

Our Market At The Plaza Business Plan

March 2024



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I. Executive Summary:

Our Market at the Plaza in Carlinville, IL is a cooperative grocery store that will be owned by the community. Our Market wants to capture part of the \$7 million leakage in grocery sales from Macoupin County to keep tax dollars in the community while growing local producers by offering them a place to sell their products as well as improving the supply chain in our community.

Macoupin County is considered to be a low income/low access area by the USDA, meaning the county lacks the ability to provide nutritious food to its residents. The goal is to strengthen the local food supply by enhancing available food options to the community while not directly competing with other local businesses. Additional room is also allocated for revenues through ventures such as cold storage options, deli services, a drive-thru, and a community kitchen. The space in the Carlinville Plaza will help to revitalize the Plaza while improving the food supply as well as by offering jobs and healthier food options to the area.

Funding for this project will come from the sale of Preferred and Common Stock, as well as donations through a capital development campaign. Initial estimates from a consultant are that it will take approximately \$1.5 million to open this cooperative. Any funds not raised through donation or the sale of stock will be obtained from a USDA back loan through the Bank of Springfield.

II. Company Description:

Mission Statement: Locally owned co-op providing a healthy and sustainable community one partnership at a time.

Vision Statement: To create a family-oriented experience where you can grab a meal, meet the producers, and create connections with your food while supporting local businesses.

Values: Partnership Community based - Locally owned, Locally sourced
Customer-focused - educating the community

Our Market At the Plaza (Our Market) is motivated by a belief that a food supply issue needs to be solved. According to the USDA, Macoupin County is in a food desert, which means this area is considered to have low resources for healthy and nourishing food. Our Market will be a cooperative grocery store that is focused on using local suppliers whenever possible to provide fresh, local food to our community. Using local suppliers will allow local businesses, farmers, and artisans to thrive in the community while also keeping tax dollars local. Our vision is a shared, inspiring dream of what that solution looks like when completed. Our Market is not wanting to compete with any local small business but to enhance the offerings to the community and provide local farmers/entrepreneurs/artisans with a place to sell their products locally.

Our Market At The Plaza Goals:

1. Bring healthy food options to Carlinville starting Fall 2024
2. Keep tax dollars in Macoupin County by recovering leaking sales and bringing sales tax back to Carlinville instead of subsidizing competing communities. According to the 2017 ESRI report (more current data is available, but the pandemic skewed numbers, so 2017 is the more indicative of normalcy in data), there is approximately \$7.3 million in leakage in grocery stores in Macoupin County. Leakage means that there is not enough supply in a 15-minute radius of Carlinville square; therefore, residents are traveling out of the county to buy groceries. The goal is to capture and redirect at least \$2 million of sales annually to stay in Macoupin County within the first year of operation.
3. Food resilience; the pandemic exposed supply chain weakness. Our Market plans to strengthen the local food ecosystem by buying goods from local suppliers, which will give us a consistent supply of fresh, healthy, locally-grown food not available at existing corporate-owned stores. Our Market will be utilizing a locally supported supplier network whenever possible. Our goal is to have at least 75% of our food suppliers be local within the first year.
4. Providing more entrepreneurial opportunities for farmers, home-based gardeners, and artisans by allowing them to sell products in the store with the correct licenses. 30% of products will be supplied by local farmers, home-based gardeners, and artisans.
5. Our Market will facilitate a microcosm for this area. This will decrease our need for large supply chains. In turn, decreasing the problems and expenses that come with that

dependence. We will support this idea by continuing to build our ownership base through the sale of common and preferred stock.

6. The development of partnerships will grow the regional economy. Partnerships between local farmers, growers, and artisans. This will be accomplished through educational programs offered through Our Market and Partnerships with educational and government institutions. The goal is to offer four educational opportunities in the first year.
7. Grow the cold storage option. Initial research shows Our Market can rent stand-alone cold storage units to expand as demand requires it. Initial calculations show one unit has a profit margin of approximately 40% per unit. The goal is to have 4 cold storage units within the first two years.
8. Strive to achieve an annual compound growth rate in total revenues of 4% within the first three years.

Target Market:

Primary: Families

Annual Income: \$50,000-\$74,900 Represents 18.6% of trade area (AWG)
 \$75,000-100,000+ Represents 40% of trade area (AWG)

\$32,396 Trade Area Totals Averages (G2G)

\$50,000+ Represents approximately 45% (WP)

Lifestyle: Want to eat healthy (healthier)
 Willing to pay a little more to support local businesses
 Wants to see the community grow
 Dietary needs: Gluten Free, more natural, and/or organic
 Garden

Secondary TM:

Annual Income \$30,000-39,999 Represents 10.4% of trade area (AWG)
 \$29,999-under Represents 23% of the trade area (AWG)

Approximately 55% of Trade Area earns less than \$50,000 (WP)

Lifestyle: Living paycheck to paycheck
 Will go to Our Market for some healthier options
 Live closer to Our Market than to Wal-Mart.
 May receive SNAP

Strategy:

Focused Differentiation - Concentrating on a narrow buyer segment by meeting specific tastes and requirements of niche members.

Strategy Implementation:

1. Sourcing as many products as possible locally by developing partnerships with local farmers/producers
2. Provide a Grab N Go Deli - Added revenue stream- food will come from the store to further promote the products used are supplied by local vendors.
 - a. Cold and hot options
 - b. Potentially a salad bar (growth initiative)
 - c. Recipes will be displayed on the counter.
 - d. Smoothie bar to repurpose possible waste
3. Community Kitchen
 - a. There will be established policies on when/how/who can use this kitchen.
 - b. It will be able to use for education, cottage food, and preservation purposes.
4. Drive-thru - Added revenue stream - This will offer hot food options, Grab N Go items.
5. Cold Storage - Added revenue stream. Our Market will rent cold storage space to producers needing to preserve their products.
6. Customer service - knowledgeable associates that can explain why buying local is better.
7. Member benefits (See Appendix A)

Industry Information:

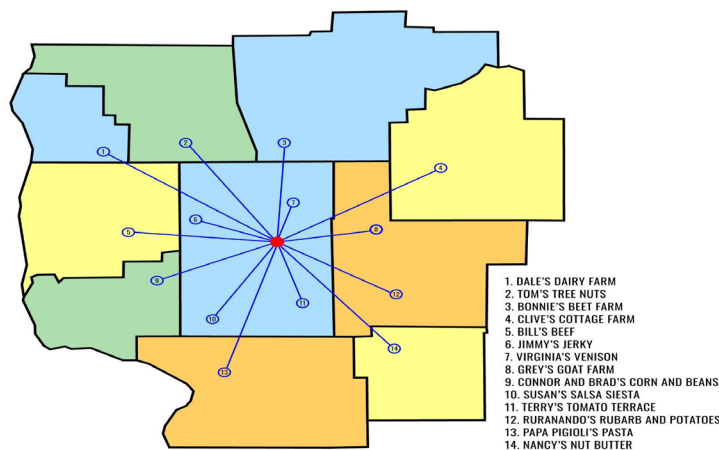
1. Grocery Stores - Within a 15-mile radius of Carlinville Square, there is only one grocery store and one specialty store. According to the 2017 ESRI report (more current data is available, but the pandemic skewed numbers, so 2017 is the more indicative of normalcy in data), there is demand for approximately \$13 million in sales to grocery stores and another \$780,000 in specialty stores. The current offerings are not able to meet demand, leaving Macoupin County with over a \$7 million deficit, which Our Market hopes to capture a portion of those sales.
2. Cooperative grocery stores - there are no cooperatives within a 60-mile radius of Macoupin County. This type of business is seeing an increase in demand as more communities are realizing the need for more secure food sources.
3. Cottage Food Suppliers - Individuals who tend to sell products out of their houses or at farmers' markets.

Legal Structure:

Our Market At The Plaza is a Legal Grocery Cooperative registered with the State of Illinois. It is run by a volunteer Board of Directors as stated in the bylaws. Common Stockholders can vote and have the right to become a Board of Directors and the annual stockholder meeting.

III. Products and Services

The term local refers to a producer within a 100-mile radius of where it is consumed, and this radius can vary according to the Illinois Institute of Rural Affairs (see figure below - this is just of a representation). Our Market's goal is to start within the local, immediate community and expand the radius outwards to fulfill the food needs of our community.



Producers with a Cottage Food License are able to sell their goods at a local store. A copy of their current license will be required to show that they are current on their licensure and are up-to-date on any certification requirements from the Cottage Food Industry. Below is a list that is representative of the products Our Market will sell through local vendors:

1. Fresh, locally sourced produce - Our Market will provide locally sourced seasonal produce. During off-seasons, it may be necessary to use national vendors to source produce.
2. Locally sourced meat - Our Market will use beef, poultry, and chicken supplied by local farmers that are certified.
3. Bakery - all bread, cakes, and other baked goods will be sourced through local cottage food providers.

4. Eggs
5. Other food items - Cereals, crackers, Baking ingredients (flour, sugar, baking powder, etc.), soups, etc. Sourced through AWG or a similar distributor.
6. Deli Items to be sold in-store and as Grab N Go options in the store. A drive-thru for the deli will also be available
7. Artisan displays will allow local artisans to showcase their work.
8. Cold storage in the excess storage space as it has been determined there is a need for cold storage for local meat producers to store their meat once processed and before sold.
9. Jams & Jellies

IV. Marketing Plan

1. SWOT Analysis

<p><u>Strengths</u></p> <p>Local business owned by the community Fresh produce sourced locally Locally sourced meats Supports the community Job Creation - opening</p>	<p><u>Weaknesses</u></p> <p>Prices higher than competition Funding reliant on community support Consumer Education</p>
<p><u>Opportunities</u></p> <p>Partnerships with local suppliers Growth in products and services Additional community opportunities with community room Job creation - Growth in sales</p>	<p><u>Threats</u></p> <p>Competition: Walmart, Dollar General, Dollar Tree, Aldis, Primal Meats Economic: Inflation Legal: Laws impacting the industry Consumer habit of driving to usual grocery stores</p>

The biggest strength of Our Market at the Plaza, and the valuable resource that offers us a competitive advantage is that we are owned by the community members and utilize community members to supply our store with as many local, fresh items as possible. This creates buy-in from the community to shop there and utilize our services even though the

prices may be a little higher than our competitors. Our belief is that the higher prices will not be an issue due to a desire from community members to support each other and to be able to have access to healthier, more nutritious food that really will not be that much more expensive than the competition. The competition has spent a lot of money convincing consumers that they offer the lowest prices. Though their prices may be slightly lower than Our Markets, our advertising will educate consumers on the importance of buying fresh food for nutritional purposes and that the ability to do so will not cost them much more money. In fact, the health benefits will far outweigh any monetary costs. As more and more people are struggling with food insecurity, food allergies, and other dietary restrictions, Our Market will become a leader in the grocery store market in this area.

Creating jobs in the store and encouraging entrepreneurship with local businesses and suppliers will have a positive impact on our community. Tax dollars will be kept in Macoupin County, allowing for more community growth. This will encourage community members to continue to invest in funding Our Market and will allow us to grow. Currently, \$7 million in grocery sales are lost to surrounding communities. If we can recoup 30% of that leakage, Our Market will be profitable. As we grow, Our Market will be able to expand our services for other community resources, which may also allow us to add some additional revenue streams.

2. Competitor Information

- a. WalMart - Direct competitor - only grocery store currently in city limits of Carlinville though some people drive to Litchfield Walmart for grocery shopping.
- b. Dollar Tree and Dollar General - Both are direct competitors but both only offer a very limited supply of food. Dollar General has expanded recently to include some fresh food supply options, but often the shelves are relatively empty of these items. Dollar Tree offers canned and prepackaged goods as well as a very limited supply of frozen items.
- c. Aldi - Direct competitor - in Litchfield, IL, which is 20 miles away. Their products are free of MSGs, certified synthetic colors, and trans fats.
- d. Primal Meats - Direct competitor for meats only. Our Market's goal is to support the community, not take business away from another local business. Our Market will not have a butcher, and meat will be pre-packaged from local suppliers. Services will be differentiated from Primal Meats.

3. Marketing Expense

- a. Estimated at \$1500/month. This includes membership/ownership drives. Weekly flyers will be distributed as well as social media.

4. Pricing Strategy

- a. Prices will be determined based on costs and desired profit margins that need to be achieved.

5. Distribution Strategy

- a. Local food that will be delivered by the local producer
- b. Other foods - Will use AWG and/or another large distribution company that can provide us with foods that are not produced or sourced locally.

V. Operational Plans

1. **Location:** Carlinville Plaza

- a. The end of the plaza has a 30,000-square-foot space that will be used and is already zoned for commercial use. Our Market will be using 20,000 sq ft for operations and the remaining 10,000 sq ft will be transformed as a covered drive-thru area for the deli. This will allow people to order and pick up food without having to worry about weather conditions.
- b. This will help to revitalize the plaza and the north side of Carlinville as well as drive business to other businesses currently located there.
- c. Parking - there is substantial parking available at this location
- d. Costs: Rent will start at approximately \$8300/month.

2. **Legal environment**

- a. Our Market is a legal cooperative through the state of Illinois
 - i. Each vendor will be required to provide a copy of their cottage food license
 - ii. Our Market will have a liquor license
 - iii. Resale License
 - iv. Public Health - Food Handling and Processing License
 - v. SNAP/EBT will be accepted

3. **Personnel**

- a. 1 Store Manager (Full-time)
- b. 2 Assistant Manager (Full-time)
- c. 3 Cashiers (Full-time Equivalent)
- d. 4 Deli (Full-time Equivalent)
- e. Additional personnel as growth requires

4. **Inventory**

- a. Average value = Rotating inventory balance between \$100,000 and \$150,000
- b. Very little in storage - the goal is to put it on the shelf as soon as it is received to keep items fresh.

5. Suppliers

- a. Suppliers are being developed through local vendors: Beer, Wine, Meat, Eggs, Jams, Jellies, Baked Goods, Vegetables, Fruits, Bread, and Artisan Items
 1. AWG or a similar distributor for items that can not be sourced locally

VI. Management and Organization

1. Biographies for Board of Directors

- a. **Chris Hartsook** - Owner of Big Dog Construction Company. He has lived in Macoupin County and the surrounding area for 24 years. His interest in Our Market At the Plaza is to bring healthy, locally sourced fresh food options to our community. I feel personally obligated to see this market open for our community so we can create our own micro-economy that is sustainable for years to come.
- b. **Julie Boente** - Vice President at Joseph F Boente Sons, Inc. She is from Carlinville and lived here most of my life. She is dedicated to bringing Our Market to Macoupin County because she believes many people here want healthy food options. She is excited about supporting local vendors and those vendors supporting Our Market and is very interested in the limitless community opportunities that will be open to us.
- c. **Scott Stinson** - Commercial Realtor, active in Carlinville since 2005, believes small towns must create their own retail/distribution systems in order to thrive, founder Tour De Milk bike ride.
- d. **Jon Griffel** - Owner Griffel Farms, Broker Century 21. He is a lifelong Macoupin County resident and agriculture producer. His interest in Our Market is to create a successful micro-economy food model that strengthens the community.
- e. **Peter Oswald** - Peter Oswald brings a rich tapestry of over 35 years of marketing expertise to the table, spanning corporate and non-profit sectors alike. Founder of Oswald & Others Creative Marketing, he has navigated the complexities of marketing across diverse environments—from solo initiatives to leading expansive corporate teams with varying budgets and resources.
- f. **Ed Hammann**
- g. **Hunter Buchanan**
- h. **Jane Reichmann**
- i. **Matt Gahr**
- j. **Mary Ann Harp**

Committees: Our Market BOD oversees these committees to ensure all tasks are aligned with the overall strategy.

1. Outreach - Responsible for marketing material on social media and maintaining our website. They promote Our Market's products and services, the capital development campaign, attracting potential vendors as well as potential investors.
2. Financial - Oversee the expenses and maintain the records of Common Stock and Preferred Stock owners.
3. Our Market Partnership Community - focuses on establishing and maintaining relationships with local vendors.
4. Capital Development - Responsible for fundraising items such as the Start-up costs as

well as attract potential investors and owners.

5. VII. Start-up Expenses and Capitalization

1. Capital Acquisitions						
a. Real estate						\$0.00
b. Furniture and fixtures						\$50,000.00
c. Machinery and equipment plus installation costs (attach itemized list)						\$395,000.00
d. Transportation (assume this is for any freight / shipping fees)						\$40,000.00
2. Starting inventory						\$150,000.00
3. Decorating and remodeling (based on 20,000 sq ft)						
a. Design service						\$60,000.00
b. Plumbing						\$50,000.00
c. concrete work						\$15,000.00
d. HVAC						\$100,000.00
e. Framing						\$50,000.00
f. Electrical						\$75,000.00
g. drywall						\$30,000.00
h. painting						\$50,000.00
i. floor surfacing						\$60,000.00
j. front façade						\$100,000.00
k. back room build out						\$75,000.00
l. misc / omissions (15% of sub total)						\$99,750.00
				Remod total:		\$764,750.00
4. Deposits						
a. Rent						\$0.00
b. Utilities						\$6,250.00
c. Telephone						\$1,000.00
d. Other - Warranty Plan (Trucks)						\$0.00
5. Fees						
a. Accounting						\$5,000.00
b. Legal						\$5,000.00
c. Licenses, permits (Truck and trailer plates, Truck permits)						\$1,000.00
d. Other (identify)						\$0.00
6. Initial promotion costs (signage, pre-opening advertising, grand opening, busi						\$7,500.00
7. Accounts receivable, including credit card charges (____ days' sales)						\$0.00
8. Employee salaries until business opens						\$27,549.37
9. Working Capital						\$0.00
a. Environmental compliance (waste containers, hazardous waste permit etc.)						\$5,000.00
b. operating cash						\$50,000.00
c. Continued Education						\$10,000.00
						\$1,518,049.37

VIII. Financial Plan

Start-up estimates were created with a consultant from Western Illinois University, Sean Park. Mr. Park has worked on numerous cooperatives that have successfully opened and remain profitable. Initial estimates are approximately \$1.52 million. The goal of the initial capital campaign is to raise a minimum of 20% of the total cost, \$304,000. Any additional monies will lower the amount needed from a bank. Any remaining balance will be obtained through grants and USDA-backed loans through the Bank of Springfield. If the full 80% is required, that will be in the amount of \$750,000 with a fixed loan at the current market rate. Our Market is also applying for various grants, which allow us to borrow less from the bank.

Preferred and Common stock will be sold to assist in financing Our Market.

Preferred stocks have a par value of \$1000 per stock with a limit of 10 stocks per household. Anyone who purchases Preferred stock will not have voting rights nor can they serve on the board of directors; however, preferred stock owners have the first right of an annual dividend payout at a rate of 5%, paid out in accordance with the Bylaws and as approved by the Board of Directors at each Annual Meeting. The expectation of buyback of Preferred Stock is ten years from the original date of purchase.

Common stocks have a par value of \$200 per share and are limited to one common stock per household. Common stock owners are given voting rights at the stockholder's annual meeting and have the opportunity to serve on the Board of Directors. Additionally, they have access to all Member Benefits (see Appendix A). Owners share in the profit of Our Market. Patronage will be paid out in accordance with the Bylaws and at the discretion of the Board of Directors.

Keep tax dollars in Macoupin County by recovering leaking sales and bringing sales tax back to Carlinville instead of subsidizing competing communities. According to the 2017 ESRI report (more current data is available, but the pandemic skewed numbers, so 2017 is the more indicative of normalcy in data), there is approximately \$7.314 million in leakage in grocery stores in Macoupin County. Leakage means that there is not enough supply in a 15-minute radius of Carlinville square; therefore, residents are traveling out of the county to buy groceries. The goal is to capture and redirect at least \$2mil of that annually to stay in Macoupin County.

Working with Sean Park, Program Manager with the Illinois Institute for Rural Affairs, the following numbers have been estimated:

Start-up costs \$1,518,000*. (To revitalize the 30,000sq ft at the Plaza) At least 20% will be raised through capital development or (\$300,000), and the remaining balance will be obtained through grants and loans.

Below is a snapshot of what has been estimated for the first three years Our Market will be open. An average inflation rate of 3% in the first year and an average of 5% inflation rate from years

2-3 have been calculated into these estimates. These numbers also reflect an increase in the minimum wage to \$15/hour for hourly workers as well as Cost of Living Adjustments (COLAs). Managers will be salaried at approximately \$57,000/year.

	Total Revenues	Total Costs	Profit (Loss)
Year 1	\$2.29M	\$2.24M	\$42,000
Year 2	\$2.45M	\$2.38M	\$68,000
Year 3	\$2.59M	\$2.49M	\$100,000

***Our Market is a start-up cooperative. Estimates are based on good-faith knowledge obtained through research. There is no guarantee that revenues will be made. Hypothetical or simulated performance is not indicative of future results.**

Additional financial information can be obtained by reviewing Appendix B.

Appendix A: Member Benefits

Our Market Member Benefits for Common Stock Holders

- **Ownership**- When you **invest** in an ownership stake for Our Market, not only are you **strengthening your community**, but you are also **taking back control** of your food options. Owners are eligible to **vote** for the Board of Directors, and/or they may choose to run for themselves. Owners have the right to apply to be a vendor so that the food they produce can be sold through the co-op, and owners are entitled to information regarding the co-op's operations and finances.
- **Owners Only Events**- Owners will have **exclusive access** to events and services. Cooking classes, Meet the Producer events, and more experiences are being planned!
- **Ownership Exclusive Services**- Remember when great service was standard? Well, we are here to bring it back! Owners will have access to **exclusive owners-only parking areas and services**.

Appendix B: Financials

[illegible]

[illegible]

