

CONCEPT WORKSHEET - Hunger Mountain Partnership

This is a proposal to explore joining some functions with Hunger Mountain Co-op, hopefully maintaining a separate identity with a local steering committee. Plainfield Co-op is both top-heavy and bottom heavy. Our board has too much work for such a small store, while we lack the funds to pay for the executive and administrative leadership the store needs.

Pros - Possibilities (top 5):

1. Use their well-established and competent board and management.
2. Use their legal and financial management.
3. Access to price discounts through volume ordering and National Coop Grocers deals
4. Have access to their deeper financial pockets and borrowing capacity for capital/expansion.
5. Have their depth of skill and contacts and energy if we decide to move to Route 2 site.

Cons (top 5):

1. Would be hard to figure out what to do about staff salaries and figure out how to coordinate with their labor union for employees.
2. Uncertain. Could be a lot of talk and then not work out. Hunger Mountain Board/members might not be in favor.
3. Would take a long while.
4. Loss of "we are special" identity (though could maintain store identity)
5. An endless number of meetings

What members think? This option had a surprisingly high degree of member favorability. Only 7% said No. About half said it is worth exploring. About 1/3 said Yes, without restriction.

What does Hunger Mountain Coop think? Kari Bradley, GM of Hunger Mountain Coop reported openness to exploring possibilities for potential partnerships, pending development of feasible plans and approval by the council and membership. He was particularly open minded about extending HMC's accounting services to Plainfield Co-op.

What are the pitfalls? biggest risks? We would talk and talk and nothing would come of it. Or, they would say no right off the bat.

Who will be responsible for making it happen? Our Board would appoint a transition committee. It would be a Board committee accountable to the Board.

Cost-Revenue Analysis

Savings: What we would otherwise pay for Executive Director. and other needed administrative management. Annual costs for lawyer and accounting. Price savings to customers in access to discount pricing. Without those costs, we are close to break-even.

Costs: Legal representation for bringing the two organizations together (est. \$10K). Staff time to work out the details of consolidation, not to mention all the staff feelings of loss of control. Staff training costs. Bringing staff salaries into line with Hunger Mountain (assume this would take several years).

How long? Estimate two years but we should know within one year or less whether it is red light, yellow light, or green light.

Interim plan to remain solvent? We would need an interim management plan for about one year while we determine whether it is red, green or yellow light. That would have to be

supported by less desirable interim measures, such as shorter hours in winter, one-time member assessment, and really pushing on the people who said in the survey they will spend more at the store in the coming year. However, we could postpone worries about long term planning.