

# STEPS IN COOPERATIVE DEVELOPMENT

- While the following flow chart indicates that cooperative development occurs in a straight line, it does not.
- Several steps may occur simultaneously, the order in which tasks are completed may vary, and some tasks may be repeated until the right solution is developed.
- Progress must be evaluated at key points and a conscious decision made to proceed with development of the cooperative or to discontinue the effort.

# **New Cooperative Development Activity Cluster #1 Needs Assessment**

**1. Identify Economic Need**



**2. Clarify, Review & Evaluate Proposed  
Business Activity**



**3. Evaluate / Identify Appropriate  
Organizational Structure(s)**



**4. Define Objective in Mission Statement**



**\*\*\* Decision Point \*\*\***

**If need is identified, the proposal realistic, and a co-op is possible solution, proceed to Activity Cluster #2.**

**If not, review activity or **STOP****

**Decision is made by vote of the group and by  
Cooperative Development Specialist**

# **New Cooperative Development Activity Cluster #2 Leadership & Work Plan**

**5. Establish Steering Committee of Potential Members**



**6. Establish Advisory Team**



**7. Educate Committee & Team on Co-op & Development Process**



**8. Develop Plan of Work and Time Line**



**9. Assign Tasks and Target Dates for Action**



**\*\*\* Decision Point \*\*\***

**•If the group takes responsibility for action, proceed to Activity Cluster # 3.**

**If not, STOP**

**•Decision is made by vote of the group, and/or advisors.**

# **New Cooperative Development Activity Cluster #3 Market & Membership Analysis**

**10. Evaluate Market for Proposed Product / Service**



**11. Quantify and Characterize Potential Market**



**12. Evaluate Interest of Potential Members**



**13. Quantify Potential Level of Participation and Commitment**



**\*\*\* Decision Point \*\*\***

•If market potential and member participation are sufficient to conduct proposed activity, proceed to Activity Cluster # 4.

If not, reconsider Activity Clusters # 2 & 3, or **STOP**

•Decision is made by vote of the group and/or advisors.

# **New Cooperative Development**

## **Activity Cluster #4**

### **Feasibility Analysis**

#### **14. Conduct Feasibility Analysis**



#### **15. Identify Factors Necessary for Success of Cooperative**



#### **16. Define Risks and Benefits to Potential Members**



#### **\*\*\* Decision Point \*\*\***

•If feasibility analysis is affirmative and potential members recognize benefit, proceed to Activity Cluster # 5.

If not, reconsider Activity Clusters # 3 & 4, or **STOP**

•Decision is made by vote of the group.

# **New Cooperative Development Activity Cluster #5 Business & Organizational plan**

## **17. Develop Business Plan**



## **18. Obtain Legal and Accounting Counsel, Prepare Draft Legal Documents**



## **19. Finalize Capitalization Plan, Establish Bank Relationship**



## **20. Conduct Member Equity Drive**



### **\*\*\* Decision Point \*\*\***

- If equity drive successful, proceed to Activity Cluster # 6.**

**If not, reconsider Activity Cluster # 4 & 5, or STOP**

- Decision is made by vote of the group.**

# **New Cooperative Development Activity Cluster #6 Incorporation & Start-Up**

**21. Incorporate / Elect Board**



**22. Complete Capitalization**



**23. Identify Management KSA's, Conduct Search, Hire Manager**



**24. Acquire Land, Building, Equipment**



**25. Establish Accounting and Control Functions**



**26. Develop Operating Policies**



**27. Begin Operations**

**New Cooperative Development  
Activity Cluster #7  
Continued Operations**

**28. Establish Continuous Board and Member Education Programs**



**29. Identify Member Outreach and Involvement Activities**



**30. Conduct Annual Strategic Planning**



**STAY PROFITABLE!**