

Kuaotunu Co-Op

Feasibility Study Presentation



Study Objectives

- ▶ To assess the feasibility of establishing a cooperative to run the Kuaotunu Store.
- ▶ To research how to set up and run a co-op
- ▶ To recommend a model for operating
- ▶ To recommend options for buying and leasing the property.



- ▶ Establish the business value drivers
- ▶ Establish the vision and mission statements
- ▶ To assess the financial structure and financial projections of the current store
- ▶ Recommend a model for investment and return





Mission Statement

To champion the growth of an abundant, resilient and healthy community by establishing a collective hub for the goods and services that we share.



What is a Co Operative?

A business owned and run jointly by its members, who share the profits or benefits.



What is a Social Enterprise?

- Has clear social and/or environmental aims
- Not be heavily reliant on funding but create income through trade.
- Reinvest profits (majority)
- Be self-governing and self-sufficient
- Majority needed for direction of social aims
- Be transparent and accountable



Common Goals

- ▶ Maintain Kuaotunu and its wider communities as a vibrant place to live, work and socialise
- ▶ Purchase and revitalise the Kuaotunu store
- ▶ Owned *by* the community *for* the community
- ▶ Create a profitable business that supports a social enterprise, sowing profits back into the community



- ▶ Sell good quality, healthy, reasonably priced food and goods
- ▶ Support local producers, and partner with local businesses and service providers.
- ▶ Create a hub for connecting, and communal spaces to work and interact



There is a large gap in the essential provisions for the community, which we want to see filled by the Kuaotunu Co-op.

We want to transform the store into an inviting space where locals will shop, providing convenience and choice, at affordable prices, with benefits to the local community.



We want to provide a place where our local producers can sell their goods.

The Kuaotunu Co-op can become a seasonally thriving business that gives a unique experience for visiting customers, while rewarding the locals throughout the off-season with membership benefits and sustained access to high quality foods.



HEATHER BULLARD



The Potential

The key factor to our success is the location.

Luke's Kitchen has set the tone and we will work alongside Luke and Steph to incorporate our business into the style of the village.

We want the village to be a collaborative hub and we see the relationships we already have as a strength to creating a unique and thriving village centre.



Inspired by some of the most progressive community developments in NZ and overseas, we see the purchase of the Kuaotunu store as an opportunity to develop a world-class sustainable small business, that will create a thriving heart for our village.





Crave Collective



The Store

The ideas for the Kuaotunu Co-Op focus first and foremost around the general store, which will include:

- fresh produce
- organic foods
- bulk bins
- ethical and environmental shopping choices
- expanded ice-cream selection
- quality alcohol and drinks
- freshly baked bread



The Kitchen

The commercial kitchen in the store will be put to good use with the potential to be used by local chefs and food providers.

We have also considered the possibility of supplying a simple burger menu in the busy months, in cooperation with Luke's Kitchen.



The Co-working Space

We want to transform the area above the shop into a business hub with a co-working space, that has desks and meeting rooms available for hire.

- Alternative productive work place for people who usually work from home.
- Place to connect and collaborate with other local small businesses.
- Make our local businesses more visible.
- Good for visitors to utilise in summer season.



Subleases

The layout of the store buildings means that there are many other opportunities for collaborative businesses.

Part of the premises could be turned into a health centre, for naturopath and doctor consults.

Other ideas

- Pop up stores
- Food trucks (seasonal)
- Art and gift store/gallery



The current facilities for filling gas bottles and dive tanks, and Schnip Schnap hairdresser, will remain.

The grass area on Irishtown Rd would be an ideal place for Sunday Markets.

We imagine a regular market would draw people to Kuaotunu, even in the off-season, and give our local arts and crafts another point of sale.



Our values

reflected in our business

We want to be forward thinking by creating an environmentally friendly business, while simultaneously understanding that it is a business that has to work.

- We will retain some of the ingredients that the community still want access to such as milk, meat, alcohol and sugar!
- Moving forward we aim to reduce plastic by selecting brands without plastic packaging, offering paper bags, container filling for customers, and having soft plastic recycling.



- Fruit and Vegetables will become a key section of the store. (Degraded stock can be used in a composting scheme linked to the Food Forest.)
- Bulk Bins for nuts, seeds, flour, sugar, grains, dried fruit and legumes. These bins are very relevant to modern day living as many households strive to limit waste, reduce plastic and increase choice.



A New Look

The store is a blank canvas. We see it as a good opportunity to make the building look charming, feel inviting, have character and above all be useful to the community.

Create a vibrant and exotic atmosphere where locals and visitors will want to shop, socialise and interact.











Seasonal Variation

We expect to make most of our profit over the summer months by selling lots of Kuaotunu Killers.

We will reduce our expenditure into winter, whilst still providing excellent goods and services for locals.



Social Impact

Once the store, co-working space, commercial kitchen, and sublease initiatives are set up and running smoothly, we want to continue to invest the profits from the Co-op back into other community projects.

Eg - revitalise other community spaces, build a playground, finance workshops, build a community centre...



Organisational Structure

Two main options:

- Limited Liability Company
- Trust/Society

Or use *both* structures in order to try and get the unique advantages that each provide.

In this scenario there is usually a trust, which can be registered as a charity with donee tax status.

Co-op Ownership Models

Option 1

- ▶ Collectively as a community Co-op we raise sufficient funds to acquire the property, and run and operate the store.

Option 2

- ▶ The property is acquired by a small number of “friendly investors” who lease it back to the Co-op on favourable terms. The Co-op runs and operates the store.

How will it work?

The Co-op will have **members** *and* **property shareholders**.

We will create a membership and share structure that draws on those currently used by other successful social enterprises.

A Governance Team/Board will be selected from the founding members and property shareholders.

With their oversight we will hire a General manager to run the business.

Many of the questions around the inner workings will be answered through the process of setting up the structure with advisors and Board members.

Membership

To be a member of the Co Op you pay a one off membership fee of \$365, and an annual fee of \$52.

This entitles you to member benefits such as discounted pricing on goods and services, and access to amenities.

Co-op members also get to have a say in the governance of the Co-op by electing the Board members.

We will also consider the option of Sweat Equity (terms to be set later).



Property Shareholding

What we expect to be able to offer:

- Approx. 5% dividend to investors/ shareholders (subject to profit).
- Each year everyone has the choice to invest back into Co-op instead of receiving the dividend.
- Expected that there will be no returns for first 3 years.
- Buy-out of share investments on a pro-rata basis with an exit strategy that fits the purposes of the Co-operative.
- Co-op has first right of refusal.



Investment philosophy

For the shareholders/investors we propose a multi-stakeholder cooperative business.

- Property Investors
- Co-op Members
- Visiting customers
- Suppliers
- Staff

Multi-stakeholder cooperatives are not interested in single transaction or even seasons of transactions, but rather in building a long term relationship based upon on a stable foundation of fair pricing, fair wages and fair treatment for all parties.



20 year plan...

The long term view is to see the Kuaotunu Co-op buy back a portion of the property over 20+ years, using the proceeds from the business, with the Co-op eventually having majority shareholding in the property. Thus allowing the means to give better membership benefits to the community.



Risks

- ▶ Sewage, grey water system upgrade
- ▶ Business does not meet projected profit margins
- ▶ Key investors wish to withdraw shareholdings prematurely
- ▶ The community doesn't buy the property, someone else does and they turn it into apartments!



Next steps

- ▶ Decide if we as the community have the means and desire to proceed with this venture.
- ▶ Define plan of approach to purchase store.
- ▶ Define investment security options.
- ▶ Connect with AKINA Foundation for support (financial and governance)
- ▶ Connect with Parryfield lawyers for support in business development and legal entity.

A scenic view of a beach with waves, sand, and a cloudy sky. The text is overlaid on the image.

**We need to know if you
share in this vision and
want to be part of it.**

**Let us know what you
think by emailing us at:
kuaotunucoop@gmail.com**