.

Exercise 1: Who Deserves a Seat at the Coop Business Planning Table and WHY?

C. Business Member Conflict Resolution

Assuming you've done your job right and have identified the right persons that need to be at your coop businesses planning table, then there may be work needed around setting the tone amongst members before engaging in the formal business planning process. Think about it – you have business persons that due to their unique skillsets should be engaged as active participants in the businesses forward development process BUT, it would be good if something was done to help the chosen ones to get along, play nice and focus on the over-arching work, which is all about the business! So, what can be done to mitigate potential conflicts and help business planning members to stay focused on the work at hand and at the same support your coop businesses members with conflict resolution skill building strategies?

Exercise 2: Identify Who Needs To Work It Out & Why



D. Coop Business Pledge

Now your business planning members are ready for the Pledge. Whether your business decides to embark on a coop business changing financing initiative or simply desires to generate funds to renovate a bathroom, committing to a robust business planning process can be beneficial to all coop stakeholders.

The idea here is to have the business planning persons pledge to undertake and most importantly COMPLETE the coop business planning process.

Be as specific as you want to be – ***We (undersigned), forming the executive, management (or other committee) agree to complete the (your name) business planning process by (date) to be led by (name person / company) to clearly understand our businesses current reality, value to the community/membership and desired future state. We hereby commit to securing the necessary resources needed to achieve our identified business planning short and long-term goals.***

Exercise 3: Draft your Business Pledge (amend above if desired)

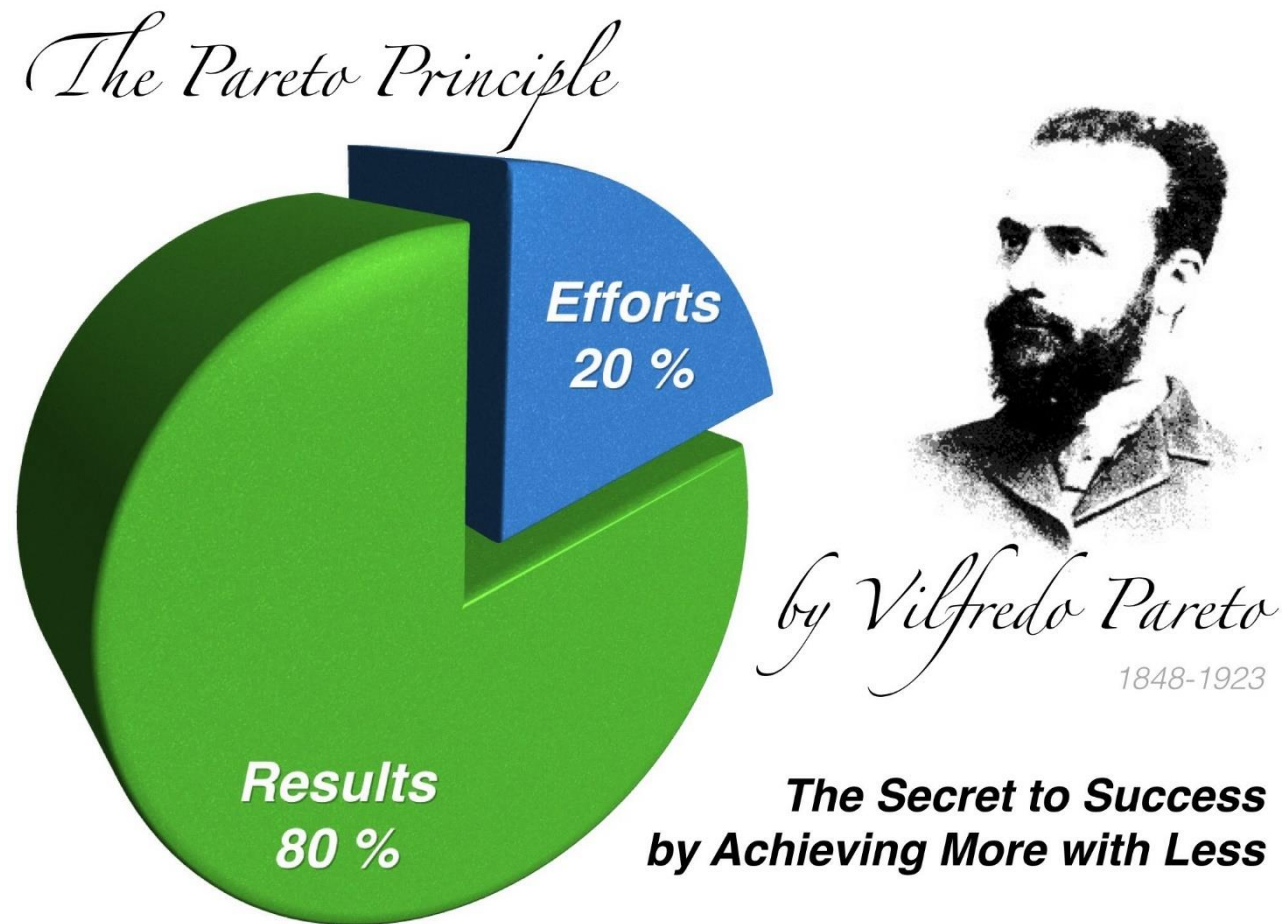


E. The Power of Pareto's Principle or the 80/20 Rule applied to your Business

As your executive / management committee is prepping its foundational inputs and mindset prior to formally beginning the business planning process inclusive of necessary goal setting, it is important to understand the power of the 80/20 Rule and how it can benefit your club. The 80/20 Rule simply states that 20% of your businesses inputs or efforts are responsible for 80% of its outputs or successes. In other words, the vital or top few people, events, revenues, youth development initiatives, investors etc. are indeed worth your attention. ***Try and think about the 80/20 concept throughout your business planning process as there will always be the 'critical few' that deserve a bit more attention as they will usually deliver the 'bigger bang' for your buck.***

Have a read below – Brian Tracey elaborates on the 80/20 Rule in more detail.

What is the 80 20 Rule?



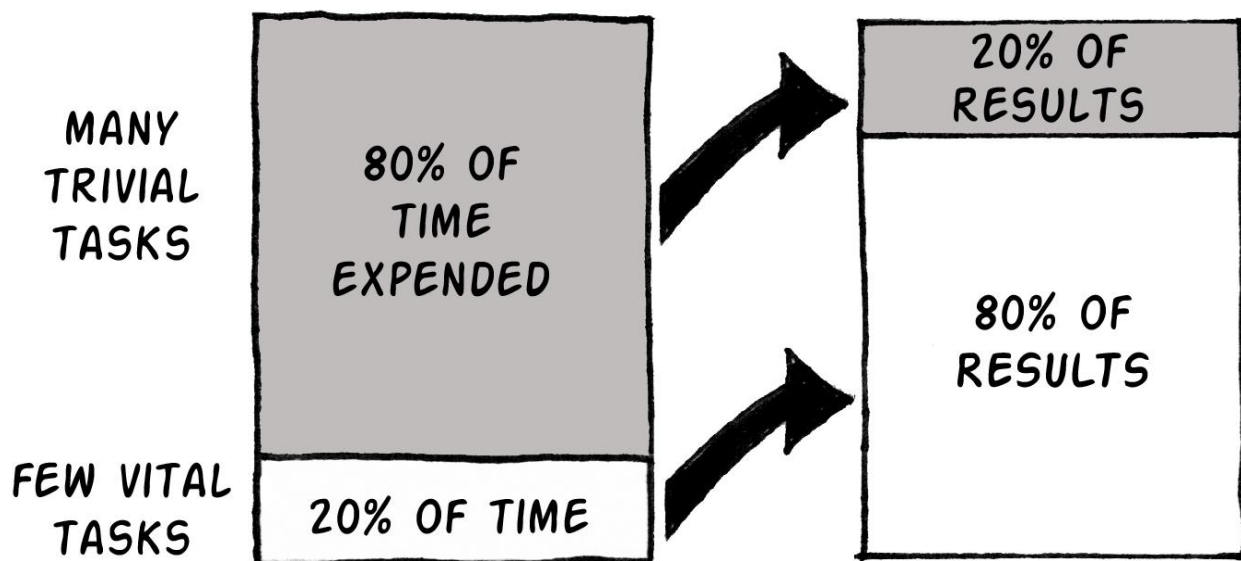
Courtesy of Brian Tracey

<https://www.briantracy.com/blog/personal-success/how-to-use-the-80-20-rule-pareto-principle/>

The 80 20 rule is also called the “*Pareto Principle*.” It was named after its founder, the Italian economist Vilfredo Pareto, back in 1895. He noticed that people in society seemed to divide naturally into what he called the “*vital few*,” or the top 20 percent in terms of money and influence, and the “*trivial many*,” or the bottom 80 percent. Later, he discovered that virtually all economic activity was subject to this principle, in that 80 percent of the wealth of Italy during that time was controlled by 20 percent of the population. We can take Pareto’s 80 20 rule and apply it to almost any situation. Understanding the principle is essential to learning how to prioritize your tasks, days, weeks, and months. In business, it’s essential to strategic planning, which is one of the [leadership qualities](#) shared by the world’s most important leaders. For the purpose of this workbook, we will discuss applying it specifically to goal setting and productivity.

How Does the Pareto Principle Work?

The Pareto Principle is a concept that suggests two out of ten items, on any general to-do list, will turn out to be worth more than the other eight items put together. The sad fact is that most people procrastinate on the top 10 or 20 percent of items that are the most valuable and important, the “*vital few*,” and busy themselves instead with the least important 80 percent, the “*trivial many*,” that contribute very little to their success.



How to Apply the 80 20 Rule to Goal Setting Within Your Coop Business

Here's what you should do in order to effectively apply the 80/20 rule to [setting SMART goals](#) which will boost your overall productivity.

Exercise 4: Identify Your Business 20% Inputs or Efforts That Will Give 80% of Results or Successes

First, take a piece of paper and write down 10 goals. ***Then as a committee, ask yourselves: If your business could only accomplish 1 of the goals on that list, which 1 goal would have the greatest positive impact on your business?***

Then pick the 2nd most important goal. What you'll find is, after you complete this exercise, you will have determined the most important 20 percent of your goals that will help your business more than anything else. You should continue to work at those goals that you've chosen as the most valuable all the time. Note: Don't be afraid to engage outside business resources to assist in goal identification.

F. GAP Analysis



For the purposes of this business development workbook let's define coop business planning as simply understanding the businesses current state, agreeing as a leadership body where you would like to go short and long term and finally what resources (time, money, effort) will be needed to achieve the desired results. In other words there will be a 'gap' in between the businesses current reality and the desired business state – this gap analysis

will ideally bring the right persons (intellectual capital) to the table to first understand and secondly action how to close the gap to achieve the desired business state.

Exercise 5: Business Reality vs. Desired State

Rate your business reality from 1 to 10 (with 10 being the highest)

CURRENT BUSINESS REALITY

- Purpose, vision, mission
- Current business plan
- Assets, facilities, infrastructure state (building, land, equip. etc)
- Financial affairs (cashflow, self-sustaining)
- Revenue stream diversity (or just dependent on bar)
- Operations (how well does the club business run)
- Community relevance / value
- Member commitment
- Communications to internal/external stakeholders

1 2 3 4 5 6 7 8 9 10

DESIRED BUSINESS STATE

G. S.W.O.T Analysis

To complement the GAP Analysis and add to the bedrock of your business decision-making data generated thus far, your planning committee should complete a S.W.O.T. Analysis, namely an examination of your business Strengths, Weaknesses, Opportunities & Threats.

Key SWOT Questions

STRENGTHS

- What do we do exceptionally well?
- What advantages do we have?
- What valuable assets and resources do we have?
- What do members/customers identify as our strengths?



WEAKNESSES

- What could we do better?
- What are we criticized for or receive complaints about?
- Where are we vulnerable?

OPPORTUNITIES

- What opportunities do we know about, but have not addressed?
- Are there emerging trends on which we can capitalize?



THREATS

- Are weaknesses likely to make us critically vulnerable?
- What external roadblocks exist that block our progress?
- Is there significant change coming in our members' sector?
- Are economic conditions affecting our financial viability?

S.W.O.T. Analysis

Exercise 6: Complete a S.W.O.T. Analysis for your Business

Strengths

- **Example:** Long-standing, experienced executive / management committee
- **Example:** Committed membership
- **Example:** Strong, 10-year youth football program with x no. of players

Weaknesses

- **Example:** Poor cashflow position (also list how this will change +)
- **Example:** Bar sole source of revenue (also list how this will change +)
- **Example:** Facility in need of renovation (also list how this will change +)

Opportunities

- BEDC inputs can help with business planning
- **Example:** Major donor proposal / to complete Sept. 2019

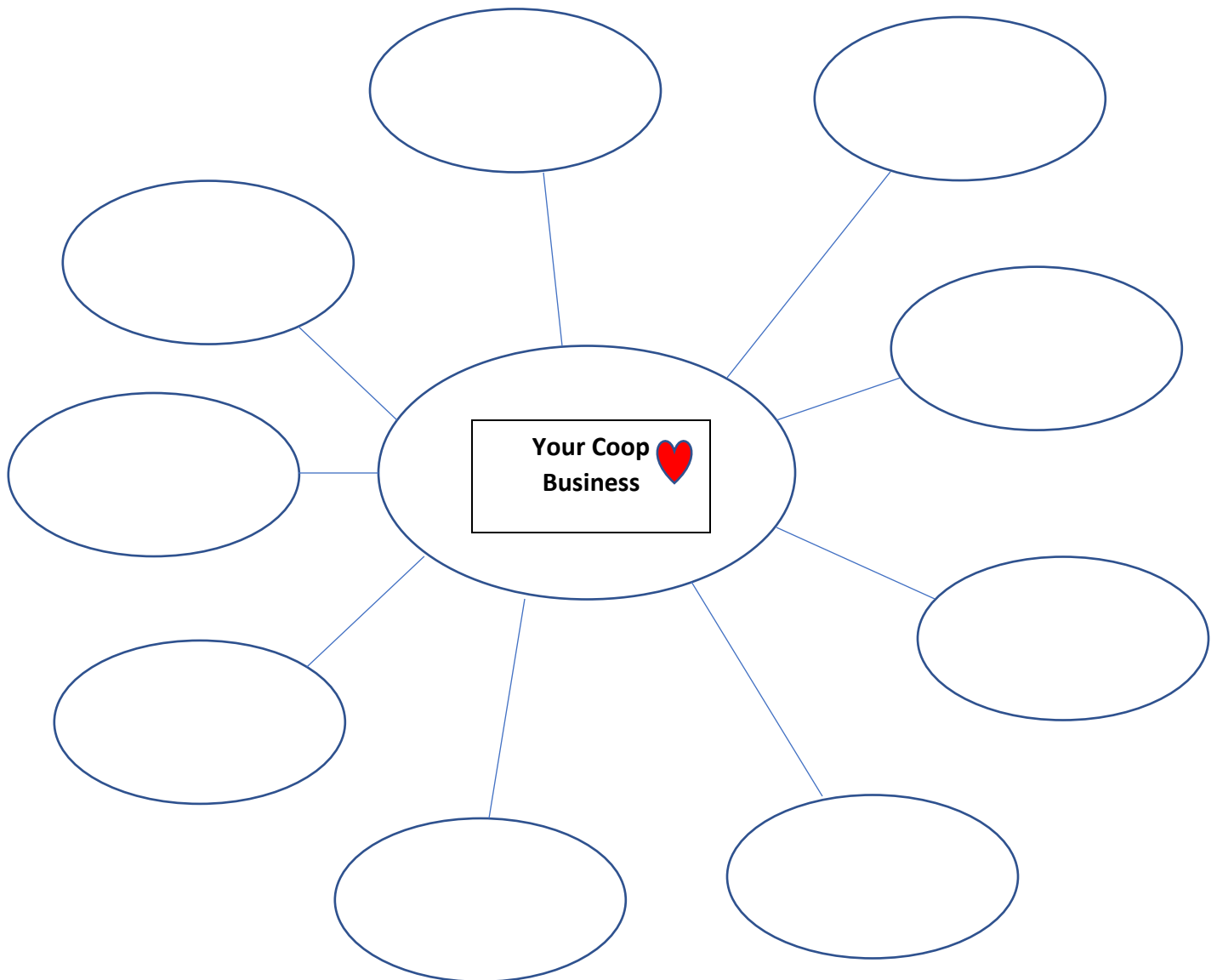
Threats

- **Example:** Antisocial element, negative press and/or liquor license non-renewal could result in temporary and/or permanent closure

H. Coop Business Stakeholders

Every coop business has stakeholders. These are individuals and organizations that are committed to helping your coop business achieve its goals. They may be coop members, employees, private sponsors, public donors, institutions, suppliers, media, spectators plus others.

Exercise 7: List Your Club's Stakeholders



I. Business Planning / Non-Financial - CHECKLIST



The business plan is an essential tool that allows you to develop your business idea and describe in words how and when you will develop your new business venture. Architects draw plans so that the owners of a house can get a good idea of what design they want. A contractor would not dream of building a home without these plans. So too should the business plan be as essential to your business start-up as a set of architectural plans.

A well thought-out and carefully constructed business plan will help to reduce some of the risks and stress associated with starting a business. Completing a quality business planning process can give your business real purpose, identify what resources are needed to achieve your businesses future goals and galvanize your business plan contributors to remove club obstacles that would serve to impede development. The work you have done thus far will be beneficial as you engage in the formal business planning process.

Find below a summary of the business plan elements that you are now ready to work on.

1. **General Description of your Business:** Provide an overview of your coop business, reason for its founding, relevance today, what product and/or services your business offers (will be offering), to whom, and what need drives the respective business idea.

Mission Statement: Many organizations have a brief mission statement, usually 30 words or fewer, explaining their reason for being and their guiding principles. This is a good place for a mission statement if you want to include one.

Goals and objectives: Goals are destinations – where you want your business to be. Objectives are progress markers along the way to goal achievement. If you want to draft a summary of your business goals and objectives, you can add it within this section or include elsewhere if you choose.

2. **Description of the Product(s) &/or Service(s) to be Offered:** Go into further detail of the products and/or services to be offered. Describe the physical make-up of the products (if applicable), its use and appeal, and what stage of the product life cycle it may be in. Detail the services offered and whether the services offered are profitable or needs to be supported by investor funding. Adequate time needs to be spent researching what products and/or services are currently being offered, and by whom. This will assist in defining what niche areas can be explored.
3. **Overview of the Current Market & Competition:** It is important to understand the environment in which your business is operating in.

4. **Commentary on the Business Location:** The location of your business can sometimes make or break new business offerings. Identify locational issues about your club that will be made good and how ex. Security measures to be enhanced.
5. **Profiles of the Executive / Management Team & Other Key Personnel (include resumés):** Good people will be needed to accomplish the objectives outlined in your business plan and your plan should identify who these people are. Be sure to list the founding members, active investors, key employees, directors, key advisors, etc. If you have not yet hired your team, include the key attributes required for the position(s) you will be filling, or a job description for key posts.
6. **Marketing Plan:** No matter how good your product or service might be your sales will be challenged if no one knows about them. Engage persons that have solid expertise in this area if your business planning committee does not.

J. Business Planning / Non-Financial - KEY QUESTIONS

Exercise 8: Draft your Coop Business Plan

J.a. General Description of your Business

- What values and benefits underpin your businesses existence?
- What gives your business reason for being or relevance today?
- What are your business goals and objectives?
- What is your businesses mission statement?
- What product and/or services does your business offer (or will be offering), to whom, and what need drives the respective business offerings?
- What donors/sponsors will support your coop and why?

Expand as needed

J.b. Description of the Product(s) &/or Service(s) to be Offered

- What is the physical make-up of the products (if applicable) to be offered?
- What are the products life cycle stage? New / soon to be expired?
- Are the businesses products and services profitable?
- Does the coop have to be supported by donor / sponsor funding?
- What research has the coop conducted on its new products and services to be offered?
- What potential client surveys have been completed in line with any new business offerings?
- Have you reviewed possible coop revenue generators?

Expand as needed

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J.c. Overview of the Current Market & Competition

- What market conditions are present that enhance or detract from your businesses offering?
- What business competitors are doing what you are doing or have the capacity to duplicate your efforts?

Expand as needed

J.d. Commentary on the Business Location

- Assuming your coops location can't be changed, what about your location needs to be upgraded or fixed to best mitigate any issues?
- Does the coop have a current lease? (if leasehold status) and if so, are there any current issues with the landlord?

Expand as needed

J.e. Profiles of the Executive / Management Team & Other Key Personnel (include resumés)

- Who serves on the club's executive and management committee?
- What is the executive / management committee selection process?
- What is the club's organizational structure? Provide an org. chart if possible.
- How many financial members does the club have?
- What are the member benefits?
- Who will manage the club's day to day business?
- What experience does the above person bring to the club?
- What special or distinctive competencies are needed in this post?
- Is there a plan for continuation of the club's business if this person is lost or incapacitated?
- Do all key club persons have job descriptions?

Professional & Advisory Support – list the following:

- Board of Directors and/or Advisory Board
- Attorney
- Accountant
- Banker
- Insurance Agent
- Consultants and Mentors

Expand as needed

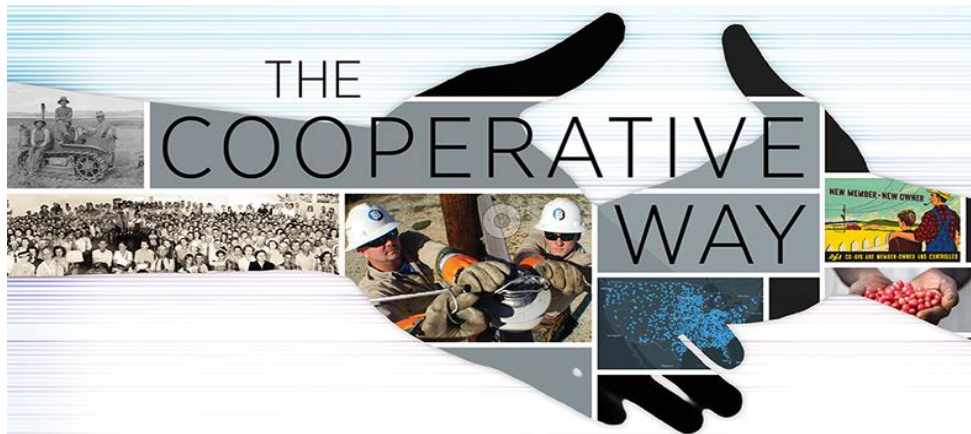
Marketing Your Coop

On BEDC website by Nov. 22, 2019

K. Business Planning / Financial

The Bermuda *SPORTS CLUB* as a Coop Development Model Example

Coop Sports Club Business Financing (\$ Unlimited, At-A-Glance)



1. Assumes your club embraces the coop / democratic ownership model.
2. Assumes your club has manageable to nil existing debt as members are contracted to provide the foundational investment equity; bank/institutional/private loans can be a part of club financing perhaps not before initial member equity investment.
3. Coop members buy into new club-member value proposition ie. reenergized, vibrant club forward development vision and goals (hence the power of the right persons building the business plan).
4. Coop members invited to become owners / investors in the business.
5. Members / owners participate within businesses governance (power sharing and decision making).
6. Board/Members/Owners elect businesses executive and share in business profits.

Sports Cub Business Planning / Revenue Streams Deep Dive



Club business profitability is in a large part about cashflow – available cash on hand to meet ongoing club operations. To enable *the cash to flow* we need to create revenues or sales of our club products or services. No easy task, but this section will hopefully motivate your club business planning committee to think outside the box and start to develop multiple revenue streams to push your club towards greater profitability, which will in turn hopefully expand your youth / golden seniors programme outreach, community service, member enrichment, annual events and still have coins to invest back into your club infrastructure.

Dialogue the following potentially revenue generating ideas amongst your club planning committee members to determine which ones are right for your club. The key in doing this is not to cast any ideas aside based on what your CURRENT facility can embrace but rather to imagine the possibilities your facility can embrace in the FUTURE with the right degree of sensible funding.

In other words, if we spend \$10 now it makes sense due to the high probability that the club will make \$30 – for the next x years.

Exercise 9: Dialogue & Develop your Club's Existing / New Revenue Stream Opportunities

Key Questions:

- What is preventing your club from developing new revenue streams?
- Who needs to be a part of this club new revenue stream opportunity creation exercise that is not at the table now? Outside of the box / entrepreneurial persons can most likely add value here.
- Be mindful that thinking and agreeing on an idea doesn't mean that the idea will naturally come into being – be careful to agree on how the idea will be EXECUTED or project managed into reality. Plan all steps from start to finish.
- What new revenue streams have executive members discussed in the past that have not come into existence? What were the reasons?

Exercise 9: Dialogue & Develop your Club's Existing / New Revenue Stream Opportunities, continued

- What issues from the past still distract our business planning committee from future club development opportunities?
- How can our existing club bank/other debt be incorporated in new financing to enable us to move forward now?
- What paid or volunteer human resources must we have to enable us to move forward with the revenue streams that work for us now?
- Thinking with an 80/20 mindset, what is the 1 new revenue generating idea/concept that can give your club the biggest bang for its buck? What is preventing your club from acting on this idea/concept to bring to fruition?

Expand as needed

[illegible]

1. Bar Provision



Nothing new here with this idea as it's a current reality within most clubs that have a liquor license. The question here is simply this: Is your bar designed for maximum sales, profitability and customer convenience?

BEDC can organize an affordable expert review of your club's bar – just let us know you desire to this support.

Key Questions:

- Should your bar be revamped for greater profitability and customer seating?
- Do you have the proper accounting procedures in place to best handle your bar business?
- Should you create a secondary permanent or pop-up bar to best handle weekend, special event or occasional business?
- Is your club bar attracting an anti-social element that is deterring other club supporters from patronizing?
- How can you afford to redesign your club bar and sensible surrounding areas that link for greater impact?
- How can your club fulfill members that have upper level sporting event (pay per view) needs? Quality screens & audio, pre—booking, hype atmosphere, comfortable seating, food provision etc.

Expand as needed

2. Food Service



Developing a profitable club take-out food service business takes for the most part time, a keen commitment for skill development in all areas of food management and cost control/accounting support. Food provision can be big business but only if it is done right. Assuming your club is in the food service business (or desires to make inroads), here are a few questions worthy of dialogue.

Key Questions:

- When your club's business planning team thinks of food provision what comes to mind?
 - o To get you started: Fear, opportunity, lack, plenty, loss, profit, stay away, push forward?
- Is your club keeping proper financial controls to know if food provision is profitable?
- How much money does food service generate on a monthly basis? **Thinking 80/20**, who is the key driver of these funds and what menu items are making the most money?
- Is your food service infrastructure ((floor space, equipment (fridges, stoves, ovens, grills, sinks), customer reception, human resources, health code requirements)) geared for next level production and profitability or is your club capped at its current level?
- If you can't expand your food service production within its current space, does it make sense to think about the benefits in line with your food service provision being expanded for greater profitability? Some considerations:
 - o Human resources
 - o Renovations for increase of floor space, plumbing, electrical, tiling
 - o Purchase of new equipment
 - o Skills development; food management, cost control, accounting
 - o Financing
 - o Project management – on time and within costs

Expand as needed

3. Facility Rental



A club building presents lots of revenue generating opportunities that come with ongoing overhead costs for your club facility to be properly maintained. The necessary painting, plumbing, and electrical repairs coupled with government taxes can be a drain on club finances if not budgeted for. Find below a few questions for your club business planning team to discuss and commit to any diamond's worth pursuing to develop your club's facility.

Key Questions:

- Does your club (and grounds) need renovations to bring rentable areas into good order? If so, how much will the renovations cost?
- Can your club secure monthly / quarterly / annual contracts with stakeholders that would want to rent your club's upgraded lounge (upgraded media for sports events) facilities to make this focused renovation a great return on club investment?
- Is your club good with all rental, insurance and legal documents so that all Gov. regulations and liability matters are properly covered?
- How does your club receive and account for rental income? How is any cash handled?
- Does your club solicit customer service feedback from persons that rent your club's facilities?
- Does your club keep a database of all persons that rent or use your club's facilities (bar patrons included)?
- Does your club have a website and social media platform to properly promote rental of your club and grounds?
- Does your club have the admin resources to respond to rental queries in a timely manner?
- Does your club plan and execute its own revenue generating events? Who within your club network leads these types of initiatives? If not, have you considered engaging an events service provider on a profit-sharing basis? What are some of the low cost, time sensitive events that could make money for your club?

- After school / day care center
- Community fitness facility
- Community kitchen (shared rental usage)
- Training / personal & professional development seminars (business equipped)
- Shared / co-working spaces / hot desks
- Anything to do with a millennial focus

Facility Rental / expand as needed

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4. Event Management



Although touched on briefly within the above Facility Rental section, the opportunity for your club to plan and execute its own events deserves its own section.

Events are by nature projects each having their own defined start and stop with a diverse range of action items linked to pre-set goals in between. Effective event execution requires committed people that have the right myriad of skills to achieve the event goals within time and cost constraints. Hosting events, whether they be educational and/or entertainment experiences, on your club's grounds can be profitable assuming your club's planning committee knows what it is doing. More than a few persons and organizations have ventured to organize an event for profit only to be confronted with the reality that thinking up an event concept is a lot harder than successfully executing. If your club is motivated to create an annual, quarterly, monthly or other type of regular money-making event, have your event planning committee work through the following questions - also consult BEDC.

Key Questions:

- What is your club's top event experience or idea? Think 80/20 – the one club event idea out of perhaps five that will give the biggest bang for the buck?
- How did this event idea make it to the top to be considered? In other words, what are your event planning committee's event idea evaluation criteria? For example, how did your event ideas stack up against the following 80/20 (event go/no go) filter:
 - Executable by club planning committee members (no paid project manager)
 - Must be within \$3,000 all in budget
 - All club members must sell 5 tickets at \$55 (56 members agreed to date, 85 TBC)
 - Minimal profit of \$3,000
 - Must be held on club grounds for 100% club bar / food provision
- Has your club considered local music festivals, family fund days, pub crawls, food extravaganza's, youth events – all with a focus on uplifting the community and making a profit?
- Does your club have a calendar of events that are organized to be effectively executed?
- What can your club planning committee do to mitigate / ensure that worst case risks will be minimized or eliminated?
 - What if all members do not sell their 5 tickets at the agreed price?

The Sports Club Coop Model

PART I – Coop Overview



What is a Co-op?

A cooperative is a private business organization that is owned and controlled by the people who use its products, supplies or services. Although cooperatives vary in type and membership size, all were formed to meet the specific objectives of members and are structured to adapt to member's changing needs. Cooperatives are formed by individuals who coordinate among themselves (horizontal coordination) to achieve vertical integration in their business activities. Although people have been working together for their mutual benefit throughout human history, the cooperative form of business organization began during the Industrial Revolution. Cooperatives were useful for promoting the interests of the less powerful members of society. Farmers, producers, workers, and consumers found that they could accomplish more collectively than they could individually.

Why a Co-op?

The cooperative is operated to benefit its members, not to maximize profits for outside investors. People who use the cooperative own their cooperative because they finance it in a variety of ways. They share in both the business risks and the business profits. Each cooperative determines what level of financial participation is required to establish membership status in the co-op. Members democratically control their cooperative by exercising the voting rights that come with membership. Members benefit from the cooperative because they have access to the products and services that they need. Net earnings are distributed based on proportional use, or patronage, rather than on investment.

Five General Types of Cooperatives



- **Consumer:** owned by consumers who buy goods or services from their cooperative

- **Producer:** owned by producers of commodities or crafts who have joined forces to process and market their products

- **Worker:** owned and democratically governed by employees who become co-op members

- **Purchasing:** owned by independent businesses or municipalities to improve their purchasing power

- **Hybrid / Multi-Stakeholder:** a combination of co-op types, where people with common interests band together

PART II – Typical Club Operational Model vs. Coop Forward Opportunity Model

With BEDC human resource and financial support, your club can adopt the coop model in a step by step way to always remain sure footed in moving forward.

During a Fall 2018 BEDC Sports Club Executive seminar, all attendees agreed that most building & land holding sports clubs are run in line with the following.

EXISTING SPORTS CLUB OPERATIONAL MODEL / CONDITIONS

- Small executive / management committee elected by financial club members within Annual General Meeting (AGM)
 - **Power sharing / decision making limited for the most part to the few**
- Limited to non-existent cashflow due to ongoing club operational expenses surpassing single source (bar) revenues
 - **No executable plan in place for club profitability / financial sustainability**
- Hopeful of donor giving / sponsorship to afford worthwhile youth and community development programs
 - **Dependent on others for continual financial support**
- Limited to no access to new loan and/or social capital investment funding
 - **Executive management does not possess all skillsets needed to execute right level and type of investment for phased club growth**
 - **Not bankable due to lack of proper management accounts**
 - **Scarred by past financial dealings with lending institutions**
- Aging facility in constant need of costly renovations and repairs
 - **Club in constant state of disrepair / needed renovations permeates all areas of the club's potential growth**
- Current financial member base is a fraction of club's growth potential
 - **Poor identification of, commitment to and communication of member benefits results in minimal/\$100 range annual dues payments from only die-hards**

SPORTS CLUB COOP DEVELOPMENT OPPORTUNITY MODEL

- Small executive / management committee elected by financial club members within Annual General Meeting (AGM)
 - [Development of Club Master-Mind Alliance / Intellectual Capital Expansion](#)
 - **Power sharing / decision making broadened to include all participating members; collective member base elects Board of Directors (BOD); BOD elects executive committee. Democratic / 1 member 1 vote governance structure**
- Limited to non-existent cashflow due to ongoing club operational expenses surpassing single source (bar) revenues
 - [Solid Plan to Measure New Revenue Streams / Become Cash Positive](#)
 - **Thorough club business planning sessions will identify priority revenue stream development commitments to be underpinned by solid financial analysis and performance measurement**
- Hopeful of ever-diminishing donor giving / sponsorship to afford worthwhile youth and community development programs
 - [Donor Giving/Social Impact Investment are By-Products of A+ Club Business Plan](#)
 - **Right, multi-year, contracted donor / social impact investor commitments secured from A-Grade club business plan and effective strategy re corporate / Gov presentations**
- Limited to no access to new loan and/or social capital investment funding
 - [Debt Funding Becomes Subordinate to Member Equity Opportunities](#)
 - **Existing and new members embracing the club's new business plan vision, mission, goals, objectives and on-boarded skillsets, are motivated to provide an initial block of club changing member equity ie. 200 members invest \$1,000 annually for 3 years consecutive years (not to mention larger financial gift club donors/investors)**
- Aging facility in constant need of costly renovations and repairs
 - [Facility Renovations Factored, Planned & Executed to Plan](#)
 - **Ongoing facility renovations and new plant ROI additions are factored in the clubs cashflow / budgeted spending**
- Current financial member base is a fraction of club's growth potential
 - [As Club Delivers on Promises, Members Enjoy Benefits & Become New Member Magnets](#)
 - **Existing members bought into the club's new direction and goals infect new members; club member growth is a key 80/20 success metric (in line with monthly revenue targets, expense controls and new donor/investor commitments)**

PART III – Sports Club Coop Financing Ex. With Action Steps

80/20 Committee Action: BEDC 6-8 Week Intensive Club Business Planning Course
Coop Model Buy-In: Part I (Executive)

**Projected
Funding**

- Club completes business plan within BEDC's 6-8 multi-week course (intensive, focused work)
- Past income statement, balance sheet and forward cashflow statements drafted to support club plan & goals
- Club course members fully understand club coop model & commit to buy in or take alternate route

Coop Model Buy-In: Part 2 (Wider Member Body)

- Club organizes 1st meeting for BEDC & Club Executive to present club coop model to wider member body
 - Confirmation of club assets to be in place prior to 1st member body meeting - good faith showing
 ie. website, volunteer or paid part-time admin, focused (80/20) club repairs \$15,000
- Member feedback analysis / inputs updated within club plan for 2nd presentation to wider member body
- Large club / donors solidified with presentation parts within wider body meetings 1 & 2 (clear mutual benefits ID/ROI outlined) 4 persons @ \$25,000 \$100,000

Financing Target 1

Club Executive, Members & Key Stakeholders Committed to Coop Model
Public Marketing Campaign, Broader Financing Focus: Part 3 (Public)

Financing Target 2	Member investment / tiered opportunities	10 per @ \$10,000	\$100,000
	(Monthly payments if needed)	100 per @ \$1,000	\$100,000
	Corporate/Gov./ Found. Social Capital matching	3 entities for total of	<u>\$100,000</u>
	Total projected member investment		<u>\$400,000</u>

80/20 Questions

1. If needed, what are some of the 'stepping stone' projects that your club can embrace now to build up required skills to be best stewards of larger levels of member, donor and investor funding?
2. What comes to mind as club executive knowing your members trust you enough to best utilize higher level funding to orchestra and maintain new levels of club performance and success?
3. How could \$400,000 of member funding be best utilized? What new revenue generating products/services would have to be worked? How can you best guarantee proper returns and mitigate risks on any investment? What if you added \$300,000 of patient capital with it? What could you achieve?

Capital Sources – Examples

One-Time or Short-Term Revenue Sources

- Coop membership fees (e.g. \$3,000, \$1,000 per year over 3 years) – Common Stock
- Variable amounts of equity investments - Preferred Stock
- Loans / debt
- Non-Equity donations/grants/gifts/corporate sponsorships

Recurring Revenues

- Annual corporate/professional sponsorships
- Usage fees – parties/events, bar/kitchen, rentals of field(s), lounge/party rooms, fitness/training rooms, access fees, etc.

Use the space below to outline thoughts about what you have learned about the coop model that resonates with you as you think about your club.



Exercise 10: Dialogue these questions & create your own for full discussion

Coop Model Key Questions

- What are you clear on?
- What's 1 thing that what would be great to achieve?
- What is the 1 thing stopping your members from being really fired up about your club?
- What would be a good first start?
- When can BEDC present an overview of the coop model to your club executive, management, member team? (Whoever you want in the room)

Expand as needed

PART IV – BEDC Sports Club Coop Model Development **Support:**

80/20 Focus At-A-Glance

A. Club Business Planning

- a. First things first – **commitment to develop an A-Grade business plan**
- b. Identifying and committing the right people on the bus
- c. Agreeing the total club development work schedule
 - i. **BEDC 6-week Sports Club business planning course**
- d. Preparing for new levels of work together - conflict management
- e. Time – commitments to the work ahead

B. Club Coop Model Development

- a. Executive / Management committee general learning
- b. Key skills development, club member training commitments
- c. Governance / power sharing and decision making
- d. Marketing
- e. Financial

C. Member / Key Stakeholder Engagement

- a. Club presentation team preparedness
- b. Anchor financial commitments
- c. Building consensus/momentum, goal achievement

D. Public Outreach

- a. Strategy / execution

10 BENEFITS of a Cooperative Business Structure

by Dr. Jessica Gordon-Nembhard, Political Economist & Author of Collective Courage



1. Anchor and Recirculate
2. Education and Training
3. Democratic Participation
4. Leadership Development
5. Meaningful Work
6. Address Market Failure & Marginalization
7. Joint Ownership
8. Build Wealth
9. Civic Participation
10. Economic and Environmental Sustainability



1. Anchor & Recirculate

- Co-ops are institutions of the Solidarity Economy, established to satisfy a need.
- Anchor capital and production in the local community.
- Keep the benefits of and returns to capital & production recirculating among those who produce them, service them, and need them.

Re-Circulation

Co-ops (especially worker) re-circulate resources in a local economy and leverage local resources:

- Local wages are used in the community and for goods and services that benefit the community.
- Surplus is returned to members, who live in the community and invest in the community or leverage their local dollars out in the world.
- Co-ops often buy local - use local suppliers whose activity originates in the community and whose resources also recirculate.

10 BENEFITS of a Cooperative Business Structure – continued

Give to community

- Co-ops deliberately direct dollars to the community and support community development (\$ donations, in kind contributions of meeting space and supplies, etc., volunteer hours).

2. Education and Training

Co-ops promote education and training through:

- Training about how to run a business and read an income and expense statement; industry training;
- Training in meeting facilitation and democratic participation;
- A well-trained board of directors; and
- Public education using orientation brochures, information boards, and product labeling.

Continuous Education

- Many began with study circles.
- Training is continuous over the member's participation in the cooperative.
- Skills developed from cooperative ownership are transferable to other economic, political and social situations.

3. Democratic Participation

- Being a decision maker in the business, having a say in cooperative governance has personal and business benefits.
- Research has found that both participation and ownership have positive effects on productivity:
 - lower turnover and absenteeism
 - higher worker satisfaction.

Social Efficiencies

- Social efficiencies are derived from democratic participation.
- Teamwork, inter-cooperation combined with self-help and self-management increase productivity and job satisfaction.

4. Leadership Development

- Democratic participation and self-management develop leadership skills in co-op members.
- Some cooperatives deliberately encourage members to alternate leadership roles and share leadership to enhance teamwork.
- Co-op members are found to assume leadership in other settings as well.

Women's Leadership

- Cooperatives "afford women a number of important benefits, including empowerment, leadership training, learning opportunities not available in traditional work settings, and increased self-esteem." (Weiss & Clamp)

10 BENEFITS of a Cooperative Business Structure – continued

Youth Development

- We are also finding that involving youth in cooperative business development in schools increases their motivation to stay in school, helps them to earn money for college, and develops leadership.

5. Meaningful Work

- Co-ops (especially worker) often lead their industries in providing living wages, and wages higher than industry standards;
- High quality work with a variety of benefits; and
- Establish democratic control over income and work rules.

Job Creation

- Co-ops create local jobs and meaningful work;
- keep jobs in the neighborhood, creating new jobs as the co-op grows, supporting local businesses;
- Value and promote teamwork;
- Provide job ladder opportunities; and
- A self-management environment.

6. Address Market Failure and Marginalization

- Co-ops produce affordable and high-quality goods and services usually because the market does not provide them – healthy food, sustainable energy, non-predatory lending, quality jobs.
- Marginalization forced subaltern groups such as African Americans to find alternative economic solutions.

Incarcerated and Formerly Incarcerated Workers need new strategies

- Exploited populations—within and without the criminal justice system.
- Employers won't hire returnees – must legally identify themselves;
- Incarcerated are used as slave labor in prison, can't support their families.
- Need new or different skills when return;
- Newcomers in some way; Bad previous experience(s)

7. Joint Ownership

- Pooling scarce resources
- Leveraging resources
- Reducing individual risks
- Profit sharing and a share of the co-op's equity
- Collective ownership and democratization of ownership.
- Addresses low income, capital flight – and lack of experience.

8. Build Wealth

- In addition to generating income, cooperatives contribute to asset building and wealth accumulation.

10 BENEFITS of a Cooperative Business Structure – continued

- Stable jobs, equity in the business, patronage refunds and other returns on their investment do provide member-owners with wealth, although this is often difficult to document.

Community-Based Asset Building

- Democratic joint ownership and cooperative ownership can be viewed as a type of community-based asset; and
- Contribute to community asset building– augmenting individual member’s assets and increasing the wealth of the company and the community.
- Beginning to document and measure this.

9. Civic Participation

- Democratic participation and decision-making, as well as skill and leadership development often spill over into other arenas,
- Co-op members become more active in civic organizations and politics.
- Take on leadership roles in community organizations.
- Participate in policy advocacy.

Transparency

- In addition, co-op members and employee owners become used to the transparency and accountability in their economic organizations (open book policies, one member one vote, shared management, etc.).
- They come to expect transparency and accountability generally and help re-create this in civil society and political arenas.

10. Economic & Environmental Sustainability

- Co-operatives provide economic stability by providing members with a viable community-based business; and
- environmentally friendly products and services.
- As residents, co-op members care about the environment and their working conditions.
- Triple bottom line – profit, human & social capital, environmental capital.





SOCIAL IMPACT INVESTING

Tips for Success

Social Impact investing is the practice of investing in organisations to deliver a positive social impact year after year, as well as achieving a financial return (through repayable finance or issuing shares). It is not philanthropy or charity. Whether you are describing the key elements of a business proposal or crafting a competitive grant application, developing a plan for financing your social enterprise is a critical and intentional process.

GENERAL COMPANY DESCRIPTION

What is this about?	Meaningful mission and community impact. What is your mission and overall strategy for achieving it? What's your endgame? What lasting change or benefit does this initiative achieve?
Common critical mistakes	In the social impact economy, simply making a general claim about a social condition is inadequate to form a business case
How to respond	Provide a clear, concise description of your organisation, its mission and guiding philosophy; the broad opportunity you seek to address

MANAGEMENT & ORGANISATION

What is this about?	Who is behind this business or organisation? Do they have the creditability and experience to make it a success? Can an investor be confident in this entity's leadership?
Common critical mistakes	Simply listing names of management, board or key staff
How to respond	Add their credentials and experience in the field

PRODUCTS & SERVICES

What is this about?	Describing what you will do and how.
Common critical mistakes	Presenting misleading information. Shying away from a thoughtful analysis of your experience, including risks and lessons learned from earlier trials. Inadequate product research.
How to respond	Ground your targeted social issue in real numbers. Show how your approach is tested for effectiveness/has strong indicators for success. Explain why an approach works, not why you think it is important. Highlight risks – never surprise an investor.

THE MARKET & COMPETITION

What is this about?	Have you done good market research? How do you know the product/programme is needed? Who are your target customers? Why does this product appeal to them over others?
Common critical mistakes	False claims or exaggeration (biggest, greatest, best)
How to respond	Validate your work and approach. Identify your competitors, potential areas of duplication/gaps and the value you add.

What is impact? The tangible outcomes and 'force of impression' that the programme leaves on stakeholders & the community-at-large.

BEDC Seminar – Financing your Sports Club Co-Op (Part 2) – 25 July 2019



Social Enterprise in Bermuda

What is Social Enterprise?

Businesses that are created to pursue a social mission in a financially sustainable way

A social enterprise is an organization that uses commercial, market-based strategies to achieve social and environmental goals that advance the common good.

The enterprise may achieve its outcomes through its products and services or through hiring disadvantaged individuals. A social enterprise differs from a traditional business in that its profits are deployed towards maximizing its social purpose rather than to benefit shareholders. It is also different in that it does not rely on grants and donations. A social enterprise may be structured as a company, co-operative, non-profit or mutual. If you think of charities or nonprofits sitting on one end of a spectrum, traditional business on the other, SEs sit in the middle:

- Nonprofits' primary focus is to address a social problem and support comes from grants and donations
- Businesses' primary focus is to make money and profit for the owners and shareholders through commercial, market-driven activities
- SE's create social value through commercial, market-based activities

Why is Social Enterprise Important?

Social enterprises bring the self-sufficiency of for-profit businesses and the incentives of market forces to bear on social problems in a way that neither pure capitalism nor pure charity has been able to match. Entrepreneurship has potential to close the gap between white and black wealth – with access to capital being one of the key inhibitors. There is a great deal of interest in social enterprise today because this approach offers a new — and possibly more sustainable — path for us to address the world's most pressing challenges. These social enterprises deliver benefits in a self-sustaining way by using their revenues to finance activities that generate social benefit.

Why Social Enterprise?

Social enterprise has grown exponentially in the last decade. It blurs the lines between the work of government, non-profits and for-profit institutions, thus addressing common issues and interests through market-based models.

Social enterprise presents a sustainable, revenue-generating mechanism to achieve social ends and successful models may be more easily scaled up through collective investments than traditional non-profit models.

10 Reasons CO-OPS Rock

1 Cooperatives are **DEMOCRATIC** businesses & organizations **EQUALLY OWNED & CONTROLLED** by a group of people. In a cooperative, **ONE** member has **ONE** vote.

There are
 ☆ worker co-ops
 ☆ consumer co-ops
 ☆ producer co-ops
 ☆ financial co-ops,
 ☆ housing co-ops,
 and more.

6 Cooperatives are **more resilient & IN ECONOMIC DOWNTURNS & IN IMPOVERISHED COMMUNITIES.** When other businesses may shut down or lay off workers, **co-op members pull together TO WORK OUT SOLUTIONS.**

7 Cooperatives are an **INTERNATIONAL MOVEMENT.** There are **thousands upon thousands** of cooperatives around the world that are making **major differences GLOBALLY & LOCALLY.**

2 Because cooperatives are democratically owned by community members, co-ops keep **MONEY & JOBS in their communities.**

8 Cooperatives strive to make people's **LIVES, COMMUNITIES, AND ECONOMIES** more **JUST, EQUITABLE, & DEMOCRATIC.**

3 Cooperatives aren't a far off theory. Cooperatives offer **achievable and practical** solutions to many **ECONOMIC, ENVIRONMENTAL & SOCIAL PROBLEMS** that can be implemented **RIGHT NOW.**

9 There's no **one right way** to do a co-op. They can be flexible to fit **DIFFERENT COMMUNITY & INDIVIDUAL NEEDS.**

4 **COOPERATIVES AREN'T CHARITY;** they're an **empowering** means for self-help **& solidarity.**

There are **big** co-ops with thousands of members, and there are **small** co-ops with only three members.

5 Members **equally share THE BURDEN IN HARD TIMES & THE BENEFITS IN GOOD TIMES.**

10 Cooperatives are **VIABLE & JUST ALTERNATIVES** for meeting our social and economic needs in contrast to **CORPORATIONS THAT EXPLOIT** the people and the planet.

Brought to you with love & solidarity by



Design by Molly McLeod



**Co-operative
enterprises build
a better world**