Co-operative Development
Business Retention & Expansion (BR&E)

Department of Innovation, Business and Rural Development
In Partnership with
Newfoundland – Labrador Federation of Co-operatives

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INTRODUCTION

Department of Innovation, Business and Rural Development

The Department of Innovation, Business and Rural Development (IBRD) is the lead agency for economic development in Newfoundland and Labrador. Its vision is a vibrant, diverse and sustainable economy with productive and prosperous regions throughout the province.

Part of IBRD’s mandate includes: (1) supporting the diversification of the provincial economy, and (2) the creation and maintenance of a competitive economic environment that encourages and supports private sector business growth and long-term sustainable employment opportunities for the people of the province. One of the tools used by IBRD to achieve its mandate is Business Retention and Expansion (BR&E).

Business Retention and Expansion is an internationally recognized economic development tool that focuses on the retention and expansion of existing businesses. Local businesses are visited and interviewed by economic development practitioners to identify and address issues that may result in relocation, downsizing, and closure or limit expansion. BR&E is based on the philosophy that existing businesses are key to regional economic prosperity. BR&E benefits businesses as they obtain a free confidential analysis to assist with future planning and provide an option to receive a follow-up on any identified issues. At the same time, the program benefits municipalities and industries, as it can link them to common and local business concerns.

In 2010, IBRD implemented a new approach with BR&E as a business counseling tool for the Department, resulting in a 76-question interview guide. The interview guide is structured around common key themes which are critical considerations for business diagnostic and counseling, including:

- Marketing and Sales
- Operations
- Location
- Finance and Accounting
- Human Resources and Management
- Future Plans

A second tool developed in 2010 was a formal action plan report known as a follow-up guide or action plan. This report outlines alternatives/recommendations to address identified issues uncovered using the diagnostic interview guide outlined above. The follow-up guide is presented to clients for feedback and direct input.

Newfoundland-Labrador Federation of Co-operatives

The Newfoundland-Labrador Federation of Co-operatives (NLFC) is the central organization which represents the co-operative business sector in the province. NLFC’s mandate is to represent the interests of its member co-ops through its interactions with other regional and national co-op organizations and the provincial and federal governments.

NLFC represents over 60 local co-ops based in communities across the province. These include retail, fishery, farming, childcare, health care and other types of co-ops that provide services for their members/owners at the community level. NLFC focuses on promoting the co-operative business model as a community and business development tool. It also supports the growth and development of co-op enterprises and the provision of co-op information and
education services for member co-ops and other people in the province who are interested in learning more about the co-op business option.

NLFC’s mission is to promote the co-op business alternative and to support the continued growth and development of the co-op sector in the province. They do this in part with nine board members and three full-time staff who work out of the NLFC office in St. John’s. NLFC is a legally incorporated co-op association and is governed by the province’s Co-operatives Act. In addition, NLFC is governed by its by-laws which provide a more detailed framework of the organization’s membership and decision making structures. For more information on NLFC, please visit www.nlfc.coop.

In June 2007, the Government of Newfoundland & Labrador signed a five-year Memorandum of Understanding (MOU) with NLFC to give formal expression to the developmental partnership with IBRD and, more importantly, to outline a long term strategy for delivery of enhanced support services to help rural communities and local economies benefit from pursuing the co-operative business model. A key component of IBRD’s partnership with NLFC is a Regional Developers’ Network (RDN) of seven trained IBRD staff that has extensive experience working within rural communities to advance and promote regional development. Network members work pro-actively with NLFC to identify co-operative development opportunities, initiate regional projects, and promote co-operative development alternatives at the regional level.

In 2012, the Provincial Government and NLFC renewed its MOU. The new agreement applies best practices stemming from the original MOU and adds value to the co-operative development process. The new MOU is an action-oriented agreement that re-affirm working relationships and is supported by a joint activity-based work plan with specific targets with measurable activities and outcomes, including the BR&E sector project.

**INITIATIVE BACKGROUND**

In January 2013, NLFC was invited to partner with IBRD in the delivery of a specific co-op sector BR&E initiative in the province. Through an Expression of Interest process via the NLFC to its members, seven (7) co-operatives agreed to participate in the BR&E sector approach. The following report captures the aggregate findings of identified issues and concerns of co-op operations who participated in BR&E interviews from May 2013 to February 2014.

**BR&E Initiative Objectives**

The purpose of this initiative is to:

- Look holistically at co-op operations in the province and uncover issues that may limit future plans and overall growth and success;
- Increase revenues and profitability for co-operatives;
- Provide NLFC and the co-op sector with information on common co-op issues and challenges; and
- Improve regional capacity by facilitating development of a competitive and strategic co-op sector.

**BR&E Initiative Deliverables**

1. *Each participating co-operative received:*
• One-on-one, on-site consultation sessions with IBRD staff regarding marketing and sales, operations, finance and accounting, human resources, and future plans.
• A report provided by IBRD staff that includes a prioritized action plan, developed in partnership with the co-operative.
• Follow-up aftercare from IBRD, if required by the operator, to provide the co-op the opportunity to share ideas, feedback and ongoing advice and counseling services.

2. Initiative summary report of aggregate findings.
• A report provided to the NLFC that summarizes the aggregate common findings of all participating co-operatives.

**METHODOLOGY**

**Phases of Initiative**
The BR&E initiative is implemented in phases including team development, orientation and training, business visitation and follow-up, data analysis and report compilation. During all phases, team meetings were held for the purpose of collaboration, monitoring and evaluation.

*Phase 1 – Preparation, January – April 2013*
During the Preparation Phase, the Steering Committee and Interview Team were assembled and co-operatives were invited to participate in the initiative.

*Phase 2 – BR&E Interviews, May 2013 – March 2014*
The interview teams scheduled visits with the participating co-ops to conduct BR&E Interviews. During these 2-3 hour interviews, team members asked questions and recorded responses using the BR&E Interview Guide (IG).

*Phase 3 – Follow-up, August 2013 – May 2014*
Following the visitations using the BR&E Follow-up Guide (FG), the interview team met to discuss responses and collaborated with the client on developing immediate action plans to be provided to the co-op during the follow-up sessions. A copy of the final action plans was submitted to each client.

*Phase 4 – Data Gathering, Input and Analysis, April – June 2014*
Once all interview visitations were completed, the responses were provided to IBRD for data input and analysis. A summary final report was produced, with intent to circulate to industry partners prior to NLFC AGM 2014, for discussion and sector development planning.

**Steering Committee & Interview Team**
The Steering Committee was responsible for the planning and implementation. It included representatives from NLFC and IBRD.

The BR&E Interview Team was responsible for conducting interviews with co-operatives and holding follow-up meetings to develop individual action plans. The BR&E Interview Team included staff from IBRD corporate and regional offices.

For a complete list of Steering Committee and Interview Team members, see Appendix A.

**Participation & Expression of Interest**
Seven co-operatives registered to participate in the BR&E process. They were located throughout all regions of Newfoundland and Labrador.
The promotion of the BR&E initiative was completed in two stages. On February 28th, 2013, an introduction email was sent by NLFC to its membership giving a brief overview of the BR&E initiative. A second email was sent March 6th, 2013, with the Expression of Interest (EOI) document attached. A copy of the EOI is attached in Appendix B.

The EOI was initially distributed by NLFC to its members and the selection process was based on a first come-first served basis using the following selection criteria:

- Be a provincially registered co-op operation;
- Be primarily engaged in business activities that provide programs and services that serve the needs of their member-owners (i.e. retail, fisheries, day care, taxi, etc.);
- Agree to participate in the full BR&E process;
- Have operated for at least one year.

The Steering Committee reserved the right to ensure equal representation of co-op types and geographical location.

**Interviews and Confidentiality Agreement**

The most meaningful part of BR&E process is the interview with co-operatives by two members of the Interview Team. During the interview process, key business issues were uncovered. In addition to demonstrating a pro-business attitude and an appreciation of each operation’s contribution to the community, the visits allowed for specific co-op follow-up action, if requested.

The interview guide contained 83 questions that help uncover challenges and opportunities related to the following topics:

- General Business Information
- Marketing and Sales
- Operations
- Current Location
- Finance and Accounting
- Human Resources and Management
- Future Plans
- Co-op Specific Questions

Co-operatives were encouraged to ask questions and, if they wanted to skip a question at any time, they could do so without explanation.

To further protect privacy, all team members completed a Confidentiality Agreement with each co-operative before conducting the interview. By doing this, they committed to the principle of confidentiality and to keep individual responses confidential. Co-operatives also signed an agreement to participate.

**Data Entry, Analysis & Final Report**

Using tools such as Statistical Package for the Social Sciences (SPSS), IBRD staff completed all data entry, data analysis and prepared a final report related directly to the BR&E process.
RESEARCH FINDINGS SUMMARY

The details of Research Findings can be reviewed in Appendix C. Not all responses to questions total 100%, as not every co-op answered all questions and some answered “do not know”. In some cases, rounding of figures or multiple answers to the same question will show a discrepancy. It should also be noted that seven respondents is a small sample size and is not statistically representative of the entire co-op sector in the province. It should also be noted that the majority of participating co-operatives were retail consumer co-ops. Therefore, general conclusions about the full co-op sector should not be drawn. The research findings represent the responses of the participants at the time the BR&E interviews were conducted. However, these findings identify potential gaps and opportunities to explore further by the NLFC and IBRD.

General Business Information

Of the seven co-operatives that participated, five are from the retail consumer co-op sector. Demographic information of the co-ops interviewed showed they were fairly experienced entities. Of the seven co-ops interviewed, six (86%) indicated they had been in business for more than 10 years and one had been in operation for 2-4 years. The majority of co-ops (86%) indicated they were for-profit co-operatives while one (14%) stated they were a community service (or not-for-profit) co-operative.

OBSERVATIONS

- Co-ops interviewed were well established and mature operations, in line with co-ops strong survival rate compared to conventional businesses.
- The majority of co-operatives interviewed are for-profit operations.
- 86% of participants interviewed are retail consumer co-ops.

Marketing and Sales

Respondents indicated they are somewhat optimistic about their current and projected sales. 43% of respondents indicated that total gross dollar sales have been increasing over the past 3 years and another 43% indicate sales have remained the same. Looking to the future, 57% of respondents felt that current sales projections were expected to be higher than last year and 14% felt they would generate about the same over the next 12 months.

Nearly 57% of co-ops interviewed indicated that they do not currently have a marketing plan. That being the case, 71% did indicate the number of customers they have an issue. Markets for the co-ops interviewed were largely concentrated ‘within the community’ at 86% with no export sales. In fact, no co-ops interviewed indicated they currently export. 72% indicated they do not have a product or service that could be exported. In addition, only 29% indicate they are interested in learning more about exporting. The concentration of customers in the community and lack of exporting would be expected when considering the nature of these operations.

Most respondents appear attentive to its industry and customer needs. Nearly 57% of respondents indicated they do receive market trend information for their sector and a variety of methods are used to identify customer needs. These include customer surveys and complaints, informal customer comments, comment cards, focus groups and trade publications.
A Unique Selling Proposition (USP) is an aspect of a product or service that differentiates it from similar products or services. 57% of co-ops indicated they could identify their USP with some responses including co-ops are community owned, benefits of group buying, with all profits staying in the local economy. Excellent customer service was mentioned several times as a competitive advantage.

Nearly 86% of respondents said they need to expand their product line while 14% said they need to maintain current levels. No co-op felt a need to decrease their product line. 86% also offered an informal warranty or guarantee with their product offerings. No co-ops interviewed reported any packaging-related issues.

When asked how the operation promotes its products and services by selecting all that apply from a list provided, 100% of respondents selected word-of-mouth, followed by use of flyers (selected by 86% of respondents), and then e-mail at 71%. Other tactics used include radio ads and periodicals at 57%, then websites, TV ads, and point of sale at 43%. Trade shows, sponsorship, and business cards being the least used. During the interview process, co-ops added they battle a misconception in the community that the co-op is exclusively for members only.

When asked how the operation distributes its products and services, the most common answers for these co-ops is done direct to customer (100%), then through retailers (43%). Other methods used were roughly even across all categories at approximately 14% each including third-party and distributor.

With regard to pricing, the interviewed co-ops are primarily establishing their pricing structure using two pricing strategies. 86% of responses indicated setting pricing at market rates or a cost-plus (margin) approach at 57%. One operator has been using below market pricing. Co-ops interviewed also conduct regular price checking with competitors to ensure they remain competitive.

**OBSERVATIONS**

- Although over half of the co-ops interviewed indicated that they do not have a marketing plan, they seem to be fairly sophisticated with respect to their marketing knowledge.
- With only 43% of co-operatives interviewed utilizing websites for promotional purposes, there is an opportunity to explore further the current use of social media platforms and the internet in general to promote and create awareness among members.
- Based on the participants interviewed, it appears exporting is not a priority based on the nature of their operations.
- There is a high level of optimism with respect to sales. 86% indicate sales trends are increasing or staying the same over the past 3 years, and, 71% anticipate sales projections for next year increasing or staying the same.

**Operations**

When asked whether the operation currently face major operational issues, 71% answered ‘yes’ to inventory management and transportation costs. Some co-ops state they do not have an electronic ordering system, but instead use a manual system. Equipment and plant layout inefficiencies were also identified as an operational challenge (57% answered ‘yes’). Some co-ops admit they are using outdated equipment which is increasingly becoming a major problem. Co-ops interviewed specifically asked for additional information on lean processes in order to
maximize customer value while minimizing waste. Other operational challenges identified included purchasing, overtime, and energy use (43%).

Business operations include all processes that co-operatives undertake in order to get its' products/services into the hands of its members/customers. With regard to effective and efficient operations, 43% of respondents indicated they do not have some sort of quality management program in place, and 71% of respondents indicated they do not have a productivity improvement program.

In terms of green energy concerns, 71% of co-ops interviewed stated they did not complete an energy audit. However, 42% indicated they plan to take measures to reduce energy costs for their operation. The compliance with federal, provincial, municipal and other various organizations (i.e. CRA, WHSCC) does not appear to be an issue for participating co-ops.

### OBSERVATIONS
- Major operational challenges indicated by most co-operatives included inventory management and transportation costs (71%).
- Other operational challenges reported by co-ops included plant layout and equipment inefficiencies (57%).
- 71% of respondents do not have a productivity improvement program and 43% do not have a quality management program.
- The majority of co-ops interviewed (71%) do not have an energy audit completed, yet 42% plan to take measures to reduce energy costs.

### Current Location
A co-op’s physical facility and location can be critically important factors, all of which impact on marketing and operational issues. Just over 70% of respondents said they own their facility versus leasing. When asked to identify current facility limitations, the highest responses were size, parking, and inadequate land (57% answered ‘yes’ for each). Other limitations included energy consumption and building condition (43% answered ‘yes’ for each). In fact, some co-ops stated that space limitations restrict the operation from expanding its product lines or offering seasonal and promotional items.

Co-operatives were also asked if they were experiencing any location issues or barriers that impact the productivity and/or competitiveness of their operation. The highest selected response was transportation costs and signage at 57% each. The responses that identify municipal issues specifically were relatively low. For example, water/sewer capacity, zoning regulations, and municipal permits had response rates of 14% each; while road quality, access to markets, waste disposal, access to suppliers, and quality of life received 29%.

### OBSERVATIONS
- Facility limitations for most co-operatives interviewed included parking, inadequate land and size of its current building.
- Regarding location barriers impacting productivity and competitiveness for co-ops, transportation costs and signage were the highest selected responses at 57%.

### Finance and Accounting
Monitoring and planning the financial management of any co-operative is critical to its success. On average, the majority (71%) of respondents indicated they used financial reports, including
balance sheets, income and cash flow statements, to assist in decision making. While 100% of respondents do regular financial planning, 71% of the co-ops also engage the services of a professional to advise them on tax planning.

When asked about the main financial challenges currently facing their operation, few co-ops indicated any such issues. In fact, no co-ops indicated challenges with determining working capital position, collecting receivables, preparing proposals for funding, and/or securing short/long-term credit. Only 14% of respondents indicated challenges with managing cash flow and liquidity. When asked whether the co-op conducts regular research and development within the business, 86% of respondents answered no.

**OBSERVATIONS**
- All co-operatives interviewed complete regular financial planning and 71% engage the services of a professional to advise them on tax planning.
- 86% of co-ops interviewed indicated they do not conduct regular research and development.
- Of the seven co-ops interviewed, none indicated any current financial challenges; however, some co-ops did indicate financial challenges in the sector-specific questions below. This could be related to an interpretation such as daily financial operations versus long-term financial needs.

**Human Resources and Management**
The BR&E interview has a significant focus on the human resource component of operating a co-operative. Increasingly, human resource issues are facing co-operatives and corporations, as they compete to attract employees and retain current staff to meet their needs. With this in mind, 57% of co-ops responding indicated they do not have a human resources plan. Additionally, only 29% of co-ops interviewed currently have job descriptions for all positions. However, 71% do have a HR policy manual and also offer employee incentive programs. In terms of recruiting new employees, 42% of respondents have difficulty. With regard to retaining current employees, only 29% report difficulty.

The number and type of employees varies greatly amongst co-ops interviewed. The total number of employees for all co-ops interviewed was 207. Of the seven co-ops interviewed, the average number of full-time employees was nine (9) and an approximate average of twenty (20) employees each for all other categories such as part-time, seasonal and contract. One indicator of how a co-operative is performing is the change in staffing levels. Staffing levels for these operators appears to be positive with 43% of co-ops interviewed indicating that staff levels have increased while 29% state that levels have remained the same in the past two years. In addition, 86% expect the number of staff to increase (43%) or remain the same (43%) in the next two years.

Some co-ops are reporting current staff vacancies across several areas. Though 43% of respondents have zero vacancies now, another 43% reported having 1-2 vacancies. With regard to recruiting new employees, 42% responded they had difficulty attracting new staff. From the list of techniques used for recruiting, word-of-mouth, newspaper ads, and employment agency was the most popular of co-ops interviewed (as 43% of respondents indicated using these techniques), while a response rate of 29% indicated using the internet, government and/or personal contacts.
Employee and management training is critically important for a co-op to be competitive and productive. 71% of respondents felt their management and employees required training. Some areas identified by co-ops for training included board governance, strategic planning, and computer training. Co-ops were asked how they determine training needs for the organization. The most common responses were mandatory requirements at 71%, management decision at 57%, while 43% of operators indicated their training needs are based on employee requests and/or performance reviews. Employee surveys were the lowest method used at 14%.

Workplace Essential Skills (WES) provides the foundation for all other skills and enables employees to perform and excel in their positions. When asked if employers assess their employees in the area of WES, 86% of respondents indicated they do not assess skills such as reading text, writing skills, computer skills, working with others, and thinking skills. Because of employees’ sensitivities, operators express difficulty in assessing formally their staff’s competencies in reading, writing, and math skills. Many indicated they are assessing, but are doing so informally such as observations made during the hiring process and/or on-the-job.

Co-operatives were asked if workplace essential skills negatively impact their business competitiveness. Overall, WES was not considered an issue. For most of the nine skill categories listed, 71%-86% indicated these skills did not negatively impact their competitiveness. The exceptions were document use at 71% and writing at 86% indicated they were an issue.

Future Plans
A business plan is a formal statement of a set of business goals, the reasons they are believed attainable, and the plan for reaching those goals. Of the seven co-ops interviewed, 43% currently have a business plan while 43% do not (while 14% reported they did not know). It is interesting to note that 86% of the co-ops interviewed are more than 10 years old, but yet some do not use a formal business plan. Despite 43% of the co-ops not having a business plan, 29% of respondents said they do plan on expanding in their current business location over the next three years, while 71% indicated they plan on staying the same.

Of the co-ops who have expansion plans, 43% of responses indicated adding additional services and product lines, increasing staff, as well as investing in new equipment/technology. Only 29% of responses indicated challenges with expansion plans. When asked what assistance could help in overcoming challenges with expansion plans, the most common individual response was with regard to sourcing capital financing.
With regard to co-ops remaining the same over the next three years, individual responses collected for this question include competition, employee retention, and difficulty getting new members to join the co-op. When asked what assistance could help co-ops overcome challenges resulting in the operation staying the same over the next three years, individual responses included information on attaining better profit margins, financial planning, and board governance sessions.

Collaboration and partnerships can be an effective way to grow any co-operative. The interviewees indicated that the most popular forms of collaboration would be around co-operative marketing (86%), joint staff training (71%), and product or service distribution (57%).

OBSERVATIONS
- Opportunity to encourage and educate co-operatives on the development of business plans for strategic planning and accessing financing.
- Regarding the implementation of expansion plans, co-ops identified capital financing as a challenge. Co-ops who intend on remaining the same over the next three years, potential challenges include employee retention and recruitment of new co-op members.
- Interviewees identified cooperative marketing and joint staff training as potential opportunities among existing co-ops.

Co-op Sector Related Questions
The BR&E process allows for the capture of additional information during each sector project. Seven co-op specific questions were added to the BR&E interview guide before the interview process began. These co-op specific questions focused on communication with its membership, recruitment strategies for new members, by-law/policy and procedure review, and use of committees.

When asked how the co-op communicates with its membership, the most popular answer was at its Annual General Meeting (86%). Other forms of communicating with members included periodic advertising (57%), membership feedback (57%), electronic newsletters (43%), and flyers/brochures (43%). It is worth noting that only 29% use websites to communicate with members. Additionally, only 14% use regular membership meetings. When asked how the co-op measures the effectiveness of the communication methods used, common answers included AGM attendance, membership feedback, responses from newsletters, and suggestion box submissions.

When asked if the co-operative regularly reviews its by-laws to ensure accurate reflection of its business activities, 86% answered yes. In addition, 86% also stated there are appropriate policies and procedures in place to ensure the effective governance and day-to-day operations of the co-op. Interviewees were also asked if they currently use committees in carrying out objectives. Again, 86% stated they do use various committees. When asked to elaborate on the workings of these committees, answers included financial matters, human resource duties, donations, and 50/50 organizing. Most co-operatives indicated committees are assembled from time to time, when needed.

When asked if the co-operative has a strategy in place to recruit new members, only 43% answered yes, while another 43% answered no (with 14% not answering the question). When asked to specify on various recruitment techniques, notable answers included customer
appreciation days and local board of directors holding member recruitment events. Most co-ops admit they need to do a better job in understanding current members and tracking their activity.

Lastly, co-operatives interviewed were asked if they have any challenges in financing the operation, 57% answered yes, stating a lack of equity financing and issues with short-term financing.

**OBSERVATIONS**

- Only 29% of co-ops interviewed use websites to communicate with members.
- 86% of participating co-ops state they regularly review bylaws and policies & procedures to ensure they accurately reflect its business activities.
- Only 43% of co-ops interviewed have a strategy in place for recruiting new members.
- Most co-ops admit they need to do a better job in understanding current members and tracking their activity.
- With regard to financing the co-operative, 57% of operations indicate challenges. When asked to specify, the most frequent response was lack of equity financing.

**Conclusion Comments**

Co-operatives were given an opportunity to provide any final comments. Most of those comments reiterated the issues or comments already expressed during the interview. Some other individual comments about the process in general included:

- Population decrease in local area is making it increasingly difficult to remain profitable;
- Co-operative needs to recruit additional members in order to expand;
- Increasing direct and indirect competition in region is making it more challenging to recruit and/or retain members; and,
- Attracting and retaining employees in rural areas is becoming increasingly difficult.

**OBSERVATIONS ON FINDINGS**

As mentioned previously, seven respondents is too small a sample size to make any statistical conclusions in relation to the entire co-operative sector in the province. However, the information collected in this report can provide valuable understanding of some common issues and how to more strategically explore additional research by government and/or other industry stakeholders to best advance the interests and development of the co-op sector. It is within this context the following observations are made.

**General Business Information**

1. Six of the seven co-operatives interviewed have been in business five or more years. Most have experienced growth in the last three years and expect this to continue next year. These co-ops have substantial experience and have indicated an interest in maintaining or expanding their operations over the next three year period. These experienced co-operatives could offer valuable insight and knowledge to newly developing co-ops.

**Marketing and Sales**

2. As other recent BR&E studies have shown, most businesses lack a business and marketing plan. This is noteworthy when approximately most of the co-ops indicated
they plan on expanding or staying the same over the next three years. In addition, co-ops interviewed expressed a need for training, specifically in strategic planning. Opportunities could be explored with the co-op sector to gauge interest in training or assistance related to strategic planning, business plan development, and marketing plans. A well-developed business and marketing plan can help address issues related to access to funding, increasing revenues and profit margins. Further inquiries can be made to co-ops on training needs such as scope and format of training assistance. It should be noted that training and development of marketing plans would also specifically address any possible issues related to understanding competitive advantage, customer base, branding and having effective promotion and pricing strategies.

NLFC can help provide information to its membership on programs and resources to support business innovation. There may be opportunities to gain further insight from its membership and develop strategies to support members in accessing relevant training programs. NLFC could investigate this further within the membership to determine what level and type of business planning exists so as to align available supports to address identified gaps in business planning processes.

3. With only 43% of co-operatives interviewed utilizing websites for promotional purposes, there is an opportunity to further explore the current use of social media platforms and the internet to promote and create awareness among members. Potential training could include website / social media usage as a way to engage and recruit co-op members. The co-op sector is based on providing quality services to its members and should consider exploring technology and social media platforms to better inform customers. Before making this investment, co-ops should understand that technology is an investment and requires yearly planning and a budget. Co-ops should consider completing a technology plan before investing dollars.

In terms of possible funding options, NLFC (on behalf of its membership) can explore IBRD’s Workplace Skills Enhancement Program (WSEP) for possible industry training supports. In addition, Department of Advanced Education and Skills (AES) can be contacted for information regarding other employee training programs.

Operations

4. Inventory management and equipment / plant inefficiencies were identified as major operational challenges for co-ops interviewed. NLFC should investigate ways to offer information sessions and/or training on inventory management systems that would help increase efficiencies. Also, IBRD’s Strategic Industries Division could potentially provide expertise around plant/equipment efficiencies. During the interview process, some co-ops specifically asked for additional information on productivity improvement. The sector may wish to explore information sessions for co-ops in this area. IBRD can inform the sector on any upcoming lean training available in their region. Lean is a methodology that maximizes customer value while minimizing waste. This process creates more value for customers with fewer resources. Companies employing lean principles have reported significant increases in productivity.

5. Many co-ops do not have a productivity improvement program. Co-operatives may wish to explore methods such as motivation principles, method improvement or work measurement techniques to reduce ineffective time. It may be useful for some operations to implement productivity improvement checklists which could inspect for
ideas, time, methods, supplies, machinery/equipment, or required space. IBRD’s Strategic Industries Division could provide input around productivity improvement and could potentially assist in developing information sessions.

6. In terms of green energy concerns, 71% of co-ops interviewed have not completed an energy audit. Yet, 42% indicate they plan to take measures to reduce energy costs for the operation. IBRD recognizes that economic development opportunities exist for improving energy efficiency, reducing greenhouse gas emissions, and fostering growth in strategic green sectors of the Newfoundland and Labrador economy.

A “Greening Your Business” website is available to assist enterprises with navigating programs and accessing external resources and tools to help green their organizations and incorporate sustainability practices. The end goal is to increase profitability, improve performance and enhance competitiveness. For further information: [http://www.nlgreeneconomy.ca/index.php/greening-your-business](http://www.nlgreeneconomy.ca/index.php/greening-your-business).

In addition, NL Hydro/Power has programming that can provide assessments for businesses and the potential for rebates on energy retrofits. An Energy Efficient Analyst with NL Hydro / Power could be approached to provide information sessions and programming materials to co-ops. Regional IBRD staff is available to speak with co-ops to explore other related information and financial needs. Also, NLFC could help coordinate information sessions with NL Hydro/Power. For further information: [https://www.nlh.nl.ca/HydroWeb/NLHydroWeb.nsf](https://www.nlh.nl.ca/HydroWeb/NLHydroWeb.nsf).

Current Location

7. When asked to identify facility limitations, the highest responses were size of existing building, parking, and inadequate land (57% each). In fact, some co-ops stated that space limitations restrict the operation from expanding its product lines or offering seasonal and promotional items. It may be useful to share some of the lean principles with the co-op sector to see how best to maximize space within their current location. The NLFC should explore the possibility of delivering a lean introductory course and one-on-one lean interviews with interested co-ops.

8. Co-operatives were also asked if they were experiencing any location issues or barriers that impact the productivity and/or competitiveness of their operation. The highest selected responses were transportation costs and signage. Transportation issues will continue to require ongoing discussion within the co-op sector, in an attempt to find solutions. The NLFC should facilitate a more detailed discussion with their membership regarding signage concerns to determine the specific issues (i.e. branding, placement, etc.).

Human Resources and Management

9. It was noted that most co-ops indicated staff levels have increased or remained consistent in the past two years and anticipate levels to increase or remain the same in the next two years. However, recruitment and retention of employees appears to be a growing concern. Of the seven co-ops interviewed, 42% stated difficulty attracting or recruiting new employees. Many of the existing and anticipated vacancies are skilled workers (such as front-line meat cutters, bakers, and cashiers) and/or management level positions (such as meat and bakery department managers and general manager).
During interviews, some co-ops expressed concern about accessing part-time or full-time workers because of decreasing available workers. Opportunities could be explored to share workers, especially ones that are identified as skilled part-time workers. Availing of foreign workers was also discussed by some co-ops to address staff vacancies. More information sessions could be shared with co-operatives on the process of pursuing these options in consultation with NLFC and Department of Advanced Education and Skills.

Although 43% indicated they do not have difficulty retaining employees, the increasing demand and competitive labour pool will likely place pressures on co-ops to keep their existing workers. In this regard, there may be an opportunity for awareness or education in human resource planning, especially since 57% of operators responding indicated they do not have a human resources plan.

Resources related to HR capacity programs are available through AES. AES has an online NL HR Manager Toolkit that can help address issues such as development of a customized HR plan, employee attraction / retention and compensation and benefits. Labour Market Development Officers are available to conduct information sessions throughout the province. NLFC should contact AES to determine how best to provide information and supports to the co-op sector, including programs available to access students, graduates and job seekers.

10. 71% of respondents felt their management and employees required training. Some areas mentioned for training included board governance, strategic planning, and computer training. Though this gives an indication of some operator’s needs, there is an opportunity to conduct further research with more co-ops specifically on their current and future labour needs. Skills development for the co-op sector can be planned around these findings. NLFC may consider further investigation within their membership related to a training inventory. This would allow them to review current and potential demand, partnership opportunities and to determine specific supports available. There may be an opportunity to provide a coordinated approach to training using programs such as IBRD’s WSEP or Community Capacity Building Program (CCB) from a broader or sector approach.

Future Plans

11. Despite 43% of co-operatives not having a business plan, 29% of respondents said they do plan on expanding in their current location over the next 3 years, while 71% indicate they plan on staying the same. As discussed in the Marketing & Sales section above, there are opportunities to encourage and educate co-operatives to develop business plans. This process could greatly increase the businesses competitiveness and sustainability of co-ops. The development of a sound business plan could help address planned expansion issues that were identified by co-operatives. Also, a business plan could help establish short and long-term goals and objectives, determine resource requirements, help in expanding its membership and customer base, and ultimately increasing profit margins and access to capital.

12. Of the co-ops who have expansion plans, 43% indicated adding additional services and product lines as well as investing in new equipment / technology. The main expansion plan issue that was noted during interviews was sourcing capital financing. Co-operatives, like other businesses, require their owners (members) to provide an equity
investment to support start-up and operations. However, in a co-operative, the value of a member’s shares does not increase as the business grows and becomes successful. Also there are no dividends paid to members based on the shares they own. Profits are distributed to the members based on their use of the co-op’s services.

These differences in how member equity is structured and profits allocated often make it difficult for co-ops to raise the equity required to establish and grow the operation. External investors are generally not inclined to invest in a co-op because service to members is the top priority, not the generation of profit. Therefore, there is often a gap in the level of equity the members can contribute and what may be necessary to lever other investments to successfully operate and grow the enterprise.

NLFC currently has an equity fund (Co-operative Equity Investment Fund - CEIF) available to co-ops looking to start-up and expand. In order to increase uptake on this fund and to ensure it is filling the equity gap of local co-ops, NLFC and IBRD has committed to completing a program review in 2014.

13. Many of the respondents indicated interest in collaborating with other co-ops to address common issues. Some areas that had the greatest interest for collaboration included joint staff training and cooperative marketing. There may be an opportunity for multiple stakeholders to discuss how formal/informal business networks could be developed, allowing co-ops to work together for their mutual benefit. In conjunction with NLFC, IBRD could help facilitate this discussion. For example, the co-op sector and/or individual co-ops may consider establishing an internal Research and Development (R&D) committee to undertake research and implement innovative projects, processes or practices that strengthen the province’s co-op sector.

Co-op Related Specific Questions

14. Only 29% of co-ops interviewed use websites to communicate with members. Also, only 43% have a strategy in place for recruiting new members. As indicated in the Marketing & Sales section, potential training could include website / social media usage as a way to engage co-op members and recruit new customers. An important part of being a co-operative enterprise is maintaining effective communications with member/owners and other co-ops to ensure ongoing success and growth. It is especially important in a province with as vast a geography as Newfoundland and Labrador, where social media can be a cost effective method in which to get information out in a timely manner and help communicate better with a diverse demographic. There are specific challenges for local co-operatives with regard to social media adoption including budgetary restraints. Development and implementation of a social media strategy may enable co-operatives to enhance member/customer interaction and provide an important innovative tool for ongoing marketing and communications.

There is an opportunity to conduct research to identify co-operatives in North America and Europe that are currently moving forward with the development and/or implementation of social media strategies for potential application in Newfoundland and Labrador. NLFC could also engage with partners with appropriate expertise to develop introductory social media presentations and follow-up training opportunities for local co-ops. Other options include the selection of two rural co-ops for implementation of pilot projects involving the development and implementation of social media marketing strategies.
Appendix A

Steering Committee & Interview Team

The Steering Committee was responsible for the planning and implementation. It included representatives from NLFC and IBRD.

<table>
<thead>
<tr>
<th>Steering Committee Members</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dax Pinsent – IBRD, Regional Economic Development Division - Lead</td>
<td><a href="mailto:dpinsent@gov.nl.ca">dpinsent@gov.nl.ca</a></td>
</tr>
<tr>
<td></td>
<td>729-2141</td>
</tr>
<tr>
<td>Glen Fitzpatrick – NLFC, Managing Director</td>
<td><a href="mailto:gfitz@nlfc.nf.ca">gfitz@nlfc.nf.ca</a></td>
</tr>
<tr>
<td></td>
<td>726-9431</td>
</tr>
<tr>
<td>Sam Kean – NLFC, Senior Consultant</td>
<td><a href="mailto:skean@warp.nfld.net">skean@warp.nfld.net</a></td>
</tr>
<tr>
<td></td>
<td>726-9431</td>
</tr>
</tbody>
</table>

The BR&E Interview Team was responsible for conducting interviews with co-operatives and holding follow-up meetings to develop individual action plans. The BR&E Interview Team included staff from IBRD corporate and regional offices.

<table>
<thead>
<tr>
<th>Interview Team</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dax Pinsent – Planning Analyst</td>
<td>IBRD</td>
</tr>
<tr>
<td>Kevin Hartley – Planning Analyst</td>
<td>IBRD</td>
</tr>
<tr>
<td>Jeff Mercer – Regional Planner &amp; RDN member</td>
<td>IBRD</td>
</tr>
<tr>
<td>Dwight Oates – BR&amp;E EDO</td>
<td>IBRD</td>
</tr>
<tr>
<td>Jeff Green – BR&amp;E EDO</td>
<td>IBRD</td>
</tr>
<tr>
<td>Craig Hiscock – Enterprise Specialist &amp; RDN member</td>
<td>IBRD</td>
</tr>
<tr>
<td>Adrian Power – EDO</td>
<td>IBRD</td>
</tr>
<tr>
<td>Wendy Thatcher - EDO</td>
<td>IBRD</td>
</tr>
<tr>
<td>Max Mullins – EDO &amp; RDN member</td>
<td>IBRD</td>
</tr>
<tr>
<td>Darryl Perry – Enterprise Specialist &amp; RDN member</td>
<td>IBRD</td>
</tr>
<tr>
<td>Stewart Read – BR&amp;E EDO</td>
<td>IBRD</td>
</tr>
<tr>
<td>Lynn Dempster - EDO</td>
<td>IBRD</td>
</tr>
</tbody>
</table>
Co-operative Enterprise Business Growth Project

Call for Expressions of Interest

Co-operative Enterprise Business Growth Project

- Are you a co-operative that is interested in growing your business but not sure where to begin?
- Has your co-op business growth been slowed by a lack of qualified workers, limited access to capital, lack of member support, competition, etc.?
- Do you want to increase your profits/surplus but you’re not sure where to invest resources for the biggest return?
- Are you interested in becoming more competitive but need professional guidance?

If you answered ‘yes’ to any of these questions, you need to read on about how this new initiative can help you get beyond these questions to help you achieve your co-op business goals!

NLFC Business Growth Project

The Newfoundland-Labrador Federation of Co-operatives (NLFC) and the Department of Innovation, Business and Rural Development (IBRD) are partnering to offer co-operatives an opportunity to participate in an initiative aimed at facilitating the growth of co-operatives. The initiative is open to any co-operative in the province.

The initiative will provide business development resources and supports through a Business Retention and Expansion Diagnostic process. The co-operative’s board and management will work one-on-one with an IBRD Economic Development Officer (EDO) to look holistically at their business operations and uncover those issues that may limit future plans and overall growth and success.
NLFC Business Growth Project

As part of the BR&E process, co-operatives will receive:

- One-on-one, on-site consultation sessions with the EDO regarding marketing and sales; operations; finance and accounting; human resources and management; export readiness; and future plans.
- A report provided by the EDO which includes a prioritized action plan, developed with the full input of the firm’s management team.
- Follow-up care, as required, by the appropriate business specialists.
- An opportunity to share ideas and solicit unbiased feedback.
- An opportunity to network with other co-operatives operating in the sector to address common challenges.

Selection Criteria

Interested co-ops will submit a written request and indicate that they meet the project selection criteria as outlined below.

Eligible co-ops must:
- Be primarily engaged in business activities that provide programs and services that serve the needs of their member-owners (i.e. retail, fisheries, day care, taxi, etc).
- Agree to participate in the full BR&E process.
- Have operated for at least one year.

Preference will be assigned to co-ops who are members of the NLFC. To ensure equality in co-op sector representation, the Steering Committee reserves the right to select businesses based on the:

- Type of co-ops participating.
- Geographical location of co-ops participating.

Project Timelines

Space is limited for this project; only 20 existing co-ops will be accepted. The anticipated start time will be March, 2013.

By participating in this exciting initiative, firms will be better equipped with the knowledge, tools, and guidance they need to achieve their organizational goals.

Contact Information:

For more information on eligibility and other program details, please contact Glen Fitzpatrick, Managing Director, Newfoundland-Labrador Federation of Co-operatives at gfitz@nlfc.nf.ca or (709) 726-9434.

Apply now! You will be provided with real solutions to challenges facing your co-operative enterprise.
Appendix C

RESEARCH FINDINGS

NOTE: Not all responses to questions total 100%. This may be due to not every co-operative answered all questions. In some cases rounding of figures or multiple answers to the same question will show a discrepancy. The figures presented are based on the valid responses to any given questions. In some cases, co-operatives did not answer all questions for various reasons such as choosing not to or was deemed inapplicable.

GENERAL BUSINESS INFORMATION

The first section of the interview covers background information on the co-ops and its products and services.

1. In what year did your business begin operations in Newfoundland and Labrador?
   Summary of answers show businesses:
   - Less than 1 year old 0%
   - 2-4 years old 14%
   - 5-10 years old 0%
   - More than 10 years old 86%

2. What is the legal form of your organization?
   - For-Profit Co-operative 86%
   - Community Service Co-operative 14%

3. What do you consider the primary industry sector for your business?
   - Retail Consumer 71%
   - Agriculture 14%
   - Service Industry 14%

4. What are the main products and/or services provided by your business?
   - Groceries/General Merchandise 71%
   - Insurance/Telecommunications/Travel 14%
   - Root Crops 14%

5. Business owners in certain categories may be eligible for targeted programs and services. Do you fall within any of the following categories?
   - N/A
MARKETING AND SALES

6. A marketing plan details the necessary actions to achieve one or more marketing objectives. Does your business have a current marketing plan?

Yes  43%
No   57%

7. Do you receive market information and/or trend information regarding your industry?

Yes  57%
No   43%

8. Do you consider the number of customers you have an issue for your business?

Yes  71%
No   29%

9. How do you identify your customers’ needs?

Customer Surveys  57%
Comment Cards      43%
Customer Database  29%
Customer Complaints 57%
Sales Calls        14%
Informal Customer Comments  100%
Focus Groups       43%
Trade Publications 43%
Internet           14%
Marketing Publications 29%
Do Not identify customer Needs 0%

10. Competitive analysis is an assessment of the strengths and weaknesses of current and potential competitors. Do you conduct regular competitive analysis?

Yes  67%
No   33%

Who are your main competitors? - Because information collected for this question could identify specific co-operatives involved in the BR&E program, this information is not made public. The details are not provided to ensure confidentiality.
11. Competitive advantage is your strength(s) relative to your competition. What is the competitive advantage of your business?

<table>
<thead>
<tr>
<th>Strength</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>43%</td>
</tr>
<tr>
<td>Customer Service</td>
<td>100%</td>
</tr>
<tr>
<td>Branding</td>
<td>57%</td>
</tr>
<tr>
<td>Variety</td>
<td>57%</td>
</tr>
<tr>
<td>Transportation Links</td>
<td>14%</td>
</tr>
<tr>
<td>Location</td>
<td>29%</td>
</tr>
</tbody>
</table>

12. Do you need to expand, decrease or maintain your business product line?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand</td>
<td>86%</td>
</tr>
<tr>
<td>Maintain</td>
<td>14%</td>
</tr>
</tbody>
</table>

13. A unique selling proposition is an aspect of a product or service that differentiates it from similar products or services. Can you describe the unique selling proposition(s) of your product(s) or service(s)?

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>57%</td>
</tr>
<tr>
<td>No response</td>
<td>43%</td>
</tr>
</tbody>
</table>

14. Is there a warranty or guarantee associated with your product(s) and/or service(s)?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>86%</td>
</tr>
<tr>
<td>No</td>
<td>14%</td>
</tr>
</tbody>
</table>

15. A brand strategy creates a solid brand identity for your company which will differentiate you from the competition. Do you have a brand strategy?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>86%</td>
</tr>
<tr>
<td>No</td>
<td>14%</td>
</tr>
</tbody>
</table>

16. Intellectual property includes trademarks, patents and copyrights. Does your business have any intellectual property registered?

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>57%</td>
</tr>
<tr>
<td>Yes</td>
<td>29%</td>
</tr>
<tr>
<td>N/A</td>
<td>14%</td>
</tr>
</tbody>
</table>
17. How do you set the price for your product(s) and/or service(s)?

- Above Market: 0%
- Below Market: 14%
- At Market: 86%
- Margin: 57%
- Other: 14%

18. Do you have any packaging-related issues?

- Yes: 0%
- No: 71%
- Do Not Know: 14%
- Not Applicable: 14%

19. How do you promote your product(s) and/or service(s)?

- Periodical Ads: 57%
- Radio Ads: 57%
- TV ads: 43%
- Website: 43%
- Flyers: 86%
- Trade shows: 14%
- Sponsorship: 14%
- Word of Mouth: 100%
- Email: 71%
- Point of Sale: 43%
- Business Cards: 29%
- Other: 14%

20. How do you distribute your product(s) and/or service(s)?

- Direct to customer: 100%
- Third-party: 14%
- Partnership: 14%
- Distributor: 0%
- Retailers: 43%

21. During the past 3 years, what has been your total gross dollar sales trend?

- Increasing: 43%
- About the Same: 43%
- Uneven: 14%
- Decreasing: 0%
22. What were your gross sales last year?

Not released due to sensitive / confidential information.

23. What are your sales projections for the current fiscal year as compared to last year?

  Higher  57%
  About the same  14%
  Lower  14%
  Do not know  14%

24. Please indicate the approximate percentage of your business' total current sales in each of the following markets:

<table>
<thead>
<tr>
<th>Markets</th>
<th>0-19%</th>
<th>20-39%</th>
<th>40-59%</th>
<th>60-79%</th>
<th>80-100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within the Community</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>0</td>
<td>86</td>
</tr>
<tr>
<td>Within the Province</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Within Atlantic Canada</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

25. Exporting is defined as sending or transporting a product or service to another country or province for trade or sale. Which of the following best describes your current exporting status?

  Currently exporting  0%
  Preparing to export  14%
  Not interested in exporting  72%
  Do not know  14%

26. If applicable, can you describe any export-related issues you have had or are currently experiencing?

  ➢ No issues identified (7 response)

27. Does your company have a product or service that could be exported?

  Yes  14%
  No  72%
  N/A  14%
28. Are you interested in learning more about exporting or growing your existing export markets?

Yes  29%
No   71%

OPERATIONS

29. Quality management programs ensure that all the activities necessary to design, develop and implement a product or service are effective and efficient. Do you have a quality management programs?

Yes  57%
No   43%

30. Do you have any productivity improvement program(s) in your business?

Yes  14%
No   71%
Do not know 14%

31. Do you currently face major operational challenges with any of the following?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Yes</th>
<th>No</th>
<th>Do not know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory Management</td>
<td>71%</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>Purchasing</td>
<td>43%</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>Workplace health</td>
<td>14%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>Overtime</td>
<td>43%</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>Research/development</td>
<td>0%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Tech. Improvements</td>
<td>14%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>Computer software</td>
<td>14%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>Website development</td>
<td>14%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>Electronic commerce</td>
<td>14%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>71%</td>
<td>29%</td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>14%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>Plant layout efficiencies</td>
<td>57%</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Equipment inefficiencies</td>
<td>57%</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Energy use</td>
<td>43%</td>
<td>57%</td>
<td></td>
</tr>
<tr>
<td>Branch sales office</td>
<td>14%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>Franchise Issues</td>
<td>14%</td>
<td>86%</td>
<td></td>
</tr>
<tr>
<td>Risk Management</td>
<td>0%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>43%</td>
<td>57%</td>
<td></td>
</tr>
</tbody>
</table>
32. Have you completed an energy audit for your business?

<table>
<thead>
<tr>
<th>Yes</th>
<th>29%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>71%</td>
</tr>
</tbody>
</table>

33. Do you plan to take measures to reduce energy costs for your business?

<table>
<thead>
<tr>
<th>Yes</th>
<th>42%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>29%</td>
</tr>
<tr>
<td>Do Not Know</td>
<td>29%</td>
</tr>
</tbody>
</table>

34. Does your organization participate in any of the following Workplace Health, Safety and Compensation Commission programs?

- Early and Safe Return to Work
  - Yes 43%
  - No Response 57%
- PRIME
  - Yes 43%
  - No Response 57%
- None
  - Yes 43%
  - No Response 57%
- Do not know
  - Yes 14%
  - No Response 86%
- Other
  - Yes 14%
  - No Response 86%

35. Eligibility for funding requires good standing with various organizations. Is your business in compliance with the following?

- Workplace compensation 100%
- Federal/Provincial permits/regulation 86%
- Other 29%

**CURRENT LOCATION**

36. Does your business own or lease the facility?

<table>
<thead>
<tr>
<th>Own</th>
<th>71%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease</td>
<td>29%</td>
</tr>
</tbody>
</table>

37. Do you anticipate any problems renewing the lease?

<table>
<thead>
<tr>
<th>No</th>
<th>43%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>14%</td>
</tr>
<tr>
<td>No Response</td>
<td>43%</td>
</tr>
</tbody>
</table>
38. Which, if any, limitations exist with your current facility?

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>Inadequate Utilities</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>Energy Consumption</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>Geographic Location</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>Building Condition</td>
<td>43%</td>
<td>57%</td>
</tr>
<tr>
<td>Inadequate Services</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>Parking</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>Inadequate Land</td>
<td>57%</td>
<td>43%</td>
</tr>
</tbody>
</table>

39. Is your organization experiencing any location issues or barriers that impact the productivity and/or competitiveness of your firm?

<table>
<thead>
<tr>
<th>Category</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoning Regulations</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>Municipal Permits</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>Water/Sewer Capacity</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>Road Quality</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>Transportation Costs</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>Factor</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>----------------------------</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td>Quality of Life</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>Signage</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>Access to Markets</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>Access to Suppliers</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>Availability of Warehousing</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>Waste Disposal</td>
<td>29%</td>
<td>71%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**FINANCE AND ACCOUNTING**

40. Which of the following financial reports do you use to assist in making business decisions?

- **Balance Sheet** Yes 71%
- **Income Statement** Yes 86%
- **Cash Flow** Yes 57%
- **None** Yes 14%

41. Do you conduct regular financial planning for your business?

Yes 100%
No 0%

42. Do you receive professional advice regarding tax planning for your business?

Yes 71%
No 29%
43. Do you conduct regular research and development within your business?

Yes  14%
No  86%

44. Do you currently face challenges with any of the following?

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Yes</th>
<th>0%</th>
<th>No</th>
<th>86%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determining working capital position</td>
<td>Yes</td>
<td>0%</td>
<td>No</td>
<td>86%</td>
</tr>
<tr>
<td>Managing cash flow</td>
<td>Yes</td>
<td>14%</td>
<td>No</td>
<td>86%</td>
</tr>
<tr>
<td>Liquidity</td>
<td>Yes</td>
<td>14%</td>
<td>No</td>
<td>86%</td>
</tr>
<tr>
<td>Collecting receivables</td>
<td>Yes</td>
<td>0%</td>
<td>No</td>
<td>86%</td>
</tr>
<tr>
<td>Preparing proposal for funding</td>
<td>Yes</td>
<td>0%</td>
<td>No</td>
<td>86%</td>
</tr>
<tr>
<td>Securing short-term line of credit</td>
<td>Yes</td>
<td>0%</td>
<td>No</td>
<td>86%</td>
</tr>
<tr>
<td>Securing long-term financial capital</td>
<td>Yes</td>
<td>0%</td>
<td>No</td>
<td>86%</td>
</tr>
</tbody>
</table>

HUMAN RESOURCES AND MANAGEMENT

45. A human resources plan contains information regarding strategies, plans and programs required to attract, motivate, develop, reward and retain the best people to meet organizational goals and objectives. Does your business have a human resources plan?

Yes  43%
No  57%

46. How many employees fall into each of the following categories?

<table>
<thead>
<tr>
<th>No. of Employees</th>
<th>0-1</th>
<th>2-5</th>
<th>6-10</th>
<th>11-30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Part-Time</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Seasonal</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

47. Please briefly describe the role of each business owner?

Because information collected for this question could identify specific co-operatives involved in the BR&E program, this information is not made public. The details are not provided to ensure confidentially.

48. Please briefly describe the role of the key management team

Because information collected for this question could identify specific co-operatives involved in the BR&E program, this information is not made public. The details are not provided to ensure confidentially.
49. How did the number of staff change, if at all, in the past two years?

- Increase 43%
- Remain the Same 29%
- Decrease 29%

50. How do you expect the number of staff to change, if at all, in the next two years?

- Increase 43%
- Decrease 14%
- Remain same 43%

51. How many vacant positions are there at your current location?

- Zero 43%
- One 14%
- Two 29%

Please list any vacant positions.
- Front line meat cutters (1 response)
- Manager (1 response)
- Meat manager; baker manager (1 response)

52. How many vacant positions or new positions do you anticipate at your current location in the next three (3) years?

- Zero 29%
- One 29%
- Two 14%
- Five 14%

Please list any jobs for which you anticipate vacancies or new positions.
- Full-time Executive Director (1 response)
- General Manager (1 response)
- Skilled workers – bakers, cashiers (1 response)

53. Overall, does your business have difficulty recruiting new employees? If Yes, for which positions?

- Yes 42%
- No 29%
- Do Not Know 29%
54. How do you recruit new employees?

- Newspaper ad 43%
- Word of Mouth 43%
- Personal 29%
- Employment Agency 43%
- Internet 29%
- Government 29%

55. Overall, does your business have difficulty retaining employees? If Yes, for which positions?

- Yes 29%
- No 43%
- Do Not Know 28%

56. How are employee and/or management training needs determined in your business?

- Employee Survey 14%
- Mandatory Requirements 71%
- Employee requests 43%
- Management decision 57%
- Performance reviews 43%
- Do Not Know 14%

57. Do your employees and/or management require training?

- Yes 71%

**If Yes, specify which areas** (responses recorded).
- Board governance (employees and executive)
- Occupational health and safety; medical; cash and computer
- OHS training

58. Would you consider using trainees and/or apprentices?

- Yes 71%

59. Do you currently have an employee incentive program?

- Yes 71%
- No 29%
60. Do you have human resource policy manual for employees?

Yes  71%
No    29%

61. Do you currently have job descriptions for all positions?

No    29%
Yes   71%

62. Workplace essential skills provide the foundation for learning all other skills and enable people to evolve with their jobs and adapt to workplace change. Do you currently assess the following workplace skills of your employees?

- Reading Text  Yes 14%  No 86%
- Document Use  Yes 14%  No 86%
- Math Skills    Yes 14%  No 86%
- Writing        Yes 14%  No 86%
- Oral Communications  Yes 14%  No 86%
- Working with others  Yes 14%  No 86%
- Continuous Learning  Yes 14%  No 86%
- Thinking Skills  Yes 14%  No 86%
- Computer Skills  Yes 14%  No 86%
63. Which, if any, of these workplace essential skills negatively impact the productivity and/or competitiveness of your firm?

- **Read Text**
  - Yes 29%
  - No 71%
- **Document Use**
  - Yes 71%
  - No 29%
- **Math Skills**
  - Yes 29%
  - No 29%
- **Writing**
  - Yes 86%
  - No 14%
- **Oral Communications**
  - Yes 29%
  - No 71%
- **Working with others**
  - Yes 29%
  - No 71%
- **Continuous Learning**
  - Yes 29%
  - No 71%
- **Thinking Skills**
  - Yes 29%
  - No 71%
- **Computer Skills**
  - Yes 29%
  - No 71%

**FUTURE PLANS**

64. A business plan is a formal statement of a set of business goals, the reasons why they are believed attainable, and the plan for reaching those goals. Does your business have a current business plan that is used to guide operations?

- Yes 43%
- No 43%
- Do Not Know 14%
65. A succession plan includes the process of: (a) identifying and preparing employees to fill key positions within an organization before the positions are vacant and/or (b) planning for transfer of ownership. Does your business have a succession plan for:

(a) Employees
- Yes 29%
- No 71%
- Do Not Know

(b) Ownership
- Yes 29%
- No 29%
- Do Not Know 14%
- N/A 28%

66. Within the next three years, which of the following do you plan to do? (Red flags)

- Expand in Current location Yes 29%
- Remain the same Yes 71%
- Downsize Yes 0%
- Relocate Yes 0%
- Close Yes 0%

67. Why do you plan to downsize, relocate or close?

- No responses recorded

68. What assistance, if any could help prevent the downsizing, relocation or closure of your business?

- No responses recorded

69. What challenges, if any, will result in your business staying the same over the next three years?

- Competition; size; location; parking; product mix (1 response)
- Employee retention; maintain adequate workforce (1 response)
- Local economy; financial situation; cost of product vs margin; transportation issues (1 response)
- Difficulty getting new members to join co-op (1 response)
- Pricing; costs are higher; population decline (1 response)

70. What assistance, if any, could help your business overcome challenges resulting in your business staying the same over the next three years?

- How to attain better margins (1 response)
- Financial planning, board management (1 response)
71. If you plan on expanding your business, what is the nature of the expansion?

- *Increase floor space*  
  - Yes 14%
- *Additional services*  
  - Yes 43%
- *Market expansion*  
  - Yes 29%
- *Increase staff*  
  - Yes 43%
- *Additional product Line*  
  - Yes 43%
- *Invest in equip/technology*  
  - Yes 43%

72. Is your business currently experiencing challenges with expansion plans?

- Yes 29%
- No 29%
- No Answer 42%

73. What assistance, if any, could help your business overcome challenges with its expansion plans?

- Sourcing capital financing (1 response)

74. If you are interested in pursuing opportunities or addressing challenges in collaboration with other businesses, please indicate in which areas?

- *Cooperative marketing*  
  - Yes 86%
- *Product or service distribution*  
  - Yes 57%
- *Joint Staff training*  
  - Yes 71%
- *Staff sharing*  
  - Yes 43%
- *Joint tendering*  
  - Yes 29%
- *Group purchasing*  
  - Yes 43%
- *Equipment sharing*  
  - Yes 29%
- *Assoc. membership*  
  - Yes 29%

75. Mentoring involves receiving advice and guidance from experienced people involved in business or business development. Would you be interested in receiving mentoring?

- Yes 87%
- No 14%
CONCLUSION

76. Do you have any other comments? (Responses recorded)

- Drop in population; wage costs (1 response)

CO-OP SPECIFIC QUESTIONS

C1. How does your co-op communicate with its membership?

<table>
<thead>
<tr>
<th>Method</th>
<th>Yes Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGM</td>
<td>86%</td>
</tr>
<tr>
<td>Regular Membership Meetings</td>
<td>14%</td>
</tr>
<tr>
<td>Electronic Newsletters</td>
<td>43%</td>
</tr>
<tr>
<td>Email Distributors</td>
<td>29%</td>
</tr>
<tr>
<td>Website</td>
<td>29%</td>
</tr>
<tr>
<td>Periodic Advertising</td>
<td>57%</td>
</tr>
<tr>
<td>Flyers/Brochures</td>
<td>43%</td>
</tr>
<tr>
<td>Membership Feedback</td>
<td>57%</td>
</tr>
<tr>
<td>Marketing Publications</td>
<td>14%</td>
</tr>
<tr>
<td>Do Not Communicate with Members</td>
<td>0%</td>
</tr>
<tr>
<td>Do Not Know</td>
<td>0%</td>
</tr>
</tbody>
</table>

C2. How does your co-op measure the effectiveness of the communication methods selected above?

- AGM attendance; membership feedback (1 response)
- AGM attendance; responses from newsletter and suggestion box (1 response)
- AGM is most effective (1 response)
- Track hits on website; friends on Facebook (1 response)
- No measured (2 responses)
- Do not know (1 response)

C3. Does your co-op regularly review its bylaws to ensure they accurately reflect its business activities?

<table>
<thead>
<tr>
<th></th>
<th>86%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>14%</td>
</tr>
</tbody>
</table>

If Yes, specify which areas (responses recorded).
- Last revisited in 2006; not submitted; policy and governance updated July 2012; prior to AGM; overall bylaws reviewed by Co-op Atlantic.
C4. Are appropriate policies and procedures in place to ensure the effective governance and day-to-day operations of your co-op?

| Yes       | 86% |
| No        | 14% |

If Yes, specify which areas (responses recorded).
- AGM passed resolutions; clear policies in place for manager; policy manual.

C5. Does your co-op have a strategy in place to recruiting new members?

| Yes       | 43% |
| No        | 43% |
| Did Not Answer | 14% |

If Yes, specify which areas (responses recorded).
- Customer appreciation days; local council holds member recruiting events; suggestion boxes; one does not officially exist; they have strategy that is evolving; suggestion of more frequent board meetings.

C6. Does your co-op currently use committees to assist in carrying out objectives?

| Yes       | 86% |
| No        | 14% |

If Yes, specify which areas (responses recorded).
- Financial; donations; 50/50; board/staff committee; other committees are put in place from time to time as needed.

C7. Does your operation have any issues or challenges in financing the co-operative?

| Yes       | 57% |
| No        | 43% |

If Yes, specify which areas (responses recorded).
- Lack of capital to grow (1 response); short-term financing an issue (1 response).