



**Northwest Cooperative
Development Center**
www.NWCDC.coop

A Webinar by NWCDC

Approaches to an Online Food Cooperative



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Welcome!

The webinar will be recorded and available at www.NWCDC.coop

We welcome your questions! Submit them anytime by typing them into the question box on your screen.

Questions will be discussed during the Q&A session after the panelists' presentations. The online Q&A will be a 15-minute session.

Additional questions will be answered in a FAQ posted at www.NWCDC.coop

Today's Webinar

- **Overview: NWCDC and Online Food Co-op Project**
by Meredith Rafferty, NWCDC
- **Basic Flow of Online Ordering**
by Meredith Rafferty, NWCDC
- **The Approach of Idaho's Bounty**
by Laura Theis, Operations Manager
- **The Approach of Six Rivers Market**
by Meadow Summers, Founder
- **The Approach of Vancouver Food Cooperative**
by Kirk Wright, President, Board of Directors
- **Q&A with the Panel**

Overview

NWCDC and Online Food Cooperative Project

Meredith Rafferty, NWCDC



- NWCDC is a nonprofit organization devoted to assisting new and existing **cooperative businesses**.
- NWCDC reviewed start-up operations at more than 12 online food cooperatives and prepared two documents as a resource to others.
- The project was supported under the Farmers' Market Promotion Program (FMPP) Grant Program, Agricultural Marketing Service, USDA
- Resources available at www.NWCDC.coop include:
 1. *"Case Study: Idaho's Bounty, An Online, Local Food Cooperative"*
 2. *"Starting an Online, Local Food Cooperative"*
 3. *"A Week with Idaho's Bounty"*

Co-ops are formed to serve a shared economic need...



Photos courtesy of (clockwise) Nebraska Food Co-op, Six Rivers Co-op, Six Rivers Co-op, Idaho's Bounty

Flow of an Online Food Co-op

Each producer enters their products & prices



**Each consumer
selects
products &
places order.
Option: Pay online.**

[illegible]

Products are brought to a sorting site & assembled into complete orders.



NAME	DATE	TIME	LOCATION	REMARKS
1341	12/1	12:00	1000	12:00 - 12:30
1342	12/1	12:30	1000	12:30 - 1:00
1343	12/1	1:00	1000	1:00 - 1:30
1344	12/1	1:30	1000	1:30 - 2:00
1345	12/1	2:00	1000	2:00 - 2:30
1346	12/1	2:30	1000	2:30 - 3:00
1347	12/1	3:00	1000	3:00 - 3:30
1348	12/1	3:30	1000	3:30 - 4:00
1349	12/1	4:00	1000	4:00 - 4:30
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1398	12/1	4:30	1000	4:30 - 5:00
1399	12/1	5:00	1000	5:00 - 5:30
1400	12/1	5:30	1000	5:30 - 6:00

The orders are distributed to sites for pickup by consumers or delivered directly.



The Three Approaches

	Idaho's Bounty	Six Rivers Market	Vancouver Co-op
Mission/Goal	Develop a distribution system for local foods in southern Idaho.	Locally produced foods and products from small farmers and businesses. Open year-round marketplace with as low overhead as possible.	To provide our community access to healthy foods and products, with emphasis on local suppliers.
Who are co-owners?	Producers & Consumers	Producers & Consumers	Consumers
Use online ordering?	Yes	Yes	Yes
Extent of delivery?	Deliver to eight sites for customer pickup, plus direct retail delivery, wholesale delivery	Producers drop off and consumers pickup at one central location. Conducting pilot of direct delivery.	No
Total sales?	CY 2010 \$482,770	CY 2010 \$71,000	First Yr. ~\$70,000
Sell wholesale?	Yes	No	No
Sell retail?	Yes	Yes	Yes
Have a storefront?	No	No	5 days a week



www.IdahosBounty.org

Our Approach

Presenter:
Laura Theis
Operations Manager



Idaho's Bounty Co-op

A COOPERATIVE OWNED

by *producers*
(74 members)

AND

by *customers*
(790 retail members)
(26 wholesale members)

OUR FOCUS

Develop a sustainable and
seamless distribution system
for local foods in Southern
Idaho



Funding

- Started with \$60,000 FMPP grant, private donations for vehicles
- Numerous in-kind staff donations for first two years
- Grant funding and private donations = \$80,000 / year
- Improved the software (backend & visuals) jointly used by several online co-ops
- Sales = ½ of operating expenses



Idaho's Bounty Logistics



Why online?

- Low overhead (open source software)
- Easy start up
- Access for numerous partners across large geographic region
- Succinct way to compile relationships & large amounts of information
- 'Pick-up' model allows for growth to reach many customers
- Pre-sold orders



Supporting regional Farmer's Markets – to build a thriving regional food system together...

These following producers participate in the
Ketchum Farmer's Market and Idaho's
Bounty:

- Home Sweet Homemade
 - MM Heath Farms
 - Prairie Sun Farm
 - Rolling in Dough
 - The Ecology Patch
 - Waterwheel Gardens
 - Wood River Organics



Local farmers have:

- Large increases in plantings / ability to sell products
- Offered to custom plant acreage based on individual demand
- Ordered three times as many laying hens
- Worked with chefs to create recipes using locally grown foods
- Invested significant dollars to build winter storage facilities to meet the demand for local sales



Idaho's Bounty Quick Summary

- Provides logistics and pick-up for 45+ farmers on a weekly basis
- Provides weekly retail pick-ups for roughly 120 customers
- Provides twice weekly wholesale delivery for 15 restaurants, 5 groceries stores & one retail market
- Provides producer payouts once per month



Board, Staff & Member Workers

- Six member board (two producers, one restaurant owner, three community members)
- Three full-time staff members and one $\frac{3}{4}$ time staff member
- Four sub-contractors (bookkeeping, website, grant writing, driving)
- 20 dedicated member workers for sorting and pick-up



Why online... lessons learned

- Continuing to learn!
- Able to learn about our business of what works and what doesn't at a relatively low software cost
- Some customers (both retail & wholesale) still want that face to face or phone call sale, online is used as invoicing
- Great way to bring together local foods into one system



[HOME](#)[SHOP](#)[SELL](#)[RESOURCES](#)[ABOUT](#)[CONTACT](#)

Welcome to Six Rivers Market! Producers and Shoppers come together here on a weekly basis to buy and sell local products from across the Idaho Panhandle and beyond. As a cooperative, Six Rivers Market joins the community together, helping to create a sustainable food economy by encouraging local production and local jobs. In return we receive fresh, healthy food and a closer tie with the caring hands that produce our food. Please explore our pages to learn more... **See you on Delivery Day!**

*** SHOP ONLINE 7:00 AM FRIDAY THROUGH 5:00 PM MONDAY * PICK-UP YOUR ORDER THE FOLLOWING WEDNESDAY, BETWEEN 3:30 AND 6:00 PM AT STUDIO 524/EVANS BROTHERS COFFEE, OR CHOOSE TO HAVE YOUR ORDER **DELIVERED** * ENJOY THE FRESHEST FOOD & PRODUCTS IN NORTH IDAHO!**

- New This Week
- Vegetables
- Fruits & Nuts
- Dairy & Eggs
- Pasture-Raised Meats

Find us on Facebook



Six Rivers Market, North Idaho's local food co-op



407



Six Rivers Market, North Idaho's local food co-op

Thanks to everyone, customers and producers alike, for your support and



Our Approach

Presenter:
Meadow Summers

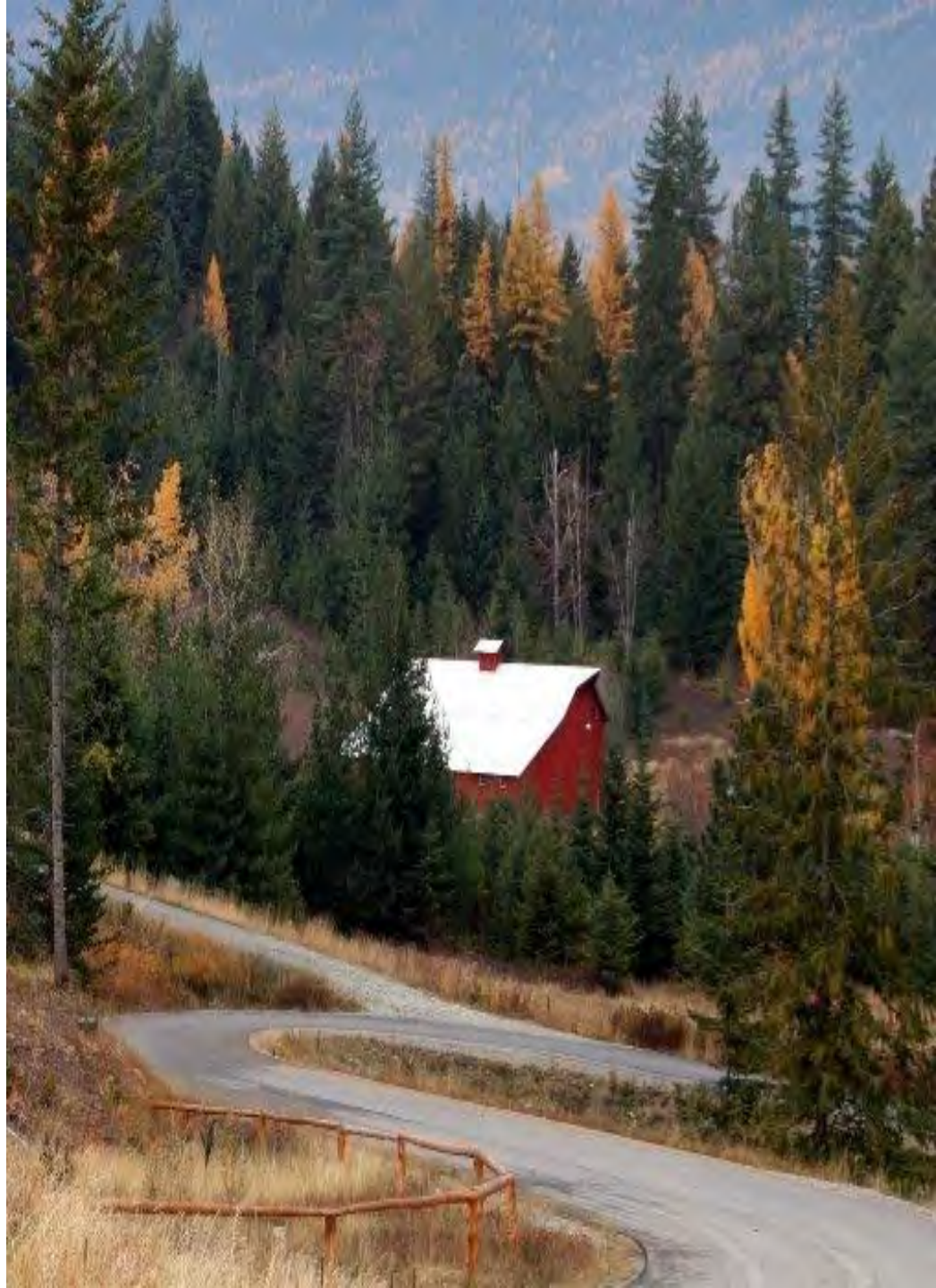
Founder



www.SixRiversMarket.org

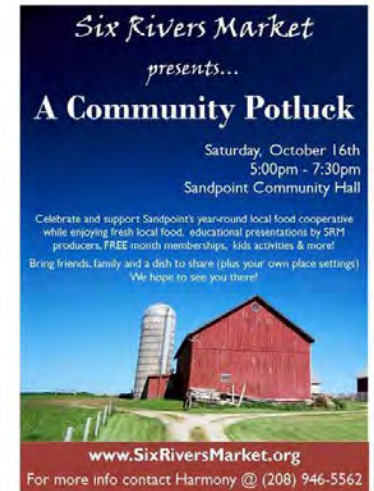
Six Rivers Market

- A cooperative owned by 200+ producers and consumers
- Founded to serve rural Idaho Panhandle, including parts of Washington and Montana as part of natural food shed
- Our focus:**
Locally produced foods and products from small farmers and local businesses.
Open year-round marketplace with as low overhead as possible.



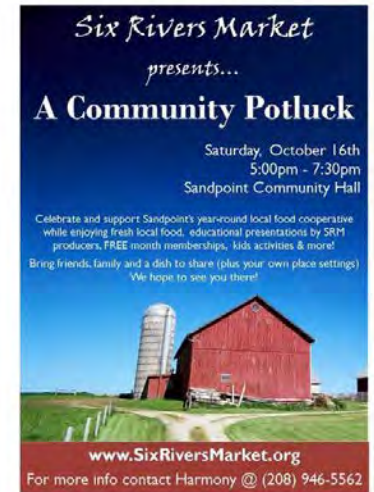
Why online?

- Low overhead. Producers enter own information and prices. Minimal physical facilities. No trucks yet; producers bring in own products. Low cost software.
- Consolidates volume of small farms to serve larger purchasers and offer variety to everyone.
- Our niche: Provide year-round market for local foods.
- All product pre-sold, which is helpful especially in poor weather and for producers lacking energy or time for farmers' markets.



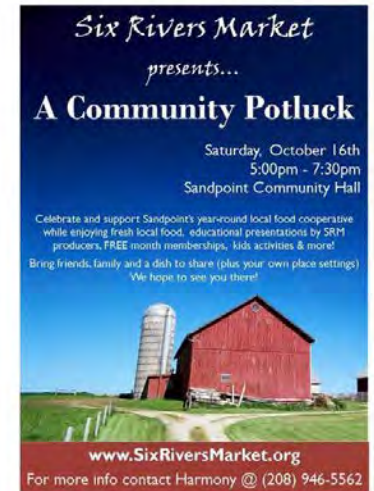
Six Rivers Market

- Started development in 2008, opened 2009
- Start-up was funded by one fundraiser and cooperative fees
- One paid part-time market manager and volunteers
- Based on sustainable growth, sizing our operation to fit our revenue



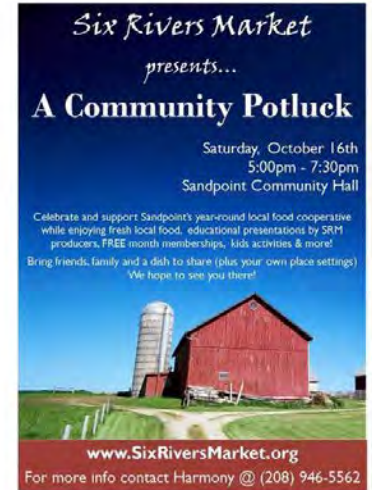
Six Rivers Market

- We are one of many outlets.
- Are a unique outlet in spring, fall and winter.
- Processed foods are important to extend selling season
- Working on establishing delivery and creating outlying hubs. Currently serve a 50-mile radius, with producers and consumers coming to one central site weekly.



Benefits to producers

- Year-round market to extend beyond summer farmer's market.
- Have found cold storage to be profitable.
- Great value in having a web presence.
- Can consolidate volume of produce with other farmers and better serve larger retail purchasers, such as restaurants.





- Consumer Community Cooperative
- Serving Southwest Washington
- Focus:
 - Regional Growers and Processors
 - Underserved, Downtown Food Desert
 - Building Community
 - Interest in Real Food

Our Approach

Presenter:
Kirk Wright,
President



www.VancouverFood.coop

Vancouver Food Cooperative

Background

Co-op Chartered Spring 2006

Early 2010 membership of ~225

- After years of effort, waning interest
- Nothing tangible to offer members
- Board had lost confidence in business plan



Vancouver Food Cooperative

Situation Assessment



- Needed a new path to establishing a business
- Show progress to inspire interest
- Efficient use of very limited resources

We still wanted a conventional retail store with strong community connections

Vancouver Food Cooperative

The Online Store

- Lower working capital requirement
- Less physical store infrastructure
- Electronic catalog is easier to create and implement than a traditional store

Decision to hire a part time manager – her knowledge was instrumental in establishing personality and credibility for the store



Vancouver Food Cooperative

Launching the Store



From board approval to first order was less than 90 days

- Establish a physical infrastructure
Space, Equipment, Health Department
- Choose electronic infrastructure
Catalog, Payments, Order Handling, Hosting
- Identify purveyors
Principal grocery and local producers
- Promote
Tabling, electronic media, community networking

Vancouver Food Cooperative

Observations

- Local purveyors
- Marketing the store
- Maintenance of electronic infrastructure
- Shoppers' buying habits
- New vision



Vancouver Food Cooperative

Next Steps

- Expand hours
- New retail location
- Additional paid staff
- Recruit more volunteers
- Community partnerships
- Define role for online store





Q&A with the Panel

- Please continue to submit your questions using the question box.
- The panel will address as many of the questions as time permits and will address additional questions in a Q&A to be posted at www.NWCDC.coop
- Thank you!



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Q&A with the Panel



Laura Theis, Operations Manager
Idaho's Bounty
www.IdahosBounty.org



Meadow Summers, Founder
Six Rivers Market
www.SixRiversMarket.org



Kirk Wright, President, Board
of Directors
Vancouver Food Cooperative
www.VancouverFood.coop



Questions & Answers

1. **Have you considered expanding the relationship with a retail store such that they, in essence, become an Idaho's Bounty storefront?**

Idaho's Bounty: Yes, we moved into this with a local retail market, Nourish Me, who puts our local produce out. We are also working with about five grocery stores to provide local produce through Idaho's Bounty. However, the stores retain control of how much they order and what they think they can sell. Eventually, we hope to establish the Idaho's Bounty brand as representing local, sustainable products of a certain standard.

2. **Are the producers able to sell "extras" at the distribution? If so, do you tie that together with the orders?**

Six Rivers Market: No, at this time we do not sell additional products at the distribution site because of our licensing limitations and also to coordinate better with the farmer's market which is open nearby.

Idaho's Bounty: We do limited selling on a case by case basis. Our schedule does not conflict with the local farmer's market. However, we do not plan to commit to large amounts because of the potential loss from unsold fresh produce. We are able to enter these sales into the online system.



Questions & Answers (cont.)

3. For Six Rivers Market: Where did you find a place to rent to six hours a week?

Six Rivers Market: We have a local coffee roaster with a large space. Previously we were in a large event center that had recently opened. We pay for utilities that we use and insurance. We have found the community very supportive.

4. What membership fee do you charge? Are there fees charged related to the ordering?

Idaho's Bounty: Our markup costs are rolled into the prices. Before, we had a separate transaction fee on each order to cover the co-op's costs. We found that the customers were confused. They expect to see a single price. Our retail markup is 35.29 % and wholesale markup is 18.5%. Just this year we moved away from the lifetime membership fee to an annual membership fee of \$10 per year. Members find this much more affordable and it has encouraged new memberships.

Six Rivers Market: We, too, started with a separate transaction fee and have now rolled the markup into the price. We have general consumers buying as well as members. The markup for the general consumers is 26% and the members is 16%. There is much discussion about how much markup and the impacts upon consumers and producers.

Vancouver Food Co-op: We follow the markup approach as a more traditional store and do not have a separate transaction fee. The member equity purchase is \$180 and members receive a 10% discount on all purchases.



Questions & Answers (cont.)

5. **For Six Rivers Market: Have you reached the point where you are making enough profit to consider a patronage refund?**

Six Rivers Market: No, we are not at that point yet. We are covering our expenses but need to grow to move beyond covering expenses.

6. **Are there charges to the producers?**

Idaho's Bounty: The co-op's costs are covered in the price markup. The producers set their own prices to cover their product costs. They do pay a producer fee of \$60 per year.

Six Rivers Market: We operate similarly. The producer fee is \$100 per year.

7. **Which software are you using?**

Vancouver Food Co-op: We are currently using Big Commerce, an Australian company with a couple of online catalog offerings.

Six Rivers Market: We started with the open source software LocalFood.org. We recently converted to Local Food Marketplace out of Eugene, Oregon.

Idaho's Bounty: We are still using the open source software LocalFood.org. Many of its features have improved. We are currently surveying software offerings to see how others address our business model.



Questions & Answers (cont.)

8. Can you only order online or do you also accept phone or paper orders?

Vancouver Food Co-op: The orders we only take online but we do have the store open five days a week.

Six Rivers Market: To keep our administrative costs down and for simplicity's sake, we offer only the web sales. Our producers may change what's available and it would be difficult to keep up with that.

Idaho's Bounty: We could handle an occasional phone order but do not do so on a regular basis. For the larger restaurant orders, we provide a wholesale list and take their phone orders twice a week.

9. Which of your positions are paid staff versus working member/owners and volunteers?

Idaho's Bounty: The general manager, the truck drivers, and the operations manager positions are paid. The working members support the sorting and distribution.

Six Rivers Market: The part-time manager is paid. Other responsibilities are covered by members and volunteers, including the board of directors, accounting help, a marketing committee, and delivery day help.

Vancouver Food Co-op: The part-time manager and assistant manager are paid. Other help is provided by the members and volunteers.



Questions & Answers (cont.)

- 10. What legal, health department, and insurance concerns should a new co-op consider when adopting the “Oklahoma local food co-op” approach to selling?**

Idaho’s Bounty: A good place to start is with the local health department. As for legal, we hired a co-op lawyer to help us with Bylaws.

Six Rivers Market: Our biggest challenge was to find out how the different organizations would require of us because we did not fit into the typical grocery store model. It took a year for the organizations to determine where our operations fit in. The health department is particularly important.

Vancouver Food Co-op: We have had the most contact with the health department. They have been helpful.



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