



Growing the Cooperative Economy: Tips and Strategies for Present and Future Cooperative Expansion in Maine

Webinar Series



COOPERATIVES
BUILD A BETTER MAINE

Co-op Month
October
2023

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Series Schedule

Session 1 | Human Resources Best Practices for Your Growing Co-Op Business

October 11 - 11:00 AM - 12:00 PM

Session 2 | Strategies for New Co-Ops: Financing, Business Planning, and Growth

October 18 - 11:00 AM - 12:00 PM

Session 3 | Strategies for Planning and Financing Cooperative Expansions

October 25 - 11:00 AM - 12:00 PM



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Session 2 | Strategies for New Co-Ops: Financing, Business Planning, and Growth

October 18, 2023

Panelists:

**SARAH
SPEARE**

Co-Founder/CEO, Tootie's Tempeh, Inc.

**HELEN
COBURN**

Shareholder, Bernstein Shur, Business
Law Practice

**ADAM
PRESCOTT**

Shareholder, Bernstein Shur, Business
Restructuring & Insolvency Practice

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Agenda

- PART 1** Introduction to Cooperatives
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- PART 2** Timeline: Co-Op Start-Up and/or Conversion
-
- PART 3** Deeper Dives:
Business Planning & Financing
-
- PART 4** Co-Op Case Study: Tootie's Tempeh, Inc.
-
- PART 5** Q + A



Introduction to Cooperative Start-Ups

- What is a cooperative and what are the common types of cooperatives?
- What are the pros and cons of forming a cooperative compared to a “traditional” business?
- How does cooperative ownership and control compare to other types of businesses?
- How do the economics for cooperative owners differ from other businesses?



The Co-Op Start-Up Timeline

Timeline for Starting a New Cooperative Business

- Stage 1: Exploration
- Stage 2: Business Planning
- Stage 3: Securing Capital
- Stage 4: Licensing, Permitting, and hiring
- Stage 5: Opening





The Cooperative Conversion Process

- Stage 1: Exploration (1-2 months)
- Stage 2: Assessment (1-2 months)
- Stage 3: Business Planning and Securing Capital (5-8 months)
- Stage 4: Executing a Transaction (2-3 months)
- Stage 5: Ongoing Training, Coaching and Support





Deeper Dive: Business Plan

- Start.coop (<https://startcoop.teachable.com/p/lean-co-op>)
- SCORE (<https://www.score.org/resource/template/business-plan-template-a-startup-business>)
- Local economic development agencies (*varies by state*)
- Other coop resources available on Tootie's Tempeh website:
 - <https://www.tootiestempeh.com/about#worker-owned>



Deeper Dive: Financial Modeling



Financial projections enable better understanding of financing needs

Resources:

- SCORE
- Accounting Firms/CPAs



Deeper Dive: Financing

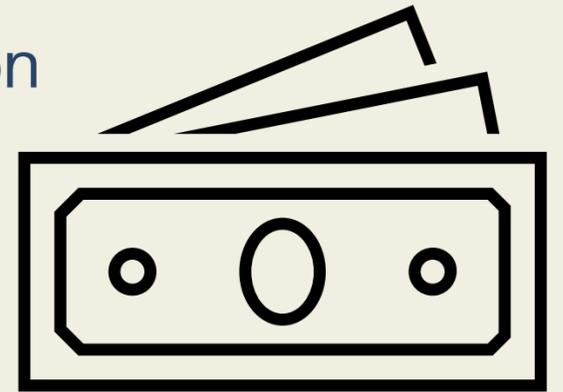
- Timing of raising capital: start-ups versus operating businesses
- Common types of funding
 - Bank debt, member-sourced financing, preferred share (investor) financing, crowdfunding
- Legal considerations in raising new capital
- Differences between raising capital for cooperatives and other forms of new business entities





Hot Topics: Valuation

- Valuation: How much is the business worth, how do you know, and why does it matter?
- Challenges:
 - Determining and negotiating value in employee conversions
 - Special considerations for founders: preserving and maximizing return on investment / providing adequate incentive for “sweat equity”
- Consequences of over-valuing and over-leveraging the new cooperative





The Tootie's Tempeh Story



- Founded 2019 in Biddeford, Maine
- Model for how food production can support local and sustainable agriculture, foster a more democratic economy, and eliminate single-use plastics
- Launched in stores in 2022
- <https://www.tootiestempeh.com/>



The Tootie's Tempeh Story

- Year 1 – Formation, structuring, early capitalization (& COVID)
- Year 2 – Equipment loan, accelerator, equity Round 1
- Year 3 – Product launch, equity Round 2, scaling programs





Questions and Answers



Thank you!

Contact us:

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