Moon Co-op:
The Feasibility of Opening an Organic Food Store in Oxford, Ohio

“Small Business Institute”

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In Collaboration with
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MOON Co-op:
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by

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Abstract

MOON CO-OP: THE FEASIBILITY OF OPENING AN ORGANIC FOOD STORE IN OXFORD, OHIO

By Carlynn Beth Ferguson

This thesis is a product of a student working with Miami University’s Small Business Institute to aid the progress of a local business. I collaborated with Andrew Parrish via a class taught by Dr. Michael Broida to assess the feasibility of the Miami-Oxford Organic Network (MOON) in their efforts to open an organic storefront in Oxford, Ohio to increase business with, educate, and interact with the local community. Several issues are investigated including marketing, loans, grants, promotion, location, competition, and cooperative functions. The goal of this thesis is to provide a guideline and recommendations for MOON to use as a reference to aid in this on-going project. MOON seeks to provide an outlet for local consumers and farmers who are committed to the principles of sustainable agriculture and lifestyle. The cooperative wishes to increase the availability of organic, wholesome food and related products, at reasonable prices. A growing concern for the environment and health related issues today makes organizations such as MOON an increasingly important addition to local communities, and the concern for this thesis is to help provide a step in this direction.
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Executive Summary

Miami-Oxford Organic Network is an organic buyer’s club located in Oxford, Ohio. Operating since October 2001, MOON is controlled by a steering committee. In the fall of 2003, MOON created an Interim Board of Director’s to head the steering committee and MOON’s members to more efficiently achieve its goals. Currently, MOON is working on expanding the buyer’s club into a storefront open to the public, and catered to MOON’s members. Hereinafter, the acronym MOON may refer to the store, the steering committee and/or its Interim Board of Directors, or the buyer’s club.

Last year, MOON contacted the Small Business Institute in conjunction with Miami University for assistance in achieving its storefront goal. This is a program in which Miami University business students form a contract to consult a local small business in efforts to fulfill requirements for completion of the Richard T. Farmer’s School of Business capstone, the final academic requirement for graduation. The students selected to work with MOON were Tricia Gorsky and Kevin Hock. The goals of the project were:

- Investigate and present findings of a complete market research analysis
- Create a business plan and financial analysis in order to lay a solid business and operating foundation
- Research information on sources of funding, cooperative formation and incorporation, and regulations and licensing for storefronts, as time permitted

The team completed a market analysis that identified definite demand for organic products in Oxford and defined MOON’s target market. Following the market analysis, the team devised a preliminary business plan. The business plan could not be complete because many of the details necessary were unknown at the time. However, it provided a solid foundation to build upon. The industry analysis and market analysis sections were
thoroughly and comprehensively researched. MOON was still in need of sources of credit and financing and a location was yet to be secured. In addition a start-up cost analysis was needed as well as promotional ideas and solutions.

In the fall of 2003, MOON again contracted to work with Miami University business students via the Small Business Institute Program. The students selected to work with MOON were Carlynn Ferguson and Andrew Parrish. This team met regularly with five members of the steering committee: Harv Roehling, Susan Callan, Debra Peter, Charlie Stevens, and Linda Simmons. The primary goals of the project were:

- Investigate sources of credit and financing
- Conduct research into possibilities for securing a location for the storefront
- Create a start-up cost analysis in order to better understand MOON’s financial needs.
- Continue work on areas of the MOON business plan that were not concluded during the Gorsky-Hock project.

The new consulting team began by familiarizing themselves with the organic industry. Much of this research consisted of investigating other organic cooperatives that have successfully opened a storefront. The steering committee enthusiastically provided information as to the current position of MOON, relevant research and future outlook, and included the team in cooperative activities such as new member meetings. Andrew Parrish’s work with MOON consisted primarily of investigating the background of the organization, co-op formation and development of articles of incorporation, and researching how similar co-ops run to aid in the development of solutions and recommendations. My work with MOON consisted primarily of research on the topics of employee qualifications, the letter of engagement, industry information, loans and grants, member equity, future plans, current problems facing MOON, and the following marketing issues: location, competition, market research, marketing techniques,
promotion, and product mix. Financial issues were researched and advised on a collaborative basis between Andrew Parrish and I. From this point on all work mentioned as performed by the “consulting team” will refer to work completed by Andrew Parrish and I collaboratively.

Work first began by investigating location possibilities. The location analysis consisted of evaluating each prospective location based on the following criteria:

- The location must lie on the Miami Metro route.
- The location must have available parking space, so as to accommodate shopping carts, similar to a rental space in Tollgate Mall in Oxford.
- Preferably, the location will be positioned near or around a bookstore, café, art gallery or ethnic store to help draw the consumers with an interest in diverse cultures and ideas.

It was important that each criterion was met because research conducted by the Gorsky-Hock project provided evidence that location is crucial to the success of such a store, especially in Oxford. Other factors that influenced decisions on location viability were cost, contractual limitations, available space, size of building, and zoning regulations. Several locations were analyzed. However, no location was secured at the time due mostly to one of the aforementioned influencing factors. I have provided this analysis along with recommendations for pushing past some of these factors. The issue of location has been deemed a priority because it affects the ability for MOON to make further steps, such as obtaining financing and credit and estimating costs, and may thwart MOON in its efforts towards reaching its storefront goal.

I continued by researching loan and grant options to provide the start-up money for the storefront. I contacted financial consultants in the area, and revealed options for MOON to pursue in the future. The goal was to prepare MOON for the undertaking of the loan process. In addition to loans, I also uncovered a grant possibility. Due to the
great difficulty in obtaining loans, this avenue was posed as a long-term goal, and not for financing start-up costs.

After investigating location possibilities and sources of credit and financing, the consulting team focused its efforts on a cost analysis for opening the MOON storefront. The product mix would be based on current orders placed by MOON members, and product margins and employee compensation were based on industry standards. The team conducted research for other costs, such as a POS System, shelving, bulk bins, shopping baskets, and other in-store necessities. The team investigated the costs of rent and utilities by questioning rental agencies, other stores in Oxford, and utility companies.

Some final issues investigated were the MOON member equity program, health regulation issues, the feasibility of future plans such as the purchasing of a bio-diesel truck, and several related options for the promotion of the storefront. Finally, the consulting team built upon the business plan created during the Gorsky-Hock project.

The consulting experience revealed that there is much work to be done before the storefront will be open to the public. However, the team believes that MOON will be successful in opening the local, organic food store. Based on the positive market research conducted during the Gorsky-Hock project, there is significant demand in Oxford to support such a venture. The highest priority for MOON is securing a location, and the biggest challenge will be working towards meeting requirements for eligibility in obtaining financing. The drive of the steering committee and its Interim Board of Directors provides a solid foundation for achieving its goals; and the team believes that they have provided a clear path for MOON to follow in the process.
History of Company

As stated, the company name, MOON, is an acronym standing for Miami-Oxford Organic Network. With its beginnings as a modest buyer’s club three years ago, MOON has experienced rapid growth to include nearly 50 members. These members place monthly orders through the United Northeast Buying Club’s online order form available at www.unitednortheast.com. Completed orders are e-mailed to MOON’s Order Collator, organized, and sent to Northeast Cooperatives. Alternately, members without online access submit order through the Phone Order Collator for computer entry. Ordering and delivery occur on regular four week cycles. On delivery day at the designated site, members unload and sort orders. Pickup and pay are done on the same day, and the catalog for the next order is also available on this day. The members of this buying club order bulk amounts of organic and local foods. The delivery location has varied over the past three years; however, MOON currently has its food delivered to a local Oxford Church. Members of the buying club help to organize the food orders and prepare them for pick-up by the buying club members. There are at least forty-five members in the MOON buying club. Twenty-one members placed orders in August 2003.

Within the MOON buyer’s club, there is a system of leadership in place. This group refers to themselves as the “Steering Committee”. Included in this group are the individuals with which our team has worked. They include Harv Roehling, head of the steering committee, and other members, Debra Peter, Charlie Stevens, Susan Callan, and Linda Simmons. Each of these members has offered input to meetings between the consulting team and MOON.
Justification of Need for Store

The buyer’s club has been able to satisfy its member’s orders but does have its downfalls. Members are only able to buy bulk amounts of organic and/or local food at discount prices, which can be slightly inconvenient and result in perishable foods spoiling before they can be consumed. Harv Roehling provided the example of 10 pounds of raisins, at a very reasonable price, which he had to throw away because they had gone bad before his family could finish all of them. In addition, the lack of a constant facility forces the MOON buyer’s club to work around availability allotted to them at the church. A final drawback to the current system is the simple fact that orders are only made monthly. This is clearly much less convenient than a traditional grocery store setting. A storefront not only benefits the co-op, but it would also be value-added for farmers supplying the store because it eliminates a middleman.

Position of the Firm Today

After working with the consulting team of Kevin Hock and Tricia Gorsky last academic year, MOON concluded that it was indeed a feasible idea to pursue the goal of establishing an organic grocery store in Oxford, OH. The goal of MOON is to create a cooperative store, which will focus on the sale of local and organic foods. Organic food is defined as food cultivated and processed without fertilizers, insecticides, artificial coloring, artificial flavorings, or additives (www.nutribase.com/cookingt.shtml). Farmers must undergo strict inspection to be certified as organic. These foods are considered by many to have better flavor and be healthier. The members of the steering committee
acknowledge the fact that the grocery store will not be able to offer only organic foods upon its opening due to the limited number of certified farmers in the area. Because of this fact, MOON plans to offer local and/or organic products at the time of its opening, and will make an emphasis on moving towards an entirely local and organic store. The steering committee plans to gather funding to open the storefront from the members of the Co-op as well as possible loans and grants. As of today, the steering committee has not selected a location for the storefront. Being a cooperative, MOON acknowledges the fact that members will be given a discount of sorts. As of today, the steering committee believes it will be able to open its doors to serve the public in Oxford during July of 2004, and thus be prepared to serve students and faculty when the 2004-2005 academic year begins.

Owner’s Credentials and Objectives

Due to the fact that MOON plans to be a cooperative grocery store, each member will, in fact, be an owner. Members of the steering committee are adamant that each member possess an equal voice in all matters concerning the store, and thus have adopted the saying, “One member, one vote.”

The following is a discussion of the credentials of the steering committee with the understanding that they are not the only “owners” of the cooperative.

- **Harv Roehling** – Harv Roehling is the Facilitator of the steering committee and owner of the Locust Run Farm, a certified organic vegetable farm. He holds strong beliefs in local food and the local economy. Harv is a retired mathematics

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1 Biographical facts for Charlie Stevens and Linda Simmons provided by the Gorsky-Hock project
and physics teacher that worked in the Cincinnati Public School System. Harv was the president of the Ohio Ecological Food and Farm Association for four years.

- **Charlie Stevens** – Charlie works as a professor at Miami University. He shares, with the steering committee, the interest of healthier farming practices and encouraging local markets. He holds a PhD in Anthropology from the University of Arizona. Charlie has an interest in the sustainability of small farms, with a concentration on the Pacific Islands.

- **Debra Peter** – Debra Peter is a certified organic farmer, and owner of Ironweed Farm, which produces for the Oxford Farmer’s Market. She holds a bachelor’s degree in Home Economics from the Ohio State University, and has served on the board of directors for the Marshfield Food Cooperative (Marshfield, WI) as well as producing for Bloomingfoods, in Bloomington, IN. In addition, Debra Peter has held numerous positions in restaurants and food service over the years. She currently serves on the Interim Board of Directors for MOON, as the Buying Club Coordinator.

- **Susan Callan** – Susan Callan brings the steering committee small business experience and has used these skills to provide possible work schedules as well as offer valuable input regarding location and pricing. In addition, Susan was responsible for much of the presentation at the first equity meeting, held at Western Lodge.

- **Linda Simmons** – Linda has lived in Oxford for 39 years, providing valuable insights to local markets. She is currently a student at Miami University, working
towards a degree in Sociology. Linda is a vegetarian that has committed herself to a healthy lifestyle. She shares the strong interest in local, organic food with the entire of the steering committee.

Overall, the characteristic bringing together the steering committee is a strong belief in ethical food practices and improving the local economy. This thought process has encouraged the committee to make education a primary concern of the storefront. Through classes and guest speakers, the steering committee hopes that the grocery store will also serve as a location of education for the community and student body.

MOON also seeks to provide a wide variety of products that will allow the store to serve as a one stop-shopping destination, not just a specialty store. The products MOON plans to provide can be separated into broad categories, and the committee maintains an objective that mark-ups will be strategically made across these different categories in order to provide competitive prices.

**Employees’ Qualifications and Experience**

At this point in time, MOON has yet to hire employees. However, two proposals exist regarding the staffing of the store. Each proposal calls for similar job titles, and the only major difference that exists will be whether the store is open on Sunday. The positions necessary for MOON are:

- **General Manager**- This employee will oversee all aspects of the store and work 40 hours a week. This position will require past managerial experience as well as a strong interest in local and organic food issues.

- **Assistant Manager**- This employee will work anywhere from 26-40 hours a week, and perform duties of the General Manager when that individual is not present.
When both the General Manager and Assistant Manager are working, the Assistant Manager will handle responsibilities in the customer area, while the General Manager will handle administrative duties.

- **Clerks/Stock** - These part-time employees will be scheduled so that one clerk is always working. The responsibility of this position includes stocking shelves and serving as a cashier.

Each employee hired by MOON will also be trained to use the POS system that MOON will use to manage its accounting and inventory. Employment is further evaluated in the analysis of future costs.

**Content of Letter of Engagement**

Along with the aid of the steering committee, a letter of engagement, which contained a prioritized list of goals for the project, was developed. The focus was MOON’s need for assistance in developing financial planning for MOON. This aspect involved exploring options for start-up money, as well as forecasting future earnings based on cost information gathered. Further, prospective store locations were analyzed along with various options for developing a member equity program. Finally, efforts were focused on working with MOON to finish and/or update the previously developed business plan created during the Gorsky-Hock project.

**Problems**

As a completely new, start-up company, MOON faces many challenges centered around a lack of previous information. MOON must address the issue of obtaining financing
through a loan, grant, and/or member-equity. In addition, MOON needs to investigate and secure a location in order to open their doors for business in July 2004. The lack of financial records poses an issue as well. The fact is that there have not been financials to track in the past, and therefore, this phase of loan application and financial projections is near impossible at this point. To help address numerous issues, MOON needs cost information, and any possible financial data. Those items have been included, as well as marketing information, location analysis, loan and member equity information, as well as several other recommendations.

Future Recommendations – Pending Implementation

Considering the fact that MOON is not yet a cooperative grocery store, nor has it been in the past, the consulting team views all research and recommendations as tools for future implementation. While a number of issues were discussed and agreed upon, the team understands that each issue and agreement will be used for the future of MOON. For these reasons, this evaluation does not contain a section titled “Recommendations Implemented” and cites the fact that recommendations surrounding the store will be implemented when the ideas of the Co-op become a reality in the near future. Throughout this subheading, research will be provided to help MOON in their decision making process. In addition, recommendations will be listed when applicable. The Hock/Gorsky project, created last year, provided some information throughout the analysis. Their work has been cited each time it is used, and the consulting team feels the inclusion of previous findings is relevant and important to the goals of this evaluation.
Industry

Health

Organic farming is the fastest growing sector in the agricultural economy. It has become a real nation-wide trend. According to the Organic Trade Association, US Sales of organic food have been growing from $6.5 billion in 1999, $7.8 billion in 2000 to $9.3 billion in 2001. This number is expected to grow to $13 billion in 2003, increasing at around 20% per year. Demand for organic products is also growing. In 1999, approximately one-third of all fruits and vegetables grown were organic. This increased demand derives mostly from an increasing importance being placed on health concerns, environmental concerns and preservation of local economies. The Gorsky-Hock project cites information from the Roper Green Gauge Report done by RoperASW, a non-profit center for the study of public opinion. This report claims that eating organic foods is the #3 activity done to ensure long-term health. The report also states that the public is worried about external toxic substances such as pesticides and supplemental hormones. Oxford’s interest, in specific, is important to address. The existing farmer’s markets are an important food source and a community-gathering place with the strong support of the Oxford City Council and its residents. Clearly there is an interest for this niche of food retailing, especially when the goals of the City Council are considered:

- Enhance the existing cultural resources of the entire community and encouraging new opportunity.
- Maintaining a city with accountable, user-friendly government and a pro-business climate to attract and develop diverse business opportunities.

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2 Industry health information gathered by Gorsky-Hock project
• Manage growth to ensure innovative land uses, green areas, small town character and preserved farmland through effective long-term policies.

**Associations Available**

Numerous associations exist that could be most beneficial to the MOON Co-op. The association the consulting team has had the most contact with is the Organic Trade Association (OTA), and it’s Membership Services Coordinator, Linda Lutz. She has directed the team to several resources, including an online directory of members, which will offer input regarding products and certification advice. By joining relevant organizations, MOON will be able to seek advice from individuals with specific experience regarding organic food stores. Through inspection of the encyclopedia of associations, it was concluded that the list provided in the Hock/Gorsky project is thorough and complete. A copy of their list is provided in Appendix 1.

**Marketing**

**Customers**

Customers for the MOON Co-op Organic Food Store will come primarily from the immediate Oxford area and consist mostly of current members of the co-op. In addition, consumers will come from the Miami faculty and student bases, as well as from residents in the Miami-Oxford or surrounding area that are not affiliated with MOON or Miami University. The goal is to support a local food system; and to keep the money local. There are several different consumer segments in the area that the store will want to attract. Previous market research performed during the Gorsky-Hock project identified the segments listed below, as defined by the PRIZM Lifestyle Segmentation Model. This model is based on geodemographics; defining market segments based on where people
live and how people who live near one another tend to act alike and share common psychographics. Segments are broken down by zip code to pinpoint exact city blocks and neighborhoods where certain categories of lifestyle may occur. The following are included in MOON’s target market.

- **God’s Country** – Executive exurban families, making up 2.5% of all households. They are between the ages of 35 to 54, affluent college graduates working white-collar jobs. Lifestyle preferences include hiking, using gas lawn mowers, listening to golden oldies radio, and reading cycling/outdoor life magazines.

- **Big Fish, Small Pond** – Small town executive families, making up 1.9% of all households. They are between the ages of 35 to 54, upper-middle class high school graduates who may have completed some college working white-collar jobs. Lifestyle preferences include needlepoint, camper ownership, watching TV golf, reading boating/outdoor life magazines.

- **Towns and Gowns** – College town singles, making up 1.4% of total households. They are under 24, or between 25 and 34 year old. They are lower-middle class college grads working white-collar or service jobs. They like skiing, use ATM cards, buy electric blankets, watch TV basketball, and read beauty and fitness magazines.

- **Big Sky Families** – Mid-scale couples, kids and farmland, making up 1.4% of all households. They are between the ages of 35 to 54, upper-middle class high school graduates who may have completed some college working blue collar or farming jobs. Lifestyle preferences include outdoor gardening, making 3 or more

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3 Marketing 441 lecture notes – Miami University – Jan Taylor – Fall 2003
stock transactions a year, using gas grills, listening to country radio, and reading sports and gardening magazines.

- **Mines and Mills** - Older families in mine & mill towns, making up 2% of all households. They are 65 or older, poor, and have only attended grade school. They work blue collar or service jobs. Lifestyle preferences include self home remodeling, drinking domestic beer, listening to early morning radio, and reading hunting or outdoor magazines.

PRIZM Segmentation information is considered crucial as well, and thus, the research performed in last year’s project has been included.

In addition to these PRIZM segmentations, another way to describe this target market is by using the VALS II segmentation. This model was developed by the Stanford Research Institute, and is used when geographics do not fully explain a target market because of the differing activities, interests and opinions of its members. The majority of MOON’s prospective consumers will be from the following category:

- **Makers** – The average age is 35 years. They are practical and self-sufficient, but not just for themselves; because their reason for being is that they enjoy providing for themselves. Farmers, automotive and construction workers, and seamstresses are examples. They like to make things. Much of their “satisfaction” comes from being *able* to do something. They are very family oriented; moms are more likely to stay home. They are politically conservative, though that does not mean they necessarily vote Republican. They are respectful of authority; support organized labor. Very unimpressed by material possessions unless they have a practical,
functional purpose. Primarily, they buy American. Common purchases include pick-up trucks, tools, fishing/camping equipment, etc\(^4\).

By understanding a target market, MOON will be able to open greater lines of communication with the consumer. Also, this information will be key when creating advertising and other marketing techniques.

**Geography**

Geographic location is a vital part of planning a successful retail food operation. This was demonstrated in the failure of Clingler’s food store in Oxford. The natural food store failed because of its inability to draw from a wide enough market in Oxford. Students without cars could not reach the store on the Miami Metro route; therefore, the store was either inaccessible or unbeknownst to this part of the population. MOON wants to draw the majority of its customers from the immediate Oxford area. They have yet to secure a location for the store. However, it has been emphasized that this must be a first step if loans or other financial aid are to be obtained in the near future. The potential location must meet certain specific criteria:

- The location must lie on the Miami Metro route (Appendix L).
- The location will be approximately 1,000 to 2,000 square feet.
- The location must have available parking space, so as to accommodate shopping carts.
- Preferably, the location will be positioned near or around a bookstore, café, art gallery or ethnic store to help draw the consumers with an interest in diverse cultures and ideas.

\(^4\) Marketing 441 lecture notes – Miami University – Jan Taylor – Fall 2003
Locations Investigated – A photo of each location is located in Appendix O.

- **Tollgate Mall** - The Tollgate Mall area, located on Locust Street in Oxford, Ohio seems to meet each qualification named as necessary for a location. Through discussions with the steering committee, it was decided that this location would be investigated thoroughly. I contacted Charlotte Lacey and was informed that no locations were for sale or rent at the current time. This unfortunate fact seemed to change when a sign was posted along Locust stating that retail space was available in Tollgate Mall. I inquired about this location and learned from Daniel Kitzmiller that the locations available were the spaces currently occupied by Big Lots and CVS. Unfortunately, through this conversation, I learned that leasing agreements exist within Tollgate Mall that do not allow the entry of a grocery store in these two specific locations. The reason for this clause is the existence of the Kroger grocery store in the Tollgate area. The large parking lot and proximity to the Miami Metro make Tollgate Mall an intriguing venue, and the team recommends that the MOON steering committee continually check this location for available space.

- **Former Dipaulo’s site** - A second location considered for the Cooperative was the Uptown area, specifically, High Street. This area did not appear to be a quality location for MOON due to its lack of parking. This issue, however, did not exist with the site that formerly held the restaurant, Dipaulo’s. The Dipaulo’s site featured its own parking lot, storage space, and was an ideal size. After contacting a woman from Century 21 Realty, it was learned that this site is for
sale, and renting is not an option. The sale price for this building is over $300,000, a number that is not at all feasible for this project.

- **College Corner Pike** - It was later discovered that possible locations may be available in the College Corner region; however, little consideration was given to these locations due to the failure of Clingler’s Market. This location is not close to the bus route, and is not a very high traffic area. Clingler’s cited location as one of the reasons it was in operation for only seven months. Due to the complete impossibility that MOON selects a location in this area, there is not a photograph provided of this site.

- **Former Stewart Elementary School Site** - Located on College Avenue, this site features a prominent location along a Miami Metro bus route. With Stewart Elementary leaving this building, it was felt that this prime location would provide excellent visibility to the store. Unfortunately, it was learned that this site was purchased by Hotel Development Services, and would not be available to serve as a location for MOON.

- **OxCollege** - The OxCollege location featured prime location on the corner of High Street and College, as well as a potential parking lot. It was learned, however, that this location will be utilized for performing arts, and therefore not available for food service.

- **Residential Houses** - In response to the lack of available real estate throughout the Oxford area, it was discussed with the steering committee the possibility of turning a residential home into a storefront. A feature to this idea would include having “themed rooms”, that is, each room would hold a certain type of products.
An ideal housing location would be the large white house located at 328 West High Street on the corner of High Street and Locust. Dan Johnson should be contacted to evaluate zoning restrictions for each possible location.

- **Miscellaneous Options**- Other houses are available in the Oxford area, which would need to be checked for zoning. Also, the building on College Avenue that formerly held McCullough Hyde Physical Therapy has intrigued the steering committee and will be investigated. In addition, a building exists at 25 N. College Avenue (next to the Shell Station), which is owned by Bob Blackburn. The steering committee has evaluated this site, and did not feel the layout was appropriate for the store.

**Recommendations for Location**

Despite the inability to find a reasonable location for the cooperative, this research and information must be used. The evaluation provides realities of the location situation. MOON is urged to search for a prime location on a daily basis, as this is possibly the most important aspect to the store. Specifically, it is stressed that MOON continue to follow the strict guidelines listed for a location, and contact Dan Johnson promptly when possible locations are discovered. He will be able to evaluate zoning restrictions.

**Competitors**

MOON Co-op Organic Foods Store will face competition from Oxford Natural Foods Store, Kroger Company, and Jungle Jim’s International Farmers Market. The following information was provided in the Gorsky/Hock project. This previously found information is included because it is imperative to recognize all competition.
• Oxford Natural Foods Store (ONFS) – Located on US Route 27 North, this store focuses more on vitamins and supplements, and less on organic produce and other items. It is not located in the commercial center of Oxford, and it does not readily attract new customers. Based on the different offering between ONFS and MOON, the two stores will attract customers for different reasons. Therefore competition will not be direct.

• Kroger Company – Located on South Locust St. near Wal-Mart, Kroger has an excellent location. Organic produce is sold, but not local organic. MOON will offer more fresh produce, and it will be more readily available. In addition, MOON will maintain a local economy, whereas Kroger is a nationwide chain.

• Jungle Jim’s – Located in Fairfield, OH, this store is one of the largest food stores in the country selling a wide variety of diverse products. Jungle Jim’s does have an organic section, but it is one of many sections. Also, the store is a 35-45 minute drive away. MOON will compete with this store based on convenience. Based on the competition MOON will face, location, again mentioned, will be a crucial part of the store’s operating success. To quote Ryan Wyrick, Oxford economic development director, “The grocery business is very competitive, especially when you enter into a niche market as a smaller style grocery store. As people increasingly want more options, they will tend to go to super stores that have services like one-hour photo or repair.”
Marketing Research Development (Hock/Gorsky)

All marketing research in relation to MOON Co-op’s Organic Store feasibility was completed by the Gorsky-Hock project as the primary objective of their thesis. The consulting team agrees that their work in this area is extremely valuable, and must be included in this updated company evaluation. 700 surveys were distributed to faculty and students in the area. The faculty response rate was a promising 40%. On-the-spot surveys given to off-campus students, who tend to buy groceries and cook more, also yielded encouraging results. The survey results showed that 80% of both faculty and students are willing to try organic and/or locally grown foods. The research also provides information as to which specific products are of most interest to potential customers. Fruits and vegetables will be most popular, with 92% of faculty and 78% of students reporting an interest. Much interest was also placed on dairy, meats, eggs, baked goods, and cereals. There has also been interest in a deli and/or juice bar. However, due to certain health regulations, it is not yet known if this will be feasible.

Marketing Techniques

MOON Co-op’s Organic Food Store has not yet opened. However, there are techniques being employed to spread the word already. A meeting was held on the 26th of October 2003 to provide information to prospective new members. MOON sent 150 letters of invitation to recipients in the Oxford area. The primary objectives of the meeting were to secure more members to help facilitate the opening and planning of the store, or to, at least, inform residents of the area of MOON’s plans for the future store, and to discuss member equity options. Another method that has been considered is newsletter
marketing. This would not only make the store visible, but also educate the consumers about organic foods and the philosophy behind MOON. The newsletter could be created by a MOON volunteer and be easily distributed.

Miami University student organizations should be contacted for further promotion of MOON. These organizations may wish to become members due to sharing similar interests and goals with MOON’s mission and objective. Other organizations may potentially serve as valuable resources for further business and fundraising needs. A complete list including contact names and telephone numbers is included in Appendix X.

**Promotion**

The following are recommendations made to improve the local promotion of the cooperative.

- **Miami Memos**- In addition to the previously discussed marketing techniques, there are several other promotional opportunities. First, MOON should acknowledge the fact that the student body is a tremendous potential market. In order to take advantage of this market, several methods exist that will allow MOON to promote to students. One idea pertaining to student promotion is the use of the advertising section in the Miami Memos. The Memos is an extremely popular student planner offered at local bookstores. Within the Memos is a coupon section, as well as an advertising portion. Steering Committee member, Susan Callan has expressed that the placement of an advertisement for her current business in the Memos has provided her with several student calls. By placing information in the Memos, MOON will enhance the likelihood that Miami University students are aware of the Cooperative.
• **Uptown Bucks**- A second option, following the similar logic of encouraging students to discover MOON, is to utilize the Uptown Bucks system. Information regarding Uptown Bucks can be accessed at [http://www.uptownbucks.com/miami.html](http://www.uptownbucks.com/miami.html). Uptown Bucks is a system that works much like a college meal plan. An amount of money is placed on a card to start the semester, and the student is able to use the card at member locations of the Uptown Bucks card. By becoming a member of the Uptown Bucks card, MOON would be the only grocery store in the Oxford area to be featured on the card. This added convenience for students will encourage use of the Co-op. A listing of the participating merchants in the Uptown Bucks program can be found in Appendix W.

• **Newsletter Coupons**- In addition to the monthly newsletters being sent, it is suggested that coupons be placed within these letters to ensure repeat customers. Also, by understanding that coupons are within the newsletter, members will be encouraged to read the letter and stay as informed and educated about the store as possible. MOON believes that the more informed people become, the more interested they will be in shopping at MOON. This fact ties to MOON’s opinion that it will offer higher quality foods than its competitors.

• **Website** – Another suggestion is the development of a website for MOON. If possible, MOON could obtain the list-serve address of all Miami University students, faculty, and staff for notification of the new website. This would serve as a way to advertise and increase visibility of the storefront for MOON’s target market.
• **Hired Fundraiser** - As a result of the October 26th meeting, the Steering Committee was approached by a gentleman interested in becoming a hired fundraiser for MOON. The potential employee suggested he would collect a commission for his promotional work in attaining new members. MOON is advised against hiring this person, as the financial impact of paying money for new members would not be an effective method for this start-up business. In addition, the members of the steering committee relate ethical issues to the hiring of a fundraiser, and would prefer that customers join with food issues in mind.

**Product Mix**

In evaluating the necessary money required to start the cooperative, it is imperative to be aware of the variety of products that MOON plans to carry. Through meetings with the steering committee, it has been recognized that MOON’s product mix can be divided into several general listings. These headings are: dairy, grocery, produce, bulk, cheese, HBA, baked goods, paper goods, household goods, and pet products. Debra Peter and Harv Roehling have decided the amount of each product category that will be used to start the store. By evaluating these totals, it is possible to predict start-up costs as well as provide a ballpark forecast regarding a break-even point. A listing of the product mix can be seen in Appendices K and Q. The cost of each category of food displayed represents the amount that MOON wishes to carry in their initial inventory.
Start-Up Costs

Provided in Appendix R is a listing of all start-up costs. Each item that will result in a cost to MOON is described. Of course, it is recommended that MOON have funding available in excess of this amount to cover unforeseen costs and improve liquidity. Finally, by listing each item as a startup cost, the team is recommending that the following areas be dedicated funds by MOON.

- **Rent**- Through estimates provided by Charlotte Lacey and previous estimates received by the steering committee, the team will use the figure of one dollar per square foot as rent cost. Therefore, rent can be estimated as $18,000/year. This is based on the size of the store being 1,500 square feet (halfway between the projected 1,000 to 2,000 sq. feet). For start-up purposes, an amount of $1,500 will be used, as this amount will pay for the first month’s rent.

- **Inventory Costs**- MOON has provided the consulting team with the preferred amount of inventory to stock the store. This fact was touched on in the section titled “Product Mix”. Appendix Q displays the cost of each food item desired. Totaling each category results in a total of $21,148 dedicated to initial inventory.

- **Point-of Sale (POS) System**- The POS system will be an integral part of the MOON storefront. This system will track inventory, individual customer purchases, as well as serve as the primary means of checkout. This system will also provide great assistance regarding accounting and bookkeeping. Also, this system will be used to track customer purchases, a statistic that is crucial when calculating the end-of-year patronage refund. A description of specific POS
systems is provided in Appendix I. Based on research of several systems, an estimated price of $2,500 is reasonable.

- **Health Department Sinks** - In a discussion with Fred Jeffers, of the Butler County Board of Health, Debra Peter learned that it is required by the Health department that a grocery store possess three separate sinks as well as a mop shower. These prices were gathered by Debra Peter, utilizing [http://www.restaurant-services.com/index.html](http://www.restaurant-services.com/index.html). The prices for these sinks were given and Debra Peter estimated the cost for faucets and sprayers as well as a mop shower from her previous experience. In total, this cost will contribute $1,625 to the overall start-up cost.

- **Shopping Carts** - Several estimates have been found for the cost of a shopping cart, and for the purposes of this evaluation, a cost of $100 a cart is estimated. In combination with possible baskets purchased, the team will use a figure of $1,000 as the allotment for shopping carts. The website [http://www.factorysupply.net/carts4.htm](http://www.factorysupply.net/carts4.htm) lists several carts and baskets for sale.

- **Freezers & Refrigerators** - Money will be allotted for the purchase of one new freezer as well as one new refrigerator. MOON already possesses some equipment needed to run the grocery store, however, it is necessary to budget for the purchase of additional equipment. Based on the Hock/Gorsky write-up, as well as price lists from [www.restaurantequipment.com](http://www.restaurantequipment.com) and [www.restaurantequipmentinc.com](http://www.restaurantequipmentinc.com), an estimate of $4,000 for this cost will be allotted. This estimate may be high, but it has been agreed upon to make high-end estimates in order to assure all costs are covered.
• **Computer**- A computer will be needed for data collection, record keeping, as well as several areas of store activity. This computer will also be coordinated with the store’s POS system. Computer prices are subject to a wide range, and can be found at a low price. Stores such as CompUSA and BestBuy feature user-friendly websites that provide information on several computers. An allotment of $1,000 has been designated for the store’s computer.

• **Store Layout**- Due to the lack of a location, and therefore lack of knowledge regarding work that will be required for the interior of the store, the consulting team has elected to use the projection for this category from the Hock/Gorsky project completed last year. As a result, $12,500 has been delegated for the interior design of shelves and exterior signs. There could be an extreme amount of variance required in this amount depending on location.

• **Miscellaneous Expenses**- This category is set aside to cover any additional expenses that MOON may encounter. Possibilities for these funds may include an extensive training related to the POS system as well as business-related software.

**Future Cost Considerations – Projected Costs**

• **Wages**- Monthly and Annual wage expenses have been calculated based on average hourly rates for cooperatives. The chart used to make these projections is provided in Appendix U, and was found on Cooperative Grocer’s website, [www.cooperativegrocer.coop](http://www.cooperativegrocer.coop). Wages were calculated for three positions; General Manager, Assistant Manager, and Clerk. Explanations of each estimate are also provided in the Appendix U. MOON’s overall, yearly wage expense is
estimated to be $89,495. As this is a large expense, it is recommended that MOON not hire student employees. Due to high turnover and variable work schedules, many students will not be able to dedicate the required effort to MOON. In addition, the cost of training new employees will increase as turnover increases.

- **Monthly and Annual Rent**- The same process will be followed on a monthly basis as was performed in the rent explanation for start-up costs. The annual rent for year one has been projected at $16,500, as the first month’s rent has been deemed a start-up cost. Rent for each additional year will be $18,000.

- **Utilities**- To estimate utilities, I obtained utility information from an Oxford merchant. As a result of Charlotte Lacey’s suggestion, I obtained estimates for electric, gas, water, and sewage expenses from Steven’s Photography. Knowing MOON will likely have a high electric bill, due prominently to the constant refrigeration required to maintain a fresh inventory, I selected a business that consumes large amounts of electricity. This research revealed a total monthly utility expense for Steven’s Photography of $260. Understanding that MOON will likely consume more energy than Steven’s, Moon has been provided a high-end estimate (2.5 times that of Steven’s) of $650 per month, which represents a yearly cost of $7,800.

- **Payroll Tax**- Following the methodology of the Hock/Gorsky write-up, it was thus calculated that the payroll tax would be 8% of all wages paid. An income tax expense has not been provided due to the lack of a projected income. Due to the lack of past records or existing businesses that will offer similar product mixes,
(though many cooperatives exist, the specifics of MOON’s size, coupled with their local and organic goals make the task of finding a benchmark company impossible) projecting an income would involve numerous assumptions and estimates that would cause the estimate to provide little practical use. Taxes in Ohio have been examined, and MOON has been provided with the telephone number for the Ohio Department of Taxation- (888) 405-4039.

- **Interest Expense (Loan)** - The interest expense can only be roughly estimated, a loan has not yet been gained by MOON. Therefore, expense based solely on amounts and rates provided in the loans investigated can be projected. The projection reflects the monthly cost MOON might incur if it earned the Butler County Loan, first presented to the team and steering committee by Ryan Wyrick. This loan will lend MOON $35,000 for each full-time position that it creates. A three-year grace period exists to fulfill this job requirement. Based on employment plans, an estimation of three full-time positions will be considered. Therefore, the loan amount would be $105,000. Ryan Wyrick stated that this loan has a rate of 8%. Using this rate, MOON’s monthly interest expense is calculated to be $700, while the annual interest expense becomes $8,400.

- **Insurance** - Charlie Stevens provided the estimate of $750 a month to insure full time employees; a number he discovered while researching Miami University. This figure has been calculated for the entire year as well. A discussion about insuring part-time staff occurred at one meeting. While the ethical issues involved are acknowledged, this idea is not financially feasible right now, as only
limited funds will be available as MOON starts-up. This policy may be explored in MOON’s future, as the cooperative establishes itself.

- **Miscellaneous** - An amount has been allotted for miscellaneous expenses, as several unforeseen costs are likely to occur. Possibilities for this $1,000 expense are advertising and repairs.

**Break-Even Analysis**

Due to the unpredictability involved with a business that does not yet exist, projecting demand is nearly impossible. This is especially true considering that cooperatives across the country offer many different assortments of product mix. However, the team is of the opinion that a break-even point to cover start-up and yearly costs can be estimated. The key to this estimate is to consider the profit gained on each re-order of stock. That is, profit for each batch of inventory ordered (based on the initial inventory amounts provided) will be calculated. Then, the number of reorders will be the quantity used as a break-even point. The profit made on each item grouping is based on the selling price less the cost. Selling prices will be calculated based on the recommended margin percentages provided by Cooperative Grocer Online (www.cooperativegrocer.coop). A listing of suggested margins for each product category is found in Appendix J. In addition, the process for translating margin to markup, and thus creating selling price is noted in Appendix Q. The break-even analysis is provided in Appendix S, and reveals the amount of inventory orders must be completely sold for MOON to both cover startup and future costs for the first year. While this is an estimation, the consulting team emphasizes the point that this will provide a target of sorts, as well as provide MOON with the appropriate tools to perform a break-even analysis on any future products. A
well-written article found on the website www.entrepreneur.com. A discussion about the process of calculating break-even point has been included for reference in Appendix T.

The team recommends that all costs calculated as well as the break-even point be considered in future financial decisions. This information will also be helpful in planning and presenting to potential lenders and/or members.

**Loans**

MOON will need to secure a loan to help finance the opening of its organic food store. Obviously, it is recommended that MOON apply for one or all of the suggested loans as soon as possible. In MOON’s case, this would refer to the time following the possession of a location. Several sources have been contacted for information on what type of loan would best suit the co-op’s needs. The most viable option at this point is a Lowdoc Loan (Appendix F). Dr. Michael S. Broida, Associate Professor of the Department of Decision Sciences and Management Information Systems at Miami University first brought the Lowdoc loan to my attention. Two other options discussed were the Certified Development Company of Butler County Commercial Loan and the City of Oxford loan.

- **Lowdoc (low documentation) Loan (Appendix F):**

  The Lowdoc loan is special for its attribute of requiring a low amount of documentation, and because it usually can approve or deny a loan request within 48 hours. The loan could range anywhere from $50,000 to $100,000. I found that we were in need of further consultation regarding loans, so I contacted Ryan Wrywick, Economic Development Director for the City of Oxford, and invited him to meet with us on October 30th, 2003. According to Wyrick, the Lowdoc loan is actually a part of the Small Business Association (SBA) 7A Loan. The
SBA is a congressionally mandated organization to assist the nation’s small businesses in meeting their financial needs. The Ohio SBA is one of the most favorable branches to work with because many other branches require application fees of up to $5000. In addition to the Lowdoc information, Mrs. Sherwin also provided us with a list of what is necessary to secure any small business or start-up business loan. The list follows:

- Articles of Incorporation or Partnership Agreement
- Signed and dated commercial loan application (provided by Fifth Third Bank)
- Three (3) years of historical fiscal year end financial statements accompanied by the corresponding federal tax returns *(tax returns should contain all schedules)*
- Interim financial statements (current to within 90 days of the loan request)
- Personal financial statements for principles having 20% or greater interest in the applying organization and all loan guarantors
- Two (2) most recent personal tax returns for all principles having 20% or greater interest in the applying organization, and all loan guarantors *(tax returns should contain all schedules including W-2’s)*
- Current schedules of accounts receivable and accounts payable
- Detailed equipment list containing equipment description, age, fair market value, and loan or lease outstanding
- Other pertinent information regarding the business or project being considered
- List of all current debt or lease obligations including monthly payment, current balance, rate, and structure
For a start-up company, please include two (2) years of complete projections, broken down by month.

The SBA guidelines further state that to be eligible for a loan, a retailing business must have annual receipts of no more than $3.5 million to $13.5 million, depending on the industry. Further, co-ops are eligible only provided that size standards are met. This is because the cooperative is a business in and of itself, and it carries on business activity for the financial benefit of its members who must also be eligible small business concerns. Consumer and marketing cooperatives are not eligible. If the scenario arises in which a bank loan other than Lowdoc is obtained, it is believed that this loan will cover approximately 80% of the property value. The interest rates would be low and are negotiable, but still higher than if the loan were obtained through the City of Oxford. The SBA guarantees up to 80-90% of the loan. Eligibility for funds is based upon a ratio. For every $15,000 borrowed, the small business must create one new full time position for the city. Combining hours from more than one part-time position can fulfill this full time position. The business would have three years to create these positions. However, the SBA would want to see proof of advancement towards this goal on a yearly basis. In addition, the loan requires 10-20% owner’s equity down.

- **Certified Development Company of Butler County Commercial Loan**

  *(Appendix E):*

  A second type of loan discussed with Ryan Wyrick was a Butler County loan. The main difference from the Lowdoc loan is that the ratio of jobs created to dollars
borrowed is one full time position for every $35,000 borrowed. The interest rate would be 8%. This loan could be processed more quickly. Normal processing time is between thirty and sixty days. An application for this loan, along with a checklist of requirements is contained in Appendix E.

• **City of Oxford Loan:**

The other option discussed with Ryan Wyrick was the City of Oxford loan. It was Dr. Broida that first brought this option to my attention. He felt that this is a loan that would be relatively easy for MOON to acquire so I questioned Wyrick about the details associated with the loan. This loan follows generally the same exact guideline checklist as the Butler County checklist. Upon fulfillment of the checklist, eligibility depends on the availability of funds. The reason this may be a fairly easy option is because there currently is a very healthy loan reserve. Two years have passed since the last time the City of Oxford distributed funds to a small start-up business, according to Wyrick. This is because many other businesses have been using private loans.

From Dr. Broida, I obtained the name of Craig Maynard, a business consultant for the *Small Business Development Center* of the Mid-Miami Valley Chamber. I hope to be in contact with him soon. In the meantime, I talked to Kerri Mills, *Assistant Branch Manager* of the Oxford US Bank and Carol M. Sherwin, *Assistant Vice President* of Fifth Third Bank in Oxford. Kerri Mills had plans to put me in contact with Jill Wharman, US Bank’s small business loan specialist, but the plans never came to fruition. Carol Sherwin was to order Lowdoc Loan information to be picked up on the 20th of October 2003. However, according to Mrs. Sherwin, the information never came in the mail. Ultimately,
she could only give the web-address, www.sba.gov, to help aid my search. She did believe the Lowdoc loan to be the best option as well, despite additional fees the loan requires because it works alongside the SBA (Small Business Association).

**Obstacles in Obtaining a Loan**

Overall, there are several obstacles that must be resolved before any loan may be obtained. Most importantly, an exact dollar amount needed must be calculated. However, this cannot be figured until a location is settled. Another obstacle is a lack of the financial statement needed in the loan requirement checklists. MOON has not kept records of financial information a long enough period of time. Obviously, this is a result of the storefront being a new business. It is recommended that this be an important addition to the agenda for MOON’s next steps. Someone, either paid or volunteer could assume a role as bookkeeper and start to save the files. A suggested system is simply keeping the records in boxes labeled by year and stored in a back room. If another person should ever hold the position in the future, sole ownership of the stored records could easily be passed down to the new bookkeeper. Once owned, however, the POS system will be able to accomplish this task.

In the case of a start-up business that has not dealt with any financial recording because no monetary dealings have yet been made, a loan company may require five years worth of financial projections to displace the three years of past financial statements. This could be the case for MOON. However, MOON has had monetary dealings in previous years through the buying club, and these may serve as acceptable
documents for lenders. Further, these projections cannot be made until a location is secured.

Grants

MOON has emphasized that they would like to try to find a grant for which their business would be eligible. The co-op members believe that MOON’s mission and emphasis on environmental and rural business issues is a possible attribute for which they could receive a grant. Many sources, including Dr. Broida, have suggested that this option is unlikely. In all of his years working with the Small Business Institute he has only seen one start-up company successfully secure a grant. However, we pursued the interest regardless. Dr. Broida provided us the names of Bill Fioretti, Lead Center Director for the Cincinnati Business Development Center and Dave Mann of the Hamilton County Business Incubator. Both specialize in seeking out and securing grants. Our sources did not mention any specific grants that they knew of. However, a grant was discovered that is provided by the United States Department of Agriculture (USDA) called the Rural Business Opportunity Grant that seemed to be seeking organizations similar to MOON. A copy of the grant description and instructions can be found in Appendix G. This grant will take a considerable amount of time to gather all materials that must be submitted for eligibility.

A grant writing team was discussed at the meeting held by MOON on October 26th, 2003. This team could undertake this grant as a first project. Extensive planning will need to go into the specifics of the grant writing. The Hillsboro, Ohio Area Field Office handles rural development in Oxford for the USDA. Contact information including
names and emails can be found in Appendix H, should MOON choose to pursue this matter.

**Member Equity**

In order to become a member of MOON Co-op, individuals must buy a share in the organization. These deposits form a major part of the capital needed for the store to operate. Thus far, the steering committee has decided on pricing the shares at one hundred dollars each. One share equals one vote on all decisions the organization faces. If at any time a member chooses to leave MOON co-op for any reason, shares are refundable.

It is suggested that MOON discuss the possibility of providing a “sliding-share” share cost structure similar to the program in place at Wild Oats Co-op in Williamstown, Massachusetts rather than setting the price. A “sliding-share” structure allows members to voluntarily support the co-op to the degree they can afford. When members join, they are asked to set their own deposit rate, and make a minimum initial deposit of ten dollars, with the balance expected to be paid within thirty days. The suggested deposit rates are:

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<th>Household Income Suggested Deposit</th>
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<tr>
<td>Up to $15,000</td>
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<td>$15,000 - $25,000</td>
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<td>$25,000 - $40,000</td>
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<tr>
<td>$40,000 - $60,000</td>
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<td>$60,000 and over</td>
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MOON has already received one donation of one thousand dollars. This donor claims to be aware of four other individuals who are interested in making similar donations. While a donation is different from buying a share, this action demonstrates that there are people willing to pay a higher price for a share. The main concern lies in the student population from which MOON also plans to recruit members.

Students interested in becoming member of MOON co-op are likely to be members for a shorter period of time than Miami University faculty and other Oxford and surrounding residents. Most students will live in the area for around four years leaving Oxford to further their education or career. In the case of other members, the one hundred dollar share purchase is a lifelong commitment without additional annual fees. A student rate should be set at a much lower rate indicating the fact that theirs would be a much shorter commitment. An academic school year rate of around fifteen dollars is recommended.

As mentioned earlier, one of the primary objectives of the meeting held by MOON on October 26th, 2003 was to discuss methods for distributing member equity. There are two possible methods for distributing member equity: Patronage Refund and Discount. The Patronage Refund is a method by which profits are shared with members at the discretion of the steering committee proportional to the amount of shopping the member does at the store. Should the member move away or wish to rescind membership, any equity put forth by that member is refundable.
The other option for distributing equity to members is by providing a member discount. A typical discount is five percent or less. Possibilities under this program include:

- A member discount card usable on all purchases
- Discounts for special orders
- Options to work for the co-op to earn higher discounts

Research was conducted to find out how other organic food co-ops distribute member equity in hopes of discovering which method is more widely used. Jeff Brown, the Member Services and Education Manager of Bloomingfoods Market and Deli, located in Bloomington, Indiana, encouraged avoiding register discounts, and rather utilizing the patronage refund. In short, discounts could result in great losses for the store, as a member could easily save an amount in discounts that is much greater than the cost of the share. This thought is not financially reasonable. The Steering Committee has visited Bloomingfoods, and their analysis is provided in Appendix P. Rather than setting a discount percentage before exact sales levels are known, it is more sensible to wait until the fiscal year end, when income are known, to set the percentage of income that will be distributed back to the co-op members.

**Business Plan**

In coordination with the Hock/Gorsky project, the consulting team has elaborated on the previously existing document, and thus further developed the business plan for the MOON cooperative. This document is found in Appendix Z. A business plan provides a concise explanation of MOON’s considerations regarding all aspects of the grocery store.
This document will be most helpful in loan applications and informational meetings, as well as serve as a reference point for all employees and cooperative members. Due to the point in the startup process at which MOON stands today, there are several areas that must be completed. However, combing the business plan information from last year’s project with the new information gathered over the semester, MOON is provided a valuable tool.

**Future Plans**

As stated, the number one objective is to find a location, shortly followed by obtaining financing. The steering committee is aware of these items, and continual research into these matters is recommended in order to meet the goal of opening in July 2004. While this is a reasonable goal, a final and important suggestion for the steering committee is not to rush the process, and not to “settle” for a sub-par location. This is a long-run project, and opening a few months late will be acceptable, while hurrying through the startup process could produce results similar to those experienced by Clingler’s Market. Armed with two solid semesters of information, and several experienced committee members, MOON has the information and ability to open a quality, organic cooperative in the near future.

Once MOON Co-op has its storefront in place and has successful business for one to three years, there are several potential additions to the store’s offerings that have been discussed, and should be evaluated when financially feasible. They include the following:

- Including organic wines in the product mix
- A Juice-Bar
- Food Service Expansion – similar to a walk-in deli
• Obtaining recycling bins so as to provide an additional, possibly closer venue for students and residents to recycle

Conclusion

Through the consulting team’s efforts, several useful items have been provided for the MOON steering committee. Specifically, sources of funding have been identified, the business plan further developed, and certain financial information provided. Given the tools the team had to utilize, the consultants are of the opinion that quality guidance and suggestions have been outlined.

The sources of funding analyzed are extremely important, as MOON will need money to start and sustain their business. The most important aspect of the funding search was the locating of Ryan Wyrick. Wyrick works with the City of Oxford, focusing on business development. Not only did the meeting with Ryan Wyrick provide several options, but also laid the groundwork for future discussions between the two parties. This relationship has led to the discovery of a possible grant offered for lawyer-related costs. This item is not discussed in the paper because Wyrick discovered the grant last week, and he contacted MOON directly. The team was encouraged to learn of this positive communication between Wyrick and MOON.

The development of the business plan was an area MOON hoped to complete. Due to the lack of information regarding location and funding, the team found it impossible to fully complete the plan. However, a great deal of the business plan was completed, and groundwork has been laid for easy completion in the future of this plan.

The final key area examined by the consulting team was an investigation of financial information. Several areas are impossible to examine due to the lack of similar
existing stores, and a lack of cost information concerning location and member-equity. The team is pleased with the break-even analysis it has provided, and feels this tool will be useful for MOON. Though rough estimates, these numbers allow MOON to project the sales they will need to make, and examine their progress over the course of the year.

In closing, the consulting team is optimistic about the future of the MOON co-op. This optimism is based on assumption though. Those assumptions being; MOON will quickly secure a location, and MOON will acquire a substantial amount of funding through loans and member-shares. In addition, the team expects MOON to carefully hire quality employees. The passion of the steering committee is strong, and through continued efforts, the consulting team is confident that their visions of success can come to fruition.