

# Ottawa Valley Food Coop

## Business Plan



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# Ottawa Valley Food Coop (OVFC) Business Plan

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# **(1) Introduction**

## **Purpose of the Business Plan**

This business plan is a comprehensive document intended to serve as a 'roadmap' for the ongoing development of the Ottawa Valley Food Co-op (OVFC) over the next five years. It is intended to be a 'living' document that can and should be revised in light of emerging opportunities and challenges, both within and outside the organization.

The creation of this plan is timely because OVFC has grown significantly over the past few years, and is positioned to continue growing over the coming years. This is an opportunity for OVFC to refine its governance systems in order to accommodate the additional demands that inevitably accompany growth.

## **How the Plan Was Produced**

The plan was produced by Jeff Kohl & Associates in consultation with the board of directors, staff, co-op members and volunteers: telephone interviews were conducted with several key informants; an extensive on-line survey was completed by over 80 people representing nearly one third of all members; and 'table talks' were held with over twenty volunteers and fifteen producer members.

## **How the Plan is Organized**

The business plan is organized into the following sections: 1) introduction to the plan; 2) a short overview of OVFC; 3) OVFC's five-year strategic plan; 4) a situational analysis, otherwise known as an environmental scan; 5) a summary of OVFC's marketing plan, created by Homespun via a separate contract; and recommendations related to: 6) governance; 7) finances; 8) financial options; 9) operations; 10) volunteers; 11) producers; and 12) implementation of the plan.

The challenge for OVFC, as with any organization, is to implement systems that enable it to think strategically and long-term while also managing its day-to-day operations.

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## **(2) Overview of OVFC**

The Ottawa Valley Food Co-op (OVFC) is a not-for-profit cooperative, incorporated in December of 2007 under the Ontario Co-operative Corporations Act. Its mission is to bring together producers and consumers to promote the distribution and consumption of local food and products throughout the Ottawa Valley. OVFC accomplishes this by providing a virtual farmers' market and on-line ordering system.

OVFC does not buy, aggregate or sell food: instead, it acts as a 'broker', connecting producers with consumers. Most of OVFC's revenues are generated through surcharges or 'operating fees' billed to producers and consumers on all goods sold through the co-op. These fees are set at 12% for producer members and 7% for consumer members, and are used to cover basic operating expenses such as wages, insurance, supplies, website development and banking costs.

OVFC does much more than provide healthy food to people: it also promotes local food, seasonal diets and sustainable production practices through public education, special events and networking. The co-op aims to complement and enhance other local food initiatives such as farmers' markets and farm gate sales. The co-op is part of a growing international movement to re-localize the food system for the benefit of growers, eaters, communities and the environment.

The co-op distributes a wide variety of locally grown vegetables and meats (lamb, beef, bison and pork), as well as honey, maple syrup, and value-added products ranging from preserves to baked goods. The co-op does not sell chicken, turkey or eggs because government regulations and marketing boards prohibit the sale of these products anywhere other than at the 'farm gate'.

The co-op has grown from a handful of dedicated producers and consumers in 2008 to approximately 50 producers and 250 consumers in 2015. Gross sales have increased from a few hundred dollars a month in 2008 to approximately \$10,000 a month in 2015.

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## **(3) Strategic Plan (2015-2020)**

### **Introduction**

OVFC is poised to grow over the next five years. In order to accommodate this growth, OVFC will need to develop robust policies and procedures related to governance, financial oversight and operations. It is recommended that OVFC address these challenges first, before increasing its marketing efforts or expanding its delivery system.

This section outlines OVFC's Vision, Mission, Goals, Objectives and Recommended Policies for the next five years, from 2016 – 2021. This is meant to be a living, breathing plan that can and should be updated as circumstances change.

### **Our Vision**

We envision a local, sustainable food system in which:

- Much of the food eaten in the Ottawa Valley is produced close to home on small farms using ecologically sound and humane production methods;
- Consumers can find out how their food is produced, and make choices that support sustainable production practices;
- Farmers receive fair incomes for their work stewarding the land and providing quality food for their neighbours;
- Local food dollars go to local producers and related businesses, stay in the valley longer and circulate several times, thereby contributing to a vibrant and stable local economy; and
- Food on Ottawa Valley tables is fresh, wholesome, delicious and varies with the seasons.

### **Our Mission**

*We bring producers and consumers together to promote the distribution and consumption of local food and products throughout the Ottawa Valley.*

### **Our Values**

The activities of the co-op are governed by our core values of healthy rural communities, environmental stewardship, social justice, and vibrant local economies.

## **Co-operative Principles**

### **Voluntary and Open Membership**

OVFC is a non-profit voluntary organization, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### **Democratic Member Control**

OVFC is a democratic organization controlled by its members, who actively participate in setting policies and making decisions. The elected Board of Directors is accountable to the membership.

### **Autonomy and Independence**

OVFC is an autonomous, self-help organization controlled by its members. If we enter into agreements with other organizations, including governments, or raise capital from external sources, we do so on terms that ensure democratic control by our members.

### **Education, Training and Information**

OVFC provides education and training for its members, directors, employees and volunteers so they can contribute effectively to the development of the co-op.

### **Co-operation among Co-operatives**

OVFC serves its members by sharing information and collaborating with other food and farming organizations at the local, regional and provincial levels.

### **Concern for Community**

OVFC works with others to develop sustainable local food systems that support producers while increasing community access to safe, healthy local food.

## **Goals & Objectives**

Our main goal for the next year is to continue doing what we do now, only better and more efficiently, while developing policies and procedures that enable us to embrace future growth. Our intention is to improve our governance structures, financial systems and volunteer program before expanding operations.

The charts on the following pages identify Goals and Objectives for five strategic areas over the next five years: Governance & Finances; Operations; Members; Human Resources; and Communication & Marketing.

**Table 1**

<b>1. Governance &amp; Finances: <i>Ensure OVFC continues to be well-governed.</i></b>	
<b>Objectives</b>	<b>Activities</b>
<b>1.1</b> Develop and implement a Strategic Plan and annual work plans, and monitor progress.	<ul style="list-style-type: none"> <li>• Finalize and approve a five-year Strategic Plan.</li> <li>• Produce annual work plans linked to the budget that set targets and identify persons responsible.</li> <li>• Monitor progress toward goals at least once every six months.</li> </ul>
<b>1.2</b> Update our governance documents and policies.	<ul style="list-style-type: none"> <li>• Review and update existing policies, procedures and by-laws as required.</li> <li>• Develop new policies as required.</li> </ul>
<b>1.3</b> Recruit experienced, committed directors.	<ul style="list-style-type: none"> <li>• Assess the skills of existing directors and actively recruit directors to fill gaps. This can be done using a simple director self-assessment questionnaire.</li> <li>• Consider recruiting directors from among existing or potential community partners.</li> </ul>
<b>1.4</b> Streamline the way the Board makes and communicates decisions.	<ul style="list-style-type: none"> <li>• Produce an updated orientation binder for directors (hard copy and electronic).</li> <li>• Hold a governance training session for directors (rights and responsibilities of directors, roles of officers, division of responsibilities between board and staff etc).</li> <li>• Develop and implement a “code of behavior” to facilitate communication and decision-making at board meetings. Ask all directors to read and sign a pledge to live by this code.</li> <li>• Develop guidelines for planning, chairing and minute-taking for board meetings.</li> <li>• Evaluate every board meeting.</li> </ul>
<b>1.5</b> Adopt a committee structure.	<ul style="list-style-type: none"> <li>• Form ad hoc ‘standing’ committees as required, and develop terms of reference for each committee. <ul style="list-style-type: none"> <li>○ Governance (policies, director recruitment, AGM planning)</li> <li>○ Finances (budgeting, reporting, business planning)</li> <li>○ Operations &amp; Volunteers (delivery days)</li> <li>○ Producer Policies (membership, ‘jury’, dispute resolution)</li> <li>○ Marketing</li> </ul> </li> </ul>

<p><b>1.6</b> Strengthen our financial management and reporting systems.</p>	<ul style="list-style-type: none"> <li>• Adopt best practices.</li> <li>• Establish a financial committee and empower it with terms of reference approved by the board.</li> <li>• Review and revise the financial management and reporting system.</li> </ul>
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<p><b>2. Operations: Streamline and expand the ordering and delivery system.</b></p>	
<p><b>Objectives</b></p>	<p><b>Activities</b></p>
<p><b>2.1</b> Improve the on-line ordering system.</p>	<ul style="list-style-type: none"> <li>• Explore options: revise existing software or develop new software (to facilitate ordering, tracking and reporting).</li> <li>• Ensure the ordering system is linked to the financial reporting system.</li> </ul>
<p><b>2.2</b> Provide customers with additional payment options.</p>	<ul style="list-style-type: none"> <li>• Implement an on-line payment system (e.g. paypal, e-transfer, credit).</li> </ul>
<p><b>2.3</b> Refine the delivery/pickup system.</p>	<ul style="list-style-type: none"> <li>• Continue to refine and streamline our drop-off and delivery system (to improve accuracy and efficiency).</li> <li>• Require producers to sort their items into individual boxes on delivery days.</li> </ul>
<p><b>2.4</b> Expand our delivery/pickup system.</p>	<ul style="list-style-type: none"> <li>• Complete a feasibility study to assess the costs and benefits of various delivery options: <ul style="list-style-type: none"> <li>○ Offer two ordering cycles per month (at different times and on different days of the week)</li> <li>○ Expand delivery/pickup options (different days, times and locations, retail depots)</li> <li>○ Conduct a feasibility study to evaluate the viability of offering home delivery (for a fee).</li> <li>○ Conduct a feasibility study to evaluate the viability of opening a 'permanent' OVFC retail outlet</li> </ul> </li> </ul>

### **3. Member Services:**

***Engage and support our producer and consumer members.***

<b>Objectives</b>	<b>Activities</b>
<b>3.1</b> Review our membership policies and fees.	<ul style="list-style-type: none"><li>• Review and revise OVFC’s membership policies and fees (clearly define the “give and get” of membership).</li><li>• Develop a customer loyalty program.</li><li>• Review and revise our membership fees.</li></ul>
<b>3.2</b> Recruit, support and retain a variety of producers.	<ul style="list-style-type: none"><li>• Conduct research to identify producer’s needs.</li><li>• Develop a plan to recruit and retain producers, and prepare for producer succession.</li><li>• Create a manual that sets out rights and responsibilities of producers.</li><li>• Form a “jury” to review applications from prospective producer members. This committee should be composed of a mix of producer and consumer members, and could meet on an ‘as needed’ basis. Producers with pecuniary interest would be required to declare a conflict of interest.</li><li>• Hold training sessions for producers (how to use the website, customer relations, new products, dispute resolution etc).</li></ul>
<b>3.3</b> Increase producers’ capacity to meet the need for high demand products.	<ul style="list-style-type: none"><li>• Consult consumer members and potential members to identify which products are most in demand.</li><li>• Support producers to grow/produce high demand products.</li></ul>
<b>3.4</b> Enhance our website.	<ul style="list-style-type: none"><li>• Options: add photos or videos of producers; add testimonials by consumers; enable consumers to “review” producers.</li><li>• Develop an icon-based coding system that classifies all products and enables consumers to search by: producer; type of product; locally grown; grown in Ontario, organic, gluten-free; GMO-free, grass-fed.</li><li>• For processed foods, all ingredients should be listed.</li></ul>

**4. Human Resources:**  
**Ensure that OVFC has great staff and committed volunteers.**

<b>Objectives</b>	<b>Activities</b>
<p><b>4.1</b>  Recruit and retain professional staff.</p>	<ul style="list-style-type: none"> <li>• Raise funds to maintain or increase staff hours.</li> <li>• Resolve contract issues and revise the OVFC manager job description.</li> <li>• Develop human resource policies.</li> </ul>
<p><b>4.2</b>  Recruit, train, support and recognize our volunteers.</p>	<ul style="list-style-type: none"> <li>• Develop a volunteer program (to recruit, train, support, reward and retain volunteers).</li> <li>• Develop a volunteer incentive program (work off annual operating fees; coupons to redeem with OVFC producers etc).</li> <li>• Create a volunteer coordinator position and/or volunteer development committee.</li> <li>• Develop a volunteer manual that defines roles, rights and responsibilities of volunteers.</li> <li>• Develop volunteer 'job descriptions' and promote volunteer opportunities on the website, at events and elsewhere.</li> </ul>

## **5. Communication & Marketing:**

***Raise the profile of OVFC, local foods & local food products.***

<b>Objectives</b>	<b>Activities</b>
<b>5.1</b> Develop and implement a communication and marketing plan.	<ul style="list-style-type: none"><li>• Customer loyalty program and incentives.</li><li>• Develop a variety of communication/marketing materials (media, print and on-line).</li></ul>
<b>5.2</b> Host and participate in local food-related events.	<ul style="list-style-type: none"><li>• Host a local food forum (OMAF).</li><li>• Host at least two local food dinner events per year.</li><li>• Participate in at least two additional events (e.g. Seedy Sunday).</li></ul>
<b>5.3</b> Raise the profile of OVFC and its producer members.	<ul style="list-style-type: none"><li>• Develop and implement a communication &amp; marketing plan.</li><li>• Develop “key messages” and weave them into all OVFC communication materials, including the website.</li><li>• Develop and implement a customer loyalty program (incentives, rewards).</li></ul>
<b>5.4</b> Enhance our website.	<ul style="list-style-type: none"><li>• See above</li></ul>

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## (4) Situational Analysis

### Introduction

This section describes OVFC's strengths and successes, opportunities and challenges. Understanding the co-op's past and the external environment in which it operates are the keys to planning a successful future.

### Strengths and Successes

**OVFC is resilient:** The co-op was formed in 2008 when there were few established food co-ops in Ontario. OVFC was a front-runner and had to improvise or borrow and adapt ideas from other co-ops. The simple fact the co-op still exists is testimony to the vision, hard work, dedication and skill of its leaders and members - past and present. The co-op has adjusted well to changes in leadership, staffing and funding over time, and it continues to grow and evolve. It is well-positioned to take advantage of the growing market for local food.

**OVFC has dedicated leaders and members:** The co-op has dedicated producer and consumer members, and exceptional volunteers who put countless hours into special events, the sorting of orders on delivery day, and delivering goods to pick-up depots across the county.

**OVFC fills an important niche:** The co-op provides a winter market and much-appreciated income for farmers through the winter months when farmers' markets are not operating. The co-op - by acting as a 'broker' - enables farmers to focus on production rather than marketing, and reduces the need for consumers to drive to several outlets and/or farm gates to purchase local products. The co-op has a lot to offer consumers including assurances about where and how their food is produced, and the opportunity to form relationships with 'their' farmers. The co-op has also increased the amount and variety of healthy local foods available to the residents of Renfrew County.

**OVFC hosts successful events with great food:** The co-op has hosted several successful events including community meals (such as the Feast of Farms) that have raised funds and awareness of local food issues.

### Opportunities

**Community self-reliance:** Climate change, global economic uncertainty and fluctuating oil prices suggest that we may need to become more resilient, more inter-dependent with our neighbours and more self-reliant at the community level, particularly in relation to food.

**Rising food prices:** The price of conventionally produced food - grown on large-scale industrial farms and shipped long distances - may increase significantly over the coming years when oil prices rebound and regulators take further steps to reduce greenhouse gas emissions. Economics may eventually level the playing field and encourage people to grow, buy and eat food closer to home.

**Public awareness:** The general public is becoming increasingly aware of issues related to food and farming. People are increasingly aware of the health risks associated with chemical fertilizers and pesticides, the linkages between diet and chronic disease, and the benefits of producing and consuming food locally. Many people want healthy food and are willing to pay more for it.

**Collaboration:** There are many success stories of growers, eaters and community organizations working together to develop sustainable local food systems which make healthy food available to all, while enabling producers to earn living wages.

**Funding:** There is funding 'out there' to support local food initiatives. Funders such as the Metcalf Foundation, the Ontario Trillium Foundation and OMAFRA, among others, have identified food as a funding priority.

**Social inclusion:** People are looking for ways to cultivate a sense of belonging and foster a sense of community: food-related events and community meals provide excellent opportunities for doing so.

**Schools:** Schools are becoming more interested in local food. Many have started gardens where students can learn to grow and appreciate healthy food.

**Expanded role for OVFC:** There are numerous opportunities for the co-op to expand its role in the development of a sustainable local food system. Elsewhere, co-ops have provided technical support to producers, greenhouses and other supports to extend the growing season, training, and the sharing of tools, land and equipment.

## **Challenges**

**Geography:** Renfrew County represents a huge geographic area with a low population density. OVFC has addressed this by establishing ten pick-up depots for customers (in Pembroke, Petawawa, Deep River, Renfrew, Burnstown, Arprior, Eganville, Killaloe, Wilno and Barry's Bay). In spite of this, it remains a challenge for OVFC to serve the entire county.

**Poverty:** Food produced locally on small farms tends to cost more than food grown far away on large industrial farms. This makes it difficult for low income households to afford many of the products sold through OVFC. Renfrew County has a high incidence of poverty which makes this an even bigger challenge.

**Public awareness:** Although the general public has become increasingly aware of issues related to food and farming, many are not aware of how and where their food is grown, or the full cost of producing healthy local food: Europeans 'get it' and are willing to pay more for healthy local food.

**Competition:** Although there is a growing demand for local food, there is also a growing supply, as the number of farmers' markets and retail outlets continues to increase. Where co-ops were once on the leading edge of the local food movement, they must now work increasingly hard to differentiate themselves from other local food options.

**Definition of 'local':** Some organizations in the local food movement believe the term 'local' has been co-opted by big business trying to cash in on the local food 'trend'. The Province of Ontario may have further muddied the water by defining 'local' to mean 'anywhere in Ontario'. This is confusing for consumers and poses a challenge for OVFC.

**The perfect storm:** Producing and marketing local food is uncertain at the best of times: farmers will need to become increasingly innovative and resilient in the face of what some have dubbed 'the perfect storm' - being the confluence of peak oil, climate change and global economic instability.

**Sustainable local food systems:** There is a need to build relationships between producers, consumers and other stakeholders in Renfrew County's food 'system'. Forming these relationships and learning how to work together across sectors takes time and skillful leadership.

**Use of technology:** OVFC's online ordering system is the junction where producers and consumer 'meet'. Consumers have high expectations about the use of technology and want OVFC to refine its website to offer better descriptions and photos of products, and more payment options. The software OVFC is using has been customized many times by different people, resulting in a platform that is unwieldy and limited. The cost of purchasing new software is prohibitive.

## **The Co-operative Environment**

Several constituents share the co-op's vision, mission and values, and are willing to help 'make things happen'. Over 50 producer members want to grow their businesses, realize efficiencies, and generate repeat business by developing loyal customers. Over 200 consumer members want improved access to local food and products, want to know where and how their food is grown, and in many cases, want to have a relationship with 'their' producers. Dozens of volunteers donate hundreds of hours a year to help with food delivery days and food-related events. Community organizations with an interest in health, food, farming and economic development are generally supportive of local food initiatives. OVFC is also connected with several provincial organizations and networks that share information, resources and best practices. In addition, a few high profile funders - including the Ontario Trillium Foundation, the Metcalf Foundation and OMAFRA - have acknowledged the importance of local food and have funded dozens of food-related projects across Ontario.

## **The Competitive Environment**

The area served by OVFC overlaps with that of two other food co-ops (the West End Well Co-op and Savour Ottawa, both located in Ottawa) and abuts a third co-op, the Two Rivers Food Hub in Smiths Falls. While there may be perceived competition between co-ops, there are also opportunities for working together.

There are several reasons the other co-ops don't pose a significant 'threat' to OVFC. Firstly, demand for local food continues to outpace supply, so there appears to be plenty of room for all four co-ops. Secondly, most consumers belong to one co-op, due largely to the large distances between communities in eastern Ontario. Thirdly, consumers tend to buy food from producers they know, and tend to be 'loyal' to producers once they have formed relationships.

## **The Economic Environment**

Fluctuations in the economy and employment rates have the potential to affect OVFC and its bottom line. An economic downturn and/or increase in unemployment rates would mean that fewer people could afford to buy locally grown food (which can be more expensive than food produced on large-scale industrial farms). However, empirical evidence suggests that most of OVFC's consumer members are relatively affluent, and as such, are less vulnerable to economic downturns.

Many small-scale and/or organic producers derive modest 'on-farm' incomes and need to work 'off farm' to make ends meet. These small-scale producers have few options for selling their products at prices that are high enough to earn a living wage. Food co-ops are part of the solution, along with farmers' markets, farm gate sales and direct sales to restaurants and institutions. The co-op model leaves producers more time to do what they do best – grow food, raise animals and create value-added products.

## **The Regulatory Environment**

The Ministry of Health and Long-Term Care continues to be pressured by food and farming organizations to ease regulations related to the handling and sale of local foods. If health regulations do change over the next five years, the changes will likely benefit rather than hinder the development of OVFC.

Municipal governments also play a role in supporting or hindering the production and sale of local food through their Strategic Plans, Official Plans and bylaws. A review of municipal by-laws and Official Plans in Renfrew County is beyond the scope of this report.

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## (5) Marketing Plan

### Introduction

OVFC retained the services of consulting firm *Homespin* to develop a marketing plan. This section provides a brief summary of the plan. Any errors or omission are mine (JK). The entire document can be found in Appendix 4.

### Summary of Marketing Plan

The marketing plan outlines a three-phase strategy for marketing OVFC:

Phase I: Improve the OVFC membership experience to increase sales.

Phase II: Introduce the new and improved OVFC.

Phase III: Retain and build membership, and re-engage producers.

The plan also recommends that OVFC set specific targets for growing membership and sales during each phase (e.g. 500 new members spending \$500 a year). Setting clear goals will enable OVFC to track its progress and meet its financial objectives.

### Phase I: Improve the OVFC membership experience to increase sales

Most of OVFC's marketing takes place at the main points of interaction between OVFC and its members - the website and the depots. These areas should be enhanced and marketing opportunities maximized to improve member experience.

#### Phase I recommendations:

##### 1.1 Develop a new website or enhance the existing website:

The website is where most of the contact happens between the OVFC and its members. It is arguably the most important part of OVFC's business model. The website needs to be easy to navigate, highly visual, and enjoyable to use. Members must be able to pay online.

Specific recommendations include the following:

- In general, use less text and more images and graphics.
- Require producers to supply photos that more accurately and appealingly depict their products.
- Add more photos of food, farms and the growing cycle.
- Develop a visual/graphic system for depicting the ordering cycle.
- Add 'featured' products.

- Enhance and streamline the online ordering process by enabling customers to order at any time (even if pick-up times don't change).
- Enable members to review products and producers.
- Enable customers to search for products by type or category.
- Integrate the website with other media such as e-newsletters.
- Enable members to pay with Paypal, and determine if this can be set up so that the customer pays the Paypal fees rather than OVFC.

## **1.2 Enhance the depots** (where producers drop off and customers pick up orders).

Depots are the second main way in which OVFC interacts directly with its members. Opportunities for marketing at the depots should be maximized.

Specific recommendations include the following:

- Continue to expand the number of pick-up locations (depots) by partnering with community organizations and businesses. This will enable all-day pick-up and increase business for both OVFC and the depot hosts.
- Ensure each depot has an OVFC sign with pick-up hours clearly marked.
- Provide orientation to depot hosts so they are able to provide basic information about OVFC.
- Where depots are not possible, ensure that each delivery vehicle has a magnetic sign so that members can easily find them.
- Ensure all OVFC orders are delivered in attractive boxes, bags or baskets.
- Encourage producers to make their own packaging as attractive and secure as possible.
- Ensure that all volunteers know the OVFC 'elevator pitch': *Authentic Ottawa Valley – Fresh products from all over the county delivered to your area.*

## **1.3 Enhance the e-newsletter**

The regular e-newsletters are another way that OVFC interacts with its members and should be enhanced by making the following changes:

- Add more photos, especially of people – producers, volunteers.
- Use the e-newsletter to drive people to the website.
- Include profiles and photos of producers and volunteers.
- Feature specific products.
- Include educational features and links to interesting facts and articles.
- Include links to social media.
- Enable non-members to sign up for the e-newsletter.

## **Phase II: Introduce the new and improved OVFC.**

### **2.1 Run a 'new and improved' OVFC campaign**

Run a 'new and improved' campaign using print media, social media, the website and e-newsletters. The campaign would highlight OVFC and its benefits for members. All marketing materials should have the same look and tone.

### **2.2 Offer customer incentives and packages**

Offer incentive packages to loyal customers such as those described below:

- Offer coupons: e.g. a member who spends more than \$500 in a given year could receive a \$25 coupon or gift certificate.
- Sell gift certificates to members.
- Offer seasonal packages: e.g. a summer BBQ package that includes burgers, buns and condiments from different producers.
- Run a 'fill your freezer' campaign that highlights OVFC's freezer-friendly products and promotes the benefits of having local food available one overnight thaw away.
- Develop T-Shirts and bumper stickers.

### **2.3 Roll out a social media strategy.**

Rather than viewing social media as a strategy unto itself, OVFC should view it as a way to reinforce all the other marketing activities. This way OVFC can create a consistent presence that's increasingly interactive and responsive to what their audience likes.

## **Phase III: Retain and build membership, and re-engage producers**

Phase III involves retaining and building membership, and re-engaging producer members.

Recommendations include the following:

- Gain a better understanding of who OVFC's members are and what they prefer, by developing customer profiles.
- Bring together OVFC's marketing enthusiasts twice a year to develop and roll out a marketing strategy.
- Re-engage producers by showing them that OVFC sees itself as a business poised to grow, rather than a community project maintaining itself.
- Offer producers more before asking them to do more. Producers market through many avenues and OVFC must market strategically and successfully on their behalf in order to retain their confidence and affection.

- Seek future employees with team-building and marketing skills: these skills may be as important for building OVFC into a viable business as having knowledge of food issues.
- Train volunteers, directors and producers to be powerful ambassadors.
- Consider creating a new logo.
- Offer internships at OVFC.

In conclusion, Homespin suggests that OVFC focus on the following marketing activities:

Create an annual schedule for e-newsletters. Outline month-by-month what each newsletter will promote. Allow space for new producers who will be introduced throughout the year.

Design incentive packages or special offers, and choose one to start with as an experiment. Allow six months lead time before the launch. Sketch out what the package will include, what it will look like etc.

Develop a new website that focuses on sales using good product images and enables online payment. Integrate the website with social media and e-newsletter sign-up.

Start interacting with community groups, producers and customers on social media. Simply posting is not enough. Take advantage of tools that enable you to schedule weeks of posts in advance in order to reduce staff time.

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## (6) Governance

### Introduction

OVFC started operations in 2008 with a handful of producers and a few dozen customers. Since then OVFC has grown considerably, and now counts over 50 producers and 250 buyers as members. With its renewed focus on marketing and a growing demand for local food, OVFC will likely continue to grow over the coming years. Although the board has adapted successfully to change over time, directors have expressed an interest in improving how the board functions in terms of efficiency *and* effectiveness.

Growth will bring new challenges, and OVFC will need to have robust structures, policies and procedures in place related to governance, finances and operations. OVFC should address some of these issues before increasing its marketing efforts or expanding its operations.

This section makes recommendations related to governance, in particular the structures, processes and people who make things happen – board, staff and volunteers. These recommendations are based on a series of meetings with the board and various sub-committees, key informant interviews, a self-assessment survey completed by directors, an on-line survey completed by over 80 members, and focus groups held with volunteers and producers.

### **Supporting documentation is attached in Appendices 1 and 2.**

Appendix 1 contains the results of extensive consultations with volunteers, consumers, producers and directors:

- Summary of key informant interviews
- Results of a board self-assessment survey
- Findings of an on-line survey completed by consumer and producer members
- Results of focus groups held with volunteers and producers

Appendix 2 includes more information on the following:

- the role of the board
- duties of officers
- committees of the board
- planning and running effective board meetings
- consensus decision-making
- directors 'guidelines for behaviour'
- annual work plan for the board

- recommended by-law revisions
- risk assessment
- terms of reference for the six committees recommended in this report.

## **General Responsibilities of the Board**

The main role of the board is to provide leadership, direction and inspiration to motivate staff, volunteers and members to reach measurable objectives for the organization. The board also ensures the organization is accountable to its members, and in compliance with legal, financial and reporting requirements.

Following is a short summary of the main responsibilities of the board. Details are contained in Appendix 2.

### **Trusteeship**

The most important responsibility of the board is trusteeship. The directors are responsible for the organization's programs, image and assets. They have a duty to manage the organization honestly, in good faith, and in the best interest of the organization while using the care and diligence of a reasonably prudent person.

### **Financial Management**

The directors are responsible for ensuring funds are spent wisely on programs that represent the organization's priorities. Board members are obligated to exercise judgment that a reasonably prudent individual would exercise in regard to his or her own funds. Adequate financial controls which protect the assets and limit the liabilities are required (e.g. procedures for authorizing expenditures and borrowing, and budget controls).

### **Program Planning, Implementation and Evaluation**

Directors must ensure the board sets measurable goals, develops plans to reach these goals, and evaluates results. Goals should reflect the needs of the organization and its members, and be linked directly to the budget.

### **Communication**

No organization can exist with the board acting alone. Communication within the organization, both written and verbal, enables members to understand and support the board's decisions. This is a two-way street since the board must also "keep in touch" with members, especially when establishing goals and planning programs.

### **Legal Status and Liability**

The board is responsible for ensuring that OVFC adheres to its constitution and by-laws, and that financial and legal risks are assessed and managed.

## **Insurance**

The board is responsible for protecting OVFC's assets by obtaining general liability, and directors and officers insurance. Individuals who handle money, such as the treasurer, should be bonded by an insurance policy.

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## **Governance Recommendations**

This section makes specific recommendations related to OVFC's governance structures and processes.

### **Visioning and Planning**

#### **Vision and Goals**

Mission and Vision statements help the organization focus on what it should do. They also help attract funders, members and volunteers. OVFC has recently revised its Vision statement and Mission statement.

#### **Strategic Plan**

OVFC needs to align its programs with its Mission and its fundamental values. Strategic planning provides a framework for the more detailed tasks of annual planning and goal-setting. OVFC is in the process of creating a 5-year strategic plan as part of this business planning process. The board should review and add clear measurable goals to its strategic plan, approve it, and review it annually thereafter.

#### **Choosing Programs Strategically**

OVFC needs to choose its programs and initiatives strategically to achieve the goals set out in its strategic plan. This will enable OVFC to take control of its future, rather than reacting to opportunities and crises as they arise.

#### **Annual Work Plan**

The strategic goals set out in OVFC's strategic plan serve as a framework for annual work planning, evaluation, budgeting and fund-raising. OVFC should create an annual work plan with measurable goals and objectives aimed to meet the goals set out in its strategic plan.

#### **Annual Planning Calendar**

The board can ensure important things get done by creating an annual work plan. The calendar provides a breakdown, by month, of the important dates of the organization. It includes items such as:

- dates of board meetings, committee meetings, special events, and OVFC delivery days;
- dates related to planning and holding members meetings, including the AGM;
- deadlines for grant applications and reports to funders;

- due dates for monthly and annual financial statements; and
- deadlines for reports to regulatory bodies, in this case the Financial Services Commission of Ontario (FSCO), which administers the Ontario Co-operative Corporations Act.

The annual planning calendar increases directors' knowledge of the organization, and can be included in orientation packages for new members and directors. The annual planning calendar should be reviewed and revised regularly throughout the year.

### **Evaluation**

Annual board evaluations are an opportunity to learn from experience and set new goals for the future. Directors, staff, key volunteers and members should get together once a year to evaluate OVFC's performance over the past year.

### **Building Support**

Well-designed programs capture peoples' imagination and attract new members, volunteers, donations and other kinds of support.

## **The Board**

### **Duties of Officers**

The board should develop job descriptions for each of its officers outlining their duties and responsibilities. The duties of Officers are described in OVFC's existing by-laws, and should be reviewed and revised as soon as possible. Suggested changes are included in Appendix 2.

### **Board Meeting Preparation**

Good board meetings happen thanks to good planning. OVFC needs to ensure its board meetings are well planned. The agenda should be agreed upon between the coordinator and the Board Chair. The agenda and information required for decision-making should be circulated to members well ahead of the meeting.

There are several things the board can do to increase its effectiveness, reduce frustration levels and minimize the potential for director turnover. For example the board can...

- delegate specific task to committees, freeing directors to focus on strategic thinking, long-term planning and fund-raising;
- consult with directors, review previous minutes for action items, and circulate the agenda a few days prior to the meeting;
- ensure all committee reports are circulated prior to meetings so time is not spent on 'information only' items;
- ensure there are opportunities for social interaction, even if this is as simple as asking people to share a personal highlight since the board last met;

- keep meetings under three hours in length;
- choose a comfortable space that is conducive to interaction; and
- provide snacks and refreshments.

## **Agenda Development**

When designing the agenda it is important for the chair and/or secretary to...

- consider what action needs to be taken for each agenda item (i.e. 'information only' or 'decision required');
- start each agenda item with an action word such as 'decide, discuss or review', being as specific as possible about the desired outcome for each item;
- allocate a realistic amount of time for discussion, which may require setting priorities, delaying some items, or finding alternative ways to address them;
- put the most challenging and important decisions early in the agenda, rather than leaving them toward the end when time is tight and energy is flagging;
- schedule easier and non-confrontational items towards the end of the meeting; and
- place items on the agenda as follows: urgent and important (first), urgent and less important (second), important and less urgent (third), and less important and less urgent (last).

## **Board Decision-Making**

With a small staff (of one) and a 'working board' the board is required to make a lot of decisions that would be made by the executive director in a larger organization. Delayed or conflictive decision-making exhausts people and results in missed opportunities. A good process facilitates good decision-making, manages conflict, uncovers all important points of view, and makes decisions in a timely manner.

The chair has a lot of options for keeping meetings on topic and ending on time:

- Be realistic about the number of topics and decisions that can be covered in the allocated time.
- Keep the group on topic.
- Adhere to time limits for each item.
- Appoint a timekeeper or meeting manager to watch the time and keep the meeting process moving.
- Use a stopwatch or timer with an audible ring to ensure everyone is aware of time allocations.

## **Managing 'Topic Drift'**

There are times when the discussion goes off on tangents related to a topic, but unrelated to the required decision. This is topic drift: it is irrelevant to the meeting and wastes precious time. The chair needs to re-focus the group on the topic under discussion while ensuring that participants feel heard, and that their ideas are being considered. This can be accomplished by asking (kindly):

- Is this related to the topic under discussion?
- Do we need to discuss this now?
- Should this item be added to the agenda?

The chair can decide to address the topic at the end of the meeting, put it on the agenda for the next meeting, or record it on a 'Parking Lot' flipchart that ensures ideas are not lost.

At the start of each meeting the chair can remind directors that they have a shared responsibility for keeping the meeting on track and on time. This includes monitoring one's own behavior as well as the behavior of others.

## **Board Minutes**

The board records its decisions, produces minutes, and refers to the minutes when necessary. The secretary can simplify the minutes and help track action items by preparing an 'action sheet' that keeps track of actions committed to at the meeting. This sheet is comprised of three columns: Action Required, Person(s) Responsible, and Date for Completing and/or Reporting. Before the meeting is adjourned, the chair reviews the action sheet and ensures those responsible will accept their commitments. The action sheet becomes an agenda item for the following meeting.

## **Board Composition and Renewal**

Thoughtful, planned recruitment of capable board members brings new skills, opportunities and support. OVFC's board (and governance committee) should continue to recruit people with specific expertise who represent the broader community.

## **Orientation of New Directors**

The board should orient new directors with written job descriptions for individual members and the board as a whole.

The board should revise its board 'binder' and use this as the basis for orienting all new directors and staff. The binder should include the following information:

- by-laws of the organization
- job descriptions of board members, officers and staff
- list of directors, addresses and phone numbers
- terms of reference for all committees of the board

- operating policies of the board
- producer policies
- annual budget and financial statements
- minutes of previous meetings
- business plan
- marketing plan
- description of the monthly ordering/delivery/payment cycle

## **Board Committees**

Committees can make a board more efficient and productive. Effective committees also increase the board's capacity and expertise, and assess potential new board members. The board needs to give each committee clear direction, typically in the form of "terms of reference".

In the past, OVFC's committees have functioned informally, without clear direction. Roles have been unclear, some decisions have been made outside board meetings, and others have recycled back to the board several times without forward movement.

The board can resolve these issues, and improve its efficiency and effectiveness, by establishing committees and developing clear terms of reference for them. It is important to understand that, apart from the executive committee, these committees would have no decision-making authority, but rather, would be tasked to do specific things and report to the board.

OVFC's by-laws provide for the creation of an executive committee, but are silent on the creation of other standing or ad hoc committees. If the board chooses to develop committees it should revise OVFC's by-laws to define how the composition, size and role of committees would be determined.

It is recommended that OVFC form six committees. The committees' general roles are described below. Sample terms of reference are attached in Appendix 2.

### **Executive Committee**

OVFC's by-laws state that "where the number of directors is more than six, the directors may elect from among their number an executive committee consisting of not fewer than three...and may delegate to the executive committee any powers of the board...".

The Executive Committee would be a standing committee, whose role could include making specific types of decisions between board meetings or when the full board is unable to meet (e.g. during busy summer months). The committee is often composed of the Officers, being the chair, vice-chair, secretary and treasurer.

### **Governance Committee**

This would be a standing committee of the Board. It would oversee succession planning and recruitment of directors, orientation of new directors, board development and training, and revisions to OVFC's by-laws as required. Sample terms of reference are attached in Appendix 2.

### **Finance Committee**

This would be a standing committee of the Board, responsible for developing and monitoring annual budgets and work plans, and ensuring that OVFC follows generally accepted professional accounting practices. This committee would ensure the timely preparation and review of annual audits, the review of grant applications over \$1,000, and would plan for the long-term sustainability of the organization. Sample terms of reference are attached in Appendix 2.

### **Marketing and Membership Committee**

This would be a standing committee, tasked with implementing and revising OVFC's marketing plan, and recruiting and retaining members. It would meet as required, and should include at least one person with considerable marketing experience.

### **Operations and Volunteer Engagement Committee**

This would be a standing committee, tasked with overseeing operational practices and procedures (particularly on delivery days) and the engagement of volunteers. One of its first tasks would be the development of a volunteer recruitment, retention and recognition strategy. Suggested terms of reference and additional recommendations are attached in Appendix 2.

### **Producer Committee**

This would be a standing committee, tasked with recruiting, engaging and retaining new producer members. It would also develop policies and procedures related to producers, the quality and packaging of goods, and disputes over quality. The terms of reference would be explicit about conflicts of interest.

### **Board Delegation**

Some boards – as is the case with OVFC - are very involved in day-to-day operations. The board needs to ensure the coordinator does not feel micro-managed. The board can support staff and volunteers by giving them clear goals and policies, and then allowing them to work within those boundaries without further interference.

### **Staff Goals and Evaluation**

The board should ensure the Coordinator knows what's expected of her and how she'll be evaluated. OVFC should create annual work plans for the coordinator and evaluate the coordinator annually against targets set out in it.

## **Board Outreach**

The board represents OVFC to members, the media and the general public, and must know the organization well enough to do so.

## **Board Fundraising**

Board fundraising is essential. Boards can open doors to major donors, foundations and corporations. All board members should help raise significant resources for the organization or make substantial donations themselves.

## **Policies and Procedures**

Successful non-profits have policies and procedures in place to ensure that rights, responsibilities and roles are clearly defined and understood by all directors, staff and volunteers. OVFC should develop 'job descriptions' for the Chair, Vice-chair, Secretary, Treasurer, Coordinator and key volunteers.

## **Risk Assessment**

The board should review its operations and assess where it is exposed to financial and/or legal risk, and develop plans to minimize these risks.

OVFC should ensure that all volunteers are informed of how to avoid injury on the job (particularly volunteer sorters and drivers, who may be lifting heavy objects). Volunteers should be given a safety orientation, and signs should be placed in appropriate locations at the depots. This information should be included in a Volunteer Manual, discussed later in this report.

## **Speaking With One Voice**

Although not every decision of the board is supported by all directors at all times, it is important that, once a decision is made, it is respected by all directors. All directors must speak with 'one voice' in order to protect the integrity of the organization, even if it means putting aside their personal preferences.

## **Review of By-laws**

By-laws are the fundamental document that outlines the rules and procedures for governing the organization. OVFC's by-laws were created in 2008 and revised in 2012, although no record of the revised by-laws could be found. OVFC should locate any previous motions to approve by-law changes, update its by-laws accordingly, and file them with the appropriate regulatory bodies.

It is also strongly recommended that OVFC review its by-laws within the next year, and every year thereafter, to ensure they are up-to-date and being complied with.

OVFC's existing by-laws contain a number of general clauses that require the board to pass resolutions to add specificity. For example, Clause 4.3 states that "the board of directors shall consist of a minimum of 3 and a maximum of 10 directors (the exact number to be determined from time to time by the directors)". On the 'plus' side, this allows flexibility. On the 'minus' side, it requires the board to make a decision about

how many directors will serve on the board, and to record this in the minutes in order to be in compliance with its own by-laws.

## **Staffing**

### **Manageable Workload**

OVFC should ensure the coordinator has a manageable workload, and help them avoid burnout. Personal conversations with previous coordinators suggest that the monthly ordering cycle takes most of the coordinator's time, leaving little time for organizing special events, developing partnerships and applying for grants. Although this is typical of most small NGO's OVFC can and should address this. Options include seeking interns (as outlined in the Marketing Plan), finding efficiencies in the ordering/payment cycle, and encouraging directors to get involved in partnership development and fund-raising.

### **Competitive Pay**

OVFC should offer pay, and ideally benefits too, which are good enough to attract and keep qualified staff. Non-profits that work to improve the world should begin in their office. Many staff members first join because of their commitment to the cause, but most need competitive pay to stay long-term.

### **Office and Office Systems**

Although the coordinator works from a home office, it is important to ensure the coordinator has adequate office space, working conditions, computer equipment and other resources needed to be effective.

### **Staff Expertise**

It is important that OVFC's staff has the expertise and commitment needed to carry out its programs. OVFC should continue to set its standards high and recruit the best possible staff. The board should also support staff to continue to develop their expertise through professional development.

### **Staff Training**

The coordinator should have access to training or professional development to help them stay up-to-date and build their capabilities.

### **Staff Work Plans**

Clear annual work plans align staff members with the organization's strategic goals, give them clear direction, and grant them the freedom to work independently and creatively. Staff members should have annual work plans with clear and challenging goals, linked to the organization's strategic goals. The plans should be reviewed and updated at least quarterly.

### **Regular Performance Evaluations**

Annual evaluations are too often neglected. If evaluations are put off when all is well, it's harder to initiate them when problems arise. It's easiest to do them every year. The coordinator should be evaluated in writing at least once a year against the goals in their work plans.

### **Staff Initiative**

A clear sign of a well-managed organization is a staff which feels empowered to solve any problems that are within their power to resolve (including interpersonal matters).

### **Support for the Board**

Top-notch staff facilitates interactions with the Board, shows respect for it, initiates and maintains structures for Board work, anticipates changes and warns the board, and keeps it informed. The coordinator should dedicate time and effort to helping the board function well.

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## **(7) Finances**

### **Budgeting, Accounting & Reporting**

#### **Introduction**

This section summarizes the results of a review of OVFC's financial systems and policies.

#### **Budget**

OVFC should develop an annual budget linked to the organization's strategic goals.

#### **Accounting System**

OVFC's financial systems should reflect Generally Accepted Accounting Principles (GAAP) and provide an understandable, up-to-date picture of the organization and its finances. The chart of accounts should mirror OVFC's activities, and support the board to make adjustment throughout the fiscal year.

#### **Internal Controls**

As organizations grow, donors and funders require more sophisticated financial reports, including audits. OVFC should tighten up its financial accounting and reporting system to ensure there are internal controls and that no one in the organization can misuse funds.

Many people handle money for OVFC (including volunteers, staff and the treasurer) and, as such, the system is open to abuse. OVFC should ensure it has appropriate checks and balances in place to ensure its financial system is transparent and robust:

- 1) All directors and the coordinator should have a very good understanding of OVFC's finances. OVFC should create a document that explains the monthly flow of money - through the hands of consumers, volunteers, the bank, the coordinator, bookkeeper and treasurer - to ensure traceability and accountability.
- 2) All cheques should be signed by two signing officers duly appointed by the board.
- 3) Volunteers and staff who make bank deposits should be encouraged to do so within three business days of each delivery cycle to ensure that monthly financial reports are not delayed.
- 4) It is recommended that the Coordinator play a bigger role in managing OVFC's finances. Every month the Coordinator should review the finances with

the treasurer. The Treasurer should then prepare and circulate monthly financial statements and circulate them to the board prior to board meetings. These statements should show the amount budgeted, spent to date, and amount remaining for each line item. This will enable the board to make adjustments throughout the fiscal year.

5) Monthly statements should make explicit the value of goods purchased by customers, the 7% surcharge added to this amount, and the amount remitted to producers (resulting in net revenues). To date, the board has only seen net revenues, which is insufficient for ensuring accountability.

## **Annual Audit**

Even though it's not a legal requirement, it is strongly recommended that OVFC have an annual audit completed by an independent party with no ties to any of the directors. A good audit would inform the board of problems, serve as a stamp of approval for fundraising and help OVFC refine its accounting systems.

## **Annual Filing**

OVFC is required by law to produce an annual tax report and an annual report to the Financial Services Commission of Ontario (FSCO) which administers the Ontario Co-operative Corporations Act.

## **Fundraising and Resources**

### **Fundraising Plan**

OVFC should produce an annual written fundraising plan, based on the annual work plan. The fund-raising plan itself should have specific goals and its own budget (i.e. money to be spent on fundraising).

### **Diversified Funding Sources**

As with many organizations, OVFC started with a single source of revenues (from membership fees and 'operating fees' on goods sold). In order to gain financial stability, OVFC should diversify its funding sources and tap into at least four of the following sources on an annual basis: foundations, government, individuals, members, events, planned giving, membership fees and 'operating fees' charged on goods sold.

### **Tracking Donations**

Good fund-raisers get repeat donations by thanking donors promptly, respecting their confidentiality, and ensuring that funds are used as expected by the donor. If OVFC starts raising funds from individual donors, it should track every donation in a computerized database. Alternatively, a simple spreadsheet can be used to track contact information and deadlines for grant applications.

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## **(8) Financial Options**

### **for improving OVFC's bottom line**

#### **Introduction**

OVFC runs a 'bare bones' operation, accomplishing an astonishing amount of work on just under \$28,000 a year in operating and administration costs including coordinator's fees (2014). This leaves little headroom for emergencies, reserves, advertising, website development or program expansion.

OVFC has been losing money and drawing down its reserves over the past few years. In 2012, 2013 and 2014 OVFC experienced deficits of \$4100, \$7900 and \$2700. Put simply, OVFC's three main sources of revenues – membership fees, producer fees and consumer operating fees - have not been sufficient to cover operating costs.

OVFC has made two significant changes over the past two years, increasing the producer fee from 10% to 12% in 2014, and increasing its consumer operating fee from 5% to 7% in 2015. The 2016 fiscal year will be the first full year with these two changes in effect. Expenditures should be monitored closely until these changes bear fruit.

#### **Sources of Revenue**

OVFC has five main sources of revenues:

- operating fees charged to producers on goods sold (12%);
- operating fees charged to consumers on goods purchased (7%);
- producer membership fees (\$100 lifetime);
- consumer membership fees (\$50 lifetime);
- special events (e.g. Feast of Farms).

This section will explore how changing the variables above would affect OVFC's sales and bottom line. They will be explored one at a time, and the combined in few recommended scenarios.

These scenarios suggest that OVFC has considerable potential to expand its operations *and* improve its bottom line. However, it is important to make a distinction between growing the co-op (selling more goods to more members) versus improving the co-op's bottom line, because it is possible to 'grow' the co-op without improving its bottom line and vice-versa.

The options are numbered and coincide with spreadsheets found in Appendix 3.

### **Option A: Re-sell ONFC goods**

Re-selling Ontario Natural Food Coop (ONFC) products offers a quick and easy way to increase OVFC's appeal to customers, attract new members, and generate modest revenues. This would be relatively easy to implement, although it might require additional staff and volunteer hours to process orders. Selling \$5,000 of ONFC products would generate \$350 a year in revenues. Selling \$10,000 would generate \$700.

#### **Recommendation: Implement as soon as possible.**

Selling ONFC products would not be a 'get rich quick' scheme but it *would* have other benefits, such as increasing OVFC's appeal to current and prospective members.

### **Option B: Reduce the lifetime consumer membership fee from \$50 to \$25**

The fee to become a consumer member for life is \$50, billed to the customer on their first order. This fee may be high enough to deter low income families and individuals from joining the co-op. For example, a senior living alone, who orders \$20 worth of vegetables, would need to pay \$70 on her first invoice.

Reducing the lifetime membership fee from \$50 to \$25 *would* reduce revenues somewhat, but it could also attract new members. These new members would, in turn, generate additional revenues to offset the reduction in membership fees. Such a change would also make OVFC a more inclusive organization, accessible to more than just the 'relatively affluent'.

**Table 2** below illustrates how reducing the consumer membership fee from \$50 to \$25 would affect OVFC's bottom line. For the sake of comparison, it has been assumed that OVFC will attract 25 new members, grow its sales by 10%, keep producer fees at 12%, and sell \$102,000 worth of products (a 10% increase over 2014).

**Option B: Reduce the consumer membership fee from \$50 to \$25**

<b>Membership Growth Rate</b>	<b>Slow growth</b>	<b>Moderate growth</b>	<b>High growth</b>
Number of new consumer members per year	<b>25</b> new members per year	<b>50</b> new members per year	<b>100</b> new members per year
Fees collected annually with <b>\$50 lifetime fee</b>	\$1,250	\$2,500	\$5000
Fees collected annually with <b>\$25 lifetime fee</b>	\$625	\$1,250	\$2,500
Annual 'loss' of revenues due to reduced membership fees	\$625	\$1,250	\$2,500
Additional sales needed to make up for the reduction in membership revenues (with operating fee set at 7%)	\$3,290	\$6,580	\$13,160
Number of additional members needed to break even (assuming the average member spends \$400 a year)	8	16	33

Table 2

**Interpretation of Table 2**

If OVFC gained 25 consumer members a year, the reduction in membership fees from \$50 to \$25 would reduce revenues by \$625. In this case, OVFC would need to sell an additional \$3,290 worth of goods to break even. This represents eight new members each spending \$400 a year.

If OVFC gains 100 consumer members a year, the reduction in membership fees from \$50 to \$25 would reduce revenues by \$2,500. OVFC would need to sell an additional \$13,160 worth of goods to break even. This represents 33 new members each spending \$400 a year. For the sake of comparison, OVFC attracted 42 new consumer members in 2014.

**Recommendation: Reduce the lifetime consumer membership fee to \$25.**

This is likely a 'break even' proposition, with increased membership and sales making up for the reduction in membership fees. It would also make OVFC more accessible to low income households.

### **Option C: Increase the consumer ‘operating fee’ (now at 7%)**

Until recently OVFC had been charging producers an operating fee of 10% and consumers an operating fee of 5%. Revenues did not cover costs, and as a result, OVFC ran deficits of \$4,135, \$7,893 and \$2,722 in 2012, 2013 and 2014.

#### **The Current Situation**

In order to address the deficit, OVFC has increased its operating fees. Mid-way through 2014, the producer fee was increased from 10% to 12%. In 2015, the consumer fee was increased from 5% to 7%. There may be a small deficit in 2015, but these changes should result in a balanced budget by 2016.

#### **The Future**

OVFC may need to consider further increases in its consumer operating fee, especially if it intends to reduce the consumer membership fee and generate sufficient revenues to fund advertising, coordinator fees and contingencies.

**Table 3** below illustrates how changes to the consumer operating fee would affect OVFC’s revenues. For the sake of comparison, it has been assumed that OVFC will: attract 25 new members, grow its sales by 10%, keep producer fees at 12%, keep membership fees at \$50 and \$100, and sell \$102,000 worth of products (a 10% increase over 2014). Higher rates of growth would have a positive effect on the bottom line.

#### **Option C: Effect of Consumer Operating Fees on OVFC’s Bottom Line**

Consumer Operating Fee	<b>7%</b>	<b>8%</b>	<b>9%</b>	<b>10%</b>
Revenues generated by Operating Fees	\$7,100	\$8,200	\$9,200	\$10,200

Table 3

**Recommendation: OVFC should implement the fee structure that enables it to reach its long-term goals:**

- **7% fee** would enable OVFC to balance the budget, as long as expenses were monitored closely: however, it would not generate sufficient funds to cover contingencies or expansion.
- **8% fee** would generate a very modest surplus, assuming expenses are monitored closely.
- **10% fee** would generate additional revenues of \$3,000 a year. These funds could be used to cover advertising, equipment, website upgrades etc. An increase from 7% to 10% would cost a member who spends \$500 a year an additional \$15. This increase would have to be explained very clearly to members, and could be rolled out with the ‘new and improved’ OVFC as described in the Marketing Plan (attached in Appendix 4).

### **Option D: Increase the number of pick-up locations and hours.**

In a 2014 survey of OVFC members, 81% of 78 respondents said they were either 'somewhat' or 'very satisfied' with the current pick-up system. This makes sense, given that the people who completed the survey are active members, suggesting that the pick-up hours work for them. What we don't know is how many people would join OVFC if it expanded its hours and added pick-up locations.

#### **Recommendation: Expand the number of pick-up locations and hours.**

It is recommended that OVFC add pick-up locations in under-served parts of the county by partnering with community organizations and businesses. If done well, this would benefit OVFC as well as the host organizations. The ideal would be to offer pick-up hours on weekday evenings in addition to the Saturday daytime pick-up.

One option would be to find a central depot that has ample storage, refrigeration and freezer space, and that could accommodate the storage of orders from Saturday until Monday evening. Sorting and delivery could be done on Saturday with pick-up occurring on Saturday, Sunday and Monday.

### **Option E: Increase from one to two ordering cycles per month.**

The option of adding a second ordering cycle per month is difficult to assess due to the high number of variables. In order to compare one versus two cycles per month I have made the following assumptions.

- The second monthly cycle could draw some revenues away from the first cycle due to fluidity between the two cycles. With two cycles each doing 75% of the volume of the current cycle, OVFC would increase its sales by 50% in Year 1 (over 2014 sales).
- Adding a second cycle would not necessarily double operating costs. It is projected that operating and administration costs, including coordinator's fees, would increase by 75% over 2014.

**Option E: Implications of increasing from one to two ordering cycles per month**

<b>First Three Years of Running Two Ordering Cycles per Month</b> (Membership fees @ \$50 and \$100; Producer operating fees @ 12%; Numbers in brackets are negative)					
	<b>2014</b>	<b>Scenario A</b>	<b>Scenario B</b>	<b>Scenario C</b>	<b>Scenario D</b>
<b>Consumer fee</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>8%</b>	<b>10%</b>
<b># of cycles per month</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>
Fiscal Year	<b>2014</b> (actual)	<b>2015</b> (status quo)	<b>Year 1</b>	<b>Year 1</b>	<b>Year 1</b>
Growth in sales over first 3 years (over 2014 sales)	Na	10/10/10 %	50/25/25 %	50/25/25 %	50/25/25 %
Number of new members over first 3 years	42	25/25/25	100/75/75	100/75/75	100/75/75
Total sales (before fees)	\$92,600	\$101,900	\$138,900	\$138,900	\$138,900
Net revenues from sales	\$14,600	\$18,700	\$25,700	\$27,100	\$29,900
Total revenues	\$24,900	\$28,400	\$39,200	\$40,600	\$43,400
Total expenses	\$27,600	\$28,400	\$46,600	\$46,600	\$46,600
Balance: Year 1	(\$2,700)	\$0	(\$7,400)	(\$6,000)	(\$3,200)
Balance: Year 2	NA	\$1,800	(\$4,300)	(\$2,600)	\$600
Balance: Year 3	NA	\$3,500	\$100	\$2,000	\$5,700
<b>Deficit or surplus after running two cycles a month for three years</b>	NA	<b>\$5,300</b>	<b>(\$11,500)</b>	<b>(\$6,700)</b>	<b>\$3,100</b>

Table 4

## **Implications of Adding a Second Monthly Ordering Cycle**

### **Scenario A: One cycle per month with operating fees at 7%**

With one cycle per month and consumer operating fees at 7%, OVFC should balance the budget in 2015, and generate a combined three-year surplus of approximately \$5,300.

### **Scenario B: Two cycles per month with operating fees at 7%**

With two cycles per month and consumer fees set at 7%, OVFC would have a deficit of \$7,400 in Year 1, and a combined three-year deficit of \$11,500.

### **Scenario C: Two cycles per month with operating fees at 8%**

With two cycles per month and consumer fees at 8%, OVFC would have a deficit of \$6,000 in Year 1, and a combined three-year deficit of \$6,700.

### **Scenario D: Two cycles per month with operating fees at 10%**

With two cycles per month and consumer fees at 10%, OVFC would have a deficit of \$3,200 in Year 1, and a combined three-year surplus of \$3,100.

## **Discussion**

In order to generate a surplus over the first three years of adding a second ordering cycle, OVFC would have to:

- Increase its consumer fee from 7% to 10% (to cover a first-year deficit until membership and sales gain momentum).
- Increase its sales by 50% in Year 1, and double its sales by Year 3 (over 2014 sales).
- Attract 250 new members over three years (100 in Year 1, 75 in Year 2 and 75 in Year 3).
- Ensure that its operating costs, including coordinator fees, increase by no more than 75% over 2014 levels.
- Spend an additional \$3,000 a year on advertising to promote the second ordering cycle (this is already factored into the above figures).
- Monitor expenses closely to ensure, among other things, that coordinator fees are kept in line with volume of sales and revenues.

There are many other variables that could improve OVFC's bottom line while a second monthly cycle is being developed:

- OVFC could generate additional membership fees by recruiting more than 15 new producers and 250 new consumer members over the first three years;
- Existing members may spend more if they buy from OVFC twice a month.
- OVFC could apply for grants to develop promotion materials, update the website and purchase equipment. Individual donors may also wish to fund this.

**Recommendation:** OVFC should add a second monthly ordering cycle only if prepared to raise consumer fees to 10% or 12% and cover a budget shortfall for the first year or two.

### **Option F: Open a store-front retail outlet.**

Opening a retail outlet, even for limited hours, is an ambitious undertaking. Although evaluating this option is beyond the scope of this report, a few observations can be made:

- 70% of the 74 people who responded to our members' survey felt that opening a retail outlet was either 'somewhat' or 'very important'.
- Several respondents raised questions about where the outlet would be located, because no single location could serve the whole county well.
- Others raised questions about costs and staffing, and questioned whether this would increase members' costs.

**Recommendation:** OVFC should carry out a feasibility study to evaluate this option only after implementing many of the other recommendations in this report.

### **Option G: Offer home delivery.**

Similarly, evaluating the cost/benefit of offering home delivery is beyond the scope of this report. However, a few observations can be made:

- When asked if they felt home delivery was important, only 12% of 75 respondents felt this was 'very important', 32% felt it was 'somewhat important', and 56% felt it was 'not important'.
- When asked how much they'd be willing to pay for home delivery, 41% of 70 respondents said they would not pay for this service, 37% said they'd pay less than \$10 per delivery, and 21% said they'd pay between \$10 and \$20.
- Offering home delivery could encourage people who would otherwise not join OVFC to become members.

**Recommendation:** This is not seen as a high priority. However, if OVFC wishes to offer home delivery after implementing other recommendations in this plan, they should carry out a feasibility study to assess the cost-benefit of doing so.

## Recommended Financial Scenarios

### Introduction

The preceding tables have illustrated the effect of individual changes on OVFC's bottom line. The table below presents four recommended scenarios that combine options and result in budget surpluses. Figures are rounded to the nearest hundred. Figures in brackets are negative.

### Recommended Options

Table 5

Scenario	2014	Option A	Option B	Option C	Option D
<b>Cycles per month</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>
<b>Consumer Fees</b>	<b>5%</b>	<b>7%</b>	<b>8%</b>	<b>10%</b>	<b>12%</b>
<b>Consumer membership fees</b>	<b>\$50</b>	<b>\$50</b>	<b>\$25</b>	<b>\$50</b>	<b>\$25</b>
<b>Number of new consumer members</b> (over first three years) Year 1/Year 2/Year 3	42	25/25/25	25/25/25	100/100/100	100/100/100
<b>Growth in sales over first three years</b> (over 2014 figures) Year 1/Year 2/Year 3	NA	10/10/10 %	10/10/10 %	50/25/25 %	50/25/25 %
<b>Total sales before fees</b>	\$92,600	\$101,900	\$101,900	\$138,900	\$138,900
<b>Net revenues from sales</b>	\$14,600	\$18,700	\$19,700	\$29,900	\$32,600
<b>Total revenues</b> (includes events etc)	\$24,900	\$28,400	\$28,800	\$43,400	\$43,600
<b>Total expenses</b>	\$27,600	\$28,400	\$28,400	\$46,100	\$46,100
<b>Balance: Year 1</b>	<b>(\$2,700)</b>	<b>\$0</b>	<b>\$400</b>	<b>(\$2,700)</b>	<b>(\$2,500)</b>
<b>Balance: Year 2</b>	NA	\$1,800	\$2,300	\$1,400	\$2,100
<b>Balance: Year 3</b>	NA	\$3,500	\$4,100	\$5,400	\$6,700
<b>Balance: Combined over first 3 years</b>	<b>NA</b>	<b>\$5,300</b>	<b>\$6,800</b>	<b>\$4,100</b>	<b>\$6,300</b>

## Notes on Recommended Scenarios (Table 5)

All four scenarios presented in Table 5 assume that lifetime producer membership fees stay at \$100, that producer operating fees stay at 12%, and that OVFC attracts five new producer members every year.

### Option A: One cycle per month, consumer fees at \$50 and 7% (Status Quo)

Assumptions: Lifetime consumer membership fees stay at \$50; Consumer operating fees stay at 7%; Membership increases by 25 members a year; Sales grow by 10% a year.

Outcome: OVFC should break even in Year 1 (2015), and generate a combined three-year surplus of \$5,300.

<b>Pros</b> <ul style="list-style-type: none"><li>• Easy to implement</li><li>• Low risk</li><li>• Would result in a balanced budget</li></ul>	<b>Cons</b> <ul style="list-style-type: none"><li>• \$50 membership fee may discourage low income households from joining</li><li>• Not a 'high growth' scenario</li></ul>
<b>Recommended if</b> ... OVFC wants to maintain the status quo and balance the books with little effort, but is not motivated to attract low income members, or grow its sales.	

### Option B: One cycle per month, consumer fees at \$25 and 8%

Assumptions: Consumer membership fees are decreased to \$25; Consumer operating fees are increased to 8%; Membership increases by 25 members a year; Sales grow by 10% a year.

Outcome: OVFC would generate a modest surplus of \$400 in Year 1, and a combined three-year surplus of \$6,800.

<b>Pros</b> <ul style="list-style-type: none"><li>• Easy to implement</li><li>• Low risk</li><li>• Would result in a balanced budget</li><li>• May attract low income members</li></ul>	<b>Cons</b> <ul style="list-style-type: none"><li>• OVFC would have to explain a second fee increase, this time from 7 to 8%</li><li>• Not a 'high growth' scenario</li></ul>
<b>Recommended if</b> ... OVFC wants to balance its budget and improve accessibility for low income households without having to make sweeping changes.	

### Option C: Two cycles per month, consumer fees at \$50 and 10%

Assumptions: Consumer membership fees stay at \$50; Consumer operating fees are increased to 10%; Membership grows by 100 a year; Sales grow by 50%, 25% and 25% over the first three years.

Outcome: OVFC would run a deficit of \$2,700 in Year 1, but would generate a combined three-year surplus of \$4,100.

<b>Pros</b> <ul style="list-style-type: none"><li>• Would attract more members</li><li>• Would increase sales considerably</li><li>• Would demonstrate to producers that OVFC was working hard to generate business on their behalf</li></ul>	<b>Cons</b> <ul style="list-style-type: none"><li>• High level of effort</li><li>• Moderate level of financial risk</li><li>• OVFC would have to explain a second fee increase, from 7% to 10%</li><li>• Potential backlash from members related to the fee increase</li><li>• \$50 membership fee may discourage low income households from joining</li></ul>
<b>Recommended if</b> ... OVFC wants to grow its membership and sales, is willing to put in the time and take some risks, and is willing to promote a second fee increase to members, but is not concerned with improving access for low income households.	

### Option D: Two cycles per month, consumer fees at \$25 and 12%

Assumptions: Consumer membership fees are decreased from \$50 to \$25; Consumer operating fees are increased to 12%; Membership increases by 100 a year; Sales grow by 50%, 25% and 25% over the first three years.

Outcome: OVFC would run a deficit of \$2,500 in Year 1, but would generate a combined three-year surplus of \$6,300.

<b>Pros</b> <ul style="list-style-type: none"><li>• Would attract more members</li><li>• Would increase sales considerably</li><li>• Would demonstrate to producers that OVFC was working hard to generate business on their behalf</li><li>• May attract low income members</li></ul>	<b>Cons</b> <ul style="list-style-type: none"><li>• High level of effort</li><li>• Moderate level of risk</li><li>• OVFC would have to explain a second fee increase, from 7% to 12%</li><li>• Potential backlash from members related to the fee increase</li></ul>
<b>Recommended if</b> ... OVFC wants to grow its membership and sales, is willing to put in the time and take some risks, wants to improve accessibility for low income households, and is willing to promote a second fee increase to existing members.	

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## (9) Operations

### Description of OVFC 'Operations'

The term 'operations' refers to OVFC's ordering, sorting, delivery and payment system. This is a complex system involving several steps and dozens of volunteers.

Here's a brief description of how the system works:

1. The first week of each month, producers list the products they have available on the OVFC web-site;
2. Consumer members have a week in which to place their orders on-line;
3. Once the ordering period 'closes' producers have a week to prepare and label their orders;
4. On 'Delivery Day' (typically the 3<sup>rd</sup> Saturday of every month) producers drop off their orders at a central location (currently Wesley United Church in Pembroke);
5. Volunteer sorters receive and sort the orders by route, town and customer;
6. Volunteer drivers then deliver the orders to 10 pick-up locations across the county;
7. Consumers pay for and pick up their orders at specific times and locations as specified on their invoices;
8. Volunteer drivers collect payments from customers in the form of cash or cheques, which they then deposit in the bank;
9. OVFC's coordinator reviews the orders and payments, and notifies the Treasurer of any adjustments required (for damaged or missing goods);
10. The Treasurer issues cheques to producers for goods sold, and in some cases, to customers for refunds (for damaged or missing goods);
11. The Treasurer forwards a list of cheques written to the Book-keeper who records any adjustments made;
12. OVFC's bookkeeper prepares a monthly bank reconciliation; and
13. The Treasurer prepares her monthly financial statements for the board.

OVFC currently has pick-up depots in Pembroke, Petawawa, Deep River, Renfrew, Burnstown, Arprior, Eganville, Killaloe, Wilno and Barry's Bay.

## **Recommendations**

OVFC's distribution system works remarkably well, given its complexity. This is due in large part to a group of dedicated producers and volunteers, many of whom have been with OVFC for three years or longer. However, there is room for improvement at many points in the system.

### **Web-site / On-line Ordering System**

- Modify existing software – or develop new software - to streamline the ordering process, improve product descriptions and photos, improve search functions, enhance tracking and reporting capabilities, and enable online payment by consumers.
- Develop a coding or icon system that enables consumers to search by producer, category of producer or product, and for items that are locally grown, locally processed, organic, certified organic, GMO-free, gluten free or grass-fed.
- Encourage producers to list only those products that are available in a given ordering cycle (i.e. 'de-list' those that are not available). It is very frustrating for consumers to find a product on the website only to learn a few clicks later that it is unavailable.
- Require producers to provide an ingredient list for all products.
- Encourage producers to post good quality photos of their products indicating a sense of scale.
- Provide a meat buying and cooking guide to help customers choose and cook appropriate sizes and cuts of meat.
- Enable customers to provide online feedback to producers.
- Explore and implement online payment options such as email money transfers, credit, debit and/or PayPal.
- Improve OVFC's ability to monitor and report on the following variables: number of producer and consumer members active in a given ordering cycle, and active in a given year; sales by product category for every ordering cycle; and products that are in high and low demand.
- Additional recommendations are outlined in the Marketing Plan (attached in Appendix 4).

### **Sorting/Delivery Days**

- The monthly sorting/delivery days are arguably the most important component of OVFC's system. It's where producers, consumers and volunteers all come together.
- It is recommended that OVFC form an Operations and Volunteers Committee to evaluate and refine the sorting and delivery process, ensure workplace safety,

and reduce the number of volunteers and volunteer hours required. This work is already underway.

- A draft Terms of Reference for the Operations and Volunteers Committee is attached in Appendix 2.

### **Volunteer Drivers / Pick-up Locations / Bank Deposits**

- Ensure that all volunteer drivers make their bank deposits within three business days of delivery day. Delays at this stage hold up the rest of the financial reporting process.

### **Monthly Bank Reconciliations and Financial Reports**

- The coordinator, treasurer, bookkeeper and chair of the finance committee need to meet to clarify procedures and timing, and ensure that financial reports are produced in a timely manner.
- Require the Treasurer to produce financial statements that clearly show gross monthly revenues including consumer fees, and amounts paid to producers, rather than simply reporting net revenues. The statements OVFC produced for the Ontario Trillium Foundation used this format and were well received. The financial reports currently being produced by the Treasurer do not provide sufficient information to adequately monitor the budget.
- Additional financial recommendations are found in Section 7 above (Finances).

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## (10) Volunteers

### Introduction

This section makes recommendations related to the recruitment, training, supervision, recognition and retention of volunteers. Recommendations are derived from an on-line survey completed by 80+ members, and a focus group held with 20+ volunteers.

### Profile of OVFC Volunteers

- OVFC's volunteers are committed: a third of those who completed the online survey have volunteered with OVFC for more than three years.
- OVFC's volunteers put in a lot of hours: of the 31 volunteers who completed the survey, 13% contributed more than 10 hours a month, 29% contributed 3-10 hours a month, and 58% contributed fewer than 3 hours a month.
- When asked about their workload, 69% of 29 respondents said the amount of time they contributed was 'just right', 10% felt they contributed too little, and 21% felt their contribution was either 'too much' or 'far too much'.
- When asked if they felt appreciated, 60% of 30 respondents said they felt 'very appreciated', 37% felt somewhat appreciated, and 3% (one person) indicated they felt 'not at all' appreciated.

### Volunteer Coordination

It is recommended that OVFC form an 'Operations and Volunteers Committee' and develop a volunteer program to recruit, train, coordinate, reward and retain volunteers. Terms of Reference for this committee are attached in Appendix 2.

As part of this program, OVFC should:

- Create a volunteer manual that includes a description of OVFC and sorting day procedures, job descriptions, safety procedures and volunteers' rights (i.e. the right to a safe and supportive work environment);
- Develop and communicate clear volunteer job descriptions;
- Develop a 'mentoring' system to train new volunteers on delivery days;
- Host appreciation events for volunteers, and recognize volunteers for 'years of service' ;
- Provide opportunities for high school students to earn their community service hours by volunteering with OVFC; and
- Post volunteer opportunities on the OVFC website.

Much of this work is already underway. Additional recommendations can be found in the Marketing Plan (Appendix 4).

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## **(11) Producers**

### **Introduction**

OVFC was founded by producers wishing to develop new markets for their products. Along with consumer members and volunteers, they are the lifeblood of the organization.

Most producers market their products through several outlets including farm gate sales, farmers' markets, restaurants and retail outlets. Most producers (59%) said they generate less than 10% of their annual revenues through OVFC, and not a single producer derives more than 50% of their revenues through the co-op.

This means that OVFC is in effect 'competing' with other markets to attract and retain producers. As such, OVFC needs to make every effort to engage and consult with its producer members, and respond promptly when concerns are raised.

### **Recommendations**

It is recommended that OVFC form a 'Producer Committee' composed of producers, consumers and directors. The committee's role would be to engage producers, develop policies and procedures for producers, design a process for screening and accepting new producer members, and act as a mediator in the event of conflicts. Draft Terms of Reference for this committee are attached in Appendix 2.

When working with producers, OVFC must take a balanced approach that addresses producers' needs as well as their own.

### **Recommended Producer Policies**

It is recommended that the producer committee do the following:

1. Define OVFC's catchment area for producers. Historically, it has been the area defined more or less by Ottawa Tourism. This could be further clarified by listing the main communities included in the catchment area, some of which may lie just outside the Ottawa Tourism area.
2. Define terms such as local, organic, certified organic, GMO-free, gluten-free and grass-fed.
3. Require producers to list the origins of all ingredients used in their products, and identify which products and ingredients are locally grown and/or locally processed.
4. Decide if the re-selling of raw food such as fruit and vegetables is permissible.
5. Decide how to deal with processed foods (i.e. which ones are permissible and how they should be labelled). For some products, 'local' may mean all of

Eastern Ontario because processing facilities such as mills and abattoirs are few and far between.

6. Develop minimum quality standards for producers, and create a system for addressing complaints. Develop standards for the depiction of products on the OVFC website (i.e. high quality photos showing scale and accurate descriptions).
7. Develop standards for the packaging and labelling of food orders.

### **Products Desired by Consumer members**

In our on-line survey members expressed interest in having the following products made available through OVFC:

- mushrooms
- grains and pulses
- eggs and chicken (actually, these products can only be sold at the farm gate)
- dried herbs, spices and berries
- cheese
- fruit
- a bigger variety of organic vegetables
- more gluten-free products
- more frozen vegetables in winter
- Ontario Natural Food Coop goods
- smaller cuts of meat
- more pre-made meals

### **OVFC's Strengths as Identified by Producer Members**

Producer members appreciate much of what OVFC does on their behalf, and identified the following strengths in the on-line survey:

#### **Expanded market / Year-round income**

- 'The co-op is able to distribute products over a huge geographic area – an area we couldn't cover on our own'.
- 'The co-op provides an alternative to farmers' markets and a year-round market for our products'.
- 'The co-op website generates business we could not generate on our own'.
- The co-op brings a small measure of income predictability and security to producers.

#### **Flexible on-line system**

- The on-line ordering system is good: 'it gives each of us our own area on the web-site, and allows us to list and de-list products depending on availability.'
- The invoicing and payment system is accurate and efficient.

### **Our customers**

- Co-op customers are willing to experiment and try new products. This enables producers to test new products and assess consumer interest.

### **Sense of community**

- The co-op provides great opportunities for social interaction with other producers.
- The co-op fosters a sense of cooperation and community.

### **Increased efficiency / reduced waste**

- Having customers pre-order on-line means that we only produce what we know we can sell, thereby reducing waste (of time, money and resources).
- The co-op reduces the need for us to travel to several locations over a huge geographic area to market our goods.

### **Sustainable local food system**

- We are playing a part in helping to create a sustainable local food system.

## **Changes Recommended by Producers**

Producers were asked what they felt the co-op could do to improve their experience as producer members. A summary of responses is provided below. Detailed responses can be found in Appendix 1.

### **Increase marketing efforts.**

- Grow our market through aggressive advertising.
- Create and implement a marketing plan with clear targets.
- Make better use of social media.
- Sell memberships wherever and whenever possible.

### **Increase the number of ordering cycles per month.**

- Switch to a weekly or bi-monthly ordering cycle.
- Consider offering fresh produce more often (e.g. weekly in the summer), and frozen foods, which are less time-sensitive, every second cycle.
- Shorten the ordering cycle so that consumer orders are placed closer to pick-up days: this would enable producers to better predict what fresh products will be ready on pick-up day, offer more consistent quality, and reduce waste.

- Add ordering cycles through the summer and into the fall months (until November) to make it easier for producers to market fresh products through the co-op.
- Operate a 'pop-up' or mobile OVFC market at various community locations.
- Provide shared greenhouse space to extend the growing season.

**Reduce or eliminate consumer membership fees**

- Reduce or eliminate the consumer membership fees, or change from a lifetime membership fee to a modest annual fee.

**Foster a sense of ownership, volunteerism and community spirit**

- Reinforce with new and existing members that being a member of the co-op means volunteering.
- Encourage producers to keep marketing all of their products through the co-op during the summer months (rather than de-listing some items and selling them only through Farmers' Markets).
- Host more food-related events such as community dinners and fund-raisers in different parts of the county.

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## **(12) Implementing the Business Plan**

It is recommended that OVFC implement the recommendations in this plan in three phases that coincide more or less with the three phases outlined in the marketing plan (attached in Appendix 4).

### **Phase I**

1. Revise the existing website or develop a new website that includes plenty of photos, improved product descriptions, enhanced search functions, and on-line payment options.
2. Partner with community organizations and businesses to add pick-up depots in new locations, and offer extended pickup hours on both weekdays and weekends.
3. Enhance the e-newsletter with features and photos.
4. Refine your governance systems to increase productivity and accountability: establish recommended board committees, improve how the board makes and communicates decisions, and develop annual work plans for each committee and the board.
5. Refine your financial systems to improve accountability and minimize risk: ensure that at least two people have a good understanding of OVFC's finances, ensure that financial reports are timely and accurate, and have an independent audit completed at year-end.
6. Monitor your budget closely and make adjustments to expenditures as required.

### **Phase II**

1. Launch the 'new and improved' OVFC through all available media, including a renewed focus on social media.
2. Offer incentives and promotional packages to reward existing members, attract new members and stimulate sales.
3. Continue to partner with community organizations and businesses to add pick-up depots that are open longer hours on both weekdays and weekends.
4. Reduce the consumer membership fee from \$50 to \$25, and increase the consumer operating fee from 7% to 8%.
5. Seek a bigger and better central depot that has ample storage, coolers and freezers.

### **Phase III**

1. Continue to refine your governance structures, financial systems, annual work plans and marketing efforts.
2. Expand operation to offer two ordering cycles per month.
3. Seek funds to complete feasibility studies for opening a retail outlet and offering home delivery.

# **Appendices**

## **1. Consultation**

- a. Results of key informant interviews
- b. Results of board self-assessment
- c. Results of on-line survey
- d. Results of volunteer focus group
- e. Results of producer focus group

## **2. Governance**

- a. Board
  - i. Role of board
  - ii. Duties of officers
  - iii. Committees of the board
  - iv. Managing board meetings
  - v. Directors' code of conduct
  - vi. Annual board work plan
  - vii. Review of By-laws
- b. Committees of the board
  - i. Executive committee
  - ii. Governance committee
  - iii. Finance committee
  - iv. Operations and volunteers committee
  - v. Producer committee

## **3. Finances**

- i. Results of financial review
- ii. Financial scenarios (spreadsheets)

## **4. Marketing Plan**

## **5. Governance training slides**