



315 Fifth Avenue South
La Crosse, WI 54601
608.784.5798

www.pfc.coop



Top Ten Frequently Asked Questions: PFC Expansion

1. Where did this idea come from? Why now?

The idea evolved from a development opportunity that had been presented to the Rochester Good Food Co-op. Their board had been discussing relocation and the desire to move to downtown for some time. The timing was right for them as their lease will be up in the fall of 2012. But they lacked the financial resources and the organizational capacity to take advantage of the opportunity offered. RGFC had worked with the PFC general manager in the past as a resource, so they inquired as to whether our board would consider a partnership to make their idea a reality.

2. Why could this be good for PFC? Why could it be good for Rochester?

PFC will benefit from additional scale to command better pricing on national brand store items. It will be able to offer a larger outlet for local products. Ultimately our members will get better pricing and a more reliable array of local products. PFC will benefit from the opportunity to deepen our administrative staff pool in marketing, member services, IT and accounting. PFC will also benefit by diversifying its business model with less reliance on a single location. Ultimately together, these two locations build a stronger economic engine that will generate more income that can be invested in mission related efforts. This also gives PFC the opportunity to demonstrate leadership for the national food co-op community on strengthening small, existing co-ops to allow them to better serve their communities.

Rochester will benefit from a larger location with greater access to more members. The store is projected to more than double its sales within the first year of relocation and within 5 years will generate sales on par with the La Crosse facility. By growing its membership base and exposing a greater number of people to the benefits of cooperation, the Rochester store will be able to make a larger and more widespread impact on their community. If the Rochester co-op waited 5 to 6 years to build cash and build its organization independently they may ultimately be priced out of the market and be unable to find a location similar to the one presented today.

3. How would the finances work? What is the financial outlook?

Financial projections and project budgets are just beginning to be built. PFC's greatest contribution to this project will be the strength of its balance sheet. One of the goals of the project is to garner significant member investment from the Rochester community to fund a significant portion of this expansion. PFC's cash investment from reserves will be significant, but only a small proportion of the total project budget. The increased sales potential will make the creation of budgets that are cash flow positive within the first year more likely.

4. How would this change things for current members at each co-op?

For most *La Crosse members* there won't be much change initially. Eventually pricing will be positively impacted saving our shoppers money. Members will see additional resources put into education, member services and marketing. La Crosse members traveling to Rochester will be able to use their memberships at that location as well and vice versa. This project will not impact PFC's ability to offer a patronage rebate to our members for FY2010.

For Rochester members—the name of their co-op will change. They will be members of People's Food Co-op. But during the first year they will have access to the same products and services that they have now—plus PFC's member benefits (5% discounts once per month/ability to run for and vote for the board/ special member only sales, etc.) They will make an equity investment in their co-op once rather than the annual fee they pay now. That equity investment will be refundable unlike their current annual fee. Then in 2012 they will have a newly expanded store offering a plethora of new services such as expanded deli operations, an in-house butcher and a community classroom space.

New members in Rochester after the merger will join PFC just as our La Crosse members do—with an equity investment payable all at once or in four quarterly installments. All members will be eligible for patronage rebates based upon the total organizations' profits and their proportionate spending.

5. What might be the impact on local area producers?

PFC already shares some common local producers with the Rochester Good Food Co-op. By combining our organizations those producers and others will benefit from additional volume created by expansion of the Rochester facility. We will also have new opportunities to increase our commitment to specific growers for specific crops throughout the growing season. This will in turn provide market stability for those growers and a more reliable income stream. Local producers can also work closely with the co-op to provide products that we don't have sources for currently, but growers have the capacity to supply.

6. Why promote the cooperative model in today's economy?

Cooperatives are experiencing a resurgence around the nation. Shoppers are seeking out the connections that co-ops provide that a typical grocery store doesn't—to their food and its producers, to one another and to their larger community. Cooperatives let us invest in businesses that add to our local economies rather than simply extracting resources from it to send to a corporate headquarters somewhere else. Co-op jobs are never outsourced. Co-ops allow us to invest in businesses that have our best interests at their core, rather than investing in businesses that directly or indirectly work against our interests environmentally, socially or economically.

7. Who would manage the stores? How would staff be impacted?

PFC will work with the existing staff of the Good Food Co-op to build skill and train on PFC's systems. Not all Good Food Co-op staff may want to stay. But each store will retain a local operational management team and have dedicated hourly staff. Administratively we will share staff to service both locations in areas of marketing, IT, accounting and human resources. There will be a store manager at each location. The general manager of PFC will remain the general manager of the expanded organization and will be responsible for strategic planning for both locations.

8. How would the Board of Directors work? Would by-laws need to change?

Discussions will continue to occur around this issue through the summer. To expand the board of directors would require a bylaw change approved by PFC's membership. PFC's board has not yet decided whether to recommend a bylaw change.

9. What is a timeline for key decisions and action?

There is a timeline available on this website for your information.

10. What is the most exciting aspect of this idea? The most challenging?

Challenging—the timeline. The developer's timeline requires that big decisions be made expediently. Summer is not an ideal time for this kind of matter that requires significant member engagement. That being said—it is not impossible. One positive aspect of the timeline is that PFC will be able to work with the existing Rochester facility for 12 months before expansion to integrate systems such as our registers, accounting, HR and others in a setting that is familiar to Rochester staff rather than having to implement those changes at the same time they're trying to run a much bigger and busier store.

Exciting—the possibilities...The possibilities seem almost endless!