



Strategy document

November 2019

Introduction and purpose of the document – 1/2

- During August – November 2019 the board of the Urban Co-op Limerick has undertaken a high level strategic planning process to define a 3-year (2020-2022) strategy, articulate a set of strategic objectives for this period and a set of financial projections.
 - Strategy is articulated using a theory of change framework, together with identifying the key metrics that we will use to measure the outcomes within our theory of change.
 - Strategic objectives use the metrics emerging from the theory of change to set time-lined, measurable targets for each of the 3 years 2020-2022, i.e. our definition of success in the medium term.
 - Financial projections are built from first (operational) principles and the driving assumptions are aligned with the strategic objectives / targets to ensure a coherent and robust output.
- In addition to the core outputs, the process has allowed us to hone in and define the key dynamics that will be crucial to strategic success over the next 3 years. Articulating these issues has been valuable in helping us to focus on our operational priorities, in particular for 2020.
- This document presents these outputs and is intended as a ‘primer’ for our SIFI Social Enterprise Development Fund pitch for a second round of funding.
 - We believe that it sets out a compelling case for further investment in the Urban Co-op, enabling us to build an impactful and sustainable social enterprise
 - **Our aim – discussed later in the document, see slide 20 – is to ring-fence the SIFI round two funding for investing in outcomes and social impact measurement systems and processes**

Introduction and purpose of the document – 2/2

- The Urban Co-op Limerick aims to be a successful co-operative, supplying good produce and enhancing the lives of our members, customers, and the community, contributing to a more sustainable and fairer world.
- We aim to be successful not just in Limerick, but to serve as a model for the development of urban co-operatives in the mid-west and further afield.
- We aim to be a great place for people to meet others who care about keeping food local and building local and sustainable initiatives.
- We are a business guided by the Principles of Cooperatives to ensure that everything we do benefits our members and the wider community.
- Our overall ethos, values and approach can be summed up in the following strapline:

Cook-Connect-Contribute-Cope

- This strategy document is fully aligned with these themes and we look forward to exploring and discussing them more with you in person in December.

PART 1: INTRODUCTION TO THE URBAN CO-OP

- The Urban Co-Op is proud to be the **first co-operative grocery store** in Limerick - owned, controlled and operated by its members.
- We sell wholesome food at affordable prices and we seek to create an environmentally sustainable supply chain that prioritises local SME producers and the local economy.
- Our grocery store creates a physical focal point that we seek to enhance through the creation of a **Community Wellness Hub**. This comprises a range of classes, workshops and events that foster personal health and wellbeing and encourages community dialogue and relationship building.
- It is the combination of the grocery service and our wellbeing offerings that creates the unique value proposition to our members. Our goal is to offer a meaningful alternative to the typical mega-chain supermarkets, where customers can do something to support their local economy, help the environment and participate in an activity that contributes towards their wellbeing, all in an affordable and time-efficient manner.
- The Urban Co-op's roots go back to July 2013 when we started out as a Buying Club, selling fruit and vegetables, bread and eggs. We quickly grew to a scale that allowed us to move to a physical store, first at Mulgrave Street and then at Tait House. Growth continued and by the end of 2017 we had 900 members; at this point we began to seek a more permanent / long term home that would accommodate growth well into the future whilst also enabling us to implement our ambitions to provide a range of other services to our members on site. This resulted in our recent move to our current home at Eastway – providing a 6-fold increase in the size of our grocery store and ample space to provide a range of Community Wellness Hub classes, workshops and events.

- The table below summarises the composition and usage of our Eastway site:

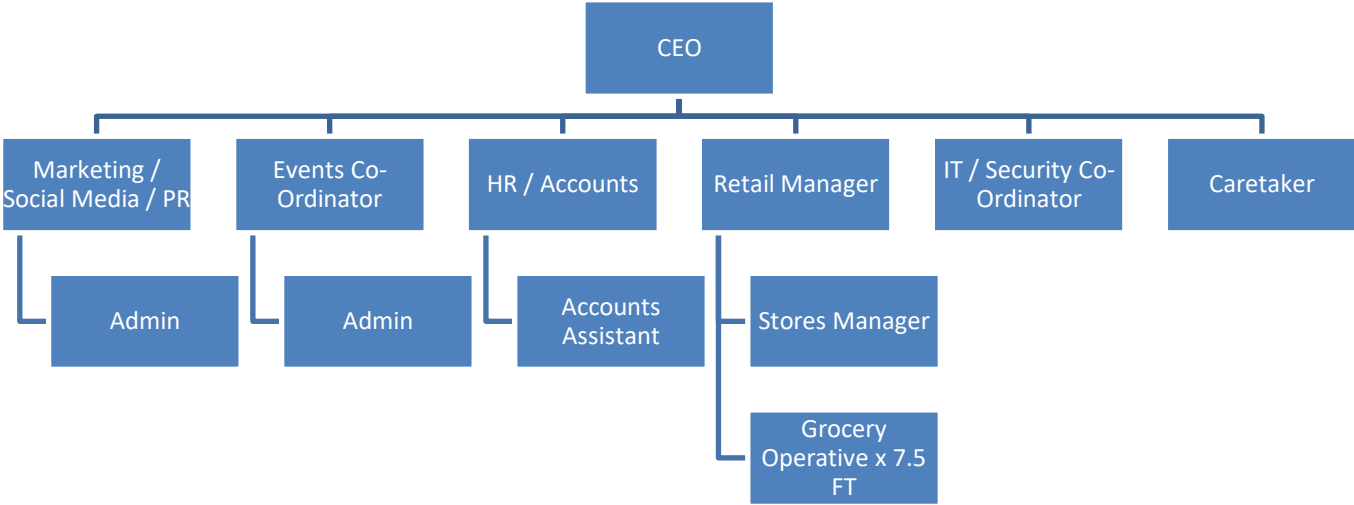
Space	Size (m2)	Purpose	Current status
Grocery store	210	Physical members' shopping space plus related storage area	Fully operational, opening hours...
Wellness Hub - rooms	230	A range of general and purpose-built spaces to complement the grocery store offerings and to drive our social impact objectives around health and wellbeing, social engagement and community ownership.	Fully operational, currently operating at an estimated 1/3 capacity
Wellness Hub – meditation space	30		Under development – fully operational by mid 2020
Wellness Hub – demo kitchen	63		Under development – fully operational by mid 2020
Wellness Hub - indoor garden	30		Under development – fully operational by mid 2020
Office space	48	Back office space currently used by board and volunteers – of sufficient size to accommodate proposed staff team.	Partially operational, fully operational by mid-2020

- We currently have 1,800 members who, on average, shop with us 1.5 times per month and spend €22.50 per shop.
- 68% of our food supplies are currently sourced from 90 local producers.
- We currently employ 4 full time and 4 part time staff who work on the grocery shop floor, plus 2 part time admin staff. This staffing team is supported by a wonderful group of volunteers, typically 15-20 in any one week. The organisation is run and managed by the volunteer board.
- There are a few key organisational and environmental dynamics that are important to highlight since they are pivotal to the form and scope of our strategic objectives over the coming years. These key dynamics are set out on the next 3 slides.

The Urban Co-op Limerick

Key dynamic #1 – organisational development

- As mentioned earlier, the Urban Co-op is currently a volunteer-led organisation, driven by a committed team of local residents with a coherent vision for our holistic role and impact in the community.
- This model has realised significant success and growth since our inception. This has led to ever-increasing demands on the volunteers, in particular the Board members, and today it is clear that the model is not sustainable if we are to realise longer term growth and objectives for the organisation.
- Looking to the future, and aligned with our move into a permanent home at Eastway, there is now an imperative to transition to a full staffing model to oversee, manage and implement operations. This will enable us to operate the desired opening hours for the grocery store of 0800-2000 Monday-Saturday and reduced opening hours on Sunday; and full day (including evening) timeslots for the Wellness Hub spaces.
- Our goal is to recruit the full staffing complement over the course of 2020/21 – a total team of 17 full time equivalent (FTE) people, reflected in the organogram below:



- We believe this organisational development objective is critical for enabling our future strategic objectives. This will clearly lead to a significant increase in our overall cost base. This has been quantified within our financial projections, presented later in this document.

The Urban Co-op Limerick

Key dynamic #2 – membership growth

- We have experienced consistent and healthy membership growth and, in our new location, there is scope to grow further – based on our estimate of the site’s ‘catchment area’ we believe there is potential to build a membership base of 2,500 households (we are currently at 1,800 members).
 - Driven by membership demand, we will be introducing an online ordering and delivery service over the next 18-24 months; this is likely to increase the potential membership footprint significantly by enabling us to reach people living further away and local residents who cannot come to the store in person for some reason, e.g. older people, disabled people, busy families, etc. As a first step in operationalising this development we will introduce a click and collect grocery service from mid 2020.
- In addition to growing the number of members, however, our social impact and our sustainability model is built on our ability to convince members through our offering to view the Urban Co-op as their go-to for their regular food shop and, while they are with us, to take the opportunity to interact with others and / or attend a class or event.
- Accordingly, our membership growth objectives is more than about just membership numbers; it also includes some other important metrics, specifically:
 - Frequency of members’ shopping visits
 - How much members spend when they come to shop with us
 - How often shoppers decide to avail themselves of some of the other services we offer
 - Engagement and dialogue with others at the Urban Co-op (qualitative measures)
- The metrics relating to these areas are introduced later in the document. We currently have the ability to measure some of these metrics but not all; we have also budgeted for further systems development costs within the financial projections.




The Urban Co-op Limerick

Key dynamic #3 – Wellness Hub

- The Urban Co-op's Wellness Hub is the important complement to our grocery store offering and critical to realising our social impact model. The combination of both offerings in one place creates a community space for which members feel a tangible sense of ownership and an environment that empowers our community more broadly.
- Our Wellness Hub comprises the following current and prospective offerings:
 - **Demo Kitchen** (to be operational by mid-2020): to enhance learning about food and link with the zero waste objectives as well as provide nourishment. The space will allow us to run cooking demo events as fundraising initiatives, as well as opportunities to rent for training purposes, e.g. barista training. We will also be exploring ways in which the kitchen can be used to support other social initiatives such as food for the homeless and other marginalised groups. The conviviality and connections that come with a 'home kitchen' setting are central to our vision and ethos, and we anticipate the demo kitchen will tie the building together, reflecting its role as a social hub.
 - **Meditation Space** (to be operational by mid-2020): an upstairs space for quieter meditation events. We have a number of interested therapists who are eager to hold classes with us but have found the existing rooms (see below) unsuitable due to noise and space available. Understanding the desire for quiet reflective space we want to create this space particularly for this purpose. It can also be a quiet space of retreat for staff and volunteers to recharge as needed. Emphasis on finding time out in our busy lives in real time can be a positive example for members on how to recreate for themselves at home. The position of this room upstairs will make it suitable for groups at any time of the day/evening.
 - **Plunkett, Gema, Kelly rooms**: existing spaces that are currently rented for a range of activities - yoga, pilates, speaker events, seminars, group catering, theatre/performing arts productions, therapeutic services. Current use of these rooms by therapists will transition to the Meditation space as above. We have recently converted the middle-size room to provide a play area for children during the grocery store opening hours.
 - **The Garden Room** (to be operational by mid-2020): currently storing furniture we see this room as a potential 'zen space' with indoor planting and perhaps a water feature, enhancing the overall wellness environment and providing education opportunities.
- Whilst the primary purpose of the Wellness Hub is to create a complete social offering for our members, it is also an important income generation source - generating €50K of income by the third year of our projections, 2022.
- We have budgeted €30,000 in 2020 for the capital works for establishing the Demo Kitchen, Wellness Hub and Garden Room.

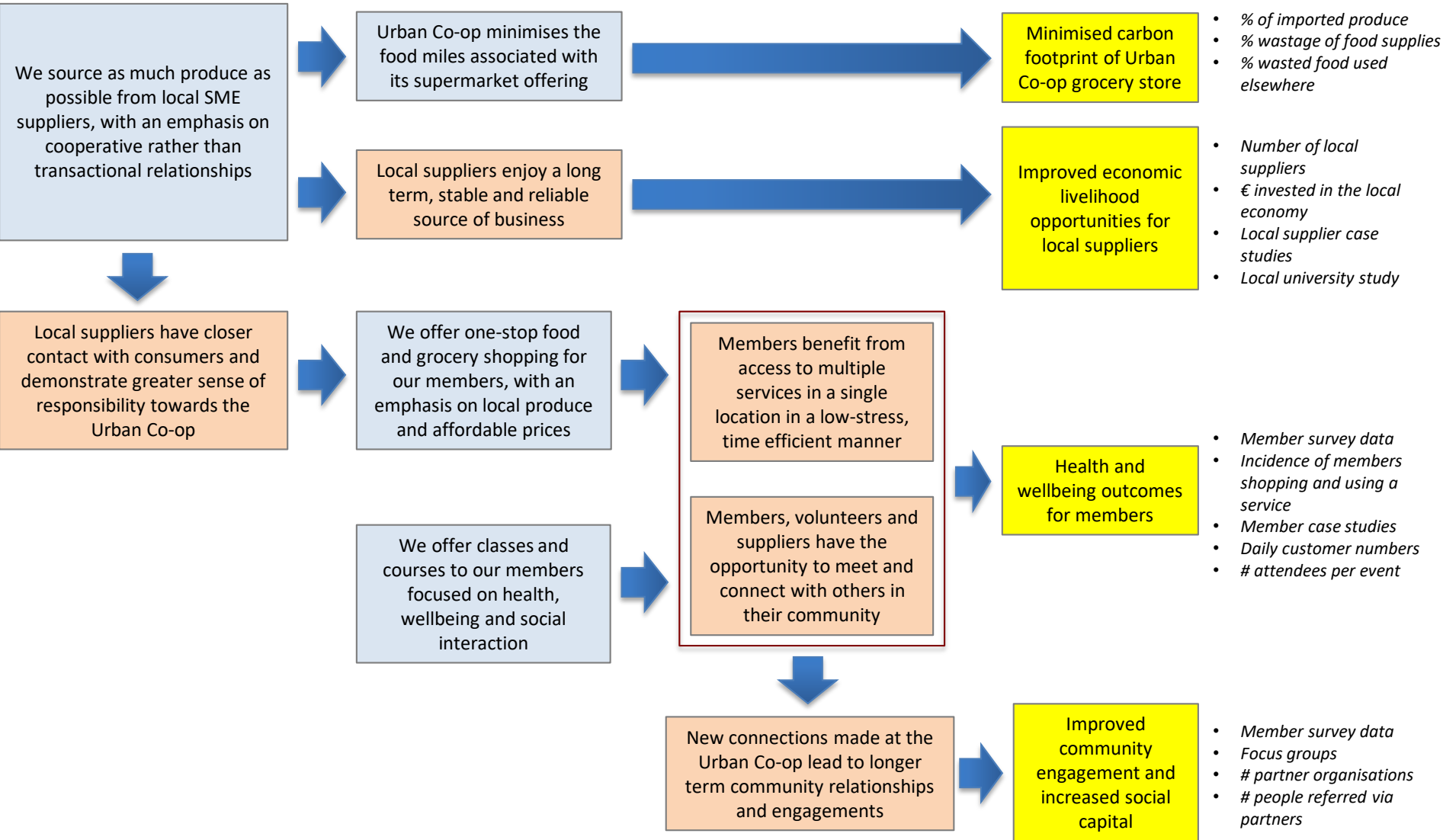
PART 2: OUR THEORY OF CHANGE

- As part of this planning process we have sought to articulate our strategy using a **theory of change** framework.
- The purpose of presenting the strategy in the form of a theory of change is as follows:
 - Identify and articulate the full spectrum of our work – i.e. name our key strategic actions
 - Name the actions / behaviours we expect to see in other key stakeholders as a result of our work
 - Articulate the specific outputs and outcomes that we aim to realise as a consequence of our work (and the associated actions / behaviours of others)
 - Define the sequenced inter-relationships between this network of actions, behaviours, outputs and outcomes
- The next slide presents the theory of change; it should be read as a flow, starting from the left side of the page.
- On the far right we present the key metrics (including qualitative approaches such as survey and case studies where appropriate) that we aim to measure / collect to demonstrate whether and to what extent we have delivered the target outcomes. These also provide the basis for our strategic objectives presented later in this document
- The key below summarises the main types of element within the theory of change:

-  *Urban Co-op key actions*
-  *Actions of other stakeholders*
-  *Outcomes / Benefits*

The Urban Co-op Limerick Theory of change

Metrics used by Urban Co-op



PART 3: OUR STRATEGIC OBJECTIVES

- In this section of the document we set out our strategic ambitions over the 3 years 2020-2022.
- Our definition of success for this period is articulated across a range of areas – consistent with the theory of change presented earlier in this document
 - **SCALE** – specifically, setting goals for membership growth and the extent to which members access Urban Co-op services.
 - **ECONOMIC OUTCOMES** – measuring and setting targets for how the Urban Co-op supports local business.
 - **HEALTH AND WELLBEING OUTCOMES** – defining / setting targets for how our work can drive lifestyle benefits for both our members specifically and our local community more generally.
 - **ENVIRONMENTAL OUTCOMES** – setting targets that reflect our overarching aim to minimise the Urban Co-op’s direct and indirect carbon footprint and other negative environmental impacts.
- Our 2020-2022 strategic objectives in these areas are presented on the following slide.
 - We use the same metrics set out in our theory of change to measure the full range of outcomes.
 - Where possible we have used 2019 measurements to set the baseline for calibrating our future objectives. For some metrics / KPIs our current systems and processes do not provide a baseline – this is particularly relevant to the health and wellbeing outcomes. In this case we aim to use 2020 to implement the necessary measurement systems and processes to set the baseline, enabling us to then set our objectives for 2021 and 2022.

KPIs	2019 baseline	2020	2021	2022
Scale <ul style="list-style-type: none"> • # of members • # of active members • Average spend per shop • Incidence of shoppers accessing another service 	<ul style="list-style-type: none"> • 1650 members • 18 visits per member per year on average • Average spend per shop = €22.50 • Baseline not available 	<ul style="list-style-type: none"> • 2300 members • 21 visits per member per year on average • Average spend per shop = €25 • Set baseline incidence and set 2021 and 2022 targets 	<ul style="list-style-type: none"> • 2500 members • 24 visits per member per year on average • Average spend per shop = €25 • TBD – see 2020 	<ul style="list-style-type: none"> • 2500 members • 30 visits per member per year on average • Average spend per shop = €28 • TBD – see 2020
Economic outcomes <ul style="list-style-type: none"> • Number of local suppliers • € invested in the local economy • (Local supplier case studies) • (Local university study) 	<ul style="list-style-type: none"> • 90 local suppliers • €456K invested in local economy 	<ul style="list-style-type: none"> • 100 local suppliers • €515K invested in local economy (70% of cost of sales) • 5 new local supplier case studies 	<ul style="list-style-type: none"> • 110 local suppliers • €756K invested in local economy (72% of cost of sales) • 5 new local supplier case studies 	<ul style="list-style-type: none"> • 120 local suppliers • €1,103K invested in local economy (75% of cost of sales) • 5 new local supplier case studies • Local university study

KPIs	2019 baseline	2020	2021	2022
<p>Health and wellbeing outcomes</p> <ul style="list-style-type: none"> • <i>Daily customer numbers</i> • <i>Incidence of members shopping and using a service</i> • <i># attendees per event</i> • <i># partner organisations</i> • <i># people referred via partners</i> • <i>(Member survey data and focus groups)</i> • <i>(Member case studies)</i> 	<p>N/A – baselines not yet available</p>	<p>Set baseline key health and wellbeing KPIs / metrics (including initial member survey and focus groups) and set targets for 2021 and 2022</p> <p>5 new member case studies</p>	<p>TBD – see 2021 target</p> <p>5 new member case studies</p>	<p>TBD – see 2021 target</p> <p>5 new member case studies</p>
<p>Environmental outcomes</p> <ul style="list-style-type: none"> • <i>% of imported produce</i> • <i>% wastage of food supplies</i> • <i>% wasted food used elsewhere</i> 	<ul style="list-style-type: none"> • 32% of produce imported • 5% wastage of food supplies • 40% of wasted food used elsewhere 	<ul style="list-style-type: none"> • 30% of produce imported • 4% wastage of food supplies • 60% of wasted food used elsewhere 	<ul style="list-style-type: none"> • 28% of produce imported • 3% wastage of food supplies • 80% of wasted food used elsewhere 	<ul style="list-style-type: none"> • 25% of produce imported • 2% wastage of food supplies • 100% of wasted food used elsewhere

PART 5: OUR FINANCIAL PROJECTIONS

- We have developed a set of financial projections aligned with our strategic objectives. The model has been built upon and the outputs are driven by a set of core assumptions on both the income and the cost side.
- The model has been built in Excel; we present the following key assumptions and outputs on the following slides:
 - An overview of the key income and expenditure assumptions
 - A summary (in chart form) of the income statement 2020-2022
 - Full income statement
 - An analysis of the Urban Co-op's cost profile

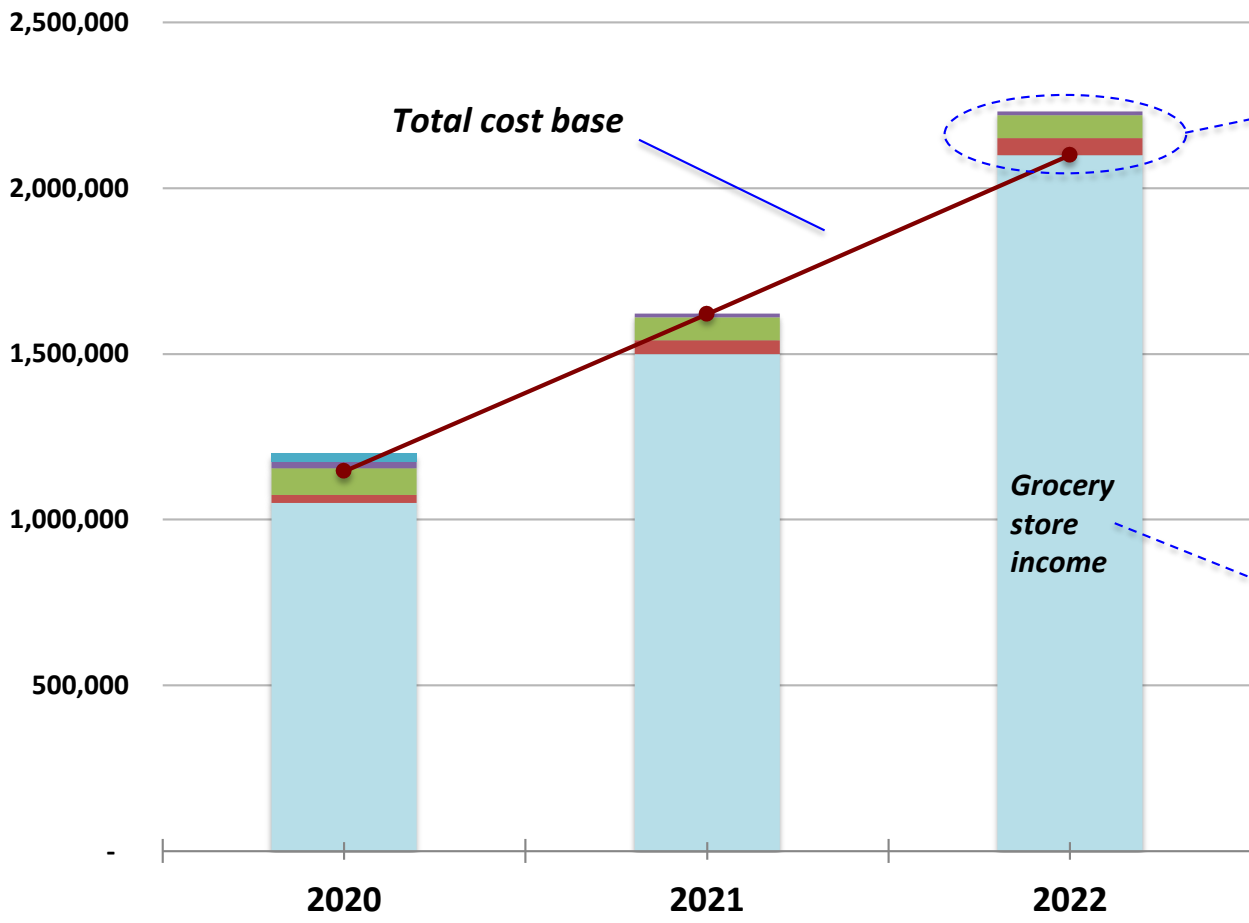
Description	
Grocery store income	<ul style="list-style-type: none"> Income growth driven by membership growth (see strategic objectives) In addition, we aim to grow the number of times members shop with us and their average spend per shop <ul style="list-style-type: none"> Average number of shoppers grows from 1.75/month in 2020 to 2.5/month in 2022 Average spend per shop grows from €25 in 2020 to €28 by 2022
Room hire income	<ul style="list-style-type: none"> Developed by setting targets for rental days per month and price points for each of the spaces that form the Wellness Hub. <ul style="list-style-type: none"> Each space rented for 10-18 full days per month by 2022 Price for full day's rental ranges from €100 (Plunkett, Demo Kitchen) to €50 (Meditation space, Gema) to €30 (Kelly)
Income and Funding sources	<ul style="list-style-type: none"> Crowdfunding and grants <ul style="list-style-type: none"> We have set targets for crowdfunding and grant income Crowdfunding will be an important element of community engagement and ownership and we will be driving this through our membership Grant income opportunity in the next year lies in a government funding under existing social enterprise schemes – Small Capital Grants scheme for social enterprises and the Community Services Programme. Other avenues to be explored include other enterprise grants and organic retailers' support schemes
SIFI SED round 2 funding	<ul style="list-style-type: none"> We have assumed a second round of funding under the SIFI Social Enterprise Development Fund of €25K in 2020 This funding will be ring-fenced for social impact measurement, specifically: <ul style="list-style-type: none"> Development of our existing technology systems so that we can collect data that will enable us to measure our KPIs (see theory of change and strategic objectives) Ongoing monitoring and evaluation, in particular setting our baseline measurements for our health and wellbeing and environmental outcomes, see slide 16

Description	
Expenditure	<p>Cost of sales</p> <ul style="list-style-type: none"> • Based on our historic gross margin for grocery sales, which incorporates our ethos and policy of fair, sustainable pricing for our local suppliers • Gross profit assumption fixed at 30% for all years 2020-2022
	<p>Staff costs</p> <ul style="list-style-type: none"> • Recruitment timing for the full staff team has been modelled over 2020 and 2021, with full staffing model in place from Q3 2021 • We have used our knowledge of the grocery sector and NGO / social enterprise sector to set expected salary levels for all new staffing roles
	<p>Capital costs</p> <ul style="list-style-type: none"> • Development of remaining Wellness Hub spaces - €30K in 2020 • Investment in building energy efficiency improvements and cold storage - €30K in 2021
	<p>Monitoring and evaluation</p> <ul style="list-style-type: none"> • Development of IT systems and infrastructure to enable data collection / KPI measurement • On-going monitoring and evaluation activities – membership surveys, focus groups, case studies, external evaluation
	<p>Operating costs</p> <ul style="list-style-type: none"> • Based on our historic operating costs but scaled up to reflect full scale operation in our current site and growth in activity in both grocery store and Wellness Hub • Operating costs are expected to double in 2020 compared to our 2018 baseline

Urban Co-op Limerick financial projections

Income and expenditure projections, 2020-2022

Urban Co-Op Limerick Income and Total Cost Projections, 2020-2022



Other income comprises:

	2020	2021	2022
Room hire income:	€24k	€41K	€51K
SIFI SED round 2:	€25k	-	-
Crowdfunding and grants target:	€100k	€80K	€80K

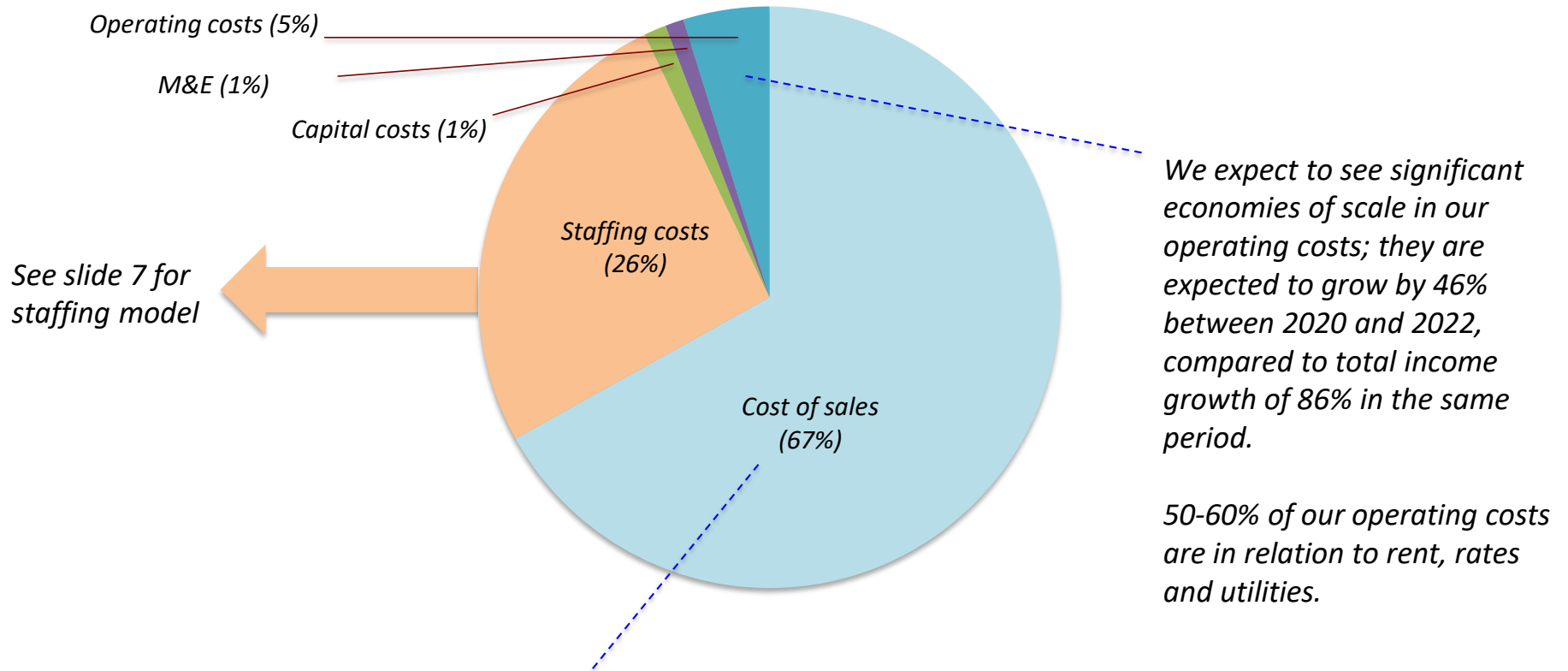
Our aim is to scale up grocery store income significantly, i.e. 2022 grocery income is 3.2 times greater than 2019 figures. This is driven by membership growth, shopping frequency and spend per shop – see the assumptions on slide 19

Urban Co-op Limerick financial projections

Full income statement, 2020-2022

	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>INCOME</u>			
Grocery revenue	1,050,000	1,500,000	2,100,000
Room hire	24,420	40,800	51,000
Grant income - target	80,000	70,000	70,000
Crowdfunding / community fundraising	20,000	10,000	10,000
SIFI SED Fund 2nd round	25,000	0	0
TOTAL INCOME	1,199,420	1,620,800	2,231,000
GROCERY COST OF SALES	735,000	1,050,000	1,470,000
URBAN CO-OP GROSS MARGIN	464,420	570,800	761,000
STAFFING COSTS	317,580	452,670	495,923
CAPITAL COSTS	30,000	30,000	-
MONITORING AND EVALUATION	20,000	15,000	15,000
OPERATING COSTS	92,200	116,750	134,300
URBAN CO-OP SURPLUS / (DEFICIT)	4,640	(43,620)	115,778
<i>Net margin</i>	0%	-3%	5%

Urban Co-op Limerick cost profile, 2020-2022



We are targeting a gross margin of 30% for our grocery business – our 2019 gross margin is expected to be around 29%.

We are targeting an increasing proportion of our grocery supplies to come from local producers – this is estimated to be 68% in 2019 and we hope to grow this to 75% by 2022- enabling us to accelerate our support of the local economy.