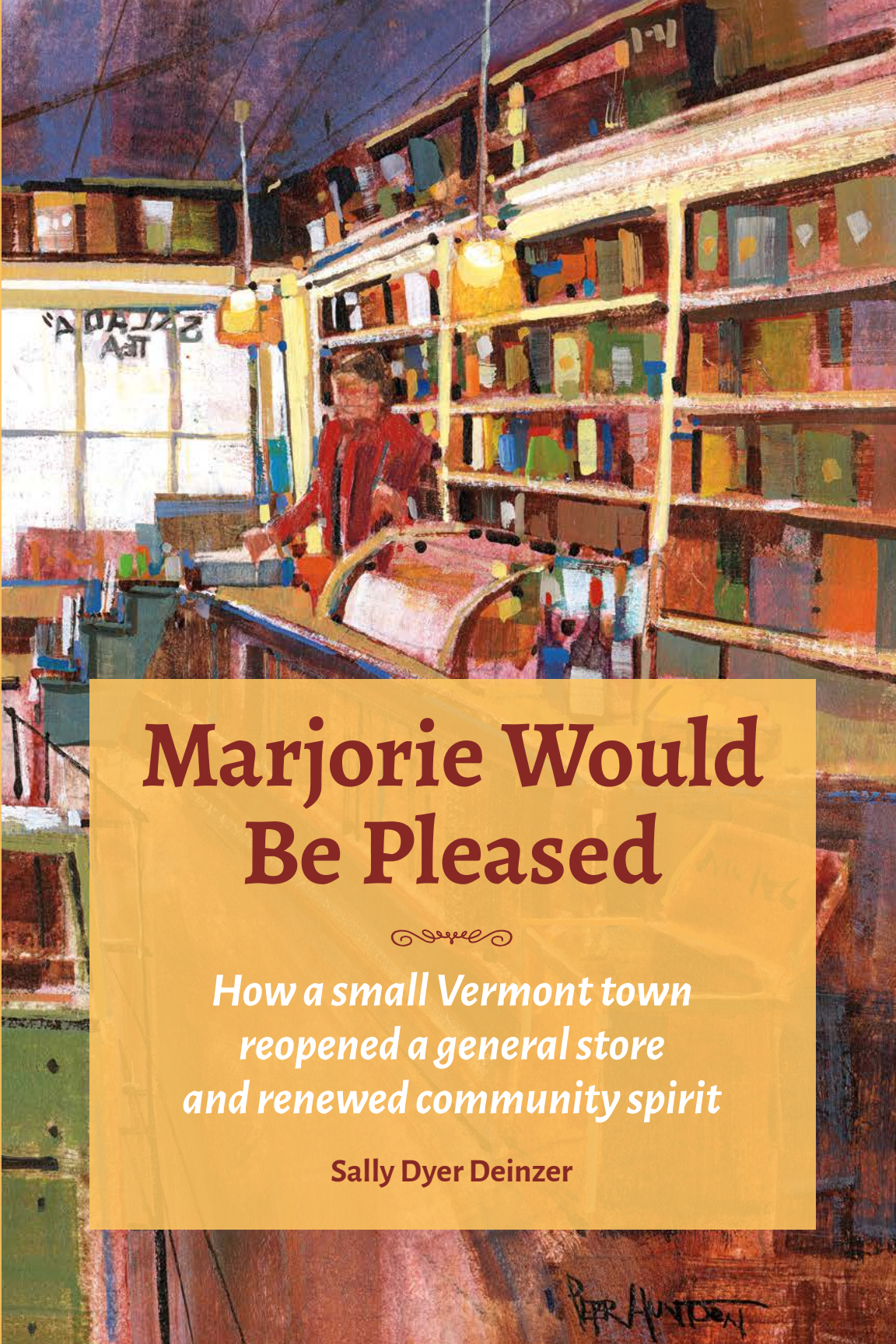

Marjorie Would Be Pleased

How a small Vermont town reopened a general store and renewed community spirit

Sally Dyer Deinzer

Marjorie Would Be Pleased

The Preservation Trust of Vermont is a statewide nonprofit organization that builds community through the preservation and revitalization of historic buildings, villages, and downtowns. Through technical assistance, grant funding, training, and encouragement, PTV helps communities save places that matter to them.

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They are not included but can be accessed at ptvermont.org.
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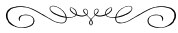

This book is dedicated to the memory of Paul Bruhn, without whose knowledge, wisdom, patience and powers of persuasion, Marjorie's bequest would never have become reality.

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Marjorie Pierce

INTRODUCTION

Snippets of song came into my mind as I was thinking about how to write this Introduction.

"Where everybody knows your name."

"They paved paradise and put up a parking lot."

The first is from the theme song for the 1980s TV show *Cheers,* and the second is from *The Big Yellow Taxi* by Joni Mitchell.

What's the connection? I've been mulling over the concept of "community" and trying to identify why others would care about the story that I tell in the book that follows.

A local store – or recreation center, or café or other place where local people come together – is that place where you feel at home, where everybody knows your name. If they don't, they'll introduce themselves and ask about you. They care about you.

If you have such a community place, it needs to be preserved, nurtured, and respected for future residents to enjoy. Often, tearing such places down seems to be the solution to a myriad of problems – whether to put up a parking lot or to build a new shopping center. If you don't have a home away from home, you are missing a wonderful way of life.

Ask a dozen people what "community" means to them, and you'll get responses like neighborliness; a location in common; shared interests; coming together to fill a need, service, or function for the locality; a group of people who will help one another out; an involvement that engenders a sense of belonging. And many more thoughts.

A long-time Shrewsbury resident who knew the W.E. Pierce Groceries store well described the Pierce's neighborliness as being welcoming to long-time residents, but also to newcomers, visitors, and total strangers.

The book you've picked up tells the story of how residents of a small Vermont town, Shrewsbury, came together to reopen a store – Pierce's Store – that had been closed for 16 years. Ultimately, that effort resulted in

the restoration of a place, a home away from home, where neighbors could run into one another to visit, *and* pick up needed groceries.

By way of background, there had been a general store in North Shrewsbury since the mid-1860s. In 1918, Willie E. Pierce purchased the store from a distant relative. Willie and his wife Gertrude ran the business until 1965 when three of their children, Glendon, Marjorie and Gordon took over the operation. Gordon died in 1989.

In 1993, when Marjorie turned 90 years old, she and Glendon shut the doors of the store. Glendon died in 1995 and there were no family members who came forward to take over the business. Marjorie understood that a hole would be created in the community with the closing of the store. Therefore, she contacted the Preservation Trust of Vermont. It's an organization that strives to help communities keep gathering places alive and encourages the vitality of downtowns and village centers. The Trust took the challenge and, after Marjorie's death in 2001, they sought someone to make her dream come alive.

Working with the Trust, a core group of about 25 interested Shrewsbury residents proposed to form a co-op to reopen and run the store. This book tells that story. As a member of that group from the beginning, I was involved in the planning and organizing, then leading the board of directors, and ultimately managing the store.

A couple of years after we opened in 2009, Paul Bruhn, President of the Preservation Trust, asked if I would be interested in writing the story of how we did it. The purpose of the book would be to help other towns and villages revitalize their own communities. I agreed to write that story.

Who We Are

The Shrewsbury Cooperative at Pierce's Store came into existence because of the vison and work of a number of people that we'll call our "planners." This group, about a dozen strong, included people with long histories in town who knew the Pierce family and their store in its heyday, as well as relative newcomers to Shrewsbury such as me. All of us were interested in trying to reinvigorate the community spirit of Shrewsbury through the store. Many of these people maintained an active involvement in the store in one way or another after those first days.

The strengths of this core group spanned the spectrum of needs from the skills of master carpentry to financial expertise to creative problem solving to fundraising. What we lacked was anyone with retail grocery experience. The closest relevant experience was that one of us had run a bookstore many years before.

None of us had any solid idea of what needed to be done – if we had, we might never have gone forward! The help we sought outside our group was specialized professional assistance: legal advice, small business assistance, plumbing and electrical expertise. Most everything else we stumbled through on our own.

The most important thing that our group had was a faith that reopening the store would be a good thing for Shrewsbury. That passion was and remained critical to the success of our venture.

February–May 2008

The Story: Getting to Go!

On a Sunday morning in early 2008, a diverse group of Shrewsbury residents first met to discuss the idea of forming a cooperative. It would respond to the Preservation Trust's Request for Proposals (Request) regarding Pierce's Store that was issued at the end of December, 2007. The Request was drafted to fulfill Marjorie's vision that a store be reopened in North Shrewsbury to serve the grocery and gathering needs of the community as a whole. With the perspective of hindsight, I've identified several key milestones in the process as we moved through the next several months.

MILESTONE: *Enthusiasm*

That February day the room rang with energy and excitement as everyone present called out their thoughts and dreams. Ideas included offering lessons and classes in skills and topics of interest to the community, providing a home-school day program in conjunction with an elder day program, serving as a local version of a chamber of commerce, and hosting movie nights, art shows, and poetry readings. This is a small subset of the ideas generated. There was enthusiasm galore, though not much excitement about an actual store.

MILESTONE: *Mission agreement*

The participants worked on a mission statement that would guide us through the process of developing a proposal that would have "cultural" and "commercial" aspects. This mission encompassed the broad picture of all

the ideas that participants suggested, and at least touched on the core concepts we envisioned of convenience, community and connection to the past.

"Our mission is to come together as a community in support of the preservation of the historic Pierce Store building and spirit. It is our desire to form a cooperative, which helps to fulfill the needs and desires of the people of Shrewsbury while maintaining the Pierce Store as a vital aspect of country life in the modern world."

MILESTONE: *Money where our mouths were*

The driving reason behind forming a cooperative was the fact that the only available capital was a commitment fee the planners anteed up – about $600. Forming a cooperative also seemed to be a really good way to guarantee community participation. The proposal we submitted to the Trust envisioned that activities would generate enough funds to stock the shelves with items having a broad appeal to the community.

MILESTONE: *We outline a business plan*

I was caught up in the energy and excitement of the brainstorming at that initial meeting. However, being ever practical I raised the fact that a full proposal had to be written and submitted in less than four weeks, *and* that it required a viable business plan including budget. I volunteered to help write the proposal and three others agreed to work with me. Within five days we had the content outline fleshed out and circulating among our writing group. The thrust of our proposal was to start small and basic and let the activities fund the store over time.

The New England frugality of the Pierce family and the history of the store itself were our benchmarks as we prepared the required budget and business plan. Total projected *annual sales* in that first budget were $20,000.

The proposal was filed on the deadline of March 14, 2008.

There was great excitement at this time – for the activities piece. Not a single member of the group behind the submittal truly believed that a general store could be successful in North Shrewsbury. There were good

reasons for this concern. Over the years, the town had been home to at least two other small groceries, neither of which lasted for any length of time. Financial information from the archives of the last several years of operation under the Pierce family showed little profit. However, Pierce's Store had been a community gathering place where a welcoming Pierce family member would share and swap stories with any visitor. Maintaining a strong relationship with the community was far more important to Marjorie and her brothers than being a commercial success. Thus, our proposal was consistent with the group's understanding of the old store's role in the culture of Shrewsbury.

I thought, though, and stated, that as a cooperative we would be different from the other stores. We would rely heavily on volunteer help and only have a part time paid manager. So structured I assumed, we only had to break even, not to earn a profit. I eventually realized the fallacy in that reasoning.

The Trust's reaction to our proposal when it came eleven days later was very polite. They were glad that a local group was interested in tackling the project, but they were disappointed we didn't envision more of an operating

Gordon at the register and Glendon overseeing the candy case.

store from "Day One" rather than one generating revenues of only $20,000 per year. They pointed to key language in the Request for Proposals, which reflected the vision Marjorie had given them:

- *"Operate the store as the valued community gathering place that it's been for well over 150 years; and*
- *"Provide, at a minimum,* ***basic groceries at affordable prices*** *to area residents. Proposals may suggest additional complementary uses or services."*

Further,

- *"Respondents will be expected to* ***operate the . . . store as a commercial venture.***" [emphasis added]

The intent under the Request was that the store would not carry just natural or local foods, nor would it sell only a few convenience items. Instead, on Day One the store would allow any resident to find familiar and desired items on the shelves, whether organic or conventional. Under our initial business plan, it would take three years to reach that point.

During the next few weeks conversations went back and forth between us and the Trust. They were not convinced that our level of commitment was sufficient to successfully undertake the project. At the same time, we were not convinced of local support for the idea or our ability to find funding to make it happen. We finally proposed that the Trust grant us "provisional approval" while we surveyed interest in the community and solicited local funding commitments to help stock the shelves. Our group's risk aversion was very high!

MILESTONE: *We regroup and try again*

At the end of April 2008, the Trust decided to grant provisional approval, but they first wanted to ensure that there was sufficient passion in our group for the idea of running a store, not just for the events. The Trust offered us various types of assistance, including contacts with other businesses to help allay our fears about managing a retail operation. Through this period, I developed a growing interest in the store concept, but continued to be apprehensive for the simple reason that I'd never done anything remotely like this before.

This period of negotiation strained the cohesion of our group. Some felt that, since our original proposal grew out of group consensus, it was our final position; negotiations and compromise were inappropriate. Others felt compromise was the only way to ensure that local residents would have a say in the use and future of this Shrewsbury landmark. If we were unable to provide a plan that met the Trust's expectations based on Marjorie Pierce's desires, they would find someone else who could. That said, it was clear the Trust was very excited about the potential of our proposal and the fact that, as a cooperative, the long-term viability of the store would not be dependent solely on the whims of one or two individuals. To move our ideas forward, we made modifications necessary to provide a fully stocked store on Day One. Unfortunately, this resulted in the loss of several of our planning group who were committed to the consensus-driven original proposal.

All agreed, though, that whatever the outcome, the process had been a positive one. Each of us had met people we hadn't known or had known only in passing. This community building was itself an important outcome of our efforts. In reality, the deadline to submit our proposal left little time to reach consensus among all the participants. This could have been achieved by digging into individual points of view and painting pictures of what each person envisioned.

MILESTONE: *We consult with others in the business*

In mid-May 2008, at the suggestion of the Trust, three of the planners traveled to the Adamant Co-op in Calais, which is located northeast of the Barre/Montpelier area of Vermont. There we were joined by Eric Gilbertson of the Preservation Trust and by some of Adamant's key players. This co-op has existed since the 1930s, serving its community as a general store and gathering place. When we saw the location, we all thought, "This is less of a crossroads than North Shrewsbury. If they can succeed so can we."

The inside of the Adamant store is casually arranged, and it was easy for us to envision something similar in our store. In an e-mail to Paul Bruhn of Preservation Trust that evening, I wrote, *"Today's visit was really good. All three of us came away energized and positive about the prospects. I would say that if*

The Adamant Co-op in Calais, Vermont.

it were up to just us, we'd be working on a lease agreement with you now. Well, let me say that's 90% sure – we still need to find $$ to make it happen."

The folks at Adamant were willing to share any of their information and procedures with us. For me, their approach to the business said that, even though none of us had a retail background, we could still make it work. We needed common sense, intelligence, and a willingness to become and stay involved, but *that* we could manage. Looking back, my naivete was huge!

MILESTONE:
We achieve engagement and belief in the possibilities

Now I *was* engaged in the project and cared about the outcome. Others were similarly on board.

On many occasions, Paul had described various ways to raise money from the community to fund our venture. I had paid attention only peripherally. I didn't grasp the importance of what he had been saying until I became fully involved and personally committed to the project. Once I had seen the Adamant Co-op and could visualize our own operation, I realized that funding to create a "community supported enterprise" was indeed

doable. Importantly, this type of funding would generate support for the store before it even opened.

At a meeting of our planning group on May 20, 2008, those of us who had visited Adamant shared what we learned with the rest of the group, our excitement and enthusiasm bubbling over. The biggest concern voiced was that in one of the photos, it appeared that only "traditional" groceries were on the shelves (e.g., Del Monte fruits and vegetables, Kelloggs brand cereals). In fact, Adamant carried the same blend of traditional and organic and/or locally made products that the Trust wanted Pierce's to provide. A broad variety of goods on the shelves would be the only way to serve all parts of the community.

MILESTONE: *We decide to go full on*

Also on the agenda for that May meeting was a discussion of whether we were comfortable with the idea of running a store as it was now pictured, literally, based on Adamant. Somewhat to my surprise we passed that hurdle with minimal trouble. In retrospect, it would have been wise to ask everyone to describe specifically what he or she envisioned as a "store." Even though it seemed clear to me when we were looking at photos and discussing the Cheerios and granola on the shelves at Adamant, it later became clear that our original plan of minimally stocked shelves was still being envisioned by some when the proposal was made and discussed.

MILESTONE: *We set an opening date*

Along with reaching agreement on opening the store, the agenda also included setting a time schedule. The Trust had asked if we could open in the fall of 2008, less than six months away. Not one of us was confident that we could accomplish all that needed to happen in so short a period: legal organization, fundraising, interior renovation and construction, obtaining permits and licenses, deciding on and acquiring inventory, finding paid and volunteer staff, and much more we hadn't even thought of at that point. Instead, we opted to set a grand opening date of May 1, 2009. This would have been Marjorie's 106th birthday. We thought the opening might happen before then, but May 1st would certainly be doable. Although somewhat disappointed at the delay, the Trust agreed. As it would turn out, May 1st was still overly optimistic.

By that point I had become confident that we could succeed, could raise the necessary funds, would stock the shelves with a broad assortment of goods, and attract people to come. I had heard many in town express their regret that when the store closed back in 1993 a centerpiece of the community was lost. One resident said that the Pierce's neighborliness fostered a feeling within him and others that "we were all in the business of building community and being good neighbors." Townspeople were excited at the possibility that the store might reopen. Yes, the planners' shift from our original event-heavy proposal to opening with a fully stocked store was

disruptive to our group, but in all our discussions, revitalizing community spirit was an integral component. On this objective, all participants agreed.

MILESTONE: *We have leadership*

I attended that first meeting in February 2008 out of curiosity, but by the end of it I had taken on the task of drafting the response to the Request with three others, and had picked up the ball of leading the group from a business perspective. I had realized that the Trust was seeking a business proposal, not just a list of ways we could use the space. We could still have those fun aspects, but we first had to show a viable business plan.

The unintended consequence for me was that, then in my second year of retirement, I had essentially a full-time volunteer job.

As I look back at my role in the planning process, I believe that my natural optimism and faith that things would work out were key to being able to guide this process to completion and success. The breadth of my background enabled me to write and edit, to see the big picture as well as the detail, to envision and articulate the steps needed to achieve a certain goal, and to lead a group to reach that goal. I could also understand financial matters reasonably well and was skilled enough in spreadsheet use to be able to analyze monthly results to obtain key ratios.

In mid-June 2008, Paul Bruhn sent an e-mail to the planners outlining his understanding of our agreement and what remained to be done. This became the foundation for our subsequent Memorandum of Understanding with the Trust. There were still a few items to work out, but in essence, we had reached "*GO.*"

Lessons Learned

- Early in the process, develop a statement of what your group is working toward to help guide decision-making. This can be a living document through this period.
- If working with a group, select one person to lead negotiations who, at least initially, is ambivalent about the outcome.
- Cultivate energy and enthusiasm for the project within your team.

- Accept that there will be bumps along the way. Acknowledge them, learn what you can from them, and move on.
- Use the best communication techniques you know to ensure that everyone has the same understanding of the topic at hand. Double check any statement or action that seems surprising.
- Consult with others who have done what you're thinking of doing.

June 2008 until opening in August 2009

The Process: Now What Do We Do?

We had made the commitment to the Trust to reopen the store and the community was excited. From this point, and for more than a year until we opened, our group met at least every 2 or 3 weeks, identifying what had to happen to get to opening day and checking in on our progress.

The group's makeup shifted a bit and now included some with construction talent and other skills needed to make the place usable.

Early in the negotiations we had identified a number of goals that we'd need to reach to help us decide whether to take on the project. At that time, we prepared a plan to guide us to a deliberate yes or no decision at each phase. Once we leapfrogged to "Yes," more than half the points were *still* relevant and new ones were identified. There were so many moving parts that, almost daily, I made lists of items that needed to be at the forefront of our attention. We did not create a new plan then – I think that it might have been too overwhelming – but, once we got to within a few months of our anticipated opening, we did create a new plan to lead us to opening day.

The broad categories of what needed to be done were:

- Organizational
- Financial
- Construction, Renovation and Regulatory

I'll touch on all of these in the following sections.

Getting the Organization Organized

We first had to tackle the boring stuff: legal incorporation and bylaws; forming a governing board; acquiring members; reaching consensus on a mission; and preparing a full business plan including pro forma[1] financials.

We had previously decided that our name would be the Shrewsbury Cooperative at Pierce's Store (SCPS). Our banking expert had filed a name registration with the Secretary of State, and we'd gotten a Federal Tax ID number. Now we needed to file the papers to formally organize as a consumers' cooperative under the laws of Vermont.[2] Then a bank account could be opened in the SCPS name with our $600 "earnest" money from the original planners.

Fortunately, we had been given the name of a Vermont attorney who specialized in co-ops. He told us that we didn't really need him yet, but he did send model incorporation papers that we completed and filed ourselves. The Shrewsbury Cooperative at Pierce's Store was officially incorporated on November 24, 2008. It was getting very real.

When we reached the step of preparing bylaws, we needed lots of help from our attorney to customize them. Whereas articles of incorporation are primarily "boilerplate" language, bylaws reflect what an individual organization envisions for itself. The challenge is to include just enough specificity, since membership action is required to modify or amend bylaws. A fine line must be drawn so they are specific enough to provide guidance but generic enough to be flexible. Our attorney gave us a draft that we worked through and made specific to SCPS. Two of us worked on the language, using bylaws from several other food cooperatives in our region and others from the Web. Neither of us was a lawyer so we had some uncertainty about the meaning and intent of various phrases. The attorney was very helpful in ensuring adequate language that served a necessary or useful purpose, among other things.

The major challenge we faced while writing the bylaws related to the terms and benefits/rights of ownership in the co-op. The details are not spelled out. Instead, all the bylaws say on the matter are that to be an owner, one must *"purchase each year not less than one nor more than ten shares at their issuing price as determined by the Board of Directors."* and *"Each owner shall be entitled to make purchases from the Co-op on terms generally available to owners."*

We have a policy on "Rights and Obligations of Owners" covering specifics of the terms of membership that can be changed easily if we want. For instance, we might want to revise the meaning of "household," or perhaps change the benefits or the share price. Policy changes only require approval of the Board of Directors.

Shares in a co-op are similar to those in a public corporation in that they represent ownership. A key difference is that voting in a co-op is restricted to one vote per household (or other designation of membership), no matter how many shares are actually owned.

Once the bylaws were finalized to our satisfaction, they were approved at our organizational meeting of members on June 14, 2009 and have so far met the fine line we sought.

There are many ways to structure membership. In our case, we quickly rejected the idea of pricing shares to raise a lot of money. Instead, we wanted a lot of shareholders who would be making a commitment to shop in the store. Our shares cost $20 per household. This seemed simplest to us, though other co-ops may price individual and family shares differently. We chose the term "household" to include all those people with whom you would typically share meals, even if only on holidays, such as children away at college. This is the broadest approach and also covers non-traditional families.

An owner has an obligation to purchase a share each year to maintain active status and retain rights of ownership. We initially offered shareowners the right to a 2% discount on most regular purchases, and the opportunity to participate in the governance of the organization.

Technically, share purchases in a co-op create an *ownership*, not a *membership* relationship. However, the people who purchase a share in a co-op are often called and think of themselves as "members." This is an ambiguous area and one around which it would be wise to have legal advice to ensure the securities legality of your shares.

Some co-ops, including SCPS, have discussed shifting the member benefit away from an automatic discount on purchases, which in essence gives money away before the business knows that it has it. In fact, in 2016, the amount of discount the Store gave nearly equaled the loss for the year. The alternative that many co-ops have adopted to is to track member purchases

through the year. If there is a profit at the end of the year the board might decide to share it with members in proportion to their annual purchases.

Another issue we wrestled with in the bylaws was decision-making. The sample bylaws we used provided for consensus decision-making[3] and many co-ops use it. We opted for this approach because it typically yields stronger, more unified board support, even though it can be slower than a majority vote. It has been a good learning experience for all of us to use this method. We did not perform extensive research or hold any lengthy discussion on this point, and it might have been good to do so, as it can be – and for us it has occasionally been – difficult in some situations to reach consensus. We went with what seemed to be common practice, but it would be a subject worth investigation.[4]

The process of organizing also included forming a governing body, acquiring members, reaching consensus on a mission, and preparing a full business plan. These interrelated items consumed much of the planners' time and energy.

While there needs to be some sort of structure to move things forward, it should be remembered that everything up to the time of the organizational meeting is informal. In a sense, the organization has an identity with a name, interested and motivated participants, but it has no "body" until the members gather and vote.

Articles of Incorporation for cooperatives in Vermont require at least five incorporators. Five of our planners agreed to act as incorporators and also to serve as our initial governing and decision-making body. The remaining members of the planning group continued to be involved as well. It was not until our organizational meeting of members in June 2009, however, that a formal board of directors was elected.

Consensus on the Mission

Before we sought members or solicited donations, we needed to have a reasonably solid business plan. This started with a reexamination by the planning group of what we envisioned for our future. The original mission statement developed at that first brainstorming meeting in February 2008 (see page 4) had served us well as we formulated ideas and turned them into a proposal for the Trust, but it was not what we needed now that we were organized and preparing to begin operation as a store. We would keep four

important themes from that original statement in our new mission. These were all vitally important to the Preservation Trust as well.

a. Revive the Store's role in the community
b. Provide a local alternative to Rutland's chain stores
c. Offer an assortment of high quality, competitively priced goods
d. Provide a venue for local people to gather

Over several meetings, we ultimately reached consensus on the following statement that was taken to the first meeting of owners and approved.

> *"The Shrewsbury Cooperative at Pierce's Store (SCPS) is a community supported and operated enterprise. It is a gathering place as the store was for nearly 150 years until it closed in 1993. As a cultural center, we bring the community together for events, food, work, and fun. As a store, we provide an affordable mix of conventional and locally produced groceries and the work of local artisans."*[5]

Drafting the Business Plan

The business plan had to be able to persuade a potential investor or partner that we knew what we were doing and that we could be successful. *Egad!*

Fortunately, by this time an individual had joined us who had experience working with troubled small businesses. This background added invaluable insights and attention to detail as we drafted the narrative and the pro forma budget and financial materials. It also helped decrease the potential that we would become one of those troubled businesses.

We sought advice and assistance from the Vermont Small Business Development Center (SBDC). Although their normal client is a profit-making venture as opposed to a non-profit co-op, the guidance and information about our local area that we received from SBDC was critical to helping us see our way to taking on this venture. Their step-by-step workshop on developing a business plan was of tremendous assistance. Our SBDC counselor was available for many meetings and phone calls as we worked our way to opening day. She helped us draw reluctant board members into decision-making, identified the pros and cons of various financial choices,

and looked at our pro forma financials with her background knowledge of other small grocery stores.

SBDC provided demographics for our area that showed numbers of households within 1, 3, and 5 miles from the location of the store. This data included household size, income and shopping habits in great detail. (There is a shocking amount of information available on how we spend our money. Among the sources may be Census data, those annoying supper-time surveys, and retailers' sales figures.) While some of the information seemed out of sync with what we thought we knew about our neighbors, we found the core information to be extremely helpful.

These demographics gave us heightened confidence that we could be successful. We took the data from within a 3-mile radius of the store and identified the number of households and annual grocery purchases. We found that if we could capture just 15% of those purchases, then this would yield store income of over $112,000. That seemed like a lot of money, but it broke down to weekly purchases of only $12 for each household.

We never thought that *everyone* who lived within 3 miles would shop at Pierce's. But then, neither did we expect that our only customers would live nearby. The nearest full-service grocery store was 10 miles from North Shrewsbury. We would benefit from our proximity to a popular scenic drive during the summer and fall, nearby access to hiking and snowmobile trails in the Coolidge State Forest, and extensive public lands used in hunting season. These activities brought non-residents to the area who could stock up at our store. The Adamant store's annual sales at the time were approximately $100,000. The realization of these factors added to our growing comfort with the venture.

In the business plan we identified our anticipated core and specialty shoppers, products and services, marketing and promotion, hours of operation and financial situation. This process helped focus attention on what we needed to do to prepare for opening day. In part, the plan identified the need to raise nearly $70,000 as soon as possible. The major components of this need were $25,000 for opening inventory, completing the renovations, and equipping the store; and $39,000 for three months' operating reserves. This was the minimum reserve SBDC recommended, based on their experience working with similar businesses.

The pro forma financials were the hardest section of the business plan to create. We thought of the income statement as essentially a budget, showing income and expenses. We had advice from the SBDC and copies of Adamant's recent income and expense reports as an example, and we spent hours on the phone with a former small storeowner who gave us critical advice on all aspects of the business.

But where to start? There were the plans and the demographics, SBDC information, and advice from several sources. How to pull it together into our own useful, realistic business plan? We planned to have a bakery (and a paid baker) and also take-out dinners prepared by volunteers from the community. We anticipated that local artists and crafts people would place their goods on consignment in our back "café" room. And we expected to have workshops and fundraisers that would generate some revenue. Although we were still apprehensive about how many people would actually come into the store, we felt reasonably comfortable based on the demographics. We started putting annual sales figures next to each of these categories, but still weren't comfortable with that approach because we were just pulling numbers out of the air.

In a change of direction, we started with anticipated expenses. We made our best guess at all expenses using information from peer businesses (electrical costs for refrigeration, propane for stoves, etc.), or historic costs for essentials such as fuel and electricity (from the store's previous providers), taxes and routine maintenance. We talked with three insurance companies and obtained quotes, again based on our best guess at the value of contents.

We did not include any paid staff (we anticipated a part-time manager and our baker, also part-time) until we were able to calculate what we could pay. Then we wrestled with what we wanted to pay to be fair, versus what we thought we could afford.

We calculated what the gross profit would have to be to pay the expenses plus a rough wage estimate. That profit comes from the difference between what we pay for inventory and the price we sell it for. And that gave us the revenue side.

The income statement that we eventually approved showed a net profit for our first year of $576.

I thought that the process of building those pro forma financials was a little like playing darts blindfolded. We just had no idea if it would work.

The relationship between SCPS and the Preservation Trust of Vermont has many benefits. One relates to income and expenses: SCPS receives a subsidy of $10,000 per year from the Trust to pay the ownership costs of taxes and owner's insurance. Any remaining funds cover utility costs. These monies come from a fund that Marjorie established at the Vermont Community Foundation specifically to assist the Preservation Trust's effort to encourage the reopening of the store.

Under the lease agreement with the Trust, if and when our annual gross revenue from operations exceeded $150,000, we would pay 3% of the overage as rent to supplement the maintenance fund held by the Preservation Trust. SCPS actually surpassed this seemingly impossible threshold in our first full year of operation and has continued to do so in each year since. Major repairs and upkeep are typically reimbursed annually from the maintenance fund.

Acquiring Members

We had a huge benefit coming into the venture: the historic Pierce's Store caché within the region. In its later years of operation under the Pierce family, the store was known in the wider Rutland-area community as a special place to go for an outing – especially when out-of-town family and friends came to visit. It represented the "true, old-time Vermont." The store was periodically the subject of feature articles in regional newspapers and when the Trust started looking for an operator, even the *Boston Globe* ran the story. The daily *Rutland Herald* regularly reported on our activity as we prepared to open, as did Vermont Public Radio, and commercial and public television stations. The *Shrewsbury Times*, a monthly paper of news and events in the town that is distributed free to all residents, occasionally ran progress reports and photos beginning at the end of 2008 to heighten awareness of what we were doing. Beginning in April 2009 we published the share purchase and/or membership forms in the *Times*. We also included information about our fundraising efforts and a donation form.

During the pre-opening phase approximately 25 people from the community actively participated in one way or another in getting the store ready to open, whether it was suggesting items we should carry, raising funds, or "just" brainstorming what we should look like and how we should

operate. These individuals shared what they were doing with their friends and neighbors and ultimately drew others in. The excitement grew.

On March 28, 2009, we held an open house in the still unfinished store space to promote interest in the store and in joining the co-op. About 50 people put their names on the sign-up sheet from that event, some from outside of Shrewsbury. And we had information available about purchasing shares in the venture.

By the beginning of June, 38 households had purchased at least one share. Our pro forma budget anticipated acquiring 40 shareholders throughout the entire first year of operation. By the end of our first 12 months of operation, we had about 175 names on our member rolls. The rolls have continued to grow. By the end of 2019 we had over 400 current or past members on the list.

At $20 each and a 2% discount, a shareowner would need to purchase $1,000 worth of goods in a year before seeing a positive financial benefit, something we thought unlikely to happen very often. It would mean spending nearly $20 a week in the store. Our budget anticipated that shoppers would spend $12 a week, and we were apprehensive of achieving even that level. By the time the store had been in operation for a decade, many members did in fact receive a positive benefit from their share ownership because of the amount of their purchases. However, many people purchased a share as a way of showing their support for the venture and declined to take the discount. In our first year of operation, the average transaction was less than $10; at the end of 2019, it was over $13. At that point, close to half of all sales were to members.

On June 14, 2009, about 40 members crowded into the main area of the store for our organizational meeting. Our agenda included 1) what had been accomplished to date and what remained; 2) our pre-opening financial report that showed we were still about $12,000 short of our fundraising goal; and 3) the anticipated timing until opening. We were looking at mid-August. We also elected a board of nine people, and all were enthusiastic about what we were creating. It was an exciting time for all of us, and it further reinforced my feeling that we could be successful.

Lessons Learned

- Even if you are working alone to open your business, tapping into others' ideas and experiences will be invaluable to your process – most of these wheels have been invented before.
- Whether or not you are considering a co-op, find and consult with a lawyer familiar with the form of organization you have selected. Work with a bookkeeper or accountant to help set up your books.
- Keep working on a mission statement until all the people involved are comfortable with it.
- If you are working alone, it is still important to write down on paper what you want your project to look like as it will help guide your future decisions.
- Don't skip the business planning process: it can help you identify your core customers and learn more about your market.
- If you haven't done so already, when you begin writing your business plan, you should consult with a local Small Business Development organization. They usually offer seminars to help people thinking about opening a business.
- As you prepare your pro forma financials, use the best information you can find to provide realistic numbers. They may be guesstimates but, the more solid assumptions you can identify, the better off you'll be. Look at your financial projections with skepticism and test them against common sense and whatever outside resources you have.
- Get the word out about your venture as soon as you're sure you're going forward. Try to get local media interested in your story. Nothing beats free publicity. Keep talking it up. If you are going the co-op route, start your promotion with your core customer group as early as possible. Involving them in your planning and preopening tasks builds a sense of ownership early on.

Getting Financing in Place and Securing Financial Details

Fundraising

At this point, the challenge that loomed largest over our heads was finding the money to get the store open. The Preservation Trust had agreed to pay up to $20,000 – using some of the funds that Marjorie had put aside – for capital equipment and renovation costs, on the theory that if SCPS was not successful at operating the store, the renovations and equipment would stay with the business to benefit any future operator. The goal we had identified included about $15,000 additional renovation and equipment purchase costs and $10,000 to put initial inventory on the shelves. Our pre-opening budget shows the breakdown.

It should be pointed out that unless your business is eligible for non-profit, 501(c)(3) status, the only way you could be eligible to receive grant funding is through an intermediate fiscal agent. This could be an existing tax-exempt organization such as the local historical society or public library. There are some periodic special purpose funds from governmental agencies such as the USDA or Homeland Security, but these too need to go through an agent. There are likely many more sources of funding. It is a key area for research.

There are three primary sources of community funds without going through traditional lenders: charitable contributions; charitable lenders, who expect a return on their investment that may be lower than a traditional lender would require, plus a return of their capital; and community support through co-op membership.

Our mission would not qualify us for a non-profit, 501(c)(3) designation so grant funding directly to SCPS was not an option. However, we soon learned from the Preservation Trust that there was a grant possibility. Additional funds at the Vermont Community Foundation from Marjorie's estate are available to support its community building programs. Using the Preservation Trust as a fiscal agent, we applied for $30,000 from those funds toward the target. We received the full amount, but not all at once. Half was given right away, and the balance was contingent on our raising another $15,000 from individual donors.

I was initially disappointed at the approach, but soon realized that the arrangement would be a big incentive as we raised private funds. Having a

challenge grant aided our fundraising immeasurably. We prepared a plan of attack (*see pages 26 and 27*).

A few of us identified some potential major donors in town. We also knew of a number of people who had given to a special scholarship fund established when Marjorie died. Many of these people had known the Pierce family over the years or knew Marjorie when she was a teacher. We designed a fundraising campaign (using the Trust as agent so that contributions could be tax deductible to donors) that would begin with personalized letters to a couple of dozen potential major donors. We would include a special brochure with the letter that described the plan for the store and the need. These letters went out in late February/early March of 2009 – the same time the stock markets were plummeting to their low point during the Great Recession. The team working on this phase of fundraising followed up with phone calls if the letter did not generate a reasonably prompt response.

How you show progress toward your goal doesn't need to be elaborate.

We announced our fundraising campaign through the town newspaper. Once we had raised $20,000, we began to keep a graphic in the store window so people could see the progress toward the goal. This visual was important, because as we got closer more people were willing to put their own contributions into the project.

A letter to the full community went out in April 2009 and included a brief history of the project and plans for the future as well as a return donation information card. This mailing sought not only financial

contributions, but also co-op members and volunteers for our venture. By the end of June, we had more than matched the $15,000 and were close to 85% of our goal. At that point we had more than 40 donors, about three-quarters of them from Shrewsbury. Individual donations ranged from five dollars to several thousand. The community was coming together behind our project.

We tracked donations regularly and provided a full monthly report to our board. The Trust sent formal acknowledgements valid for tax purposes for all donations that flowed through their accounts.

A word about raising money, since many people are afraid of fundraising and think they cannot do it. I had some small experience raising money for community projects. Being the optimistic person that I am, in one instance I went to a potential donor and after talking about the project, blithely asked him for the entire amount we needed to raise. I can still see myself on the couch in this person's living room, looking at the lovely orchid on the coffee table in front of me and awaiting his answer. "You want me to give you the whole amount?" was his skeptical response. He declined; however, the group did get a matching pledge from him and eventually raised the funds needed to complete the project.

Since that experience I have done more fundraising for another organization with which I was involved. I've learned that the key is to be passionate and knowledgeable about your subject. Make it clear that you have already contributed, whether in cash or sweat or both – it doesn't really matter. Some people do not like to solicit people they know, for others it's their preference. If you're new to the task, it's good to have someone give you guidance and even role-play the conversation. It will make it much easier for you to talk with potential donors.

There are many sources of guidance on raising money, including online and regular classroom programs, books, and seminars. Any charitable organization you might be involved with probably has someone whose responsibility is to raise money for the group. Most likely this person would be willing to give you some guidance. Ask around.

Estimates and Sample Approaches for a Fundraising Plan

estimates @ month. 202x

Needs:

balance on interior renovations & equipment purchases	$15,000
initial inventory	$10,000
plus 4 months inventory replacement	$22,000
4 months wages	$16,000
	$63,000

Sources:

	#	AVG SIZE	TOTAL RAISED
Angel investors	10	$1,500	$15,000
Smaller investors	50	$250	$12,500
			$27,500
Grant			$30,000
Additional sources of capital			
Share purchases ($25/share)	40	$25	$1000
Prebuy accounts	25	$150	$3,750
			$4,750
			$62,250

The estimates are for talking purposes – it is constantly being revised through conversations with other businesses on the "need" side; and with sanity conversations on the "sources" side.

Continued next page

1. Phase I – Major donors
    a. Meet to identify a group of potential "angel donors"
        i. [Who?]
        ii. Seek input from others?
        iii. Try to id how much to ask for from each
    b. Prepare letter & materials (summary financials & business plan) to angels
        i. Seek input
        ii. Print and mail
    c. Contact potential angel donors
        i. By letter first
        ii. Then visit in person – who?
    d. Follow up with phone call to set meeting date and time
    e. Meet and follow up

2. Phase II – Smaller donors
    a. Prepare letter to go to community at large and others
    b. Include summary financials and business plan in mailing
    c. Hold community meeting in Feb/Mar about the store to get people interested and involved – promote fundraising, volunteering, membership drive

3. Phase III – Shareholder (owners/members) drive

Insurance

Insurance can be a mystery to many. Generally, we know what it's for and why it's needed, but understanding the details and terminology can be confusing. We found it difficult to evaluate one company against another since each broke out their quote in a different way or had a different level of coverage for certain items. Finally, we were able to get relatively close comparisons for our situation. But it was nowhere as easy as comparing prices for quarts of milk. A good idea is to consult with similar businesses to learn their satisfaction with different companies.

When we formed our first board, a few members asked about directors and officers, or D&O, insurance. This form of insurance provides coverage against lawsuits (except for malfeasance) for existing and former board members. Concerns were for accidental falls on our property, illness or injury from food we sold, and the like. Not every co-op board carries this insurance, but we decided to do so. There was a sense among the planners that D&O insurance was prohibitively expensive, but on investigation we found it a manageable cost. Several prospective board members have since asked if we carry it before they commit to joining the board. It is something a board should at least discuss and investigate before dismissing.

The other insurance the Trust (as owner of the property) and SCPS jointly carry covers the building, the personal property of the business and general liability. We also opted to add an umbrella policy to boost the coverage limits. In addition, SCPS carries workers' compensation insurance.

Our liability insurer wanted several modifications to our facility, including a railing across the front porch and an appropriate barrier around our wood stove. We also had to perform lead paint abatement in the adjoining Pierce house since it would have a tenant. This was the costliest requirement.

Financial Systems

We were fortunate to have several board members who were knowledgeable in various aspects of business management, including bookkeeping. One agreed to select an accounting software program and set up the "chart of accounts" that enabled us to track sales and expenses of specific types of goods: groceries, baked goods, beer & wine, consignment, and so forth.

We thought we could not afford, and probably weren't large enough to have, a point-of-sale or POS system with a scanner. As a result, the salesclerks had to properly key in each purchase on the cash register at checkout. At the end of each day a register tape summarized the value of sales by product category. These amounts were then entered into the accounting software so that at the end of the month we knew how much was sold in each grocery area. Similarly, when we purchased goods, they were classified according to the same system, creating a corresponding cost of goods. All of this data resulted in financial statements at month and year-end that helped us manage the business.

Lessons Learned

- Try all possible avenues to find charitable funding before looking at loans. You'll be better off if you don't have to start out in debt. A couple of our planning members offered no-interest loans, but even these would have to be paid back. If we hadn't been able to raise the capital otherwise, then it would have been the next place we looked.
- If you've never raised money for an organization, don't use that as an excuse that you can't do it. That's not true. Everyone who is now a fundraiser had to learn how to do it. You, too, can be a success at raising money for something you passionately believe in.
- When visiting a prospective donor, be sure you have material that explains the project, answers key financial questions, and contains contact information. Consider including a self-addressed return envelope so the donor doesn't have the excuse that they couldn't find the address.
- Unless you have the experience yourself, find people who have dealt with insurance for a business to help you out. Push the agents you're dealing with so you can get quotes as close to "apples to apples" as possible. Study your policies and ask the agent for explanations so you understand what's covered and what's not, and where deductibles apply.
- If you don't have enough financial knowledge to run and manage the business, be sure to find someone to work with you who has that expertise. Several good bookkeeping software programs are available and should be able to provide reports that will tell you how you're doing based solely on the numbers.

Construction, Renovation and Regulatory Considerations

Unless you are building a new structure for your business, your facility will likely need some renovations. These might be to reconfigure the space to accommodate your products or services; to add energy efficiency measures; or to expand the space you have. The possibilities abound.

But whatever your project, every type of renovation, or new construction for that matter, will require some, if not all, of the same things: funds, permits, labor, equipment, decisions, and time. Based on our experience, you should expect that your project will take longer and cost more than you anticipate. Also expect that you'll run into snags, whether with permitting, finding labor when you want it, or equipment breakdowns. Finally, there will be many more problems brought to you for decision than you can imagine.

Construction & Renovation

The interior space we inherited when we agreed to reopen Pierce's Store had sat vacant for 15 years and was – there is no other way to describe it – a mess. The Preservation Trust had done significant infrastructure work after Marjorie died: the building envelope and systems, new septic, new roof, some new electrical wiring, and plumbing. However, there was still lots to be done inside. The main retail area had paperwork in the drawers from the '70s and '80s. Mouse droppings and years of dust covered most everything.

The Pierce family used the space behind the main retail area as a storage and work room. The store that we envisioned and opened included both as public spaces. The Trust had begun renovating the back area so it could accommodate a kitchen, café area and bathroom. But the floors, walls and ceiling still needed finishing. The kitchen space was only sheet-rocked; the layout needed to be decided and counters installed along with plumbing and electric based on the layout.

The retail area most reflected the old-time store. Tradition emanated from the dark varnished wainscoting walls, fixed shelves, a pair of long counters, a wooden floor and a black ceiling. Analysis of the black ceiling showed that it was coated with a hundred years of cigar smoke and soot from the wood stove.

We had to decide how to configure the kitchen and the "deli" areas, and how to use the retail space most efficiently. Also, what types of refrigeration would we use and where would the units go? Would regular coolers fit given the fact that the ceilings in the back were relatively low? Where would the compressors for these units go? Decisions in these areas affected plumbing and electrical work as well as the "flow" in the retail and café spaces. Oh, and what color should the deli area be painted – or would we leave the battleship gray for old times' sake?

Another decision we debated was that dark ceiling in the main retail space. There was a proposal to clean or cover it, but we decided to defer that costly project until later. Good choice. One of the first things people who remembered the old store would do is look up and say, "It's just the same!" To my mind, the dark ceiling was key to evoking the old atmosphere. It was an ongoing surprise and pleasure to me when people visited Pierce's just so they could experience the aura of the old-time store. Even if the Pierce tradition had not been part of our backstory, preserving the "old" while we introduced the "new" would have been vitally important to the success of the venture.

We made minimal changes to the retail area, only partly because the mission of the owner of our property is historic preservation. The space was dark, though, and only received natural light in the late afternoon when sunlight filtered in under the front porch roof. We asked for and received permission from the Trust to install a window in the wall on the south side of the room, so long as it was in keeping with the existing style. This took away some shelf space but added greatly to the appeal of the space and in retrospect was the correct decision.

The front of the store is right on the town roadside and requires access steps, so it was a challenge to provide handicapped access without major rebuilding. Because the store is a public accommodation, we were required to provide equal access regardless of physical capabilities. The Trust had previously installed a handicapped accessible bathroom. Using the long porch in front of the house and store sections of the building, we were able to create access with a ramp directly from the road. This led to a wide door that was previously used for grain deliveries. It is now the handicapped entry to the store. The interior space is also accessible with aisles in the café and the main store areas wide enough to accommodate a wheelchair.

Shelves in the "old" main room were removed so the wainscotting could be revarnished and shelves repaired and repainted.

Two new windows were installed in the south side to improve lighting in the main room and the deli area, shown above.

We thought that we'd be able to renovate and equip our store within the $20,000 the Trust had allocated toward that purpose. Used refrigeration units, even including the cost of servicing, cost less than if we had purchased new. Volunteers assisting with the renovations poured their time and energy into the building. Despite this, the total for renovations and equipment went over budget by roughly $5,000. Fortunately, we had this information in time to include it in the amount we wanted to fundraise.

Not only did we overrun our budget, but everything took longer than expected. While we paid the carpenters doing the bulk of the skilled work, we relied on volunteers to scrub, clean and paint. Most of the major carpentry work, begun in January 2009, was completed by the end of April. Then our volunteers set to work on the finishing tasks of cleaning, painting and varnishing, and general sprucing up. It was all completed by early August, just in time to begin stocking the shelves.

Regulatory Considerations

Before issuing its Request for Proposals at the end of 2007, the Preservation Trust had acquired the local permits that enabled the store to open, including the water supply and wastewater system permit, and the "conditional use and historic district review permit." We still needed to obtain other permits and licenses. Some permits are relevant to all businesses such as fire and safety, operating retail license, and our good standing certificate.

Permits and licenses are a critical area requiring a lot of research to be sure of having all the correct ones for your planned operation. Our SBDC advisor provided a wonderful guidebook to permitting and licensing for various types of businesses. We were fortunate to work with helpful inspectors from both the health and the fire & safety departments. They welcomed questions and provided useful answers and continued to do so after we opened. Building relationships with the local inspectors can be a timesaver when you have questions or problems in your operation.

Then there were the permits and licenses needed because of the specific nature of our business: from the health department because we had a kitchen and café; environmental permits relating to water supply, wastewater, and operation as a public water system operator; and other licenses relating to the sales of dairy products and meat; beer & wine; and tobacco.

In Vermont, the requirement to license retail scales applies to operations of 2000 square feet or greater, so we were exempt from that license, though we still were required to make a filing. Our sales & use, and meals & rooms licenses came from the state tax department. There is no occupancy permit requirement in Shrewsbury, however, in some situations there may be considerations as to total occupancy. Of course, the issuers and types of permits could vary by location of the project.

Had we needed to get all the local permits, it could have added months to our timeline to meet the various hearing, warning, and meeting time requirements of the particular town body. As it was, all we needed to do was to apply for a couple of modifications to the language in the original conditional use permit.

The Web contains a wealth of information on permitting and licensing requirements. However, it might not be as "user friendly" as you would wish. Here too, talking with someone in the same business as you'll be in is a great way to learn what permits you will need. The Small Business folks can be helpful here too.

Staying on Track

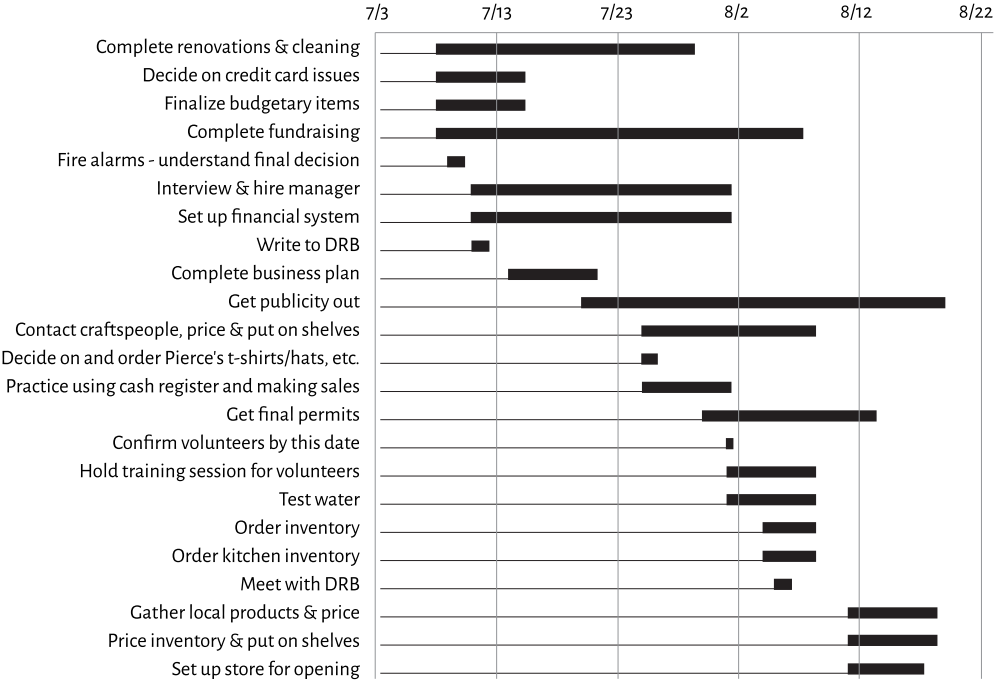
At times I felt like I was the "puppeteer" of the project and as such, it was important that others on our team had the same information I had. The last thing I wanted was to be the only person knowledgeable about any area. What if I were hit by a snowplow? About four months before we were scheduled to open, I prepared a multi-page outline of everything relevant to the project that I could think of. I included things like the Articles of Incorporation, which had already been filed but that required biannual filings to keep the business in good standing. My outline tied people to tasks and responsibilities; discussed the evolution from organizing group to the formally elected board; spelled out the current understanding of the relationship with the Trust; quantified our fundraising progress and current cash situation; and looked at opening-for-business requirements. This approach helped keep everyone involved aware of the current status of all aspects of the project.

Our group met weekly during critical times, when lots of decisions needed to be made or when we were struggling with an issue. Each agenda ended with a section identifying "Next steps" to help keep us on track.

I made a Gantt chart from the timeline we had prepared way back when we were barely sticking our toes into the water of this project. This type of chart, if you're not familiar with it, presents a picture of tasks in sequence and over time. It shows graphically the things happening concurrently, how long each task is expected to take, and whether the schedule needs to be adjusted one way or other, depending on the resources available to get the work done.

In the illustration, we can see that between July 13 and 23, eight tasks were ending, in process, or just beginning. I have found this sort of tool useful in planning a project and keeping it relatively on track. It is easy to adjust as time goes on, and to assign or change responsibilities for individual tasks.

Timeline to Opening on 8/20 – Tasks & Dates



Lessons Learned

- Always allow more time than you think you'll need. Things will go wrong, and unexpected things will come up. But having a deadline keeps the pressure on.
- Anticipate cost overruns because they will happen too.
- If you have an interesting physical space, whether historic or not, play it up – customers will love and respond to it.
- Be careful when determining what licenses and permits you need. Talk with other businesses like yours and talk with the inspectors too.
- Find a method that works for you and your team to keep tabs on all the moving parts so that everyone involved is aware of what is happening and what still needs to be done.

Yikes! We've Made It . . . We're Open . . . Now What?

Pierce's Store in North Shrewsbury, Vermont, reopened at 7:00 a.m. on Tuesday, August 25, 2009, after being closed for 15 years. Inventory and supplies worth $9,700 stocked the store. Would anyone come?

Our first customers, a local 10-year-old, and his father, were waiting for us to open the door. The young customer bought fresh raisin scones for himself and his Dad.

August 25, 2009, Opening Day. From left: Ginny Buckley, the Author, Paul Bruhn.

The two of us on duty that morning eagerly watched the road in front of the store for cars to slow and stop. And they did! That first day, 80 people came into the store and 58 of them purchased $337 worth of goods. We were thrilled. That amount wouldn't meet our budget, but it pleased us. Thirty percent of our sales were grocery items, 25% bakery, 11% beer & wine, and 7% dairy.

Up and Running

It is hard to know where to start, there are so many aspects to operating a store. The key areas, though, are probably inventory selection & management, and staffing. Decisions in these areas incorporate the essentials of financial considerations and business management. Without these components, no store will continue for long. I'll touch on these and some other areas below.

Inventory Selection & Management

We knew that we wanted a mix of products that would appeal to all parts of our community, a primary goal of Marjorie's and the Preservation Trust. That meant stocking a broad assortment of conventional groceries, organic and locally made or grown products, some gourmet items, dairy products, snacks and penny candies, beer, wine, cigarettes, health and beauty aids, and basic household goods.

We had recommendations from various other businesses of which vendors to use for the various types of products. In June, two months before opening, the arduous process of choosing distributors began. Just a few of the considerations included minimum order requirements, delivery schedules and restrictions, breadth of product lines, and rapport with the representative. Of course, price was also important, but if we were stocking close to 1,000 different items on our shelves, it seemed that we couldn't seek out the lowest cost for each one.

Back when we first made the decision to operate a full store, we compiled a list of inventory categories and items to stock. Our goal was that customers could find just about anything they needed, though not necessarily the brand or size they would ideally want. The list included dairy products, bulk spices, and capers; duct tape, dental floss, and diapers; granola, toilet

paper, and penny candies; dry yeast, canned vegetables, and frozen dinners; jams, rice, and pet food. This is where we started and though the inventory quantities and mix have changed over time, these core items are still available.

In our first months of operation, the primary customer was male, seeking a quick snack or an easy meal. We sold a lot of beer & wine, dairy, grocery and bakery items. These continued to be top sales categories, though our customer base broadened to represent all of Shrewsbury. Many arrived with their grocery lists for the week to get what they could at Pierce's before going to the big stores in Rutland. It was surprising how many needs were met. Epsom salts? Yes, we had them. Batteries? Windshield washer fluid? Local meats? Commercial and artisanal cheeses? Kitty litter? Waxed paper? Packaged mac & cheese? Yes, to all.

Newspapers were a popular item. They didn't contribute much to the bottom line, only a few cents profit on each one sold, but many customers who purchased a paper also got a cup of coffee and perhaps a scone or muffin. On those days when we sold out of a paper, some customers were disappointed. Distributors gave credit for unsold papers.

Four major vendors supplied our entire core inventory. In addition, milk products, eggs and some cheeses came from one local dairy and ice cream from another; we used two beer & wine distributors; and we purchased candies, cigarettes and snacks through a local wholesaler. For a while we used one of the national big box stores for some of our core inventory, but the nearest one was 70 miles away. It only made sense to use that resource if someone was already traveling in that direction. For the most part, we stopped that time consuming form of inventory management. Instead, about 20 local and regional vendors came to the store, some delivering a couple of times a week, some weekly, and some less frequently.

After opening, inventory selections shifted and expanded greatly in response to customer requests and preferences. I particularly remember one afternoon early on when a customer was looking for dinner. He wandered about looking at the shelves and in the freezer and finally commented, "It looks like my mother stocked this store." His frustration told me that we didn't have enough on the conventional foods side. We scaled back on gourmet products and expanded both conventional and organic choices.

Our inventory grew. At the end of 2010, the value had stayed essentially the same as our opening: just under $10,000. Over time the inventory levels varied, but 10 years on, it was between $18,000 and $20,000. This growth was mainly in response to customer requests, and our additions based on the types of items that were selling.

The goal was to try to manage our inventory so we had only enough in stock at any given time until the next delivery day for each item. Although the point-of-sale system helped, it was a monumental task given the delivery schedule of only once a week for most items. Introducing new items to our shelves presented a real challenge. Ideally these were items that we could purchase "by the each" rather than bringing in a whole case of 12 or 24, but that was not always possible. (The ability to purchase a single item versus a case lot is usually determined by the vendor.) By studying what products sold well and at what prices, we made a semi-educated guess about whether a new item would work out. And if the pricing didn't work out, we needed to adjust the price until it sold to make room for something else.

Customers drive inventory choices, of course. Most of our patrons were local year-round residents. These individuals looked for meals, parts of their grocery lists, or emergency supplies such as children's medicine, batteries, mousetraps, milk, and toilet paper. We also served a significant number of second-home owners who requested various specialty items. The bed & breakfasts in town often directed their guests to Pierce's to see the "old-time" store. These visitors found gifts and mementos of their time in Shrewsbury in our local consignment crafts. We carried maple syrup from six different Shrewsbury sugarhouses, a favorite for all our customers.

An interesting aspect of inventory management can be illustrated using Pop Tarts. We had a couple of varieties in the early years that sat on our shelves for many months and finally made their way into our bargain bin – items that we offered at a reduced price – still good, but past the best-by date. One year, some summertime hikers requested Pop Tarts because they were convenient and nutritional "enough." Sometimes parents requested them for school snacks as well. So we started keeping one or two varieties on the shelves. There is just no sure way of knowing whether a particular item will sell. Trial and error is often the only way to find out.

Bakery and Other Fresh-made Goods

Our baked goods were a big draw for customers right from the beginning. Fresh blueberry or peach scones and muffins, sticky buns, whole grain breads, and ginger and chocolate chip cookies all had regular followers. Our baker's scones were like none that anyone had ever tasted. Rather than dry, triangular biscuits, his were round, rich, moist treats filled with flavor and goodness. Without a doubt, more than one "Shrewsberry" put on a few pounds after we opened. At the holidays that first winter, the seasonal special "Russian Teacakes" were so popular that they had to become a year-round staple.

As colder weather arrived in our first year, fresh hot soup became a daily special. Some customers came in for a quart early in the morning to take to the office for the staff to enjoy. Others stopped in for a cup at lunchtime. If any soup was left over at the end of the day, it went into the fridge for sale the following day. A microwave on the counter allowed a customer to reheat it and eat it at one of our tables.

I want that cookie! In the "new" store, the candy case became the bakery case.

An interesting small-store accommodation we made in both the commercial foods and our in-house products was to respond to individual allergies and dietary needs. Customers with gluten free diets would find "GF" muffins and brownies made fresh in our kitchen on a regular basis. We also stocked commercial GF cookies, crackers, pizza shells, and other products, highlighted in special sections on our shelves. Because of peanut allergies in our local school, we carried alternatives such as almond or sunflower seed butter for sandwiches.

We began having volunteers make sandwiches, initially offering just a basic ham, turkey or roast beef with one type of cheese on the bread of the day. Eventually, we offered toppings such as hot and sweet peppers, cheeses, tomato, lettuce, pickles. We also made wraps. The function was provided using both volunteer and paid staff. However, the sales did not support having a paid employee, nor did they warrant the cost of the perishable inventory. As an alternative, we purchased premade sandwiches and grinders from an enterprising nearby deli. These were well packaged to minimize deterioration of the foods and were very popular. During the summer, we purchased premade salads that were outside our baker's regular menu. These popular quick meal choices made up for the fact that we did not offer custom-made deli items.

Store-made pizzas in the freezer, and regular quick meals from our kitchen were available on a regular schedule. Meals included chili con carne, chicken stew, beef goulash, lasagna, macaroni & cheese, and baked ziti. Generally, these were available from lunch through dinner out of the crockpot or as packaged servings in the cooler for reheating. We put the anticipated calendar for the month in the *Shrewsbury Times* so that shoppers who wanted one of the meals or a particular variety of soup knew what day to check for it. We also listed the types of pizza for the month. It required advance planning by the baker, but it let us better serve the community.

Contractor or Employee?

While our SBDC counselor had recommended against it, we placed our baker on staff from the beginning (part-time, hourly) rather than engage him on a contract. (In broad terms, the employer has less control over a contractor than over an employee, though it does not have to pay taxes on a contractor's wage. Strict rules apply.) One of our early peer advisors told us

that a small store shouldn't have anyone on staff who cannot do everything needing to be done. But we wanted the bakery, and you can't stop a baker in the middle of weighing out equal lumps of bread dough so that he can ring up a customer's order. And then another. The bread won't get finished.

There is probably no right answer to the question of employee vs. contractor. Individual considerations will vary from store to store. In our case, the biggest reason to hire our baker was that he was well-regarded within the community and people knew the quality of what came from his kitchen. He brought many people through the door. His presence added a critical component to the Pierce's Store reputation and personality. It is very difficult to determine whether the decision was the most advantageous from a pure business perspective. But from the community's perspective there was no question – it was the right thing to do.

On the other side of the coin, one problem with having a staff member rather than a contractor or outside supplier providing a product for the store is that the person has no "skin in the game." He or she is paid whether customers like the products or not. Another consideration is that early advisor's recommendation against having any single-function employees.

Local Products & Consignments

We stocked as many products from local Shrewsbury producers as possible. This included grass-fed beef, eggs, chicken, pork, sausages, granola, pickles, salsa, and maple candies including fudge. And of course, syrup. Throughout the growing season, we stocked a wide range of vegetables and fruit grown by Shrewsbury farmers. This was mutually beneficial because we were able to offer our customers a good assortment of fresh, healthy products and the supplier received the wider exposure the store could provide. In a recent year, sales of Shrewsbury products represented close to 8% of our total sales.

Our original proposal envisioned a consignment section where local artists and artisans could display and sell their wares. This concept formed the décor for our café area. Shelving and tables around the room held pottery, wooden bowls and other wood-craft items, jewelry, knitted and felted goods, basketry, hand-blown glass, quilting, and hand sewn clothing, all made by people from Shrewsbury or nearby towns. We also had paintings, note cards and photographs from locals. We never thought this would be

Consignment items were the décor in the back "café" room.

a big contributor to our sales figures, but it drew shoppers into the store for gifts, particularly at the holidays and during the summer months. The craftsperson set the price and received 70% of the proceeds while the store received 30% for the sale. It was one area of the store where customers could find something unique and representative of our town. It was also a wonderful outlet for our local craftspeople and broadened their exposure to the general public.

Beer, Wine and Tobacco

I want to discuss our decision-making process around carrying beer, wine, and cigarettes. Initially, the planning group was opposed to carrying any of them. Historically, Pierce's had sold tobacco but not alcoholic beverages. This fact colored some of our conversations about the topic.

I remember asking Paul Bruhn if the Trust would have a problem if we chose not to sell these items. He was essentially neutral but suggested that carrying them is one way a store can say, "we intend to serve the entire community." Regarding beer & wine, he thought we could be missing out on a good profit center. He also wondered whether the store would appear exclusive and seem to be making a moral judgment about people who chose

to use tobacco and alcohol if we opted not to carry them. But he left the choice to us.

Wholesale distributors confirmed Paul's thoughts and what other shopkeepers had told us: if you don't carry beer & wine, you'll lose customers who might also purchase milk, eggs, and a quick meal. They made the same comment about tobacco.

Once we had a formal, elected board in June 2009, we raised the beer & wine question again. We couldn't even have a conversation with distributors until we had a license. There was little discussion and the board decided to apply for the license and carry a mixed inventory of national and local beers and an assortment of affordable and moderately priced wines. The lead-time was 4 to 6 weeks from application to our municipal Select Board and ultimate receipt of the license from the state. In our case, that initial application resulted in requests for more information and documentation by the Liquor Control Board reviewers. We finally received our license just a week before we planned to open. So, it would be wise to allow as much time as possible.

At the end of 2019, regular inventory selections included over 100 varieties of wine and 60 types of beer. Preferences change, of course, and certain types of products do better in the summer than the winter or vice versa. We tried to promote less commonly available wines than the big stores carry, though we did stock a few of those wines.

We were able to perk up sales through wine tastings. Whether featuring special sparkling wines for the holidays or wines from a particular part of the world, tastings can be popular events. One wine featured a few years back quickly became a community favorite; we sold 25 cases through the next year. Not counting the case sales, the wine was our top seller that year and remained a reliable bottle on our shelves. Having that kind of testimony made it easy to respond to customers who say, "I don't know anything about wine, but we are visiting friends and want to take something that will be good." We could point to two or three favorites of both red and white varieties. If you don't want to hold your own tastings, either ask your wine rep to host one for you or ask for "shelf talkers" to get that type of testimony.

The Vermont application to sell beer & wine for off-premises consumption also includes a check box if you plan to sell tobacco. We decided to check it since there was no additional cost to doing so. That would give us more

time to discuss the subject. Once the question to sell tobacco was brought up to the board, the discussion was again fairly straightforward, except for one board member who was vehemently opposed. Ultimately, the decision remained unchanged as the dissenter agreed to let the matter go forward. But the bottom line is that including popular beers, wines and tobacco products are a sign to the community that you are open to all.

Special Offers & Orders

Every week we put out a listing of fresh seafood that one of our vendors supplied. Anyone could place an order and receive the item a day or two later. Because there was no risk to the store for preordered items, we priced them lower than if we had put them on the shelf or into the fridge or freezer hoping someone would buy it. Occasionally we offered other items with special pricing: holiday turkeys, fresh peaches in the summer. Normally we wouldn't stock these items in the store either because they were too large or came in quantities too great to sell off the shelf while they were still fresh.

Our ability to increase inventory was limited by our physical layout. One avenue we took to help boost revenues and meet growing costs was to promote bulk purchasing. This approach became a win/win because the unit cost was lower for the customer even with our markup added to the wholesale cost. For the store, it guaranteed the sale of an item, usually leaving the store on the same day it arrived. We accepted special orders for even one unit of an item if it was something readily available but that we didn't put on the shelves. Among the most popular items in the bulk purchase area were 5-pound bags of coffee beans, 10 pounds of fresh chicken parts, and cases of wine or paper goods. Essentially, we took orders for anything available from one of our suppliers and priced it at the special-order price of 20% over our cost.

Inventory Pricing

There are several different approaches to pricing inventory. Three of these are to

- accept the wholesaler's suggested retail price if they make one
- check out the competition and price close to it
- calculate the retail price based on specific margins for each product category

The small store needs to be cognizant of all these pricing possibilities and choose the best one or combination for their particular situation. On many items, there's no way to compete with the big stores. Something like cat food is a prime example because in some stores you can often find it at 3 cans for a $1.00. Very possibly the wholesale price that a small retailer pays is more than $.33.

Pricing is very sensitive. Most customers have an idea of what they pay for products, even if only vaguely. Because some wholesalers set their prices based on the sales volume of their customers, small stores like Pierce's don't necessarily pay the same amount for a product as the "big" stores. (Beer and wine may be an exception to this; in Vermont, every retailer pays the same wholesale prices for their inventory in these areas.)

There is no best way to price your products. You have to decide, try it and tweak it. It's even true that what works one year might need to be adjusted the following year. As wholesale prices rise you might decide that the new retail prices, based on your current assumptions for pricing particular products, are just too high for your customers, so you'll not raise it at all or not as much. This means that your profit on that product goes down and you'll need to make it up somewhere else in your budget.

Early advisors gave us some tips including pricing staple items like basic dairy products and commercial breads very competitively with the big store pricing. They recommended relatively higher prices for specialty, gourmet or "esoteric" products. Frozen items also rated higher pricing because of the refrigeration costs.

We started out wanting to achieve an average markup of 35%. The majority of our products on opening day were priced 35% over what we paid for them. Although this was easy, in time we realized two problems with

the approach. First, if a customer saw a price on milk, a bag of coffee, or cigarettes considerably higher than what they would pay in other stores, then they might walk out and not come back. This was less a problem for us than the second: we were confusing *margin* and *markup*. We should have been aiming for an overall 35% *margin* to be able to meet our financial goals.

Inventory selections and pricing continued to evolve as we learned more and more about our customers' desires and expectations. We were able to price a few items below some of our competitors. Often, coffee was one such item, hot dogs and buns were others. Our own fresh baked bread was priced lower than the "artisanal" breads sold in the major grocery stores.

Wholesalers regularly have special promotions on products. Sometimes we passed these savings along to customers and at other times the wholesaler's sale price just provided us with a greater margin on that product for the month. Ideally, we would always have a few featured items on special promotion. An annual budget calling for an overall *margin* of approximately 31% would feature pricing some items at a higher margin and some lower.

Over time, we sought to provide our customers with choices for many items such as crackers or spaghetti sauce that includes a mid-priced "name" brand (Keebler crackers,) a high-end perhaps organic brand (Mary's Gone Crackers,) and a less expensive generic brand (Best Yet Saltines.) This approach allowed us more flexibility on pricing than if only one selection of an item is on the shelves. While some individual items in our store carried higher "convenience store prices," there were also items such as bulk herbs and grains priced considerably lower than at the larger stores. Our customers brought their own container, which we pre-weighed. They got the amount of ground cinnamon or dried thyme that they needed at a fraction of the price they would have paid for the pre-packaged name brand at the chain store.

On balance, if a customer were to shop at Pierce's for a typical market basket, the overall cost of the items at Pierce's would compare reasonably with the cost of similar items purchased at one of the big groceries in Rutland. This was especially true when factoring in the cost of travel to the big stores from our rural location. Our special or pre-order pricing offered customers a better deal on those items.

The key was to price the most important items for our customers – basic groceries – at prices reasonably competitive with the big stores. Emergency

items (children's medication for instance) might demand higher prices because having them at Pierce's can save a trip to the big stores. Stores like ours need to decide whether to price those items higher on the assumption that the customer won't drive 20 miles round trip for some pain reliever, or to price them lower to demonstrate that they are not that far off the big stores. Pricing as competitively as possible minimizes the risk of alienating a customer when they are already stressed.

A final word on inventory relates to quantities to keep on hand. When we opened, we had 3 units of almost everything in the store. That seemed to be a reasonable number and we had no way of knowing whether it was too little, too much, or just right. Over time, that practice shifted so that we only kept one of emergency items like diapers or children's medicines. On the other hand, we generally had a whole case of reliable sellers like paper towels, wine, or crackers that won't go bad in the time it will take to sell it.

Margin vs. Markup Explained

In an effort to help others not make the same mistake we made on opening, I'll give a bit of an explanation of the differences between margin and markup. The two methods of pricing generate a different result.

A markup is a straightforward multiplication of the wholesale price by 1.X, "X" being the percentage by which you want to mark up your cost. So, if your item cost $1.25 to purchase from your wholesaler and you want to mark the price up by 25%, the result would be a retail price of $1.56 ($1.25 x 1.25 = $1.56). Simple.

If you use the same numbers with the margin formula you get a different result. To calculate a margin, you subtract the percentage margin you want, let's use 25% again, from 100% (1.00 –.25=.75) and then divide the wholesale cost by that number: $1.25/.75 = $1.67. To achieve that $.42 profit would require a 34% markup ($1.25 x 1.34 = $1.67). The higher amount a margin yields provides coverage for the indirect costs or overhead associated with retail operations, such as personnel.

We learned that we needed to think in terms of *margin* not markup in order to achieve the profit we had to make from our sales to meet our budget. Better explanations are available from many sources, and my advice is to research them as you begin thinking about pricing your inventory. You can also find online margin and markup calculators that are very handy.

Credit, Debit & EBT Payments

Although there is a cost to accepting debit, credit and EBT (Electronic Benefit Transfer or food stamp) cards, we spent very little time deciding whether to do so. It is a reality of our society that many people don't carry much cash. For the first several years we did not set a minimum threshold for using a card. Ultimately, however, we installed an ATM and set a $5 minimum to use either a debit or a credit card. (You must accept any sized purchase on EBT cards.) We took these steps after analysis showed that on a typical day 20% of our sales were made using credit or debit cards. The annual cost of making those sales represented about 2% of our revenues. Most importantly, approximately 4% of our monthly credit/debit sales were under $5. The cost to the store of those sales seriously cut into our profit or even caused us to lose money on some individual sales.

Establishing the credit card process itself was simplified for us because one of our planners also worked in a bank. The first decision was to identify what company to use to process credit and debit card transactions. The recommendation – that we followed – was to use the processor associated with the bank where we have our deposit accounts. Once that decision was made, it was simple to talk with the bank people to get set up with the credit card machine and the processor. It is possible that we could find lower fees with a different processor, but it might take longer for the funds to show up in our bank account if we used an unrelated firm to process the transactions.

It was quite a bit more involved and time consuming to establish us as a merchant authorized to accept EBT cards. The process included an application to the USDA, which requires information about the store and its owners and employees. Under rules in effect as this is being written, a store must regularly offer at least 3 varieties in each of 4 basic categories of food: meat, poultry, or fish; bread or cereal; vegetables or fruits; and dairy products. Some items in at least 2 of these categories must be perishable products. The process can take 6 to 8 weeks or more to establish. Special equipment might be needed to process the cards and the user must enter a PIN to complete their transaction. Our credit card system was previously set up to accept EBTs, so we did not need anything additional. There is very good information on-line about how to set up your business to accept EBT

cards. Though a very small percentage of our sales were via EBT cards, we felt that it was worth offering them so all customers felt welcome.

Prebuy Accounts

From the beginning we offered customers the option to put money into an account at the store. This allowed them to shop with us without always having to bring their wallet. The account didn't offer an additional discount, but it was a tremendous convenience to the customer, and avoided the lost sale if the customer wanted to make a purchase but did not have a means to pay with them.

We had very little trouble with the accounts, particularly once the point-of-sale system that tracks deposits and purchases was in place. We allowed a customer to go negative once but required that they bring the balance positive before using the account again. Without a point-of-sale system, however, this can be a difficult area to monitor and manage.

Cash Register Choices

When we opened, the biggest issue for volunteers was using the cash register. At that point we did not have a barcode scanner linked to a computerized point-of-sale system. The manual system required volunteers to correctly identify what register category to use when ringing up items and to accurately enter the price. If the price label (every item needed to have an individual price tag) had fallen off, the employee or volunteer had to go to the shelf and hope there was a price tag on one of the cans there.

Mistakes were made and everyone had to get comfortable making them and learn what to do when they did so. We told our volunteers that in the vast majority of situations, if they made a mistake, they could just leave a note detailing it and continue to the next sale. The person reconciling the cash drawer at the end of the day would make the adjustment. A procedure book next to the cash register had instructions for every aspect of checking out a customer and it was updated regularly.

In 2013, after 4 years of operation, we switched to a computerized point-of-sale (POS) system. Paul Bruhn of the Preservation Trust had said from the beginning that he thought it would be a worthwhile investment though we were anxious about the upfront cost. When we decided to make the investment, we opted for a system that a small store in a neighboring com-

munity used. We thought that it would be helpful to have a local source of guidance and advice – and it was. The system, which did not require a large up-front investment, was based in the "cloud" so it could be accessed from anywhere so long as there was internet service. We paid a relatively small annual fee to maintain the system.

The upsides of the switch were huge: the data about every product in the store was in the computer so that the register operator did not have to rely on his or her memory; we did not have to spend hours putting price labels on every item on our shelves (instead we labeled the shelf); a simple query of the system could produce a purchase order that only required a few minutes of review for common sense adjustments; reports provided lots of information on sales: daily, monthly, compared to the same period in a prior year, volume of categories of products, margins, and on and on. The numerous reports available provided invaluable information for managing the business and were downloadable into a spreadsheet program for further analysis.

The downsides of the system were not many but warrant mention. First, some of our volunteers were not comfortable with computers and had to withdraw from our roster. Fortunately, most of these people found other ways to help out. The more significant downside was that the system was only as good as the data that was entered. Ideally, every item that came into the store for sale was immediately and accurately logged into the system with the item description, cost, retail price, item count, vendor, and barcode. If these things were not done, the reliability of the data for that item was suspect. Another downside specific to our system was that if the internet went down for some reason, our system was down. At that point, we resorted to pencil and paper to record sales and because of this, a periodic printout of the full inventory was an important task to remember.

On balance, though, the decision to invest in the point-of-sale system was a huge positive for our store and business. As a result, the business benefited from huge quantities of real-time information, enhanced inventory management, and accessibility from off-site locations. The investment risk was well worth taking.

Personnel

Board of Directors: Running a Business (the Co-op) and Running a Store

In the beginning, the role of the SCPS Board of Directors was completely operational. The store did not yet have a paid manager, but before the board could plan for the future, it had to ensure that there would *be* one. Thus, the board functioned as the manager. Even once the original management team began working (they started more than a month after the store opened), the board was closely involved. There was an "Operating Committee" made up of all the board members who tended the store and the co-managers. This group made decisions relating to volunteers, scheduling, hours of operation, special sales – many things related to the day-to-day aspects of the business.

Over time, the need for such a committee waned until the operating committee was primarily called upon to advise and/or brainstorm with the manager. But in the first several months, the board and manager operated pretty much as a whole in running the store. We dealt with many issues:

- Lots of customers didn't like the Keurig coffee machine we had purchased that allowed people to choose their individual coffee flavor or strength, so we added brewed coffee kept in an insulated vacuum pump dispenser.
- How could we draw in people from parts of the community who hadn't yet stopped in?
- Could we sell products that were made in home kitchens? (In Vermont and likely in other states, there are rules governing the sale of food products not made in a licensed kitchen. This is an area that any store considering selling locally made goods should investigate before carrying the products.)
- Oh no! The pipes froze last night. Somebody do something.

There is a danger with too much board member involvement in the day-to-day business: micromanaging. A balance must be struck between being available to assist and/or advise and letting go completely. The paid manager must be allowed to manage.

Ideally, in the early phase of a mostly volunteer cooperative, there will be one or two – or three or four! – people who are willing and able to do just about anything that can come up: gathering and stacking firewood, driving to the dairy to get an emergency supply of milk and eggs, jury-rigging a broken something-or-other until a qualified repair person can arrive, placing orders if the manager is unavailable, making bookkeeping entries in the computer . . . the list goes on and on. The point is that the more versatile and flexible your board members and other volunteers are, the better off the organization will be.

While certain members of our board had served on other boards in the past, none had the experience of running a start-up business. We literally had to learn everything from the ground up. There are loads of sites online that can provide guidance.

In addition, we had great and limitless advice from many fronts, including staff at other small groceries and co-ops in the state, as well as the friendly folks at the Adamant Cooperative in northeast Vermont. This network of advisors had experience on the frontlines of what we were trying to create. Finding advisors and mentors like these is essential to anyone starting a venture like ours.

Paul Bruhn of the Preservation Trust helped improve my own sometimes frustrated and negative attitude. How many times did I say, "It would be so much easier to do it myself" when things were moving slowly and the road was rocky? Paul was able to bring me back to a place of relative calm and reason so I could continue to move the project along.

I remember one point when a couple of us were totally overwhelmed and had no idea what to do next – the list was just too long. Paul was gracious enough to join us for lunch. We had prepared a list of random thoughts in preparation for that lunch that included matters ranging from whether we should do a fuel pre-buy agreement, to what kinds of materials we should use in fundraising, to whether we could do this all with volunteer labor, to where do we start in planning our inventory selections, and more. I don't recall that Paul had any magic bullets, and he certainly didn't have answers to all our questions, but he did let us talk about our frustrations and because of his comments and questions we walked out of the café with renewed energy. This illustrated the incredible value of having a knowledgeable and willing sounding board for those times you get stuck.

Overseeing the Finances

The SCPS board's main responsibility under the bylaws was – and is – "overseeing the operations and finances of the Co-op." This includes setting policy, hiring and overseeing a manager, and ensuring that goals – financial and otherwise – are met.

More important for the board of directors than overseeing the operations is overseeing the finances of the business. Our initial board of directors included people with bookkeeping experience, banking and financial analysis background, small business owners, and varied backgrounds in law and business. If your board includes members who don't understand the financial aspects of business well enough to be able to participate in discussions, these people need to be brought up to speed promptly.

To fulfill its responsibilities, a board must have enough information from the manager about the status of the business so it can keep the business focused on its goals and off the financial rocks. Monthly financial reports that show revenues and expenses are of critical importance. If this isn't forthcoming, the board needs to query why and perhaps step in.

For the first few years of the co-op's existence, the extent of monthly financial review by the board was to look at whether we were making a profit or taking a loss: the bottom line of the income statement. If we had a loss, we would ask why and look into the numbers. Most often, we'd find an unusual purchase or expense, or realize there were three pay periods instead of two, as the cause of the problem.

It might be tempting to look for outside factors rather than digging in and developing a solid understanding of whether your pricing is where it should be; whether you need to generate more customer flow or increase individual customer purchases; or whether your inventory mix is attractive to your customers. (These are just a few of the possible reasons for poor results.) But it is important for a board to undertake a deep level of analysis.

We felt good about our first full year of operation. Our sales were over $170,000 at the end of 2010 and we showed a positive balance after paying expenses.

As we entered 2011, though, some things were not clear: could we afford to increase pay for our manager and baker? could we afford to purchase another cooler for produce and deli items? We were slightly better informed

than we had been when we prepared our first budget but, still, we essentially guessed at how much sales would grow for our second full year.

Our lack of understanding about how to use the monthly reports was partly responsible for a significant loss at the end of 2011. Sales were over $200,000, and we had a loss of nearly $9,000. Fortunately, our pre-opening fundraising had anticipated lean periods and we still had reserves we could tap into to pay the bills. But we didn't like seeing that savings balance drop just to pay for day-to-day operations.

We really dug into what caused the loss and determined three things. We had increased wages during the year; we had increased some discounts; and the value of our inventory had increased. The first two things we'd done without really analyzing whether we could afford them. They seemed the right things to do but looking back, they were ill-timed changes. And in those days, we didn't put much focus on inventory management.

At the end of 2011 and in response to the loss we experienced, one of our board members suggested that maybe we could bridge the gap if we were open 7 days rather than the 6 that we had been open since the beginning. Our manager agreed to the additional day as he was generally in the store placing orders on Monday anyway. There was some concern that this might not actually result in increased sales but rather shift them from Sunday to Monday. Overall, however, our sales increased.

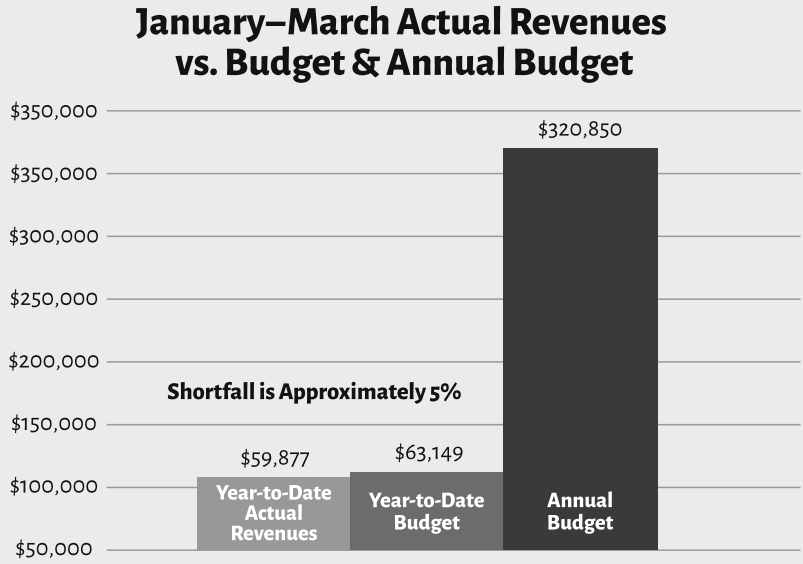
With two full years of sales data available and understanding the causes of our loss, we realized that we could build a budget for 2012 that had some historical basis to serve as a better planning tool. First, we had a pretty good sense of our fixed costs: insurance, utility, and fuel, building maintenance and repair, store supplies, wages. The profits on our sales would cover those costs, and we were able to calculate the margin needed to produce the profit.

The financial picture for the next several years went back and forth from small losses to small gains. But in 2017, we again had a significant loss and the negative numbers continued into 2018. To bring home the fact that each customer can make a difference, we started showing a graphic of "where we are" compared to "where we should be." We published this in our monthly *Shrewsbury Times* and posted a copy on the counter at the store. We highlighted "what you can do to help." It worked. Our sales improved and though 2018 still ended with a loss, the pace of sales in the second half of the year was up considerably from the first half.

Be Part of the 10% Solution!

What can you do?

- Purchase just 10% more than you normally do . . . that's 10¢ on $1.00.
- Encourage your friends to shop at Pierce's.
- Identify a couple of items you regularly purchase and decide to buy them at the Store . . . if we don't stock them we might be able to special order them for you.
- If you're a member, volunteer or employee, you can opt to forego your discount while the board discusses new ways to reward membership and thank volunteers and employees.



The community really came together around Pierce's Store when this information was communicated. People regularly asked, "how are we doing?" and made suggestions of things they thought would help. Charitable donations came in and some customers made commitments to purchase specific items through the store. The outpouring of support from that time into 2019 made me feel that this experiment was going to be successful.

Finally, the responsibility for strategic planning originates with the board. Specifics will vary over time, but periodic long-range planning and brainstorming sessions, with the board alone or with the community, can yield many ideas for future growth and change. It is also important for the board to discuss succession – what is the plan if the manager or a key employee departs? Ideally, of course, there will be ample notice given so there can be an overlap of management to pass along knowledge, but that is not always possible.[6]

It's a Co-Op, Run by Volunteers, Right?

A business that serves the public seven days a week for up to 12 hours a day cannot function reliably over the long term with only volunteers. I have learned to appreciate the selfless commitment made by volunteers, while also appreciating their right to say "no." There is a hierarchy of obligation, for lack of a better term, involving volunteers and others. This listing refers to our own categories of workers – you might have others.

- **Volunteers:** will work if they have the desire and the time
- **Board Members:** expected to work for the store in some capacity at least some of the time
- **Paid staff:** must work if no one else can
- **Manager:** has the highest level of obligation to work when no one else can

When we first opened the business and indeed for the first several years of operation, we relied heavily on volunteers to staff the store, which was then open for 69 hours a week. Among the volunteers were board members whom we expected to be involved some way in the business so they could stay in touch with what customers and members wanted from the store. During more than half of the hours we were open, it was a volunteer who greeted customers, answered questions and rang up purchases. Most took one or more, three-to-four-hour shifts a week. The rest of the time our paid managers staffed the store.

After about five years, the active volunteer roster had fallen to fewer than 10. This became a downward spiral – the more a volunteer was asked to work, the closer he or she came to asking to be taken off the roster. Board members were in the most difficult situation. And the manager and part-

time help were putting in more hours than they wanted. The worst of it was that during peak vacation times, the paid staff sometimes worked every day for ten days or even two weeks straight.

Ultimately, the board approved the manager's request to hire a second part-time staff person. This decision entailed an amount of risk, as the additional payroll costs required a corresponding revenue increase. But we believed that the benefit in reduced stress and lessened likelihood of losing more volunteers offset the risk. In time, additional part-time staff was hired, not to cover more hours, but to add greater flexibility in staffing.

At a particularly low point before the second part-time staff was hired, our manager spoke with a peer at another co-op about the situation. This person had years of experience and said that the proportion of volunteer to paid staff time in a co-op typically shifts from a majority at the beginning to a minor portion after a number of years. Looking at a typical month in our first year of operation, paid staff covered about 30% of our open hours. Recently, paid staff covered approximately 80% of the operating hours a month. Of course, the higher the percentage of staff hours, the higher the wage costs. And vice versa. The ongoing challenge is to have enough qualified and committed volunteers to offset enough paid hours to meet the budget, while still giving the paid staff enough hours for the job to be worth their while.

It is important that volunteers continue to be involved in a community venture such as ours. They add to the comfortable feel of the store and increase the sense of it being a gathering place for townspeople. They also bring in outside perspectives, new ideas and approaches to the business. In addition to working the register, there are many tasks that volunteers can do, including helping receive and process deliveries, keeping the shelves stocked and neat, and assisting during lunch hours when customers need items heated or served. Other volunteers can pick items up from stores or vendors when needed, take our trash to the transfer station, and perform various other odd jobs that arise from time to time.

What to Look for when Hiring Staff

- excellent responsiveness to customers' needs
- a friendly personality who greets everyone with a smile
- enthusiasm about the store and its products
- diligence
- good listening skills
- a sense of humor

What to Look for when Hiring a Manager

In addition to the characteristics desired in staff, for a manager you want:

- a good business sense
- marketing experience
- a strong understanding of financial management
- people management and problem-solving skills
- a passion for making your business work in line with your mission

Ideally, the manager will spend only a small portion of their time in the store running the register so they can focus on fine-tuning prices, inventory selection, and put time into implementing plans for future growth.

It's All About Risk

One of the main themes in this book has been risk: the recognition of it and the decision to take a particular risk or not. I want to try to pull together what we've learned in this area.

At the very beginning of our adventure, all of the planners were wary of taking on the risk of agreeing to the terms of the Preservation Trust's Request for Proposals. It was only as we saw similar businesses succeeding that we seriously considered moving forward. Crossing items off the checklist of things that needed to be done before we could open fostered growing confidence that taking the risk was warranted.

The opening on August 25, 2009, was not the final step but rather a leap into a whole new realm of risk. Everything we did (and still do) entailed risk: what products we put on the shelves, how we priced those products, whether our community would buy them. Could we find and keep volunteers? Could we hire another employee? What would we have to pay a manager? How long would it take for a new piece of equipment to pay for itself before it could generate new revenues?

The question of whether we would be able to grow to keep pace with increasing costs of doing business didn't become real until several years into operation, but in time it became one of the biggest questions – or risks – we faced. I have referred to the difficulty of determining what SCPS could afford to pay employees. In the early years, wage rates were barely above the prevailing minimum wage rates and included housing for the manager. Levels we wanted to pay and that were more in line with the market seemed impossible as we suffered a $9,000 loss in year two and tried to figure out how to turn things around. A major ongoing risk is the store's ability to attract reliable employees who value the intrinsic rewards of serving the community as a supplement to their relatively small paychecks.

In 2014, the Vermont legislature passed a law increasing the minimum wage over 4 years. In my personal opinion, it was the right thing to do, but it had a huge impact on a budget as tight as ours and it was partially

responsible for the large loss in 2017. As a result of the increases, our wages continued to be undesirably close to the mandated minimum wage.

To meet the new wage rates, we had to increase annual revenues by at least 10% annually just to stay even. When (and if) we reach the point of being able to pay competitive wages, our needs for annual growth should slow to a more reasonable level. In the meantime, we were fortunate to have staff that was committed to the mission of the store and rewarded by more than just the bi-weekly paycheck.

Ten percent revenue increases every year can't happen solely by increasing prices or selling an additional box of cereal. To help boost revenues we went back to the beginning. The mainstay of our original proposal was events and we now decided to open the adjacent garage for community events and activities. Of course, just opening the space didn't guarantee additional revenues.

While there's no magic formula to determine whether a particular risk-taking is warranted, performing a "SWOT" analysis can help identify relevant considerations. This term refers to Strengths and Weaknesses, Opportunities and Threats, where the first pair refers to "internal" aspects and the second to things outside the business that can impact the outcome of a decision and perhaps minimize risks. The exercise can be performed on a business as a whole or on a specific project. There is lots of on-line information on this process.

Around this time, we held a long-range planning session in which we did a SWOT analysis of the business. A group of resident participants generated a long list of what was envisioned for us 5 years hence. The biggest takeaway from that session was that the community wanted more opportunities to come together for events. It was this consensus vision for the future that pushed us to open the garage as an event space. And it was driven by the realization that revenues from the store as it existed would not be enough to support the wage rates we wanted for our staff on a sustainable basis.

Over the course of the next few years, volunteers and some paid artisans cleaned and renovated the garage, applied for various licenses and permits, and made lots of plans. We held our first series of events in summer 2018. The building was not insulated so we could only use it from May to October and while it wasn't a big space, it brought the community together in a new way. We held our first Blueberry Festival featuring creations by

locals. Movie nights, story hours, pizza and burrito nights, and more were all popular. The possible uses seemed endless, requiring only the time to coordinate and promote them.

We often hear that a common characteristic of successful entrepreneurship is the willingness to take risks. Our experience has confirmed this. Risk-taking is a must in order to grow. As someone has said, if you keep doing what you've always done, you'll keep getting the same results. Therefore, breaking the mold is important.

As revenues became more predictable and we grew more confident that the community would continue to support us, taking a little risk seemed okay. Invest in a new technology or machine to better serve your customers. Take the risk and hire an additional part-time employee. The payoff will be improved attitudes and spirits and if a crisis happens, you'll have back-up. A shocking situation proved the value of this for us. Our first part-time employee died tragically after several years with us. After the initial shock, my mind went straight to the staffing situation for the near future. When I spoke with the two-remaining staff, they assured me that they were ready and willing to put in whatever hours were necessary to keep the store going smoothly until we could find another employee.

A movie night in Pierce's Garage. The site had an on-site consumption license and beer and wine were available for purchase.

A Look Forward

On March 25, 2020, Pierce's Store closed its doors to the public in response to Vermont Governor Scott's Covid 19 Stay Safe, Stay Home order. All non-essential businesses were ordered to close their doors by 5 p.m. that day. Since we were a grocery store, we were not required to do so, but we chose to take the less risky avenue of providing curbside – more accurately, porchside – pickups of orders placed electronically or by phone. This decision minimized the health risk, but the business risk increased.

The overall change in operations was huge. Our relatively organized and routine day-to-day processes were out the window. After a week or two sorting things out, our vendors' schedules remained pretty much the same,

Porchside pick-up during the Covid shut-down.

but our customers' needs were very different. Rather than picking up a few things from Pierce's before going to the big stores, customers were asking us for their entire grocery lists. We tried to source these things, even if it meant finding new vendors. For many items, we had to order a full case even if the customer only wanted one or two units. We ordered many new bulk items: several varieties of rice and grain, nuts, dried fruit, several types of flour and baking ingredients. We brought in lots of new produce.

We asked customers to put money on prebuy accounts to facilitate payment for their preordered purchases. This made it possible for us to fill the order, ring it up against their account, then put a package with the customer's name and the register receipt on our porch for pickup. The three plus months that we were closed to walk-ins – we reopened with occupancy restrictions on July 1st – completely changed many aspects of our business.

Since customers could no longer help themselves to unpackaged food such as soups in the crockpot or penny candies in the jar or baked goods from the case, we had to package such items in portions. The previous "deli" area where people would sit and eat lunch or just have a cup of coffee and read the paper was eliminated (customers couldn't sit there anyway) and new coolers were put in place for produce and some frozen items. The long counter that previously held bulk candy jars and the bakery case was cleared and wire shelving was put in place to hold the bulk packaged grains, flours, the various types of rice, baking ingredients, and more.

Some of the new vendors would not deliver to us and we had to pick up the inventory ourselves. Fortunately, many volunteers came forward to help, freeing those of us who were handling customer orders.

The mix of items in inventory changed to include more organic and specialized products, since most of our customers during the shut-down requested these things. Many of these folks were new to town and continued as regular customers once we reopened.

The risks that we took to meet the community's grocery needs during the early shutdown phase of the Covid pandemic resulted in a nearly 20% increase in both revenues and inventory values for the year. That level of increase is unlikely to become a new baseline for the business, but the store's experience during that time was a prime example of the need for a business to evolve as situations occur.

We were able to make the changes relatively quickly because we were a small operation and had a close relationship with our customers. This type of flexibility and agility will need to be employed in the future as the business continues to change. But, whatever the new normal looks like, it must allow adequate time for planning and managing the business to attract new customers and bring back ones that did not take advantage of the porchside pickup option during the shutdown.

Risk is inherent in an operation like ours, as in all business. It must be managed with vigilant eyes, identified and mitigated as swiftly as possible. A willingness to make changes to things that are not going as expected is key. Another is involving your customers in those changes, to take advantage of their neighborliness to sustain and support the business and to keep building on their sense of community.

Convenience, Community, Connecting to the Past

One hundred years ago locals relied on Pierce's to provide feed for their animals. Now, locals can find fresh veggies and baked goods, quick meals, emergency supplies, free WiFi and even an ATM at the store. Locals such as Sierra Seidler have been known to use real horsepower to get to the Store. Marjorie would be pleased.

Conclusion

The Shrewsbury Cooperative at Pierce's Store celebrated a decade of operations in 2019. In that time, the average daily customer count went from 44 to 70 and average sales per customer went from $9 to $13.

"Convenience . . . Community . . . Connecting to the past." We used this catch phrase in our initial fundraising materials and when we were building awareness within the community for our project. We used it as we publicized to the broader community the fact that we were in operation. The phrase captures what we were about: a handy nearby place to get supplies, an integral part of the community where people could gather to share information and ideas, and a link to another time that fewer and fewer remember personally but many want to experience.

I served as manager of Pierce's Store for seven years. Why? In part, I wanted to learn the business from the inside – thinking that I knew most everything the job entailed, I wanted to see what, if anything, I was missing. I thought it could help the Board of Directors plan for the future. I also thought that I should be the one to try to see if the operation could become sustainable, and to be the one who struggled and failed if that was to be the ultimate fate.

What did I learn? First and foremost, the job entailed so very much more than I ever imagined or knew about. Despite having been deeply involved from the very beginning, I learned that I knew little about the details of running the store and how time consuming it can be. For someone who wasn't fond of details and could be forgetful, I had to institute systematic reminders and processes to stay on top of everything. And still I would wake in the middle of the night realizing that something had been dropped.

There's a wonderful quote from Ralph Waldo Emerson that others might find helpful. I keep it posted near my bathroom mirror to remind me of what's important:

"Finish each day and be done with it. You have done what you could. Some blunders and absurdities no doubt crept in; forget them as soon as you can. Tomorrow is a new day. You shall begin it serenely and with too high a spirit to be encumbered with your old nonsense."

As I spent more time in the manager position, I became more concerned about ensuring the sustainability of the organization. Eventually, the board took the risk of letting me cut back my hours to part time and increasing the hours of one of our part-timers to become assistant manager. While she handled many of the details of the job and opened the store three days a week, I was able to spend uninterrupted "office time" working to secure the financial viability of the business, rather than dealing with paperwork or running the cash register. All are vitally important, and you cannot short-change any of them, but the reality is that the easiest one to defer is the one that will cause your prices to be too low, or to make a bad inventory choice.

At the time of publication, Pierce's Store is still in operation. There's a new manager and a board of directors made up of members who have joined at various times over the years. Not surprisingly, most of these were enthusiastic customers with limited knowledge of how the business runs. The learning here is that individual board members need to be knowledgeable enough about the business that they can lead it with assurance: from both a day-to-day and a financial perspective. This will give them a good basis on which to evaluate a business recommendation from the manager.

Most surprisingly for me, I found that I loved the interaction with the community – getting to know individuals, their stories and hopes and dreams. I got deep satisfaction every time one of them said to me "I am so glad the store is here." Those comments made every job I've had in the past pale in comparison and paid me back in spades for the time and effort of the 12 years I put into the store. It was a fun, frustrating and fascinating journey, the hardest job I've ever taken on, and the most gratifying work experience of my life.

ACKNOWLEDGEMENTS

Because of the depth of my involvement, the story of reopening Pierce's Store intersects closely with my own story. My goal has been to tell the story so that others can learn from my own experiences, good and bad.

There are many parts of Shrewsbury's story that could have been accomplished in other ways. I've tried to point out some of these options. Every community has its own character and needs, so what worked for us will likely need to be tweaked for your own community. I hope you can find guidance, ideas, and support from our story.

Numerous advisors – formal and informal, deliberate or not – helped bring Marjorie's vision to life.

Before we opened, members of our planning group consulted with Janet McLeod and Eva Gumprecht from the Adamant Co-op in Calais, Vermont, who gave our group the much-needed confidence to say, "let's give it a try." Various other current small-store owners helped off and on in numerous ways – some of them unknowingly, I'm sure. Thanks to all of them.

The Rutland-area Small Business Development Center provided training and excellent guidance. To the extent that we chose to not follow some of their advice, the consequences fall back on us rather than them.

For legal assistance, we were directed to Attorney Laddie Lushin, who, from his home office in Randolph, Vermont, specialized in helping cooperatives around the country. He patiently answered our questions, educated these total neophytes in the structure we were seeking to form, and walked us through the sometimes-arcane differences in wording so that we could end up with the form of by-laws that would best serve our needs. We were fortunate to have his guidance.

Endless gratitude goes to the 60-plus individuals who had the faith and confidence to support this risky project and contributed toward our original fund-raising goal. Their dollars funded our start-up inventory, helped pay for the pre-opening renovations, and provided a cushion for lean periods. Donations continue to come in, large and small, to support our business. Without those initial funds and without annual supplemental contributions, our foundation would be shaky indeed. Thank you one and all!

The other large group who must be thanked is the post-opening volunteers who served on our Board of Directors, who learned to run the register, who assumed various roles to help keep the organization afloat. I'm sure that most had no idea what they were signing up for. I am eternally grateful for their service in whatever capacity. Thank you all.

The planning group that laid the groundwork for the store deserves being named. Thank you to Ahmet Baycu and other members of the community for putting out that clipboard at the open house held by the Preservation Trust as they sought proposals in accord with Marjorie's wishes. And to Nancy Bell, Abby Brodowski, Ginny Buckley, Orie & Elaine Corino (both now deceased), Nancy Ellery, David Fretz, Licia Gambino, Jonathan Gibson, Vicky Gillhouse, Peter Grace, Sandra Korinchak, Terry Martin, Taffy Maynard, Rob McKain, Jan O'Hara, Doug Patton, Janet Pelletier, David Rice, David & Martha Sirjane, Judith Thomas, Ann Vanneman, Liesbeth van der Heijden, Francis Wyatt, and Maya Zelkin. Sadly, volunteer planner, painter, board member, treasurer, neighbor and store clerk Joyce Wilson passed away in 2016. She was such an integral part of our success that she deserves to be singled out – though I suspect she would not want that attention. Thank you to Joyce and to each and every one of you for attending endless meetings, staying involved through the rough spots, and doing what needed to be done to accomplish our goal. There were so many people that have been involved that I'm sure there are some I have missed. If you are one, please accept my apologies.

Most importantly, there was the community of Shrewsbury. From the core team of planners to the daily newspaper and coffee purchasers, we only succeeded because of your support. Thank you all for staying with us.

Thanks also go to town institutions including the Shrewsbury Select Board and Historical Society.

Over the twelve-year span of writing this book, I had input from many readers. Some had been involved from the very beginning of the project and others had no knowledge of it other than the fact that I was working on reopening the store. Some read from the 10,000-foot perspective while others found typos and extra spaces between words in the text. Both were welcome and much needed! Thanks go to readers Kristi Bragg, Jack Crowther, Luisa Finberg, Joan Gamble, Jonathan Gibson, Ed Hemmer, Patty McWilliams, Mary Parker, David Rice, Phyllis Wells, and Lee Wilson. Also

to Ben Doyle and Meg Campbell of the Preservation Trust of Vermont. All provided thoughtful suggestions and comments.

One reader stands out: my sister Ann Songayllo Hannay. She read each version with a "red pen" eye for detail but could also catch an unusual word used in two different places in the text. She helped refine the flow and asked questions where the context was not clear. Thank you, Annie. It would have been a much less helpful book without your input.

Two individuals remain to be named. Marjorie Pierce, who set the whole thing in motion. It was she who contacted the Preservation Trust of Vermont, an organization that had the expertise and knowledge to help individuals and communities do what she wanted done. Marjorie was apparently a very persuasive woman, since the Trust is not typically in the business of owning property. I so wish that I had known her.

The Preservation Trust of Vermont took Marjorie's challenge, trusting they could make it happen. And when they took the risk of giving the challenge to a group of hesitant Shrewsbury residents, they also offered their knowledge and assistance in the person of PTV President Paul Bruhn.

Paul Bruhn

Paul was invaluable in making this venture a reality. From the very beginning he saw what was possible and usually knew someone who had relevant background. He did not leave us hanging. In the first year that we were open he organized a retreat for operators of small stores at the Lake House on Grand Isle in Lake Champlain. In that supportive setting, experienced shop-owners and novices like myself shared success stories and challenges we faced. Many ideas were generated, some of which lodged in my brain for immediate implementation while others were in notes on handouts only to be rediscovered later when they were relevant.

Paul was then and remained a vital resource and critical component in our success until his untimely death in September 2019. Thank you, Paul. We miss you.

ENDNOTES

1 A *pro forma financial statement* is one based on certain assumptions, projections, and options, rather than one based on actual data.

2 Cooperatives are organized for the mutual benefit of the owners and are "non-profit" organizations. They are not, however, eligible for tax-exempt treatment as benevolent entities. This distinction is frequently confusing and one that a lawyer or accountant can explain in more detail.

There are other forms of organization one might consider in addition to the cooperative, though we never gave any serious consideration to any other type. Some of these are limited liability corporations; regular, for-profit corporations; partnerships; and sole proprietorships. It is best to consult with an attorney familiar with the pros and cons of the different organizational paths to ensure the best form for each specific situation and set of state regulations.

3 *Consensus* is a group decision-making process in which group members develop and agree to support a decision in the best interest of the whole. It is used to describe both the decision and the process of reaching a decision. In consensus decision-making, the typical process of motioning, seconding, and voting is not used.

4 There are some consensus decision-making variants. One of those could be an agreement that a lengthy stalemate on a vital issue could be broken by a 75% vote (for instance) of the board.

5 Over time, we modified that original mission statement a few times, and will likely do again in the future, to better reflect our current priorities. As this is being written, the mission statement reads: *"The Shrewsbury Cooperative at Pierce's Store (SCPS) is an enterprise supported and operated by the community. It is a gathering place for sharing community information and knowledge as the store was for nearly 150 years until it closed in 1993. As a store, we provide an affordable mix of conventional, organic, and locally produced groceries and the work of Vermont artisans. As a community hub, we bring our neighbors together for events, food, work, and fun."*

6 It might be helpful or useful to have an "advisory committee" made up of community members who either don't have the time or inclination to join the regular board. These "members at large" would assist the board with projects, planning or just things that the regular board members don't have the time or expertise to accomplish.

ABOUT THE AUTHOR: Sally Dyer Deinzer retired in 2006 after nearly 30 years working in a patchwork of fields, all of which were helpful when she entered her next full-time career with Pierce's Store. These areas included legal, financial and other forms and types of communication, human resources, strategic planning, leadership training. She received a bachelors' degree in English and a master's in business administration.

She thought that writing would be part of her retirement. So, it was easy for her to say yes when Paul Bruhn asked if she would be interested in writing the story of reopening Pierce's Store to share Shrewsbury's experience with others.

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