

A Summary of the Steps in Cooperative Development

Note: This approach assumes a hierarchical organization with a board/manager structure. If you are pursuing a different structure, such as a collective or other more horizontal structure, adapt the elements that don't fit your situation.

Activity Cluster #1: Needs Assessment

1. Identify Economic Need
2. Clarify, Review & Evaluate Proposed Business Activity
3. Evaluate / Identify Appropriate Organizational Structure(s)
4. Define Objective in Mission Statement

Activity Cluster #2: Leadership & Work Plan

5. Establish Steering Committee of Potential Members
6. Establish Advisory Team
7. Educate Committee & Team on Co-op & Development Process
8. Develop Plan of Work and Time Line
9. Assign Tasks and Target Dates for Action

Activity Cluster #3: Market & Membership Analysis

10. Evaluate Market for Proposed Product / Service
11. Quantify and Characterize Potential Market
12. Evaluate Interest of Potential Members
13. Quantify Potential Level of Participation and Commitment

Activity Cluster #4: Feasibility Analysis

14. Conduct Feasibility Analysis
15. Identify Factors Necessary for Success of Cooperative
16. Define Risks and Benefits to Potential Members

Activity Cluster #5: Business & Organizational Plan

17. Develop Business Plan
18. Obtain Legal and Accounting Counsel
19. Finalize Capitalization Plan and Draft Legal Documents
20. Establish Bank Relationship
21. Conduct Member Equity Drive

Activity Cluster #6: Incorporation & Start-Up

22. Incorporate / Elect Board
23. Establish Accounting & Control Functions
24. Identify Management Knowledge/Skills/Abilities, Conduct Search, Hire Manager
25. Complete Capitalization
26. Acquire Land, Buildings & Equipment
27. Develop Operating Policies
28. Begin Operations

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

Adapted from "28 Steps for Starting a Co-op" by Gerald Ely, USDA.