



Five-Year Strategic Plan Fiscal Years 2020-2024

North Coast Co-op

811 I Street, Arcata | 25 4th Street, Eureka

Introduction

North Coast Co-op is a consumer-owned natural foods grocery store formed in 1973. We now serve more than 18,000 members with more than \$34 million in annual sales. A democratically-elected Board of Directors holds fiduciary responsibility for ensuring the cooperative maintains financial health and fulfills its vision and mission while operating within cooperatively held principles and values.

In 2018, the board, management and members developed a strategic plan to guide our business efforts in the coming five years. The planning process steps included holding a kick-off event, forming a strategic planning committee, administering a member survey and tabling to increase participation. The strategic planning committee—comprised of the board, management and members—used this information to identify goals and strategies. The purpose of the strategic plan is to provide guidance for maintaining North Coast Co-op’s success for the next five years as we move toward our 50th anniversary.

The strategic plan outlines six long-range goals that provide broad direction for management, enabling flexibility and creativity in implementation. Management is responsible for developing a bi-annual business plan with measurable objectives, activities, and budget that correspond to the goals and benchmarks articulated in the Five-Year Strategic Plan. The Board of Directors is responsible for monitoring progress, and annually reviewing and updating the five-year strategies as needed.

Our Vision

North Coast Co-op is more than just a quality food grocery store. We are a thriving community hub, welcoming to all, where members, shoppers and staff are inspired by our demonstrated leadership in nurturing cooperative principles, environmental responsibility, racial and social equity, and investment in the local food system.

Our Mission

North Coast Co-op is a member-owned organization guided by the cooperative principles. As a leader in our community we emphasize a diverse selection of products, while engaging members through consumer education, community building, and environmental responsibility.

Cooperative Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Cooperative Principles

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training, and Information
- Cooperation Among Cooperatives
- Concern for Community

Summary of Long Range Goals

1. COMMUNITY HUB

Strengthen our position as the most welcoming, accessible, and affordable place to buy healthy, quality, organic, and local food.

2. RACIAL AND SOCIAL EQUITY

Diversify the makeup of our leadership positions and ensure we confront inequity and inequality in our operations and in our community.

3. ENVIRONMENTAL RESPONSIBILITY

Improve environmental practices focusing on reducing waste, energy consumption and greenhouse gas emissions while engaging consumers and vendors in low-impact shopping.

4. COOPERATIVE ECONOMY

Foster and develop new cooperative ventures with active community leadership and education regarding the cooperative movement.

5. ROBUST LOCAL FOOD SYSTEM

Increase autonomy over the production and distribution of food supplies and ensure our local food system continues to expand, uses sustainable practices and is culturally relevant.

6. FINANCIAL VIABILITY

Invest in staff, operations, renovation and expansion activities that increase profitability and allow us to fulfill our vision, mission, values and strategic plan.

1. Community Hub

LONG RANGE GOAL

Strengthen our position as the most welcoming, accessible, and affordable place to buy healthy, quality, organic, and local food.

OVERVIEW

Strategic planning survey responses from members made it clear that the Co-op should prioritize quality products at affordable prices. We know from previous surveys that to our members, quality means organic, local, fair trade and fresh. Implicit in this feedback is the desire for the Co-op to remain a grocery store. Beyond that, our members expect that we will be accessible to all who want to purchase healthy, quality food. To some, this means physical accessibility through our built environment and to others, it means affordability.

All together, these attributes create a place for social connectivity around shared values. Members are further engaged by attending classes, participating in committees, or taking advantage of member benefits. To strengthen our position, we must identify, source and vet the best products, create accessible social gathering spaces, increase member engagement, and develop training programs around exceptional customer experience, all while remaining affordable.

SUGGESTED STRATEGIES

- Systematically evaluate all products in the store against our purchasing policy, specifically regarding organic and local products, and replace as necessary.
- Develop a plan for meaningful member engagement (member benefits, participation in committees, classes, etc.).
- Design and build indoor/outdoor seating areas that are conducive to social connectivity and have all-inclusive access.
- Revamp car parking lots and entryways to be bike, pedestrian, and all-ability friendly.
- Determine what creates an exceptional customer experience for our members and develop systems and training programs to that end.
- Develop and implement a Buying Club that allows members to purchase case/bulk items at nearly wholesale prices.
- Implement a pricing and margin strategy that will allow us to keep our prices competitive while keeping margins strong.

1. Community Hub

MILESTONES	BENCHMARKS
Customer satisfaction surveys conducted in FY20 and FY23	Customer satisfaction rating improves on community hub metrics
Customer experience training program developed and administered FY20	100% of staff receives training
Member engagement plan written FY20	Number of members increases by 10%
Member benefits implemented FY21	Percent of sales to members is 75%
Classes and workshops developed and implemented FY23	Number of members participating in engagement activities (member benefits, committees, classes, etc.) increases by 20%
Pricing and margin strategy developed and implemented FY20	Average “shop” reduced by 10% Gross margin remains constant as prices lower
Design for seating area completed FY22 Seating areas built FY23	Number of shoppers eating in seating areas doubles
Parking lots revamped FY24	Number of shoppers arriving by bike or foot doubles
System for evaluating products developed FY21	Percent of items that align with purchasing policy increases by 25%
Business plan for Buying Club written FY22 Buying Club active FY24	Revenue generated by Buying Club is 5% of overall sales

2. Racial and Social Equity

LONG RANGE GOAL

Diversify the makeup of our leadership positions and ensure we confront inequity and inequality in our operations and in our community.

OVERVIEW

Equality, equity and social responsibility are core tenants of cooperative values. In our 20-Year Statement of Sustainability, we define sustainability as incorporating both environmental and social responsibility. Social responsibility means balancing profit-making activities with society-benefiting activities. It also includes components of social and racial equity. In pursuing racial and social equity, we acknowledge that equal treatment is not the same as equal access because not everyone is starting out with the same resources and privilege.

In our Racial Equity Statement, we say that we are working to build a more inclusive organization, specifically around race. As a purveyor of food, we must analyze and understand our own implicit biases and institutional barriers to achieving racial and social equity in our business practices and work to remove them. By paving the way for diversity in all forms—race, origin, language, religion, convictions, sex, gender, sexual orientation, age, health, disability, class, caste, income, property, and more—at all levels of our organization, we will reflect the unique attributes of our community and serve as a model for other businesses.

SUGGESTED STRATEGIES

- Work with a racial equity consultant to gain understanding of our current racial and social equity shortcomings and create a plan for action.
- Assess our marketing and recruitment materials and alter to be reflective of our community and welcoming to all.
- Identify the cultural and religious food practices common in our area and incorporate those products into our stores (not as a special section but as a part of the overall product offerings).
- Develop and implement staff and board trainings focused on working with diverse social, racial, differently-abled and economic groups.
- Incorporate the most dominant non-English language of our area—Spanish—into marketing, recruitment and in-store signage.
- Implement a permanent socially equitable discount program for low-income qualified shoppers.

2. Racial and Social Equity

MILESTONES	BENCHMARKS
Plan of action developed by racial equity consultant FY20	Demographic statistics for membership, board, staff and management are at least as diverse as the local population
Baseline demographic data collected FY20	Number of Spanish speaking customers doubles
Assessment of marketing and recruitment materials done FY21	Staff turnover rate by demographic is equitable
Changes to marketing and recruitment materials made FY22	
Racial and social equity survey developed and administered FY20 and FY24	Racial and social equity perception improves
Training program developed and administered FY21	100% of staff and board receive training
Focus groups for cultural and religious food needs completed FY22	Percentage of sales of cultural and religious foods increases by 10%
Reset International aisle to distribute products throughout the store FY23	
Low-income program made permanent FY21	Number of participants in low-income discount program increases by 10%
	Percentage of sales attributable to low-income participants doubles

3. Environmental Responsibility

LONG RANGE GOAL

Improve environmental practices focusing on reducing waste, energy consumption and greenhouse gas emissions while engaging consumers and vendors in low-impact shopping.

OVERVIEW

Promoting environmental responsibility has been a long-standing commitment for our co-op, and we have continued to improve our environmental practices in our daily business activities. Many of our shoppers choose us because they can use their own durable containers and compost their food and post-consumer waste. However, our members have long asked us to invest in more renewable energy infrastructure and do more to eliminate single-use packaging, especially plastic. We believe we can do more, and we believe our shoppers could be encouraged to do more. We also believe our vendors could do more to reduce packaging and take on more environmentally responsible practices. With the foundation we have built over the last few years, we are poised to drive change up and down the food chain and will have a greater impact on the food system as a whole—locally, nationally and globally.

SUGGESTED STRATEGIES

- Develop a plan for investing in renewable energy infrastructure for our stores as well as using or purchasing 100% renewable energies.
- Actively engage community in demanding a municipal/county post-consumer food waste composting facility for residents and businesses.
- Inspire environmentally responsible transportation to stores for shoppers, employees and vendors.
- Systematically evaluate all packaged products in our stores against our purchasing policy and develop a plan to replace products packaged in plastic as necessary, either by engaging the vendor in changing the packaging or switching to another vendor.
- Replace paper-intensive activities with electronic, such as document management systems, ordering and receiving, and communication methods.
- Systematically evaluate all products in our stores against our purchasing policy for environmentally responsible production and develop a plan to replace as necessary.
- Encourage vendors to provide product in reduced and/or durable packaging to eliminate plastic from our shelves.
- Upgrade facilities and incentivize shoppers to use durables.

3. Environmental Responsibility

MILESTONES	BENCHMARKS
<p>Plan for renewable energies completed FY20</p> <p>Plan for renewable energies executed FY24</p>	<p>100% energy use derived from renewable energies</p>
<p>Communication plan for campaigning municipalities for composting facilities completed FY20</p> <p>Municipal composting facility approved and budgeted by municipalities FY24</p>	<p>5% of membership participates in composting facility campaigns</p>
<p>Policies written to incentivize shoppers to use durables FY20</p> <p>Marketing plan written to incentivize shoppers to use durables FY20</p> <p>Upgrades to both stores allowing sanitation of durables FY22</p>	<p>Number of durable containers used by shoppers (dine-in, take-out, their own) increases by 30%</p> <p>Percent of sales of Bulk increases by 20%</p> <p>Percent of sales of Prepared Foods increases by 40%</p>
<p>Procedures written to reduce Co-op landfill waste from operations FY24</p>	<p>Reduce landfill waste to only 5% of overall waste</p>
<p>Plan written for incentivizing vendors to change packaging FY21</p>	<p>Amount of landfill packaging used by vendors decreases by 20%</p>
<p>System for evaluating packaged products developed FY21</p>	<p>Percent of products with packaging aligned with purchasing policy increases by 25%</p>
<p>Plan written for incentivizing stakeholders to use environmentally responsible transportation (in concert with strategy in Community Hub goal of revamping car parking lots and entryways to be bike, pedestrian, and all-ability friendly) FY22</p>	<p>Number of shoppers arriving by bus, foot, bike, electric vehicle, carpool, etc. doubles</p>
<p>Identify paper-intensive activities and alternatives FY23</p>	<p>Amount of paper use decreases by half</p>

4. Cooperative Economy

LONG RANGE GOAL

Foster and develop new cooperative ventures with active community leadership and education regarding the cooperative movement.

OVERVIEW

Cooperation among cooperatives, or cooperative principle number 6, is about sharing resources and supporting cooperative ventures. Nationally and globally, there are producer co-ops, purchasing co-ops, consumers co-ops, worker co-ops and all types of co-ops that work to meet the needs of their members, rather than the sheer pursuit of profit. In our rural community, cooperatives are not as prevalent as they could be. Considering how isolated we are from major metropolitan centers, and the need for sharing limited resources, a cooperative economy would serve to meet the varied needs of community members. From farming to housing to health care, opportunities abound. By actively developing more types of co-ops, our business will be more resilient in a thriving solidarity economy.

SUGGESTED STRATEGIES

- Actively foster and support new cooperative ventures.
- Engage members in cooperative start-ups through investment opportunities.
- Seek cooperative vendors and increase purchase from those vendors.
- Advocate for cooperative business needs in local/state/national legislation.
- Educate community about the cooperative movement.

4. Cooperative Economy

MILESTONES	BENCHMARKS
<p>Assessment of opportunities/types of cooperatives needed in our community FY22</p> <p>Plan developed for supporting cooperative ventures FY23</p> <p>Communications plan written for cooperative capital campaigns FY23</p>	<p>Two new cooperative ventures</p> <p>Target for member dollars invested in cooperative start-ups achieved</p>
<p>Cooperative vendors identified and incorporated into product mix FY21</p>	<p>Number of cooperatively owned products on our shelves increases by 25%</p> <p>Percent of sales to cooperatively owned products doubles</p>
<p>Marketing plan to include promotion of cooperative vendors and local co-ops FY20</p>	<p>Number of strategic partners in developing a cooperative economy is equal to number of partners for other goal areas</p>
<p>Assessment of pending legislation affecting co-ops and political support</p> <p>Survey of politician awareness of cooperative legislation developed and implemented FY22 and FY24</p>	<p>Politician awareness of legislation affecting cooperatives increases</p>
<p>Plan developed for cooperative education in classrooms, business development agencies, and municipalities FY23</p> <p>Survey created and implemented to assess community awareness of cooperatives FY22 and FY24</p>	<p>Community awareness of cooperative movement increases</p>

5. Robust Local Food Economy

LONG RANGE GOAL

Increase autonomy over the production and distribution of food supplies and ensure our local food system continues to expand, uses sustainable practices and is culturally relevant.

OVERVIEW

Developing our local foodshed was a goal in our last strategic plan. In that sense, we were actively supporting local agriculture and sustainable food production, which was identified as a top focus for the Co-op by members in the recent strategic planning survey. In the last few years, the term “local” has become a catchphrase for anything grown or produced within a certain distance and has lost the intent of the movement; locally means securing the ability to feed ourselves if national food supplies could not reach our area. The term local, in its truest form, is related to food sovereignty. According to the Food Sovereignty Alliance, food sovereignty is “The right of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture systems. It puts the aspirations and needs of those who produce, distribute and consume food at the heart of food systems and policies rather than the demands of markets and corporations.” To that end, our efforts in developing a robust local food system will increase autonomy over the sustainable production and distribution of culturally relevant food.

SUGGESTED STRATEGIES

- Expand local food production by building capacity for producers and taking ownership of the regional distribution system (either directly or through cooperative ventures).
- Partner with food policy councils and others to ensure the local food system provides access to healthy, sustainably produced and culturally appropriate food.
- Participate in activities that serve to equitably distribute the benefits and burdens of the local food system.
- Actively foster and support legislation that increase local autonomy over our food supply.
- Increase local food transparency—ingredients, where it comes from (including the origin of the seeds), farming practices, working conditions, packaging, shipping containers, business practices, etc.—so consumers can make educated decisions.

5. Robust Local Food Economy

MILESTONES	BENCHMARKS
<p>System developed for providing food transparency in stores FY20</p> <p>Survey conducted to determine community awareness of food knowledge FY21 and FY23</p>	<p>Customer and employee knowledge of food, where it comes from, how it was produced, etc. increases</p>
<p>Benefits and burdens of local food system identified FY22</p> <p>Gaps in food system production or distribution identified FY22</p>	<p>Number of local food producers increases by 10%</p> <p>Percent of food system owned locally, including production and distribution, increases by 10%</p>
<p>Specific needs for culturally appropriate foods determined FY22</p> <p>Plan for increasing culturally appropriate foods developed FY23</p>	<p>Number of local food products that are healthy, sustainable and culturally relevant doubles</p> <p>Amount of shelf space dedicated to local products increases by 25%</p>
<p>Producers/entrepreneurs engaged in increasing/starting production or distribution to fill gaps in the local food system FY23</p>	<p>Percent of sales of local products increases by 10%</p>
<p>Assess local food against our purchasing policy FY21</p> <p>Strategic partners identified and engaged FY22</p>	<p>Number of local foods that align with our purchasing policy increases</p> <p>Number of strategic partners identified for developing a robust local food system reflects scope of plans developed</p>
<p>Legislation to support local food system identified FY20</p> <p>Survey conducted to determine politicians' understanding of local food system needs FY21 and FY23</p>	<p>Politicians' understanding of local food system needs increases</p>

6. Financial Viability

LONG RANGE GOAL

Invest in staff, operations, renovation and expansion activities that increase profitability and allow us to fulfill our vision, mission, values and strategic plan.

OVERVIEW

Grocery stores, in general, operate with thin margins and low profits. Because we are not just a grocery store and do so much more for and in our community, we are often stretched even thinner than traditional grocers. To be financially viable, while also meeting the needs of our members and upholding our values, we must be excellent operators. This includes investing in our business—whether that be investing in a skilled and dedicated workforce, upgrades to equipment, expanding our offerings, remodels or opening new stores—and ensuring that those investments will increase revenue and/or significantly cut expenses. We are eligible for USDA rural development grants and business loans but are often lacking in staff time to pursue them. Forming a non-profit arm of the Co-op would alleviate much of the community development burden from operations while at the same time increase our access to resources. By striving for efficiencies in operations, investing in our business, and shifting community development activities to a non-profit arm, we will be able to meet the changing demands of consumers and maintain financial viability for future generations.

SUGGESTED STRATEGIES

- Determine key indicator targets for financial success, including distribution of patronage refunds, and build into a bi-annual business plan.
- Write an employer philosophy and develop a plan for ensuring livable wages and excellent benefits.
- Seek expansion opportunities focused on property ownership.
- Develop training programs for staff that ensure efficient operations and lead to achieving targets.
- Explore forming a non-profit arm that will absorb education programs, advocacy, and charitable giving, while seeking grant funding for rural development activities.
- Improve financial knowledge and awareness of key stakeholders (board, management, staff, members).
- Expand offerings of freshly prepared foods through remodels/renovations of stores.
- Replace aging and failing equipment.

6. Financial Viability

MILESTONES	BENCHMARKS
Agreement on targets for key indicators FY20	Targets for key indicators (sales, labor, margin, income, etc.) met
Business plan written to reflect key indicator targets and strategic plan goals FY20	Dollar amount of member equity matches investment plans
Business plan reflects investments in operations that generate revenue or cut expenses for positive net income FY20	100% of retained patronage distributed Patronage refund distributed to members annually
Finance training developed to onboard new stakeholders FY20	100% of stakeholders receive training
Financial training implemented FY20	
Employer philosophy written FY20	Wage and benefits exemplify a living wage model
Plan for ensuring livable wages and excellent benefits written FY20	
Areas for improved/new operations training programs identified FY20	100% of staff receive operations trainings
Training programs developed and implemented FY20	
Return on investments analyzed FY20-FY24	Return on Investment for equipment upgrades is less than 3 years
Market study conducted for expansion opportunities FY21	Return on Investment for remodels is less than financing term
Communications plan written for upgrades/remodels FY20	
Upgrades/remodels of stores completed FY24	
Plan written to own property/operations and move away from leasing FY22	Proportion of property/operations owned vs. leased increases
Capital campaign developed for property investment FY23	Members contribute 20% of capital for property investment
Property/business identified for purchase FY23	
Plan to form a non-profit written, including mission, vision, board roles and responsibilities FY21	5% of members are in support of non-profit arm of Co-op
Members recruited to serve on non-profit board FY21	Number of members needed for non-profit board are recruited