

Ashton Hayes & Mouldsworth Community Shop Business Plan

March 2009



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1) Executive Summary

Ashton Hayes and Mouldsworth (the Community) are two rural villages in Cheshire with a population of around 1200 living in 500 households. Both Villages are currently served by one village store that offers general convenience items and a Post Office. However due to a change in circumstance, the current proprietor is no longer able to continue to operate the general store.

As the Villages are in a rural location, the next available stores are some miles away and public transport links are poor. A Steering Committee was formed to investigate the possibility of establishing a community run shop within the village.

There is strong public support for such a scheme that would run as an Industrial and Provident Society, returning any profit generated to the Community.

The aim of the project is,

'To provide a shop run by the community that meets the needs of the community and provides a consistent offering and reliable service at a fair price'

It is estimated that a minimum of £30,000 will be required to establish the community shop which will be raised by issuing shares, loans and grant applications.

As keeping costs to a minimum is key to the success of the project, the store will be partly staffed by volunteers.

2) Ashton Hayes and Mouldsworth

Ashton Hayes is a village situated in rural Cheshire with a population of approximately 900 Residents living in around 400 Households¹. Fifteen percent of residents are under 16 whilst twenty two percent of residents are aged over 65. Sixty percent of the residents of the village aged between 16 and 75 are in regular employment.

The adjacent village Mouldsworth has a population of around 300 living in 115 households¹. Twenty two percent of residents are under 16 whilst thirteen percent are aged over 65. Sixty Two percent of the residents of the village aged between 16 and 75 are in regular employment.

Both Villages are currently served by one village store that offers general convenience items and a Post Office. The nearest alternative store is two miles from Ashton Hayes and a further mile from Mouldsworth. The nearest Supermarket is 4 miles away. Whilst car ownership in the community is high (90%¹), transport links for those who do not have their own transport to the alternative stores are very poor.

Ashton Hayes is the first village in England bidding to become carbon neutral and its 'Going Carbon Neutral' project has received widespread support in the village. ².

Due to a change in circumstance the current proprietor of Ashton Post Office and Store no longer wishes to operate the business. An attempt was made to sell the business as a going concern, which was unsuccessful. The current proprietor is prepared to continue the provision of a Post Office Business.

The Ashton Hayes and Mouldsworth Community Shop Steering Group (Steering Committee) was formed to investigate the viability of a shop run by the Community for the benefit of the 1200 members of the community, which would operate alongside the Post Office within the current shop premises.

¹ Office of National Statistics April 2001 Census available at www.ons.gov.uk/census/index.html

² www.goingcarbonneutral.co.uk

3) Benefits of a Community Shop

Maintaining a shop within the community has several key advantages:

- A shop within the community alleviates social isolation for the older or less able members of the community who do not have access to alternative stores. Local Shops provide better/closer local access/provision
- A community without a shop may have a detrimental effect on house prices
- Research claims that every £10 spent with a local food retailer is worth £25 to the local economy, compared to just £14 generated from supermarket chains
- Half of the turnover generated from local retailers is returned to the local economy, in comparison to large retailers who return as little as 5% to the local economy.

Community run shops allow existing businesses to survive where commercial enterprises may fail.

These shops are run to serve the needs of the community rather than generate a profit to support the proprietor. They often reduce costs by staffing wholly or partly with volunteers.

The benefits of maintaining a shop in Ashton and Mouldsworth also include,

- Provision of a Post Office Facility within the village
- Maintaining services locally supports the values of the Carbon Neutral Project.

4) Support for a Community Shop

During the summer of 2008 Ashton Hayes Parish Council questioned residents of Ashton Hayes and Mouldsworth about their thoughts on what they want from a village store. Twenty two percent of the 514 questionnaires distributed were returned.

The overall response to the suggestion of a community shop was positive. 91% of respondents considered the village shop a very important part of the community with remaining 9% considering the shop important. Forty percent of responding households offered financial help to a community shop while sixty four percent of households responding offered support in the way of skills or expertise to open and run the store.

As a result of this work a steering committee was formed to research the viability of a community shop.

The Steering Committee is made up of members of the Community with a variety of skills and experience, including business start up and management, fund raising, project management, accountancy, and retail experience.

The Steering Committee is working in partnership with The Plunkett Foundation. There are around 170 towns and villages across the UK that have successfully established community shops. The Plunkett Foundation supports rural communities wanting to set up and run a community owned shop and provides free practical assistance through www.plunkett.co.uk, a network of community retail advisers, a comprehensive directory of community shop case studies, a national office and various publications.

A further Door to Door Marketing campaign was conducted by the steering committee in spring 2009. To date 130 replies have been received pledging both financial and volunteer support to the scheme.

5) The Competition

Over recent years shopping habits have generally changed. Many people now take advantage of the convenience of internet shopping. As a consequence local stores have had to adapt to the needs of the community to continue to meet demand.

The nearest supermarket to Ashton Hayes and Mouldsworth is 4 miles away. However all the major Supermarkets are represented in the neighbouring towns of Ellesmere Port, Runcorn, Northwich and Chester. Internet Shopping is offered in the locality by Tesco, Asda, Sainsburys and Ocado.

Convenience stores are located in the neighbouring villages of Tarvin and Kelsall as well as a range of more speciality stores such as Butchers, delicatessens and greengrocers. There are also a number of farm shops locally supplying fresh produce and speciality lines.

To assess the competition to the proposed Community Shop and the opportunities to develop the current business, an assessment of the projects Strengths Weaknesses Opportunities and Threats was made.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Project has support of Community • Experience of The Plunkett Foundation to support project • Opportunity to develop range and improve layout of store. • Shareholders in the new venture will be committed to success of scheme. • Transport links to competitors are weak. • Carbon Neutral project in the village. Local food store reduces carbon emissions from travelling to alternative retailers. • Post Office will remain in current location. • Local Money remains within the Local community. 	<ul style="list-style-type: none"> • Current Business is in decline • Current Financial information is weak • Target market is currently shopping elsewhere- need to change habits. • Present business will not sustain current staffing levels. • Future Business will require volunteer staffing -this will require coordinating and may not be reliable. • Small store limited options to develop range • Shareholders will lose money if project fails • Need half of households to spend £19 a week • Only 40% of those in favour of the project are willing to put money in • There is no reliable financial information re. past and current trading on which to base accurate forecasts • Recession and unemployment is likely adversely to affect fund-raising
Opportunities	Threats
<ul style="list-style-type: none"> • Potential to grow the business. • Opportunity to diversify into new ranges. • Potential to reduce staffing cost by using volunteer support. • Opportunity to work in partnership with local businesses. • Opportunity to participate in 'Making Local Food work' Pilot which supports suppliers in local area. • Relaunch to generate engagement with new and improved store. • To provide Employment for local people. 	<ul style="list-style-type: none"> • Delivery service offered by major supermarkets. • Lack of Grant funding available as we enter a recession.

6) Proposed Scheme

The purpose of the Community Shop Steering Committee is

'To provide a shop run by the community that meets the needs of the community and provides a consistent offering and reliable service at a fair price'

i) Premises

The proposed Community Shop will continue to operate from the current retail premises.

The Steering Committee will lease the premises from the current owner.

Community shops operate across the country in variety of forms. Some operate in purpose built premises owned by the local people; some simply operate in a room within a building in the community e.g. the local Pub.

By remaining in the current premises, we retain the benefits of a purpose built building that is established as a retail outlet. The Post Office will continue to operate within the same building run by the current proprietor. This has the advantage of generating footfall for the retail premises.

Improvements will be made to store layout and a general refurbishment will be completed prior to opening.

ii) Legal Structure

The legal structure is the form of legal status by which an organisation is legally established.

There are broadly four choices open to community-owned shops:

- Co –Operatives
- Community Enterprises
- Multi-stakeholder Structures
- Community Interest company

Full details of these structures are given on the The Plunkett Foundation website (www.plunkett.co.uk).

Each of these structures was given due consideration by the steering committee. With the aid of a 'Select A Structure' decision tool provided by the Co-Operatives UK (www.cooperatives-uk.coop/live/cme), the legal structure

selected for the Ashton Hayes and Mouldsworth community Shop is an Industrial and Provident Society.

The benefits of this structure are:

- It allows the committee to raise funds for the project by the issuing of shares.
- Shareholders may influence the management of the shop by electing Management Committee Members and voting on issues at the AGM.
- Profits generated by the project are returned to the community.
- The Plunkett Foundation have prepared a set of model rules for such a structure that are tried and tested by more than half of community owned shops in England and Wales.
- The structure defines the Committees' constitutional arrangements.

The current Steering Committee has a defined constitution Appendix Two).

As the purpose of this committee is to launch a community run shop, it envisaged that on completion of this goal, the Steering Committee will be dissolved and a Management Committee will take over the continued operation of the store. The Management Committee will define its own constitution, which will include election of members, distribution of profits and arrangements for an Annual General Meeting.

iii) Product Offering

Questionnaires issued to the villages of Ashton and Mouldsworth during June and December 2008 requested information on what the target market required from a village store. The Steering Committee has also attended various meetings of Community groups in a bid to gauge the needs of the Community.

The overriding message was that customers wanted a reliable service from the store and a consistent product offering.

The demand for good quality fresh produce was clear.

The older members of the Community regard the village store as an asset that helps them maintain some independence in being able to shop for themselves without having to rely on the help of others. Their demand was for a variety of fresh and ambient produce at a reasonable price.

There was also a demand from some members of the Community for some luxury lines and convenience foods.

The product offering in the community store will include:

- Bread and bakery Lines.
- Fresh milk and Dairy products.
- Newspapers and Magazines
- Greetings Cards
- Ambient groceries –Tinned and Packet foods
- Fresh fruit and vegetables
- Frozen foods
- Confectionary
- Luxury Foods
- Toiletries and Basic medicine supplies
- Household cleaners
- Wines and Spirits
- Tobacco

As with any business it will be important to continually review the product offering in order to ensure customer feedback is taken on board and weaker selling lines are deleted from the inventory.

The Steering Committee will investigate the possibility of working in partnership with other local businesses to develop an ordering service for their products e.g. butchery.

The project has been invited to participate in a pilot scheme, 'Making Local Food Work'. This is a lottery funded project that encourages local stores to source products within a 30 mile radius were possible. Participating in this project will provide the team with support in locating suppliers and marketing local products within the store. Supporting local products reduces 'food miles' which supports the goals of the Going Carbon Neutral project.

As part of the relaunch of the Community Shop the current layout of the store will be changed. The aim is to improve customer flow around the store, improve visibility and security. The Steering Committee has received some advice on retail layout from an external consultant provided by The Northwest Regional Development Agency.

The current proprietor offers a Fresh Milk delivery service. The Steering Committee has assessed the financial implications of continuing this service that requires use of a vehicle and intensive staff demand and has decided that the continuation of this service is not viable.

iv) Opening hours

The current shop operates from

7:30 am to 6:00pm Monday to Friday

8:00am to 5:30pm Saturday

8:00 to 12:00pm Sunday

The original survey of households indicated that the Community wishes to see the shop open 8:00am to 6:00pm Monday to Saturday and 8:00am to 12:00pm on Sundays.

There was little demand for opening earlier in the morning.

There was some demand for longer opening hours during the week. However current footfall after 6pm would not warrant the revenue required to staff the store at this time. Alternatively staffing extended hours with Volunteers would create the need for two Volunteers to cover hours outside of normal Post office times, as Volunteers would not be expected to work solo for security reasons. The number of Volunteers required for this is prohibitive.

The Store will therefore initially trade around the core hours of 8:00am to 6:00pm (8:00am to 12:00pm on Sundays).

Customer feedback, demand for longer opening hours and actual footfall will be reviewed regularly and where a viable business case for change exists opening hours will be reviewed.

v) Staffing

The Steering Committee recognises the need to be competitive in the market. One of the highest ongoing costs to the business is staff salaries. Ultimately these costs are passed on to the customer in higher prices.

The Steering Committee is committed to keeping prices competitive to ensure we do not price our range out of the reach of the target market. The committee must ensure that costs are therefore kept to a minimum.

Experience from other Community Shops illustrates this is a common theme. To reduce staffing costs many stores operate fully or partly on Volunteers.

To staff this project purely on Volunteers would require a large commitment of time from the Volunteers involved and the Management Committee.

The Steering Committee will therefore recruit one salaried member of staff, who will take responsibility for the day to day running of the store. The core hours required to fully staff the store will therefore be supplemented by Volunteers. A team of around 30 people will be required and for the store to operate efficiently these Volunteers will need to be able to commit on a regular basis, but for short periods of time, (e.g. A Volunteer may typically commit to working alternate Tuesday afternoons for four hours).

As the Business develops, this situation will be continually reviewed and the possibility of increasing salaried staff hours explored.

Training will be provided for all staff members to provide them with the key skills required to perform their role.

AshWorth Timebank, an organisation that co-ordinates Volunteers to provide skills and time for the benefit of the members of the Community, has been approached for help and advice on co-ordinating Volunteers.

vi) Marketing Plan

Marketing of the Projects Aims and Objectives

Marketing activity of the Steering Committee prior to opening, has the following objectives:

- Raise awareness of the projects aims.
- Raise Awareness of the current situation – i.e. that the alternative is the village shop and Post Office will close.
- The benefits to villagers of the existing shop – and the projected benefits of the community shop
- The need for financial support from the local community to back the project
- The need for continuing commitment for the community shop from local people.
- The Projects aims and objectives.
- Gain commitment from Volunteers.
- Gain financial support to raise funds to start up the business.

The projects aims and objectives were initially outlined in a leaflet distributed in late December 2008 to households in Ashton and Mouldsworth. In this leaflet Residents were also invited to a public meeting in early January to discuss progress to date.

The Steering Committee is also currently planning a website to outline our objectives, view the Business Plan, express interest in share ownership and link to other relevant sites such as The Plunkett Foundation.

A Door to Door Campaign to raise awareness of the project and to gain pledges of volunteer support and/or financial commitment to the project, was conducted in early spring 2009. To date 150 responses have been received pledging £7500 to the scheme.

Representatives from the Steering Committee have also attended various meetings of formal groups within the village to present our plans to as many different people as possible.

Marketing Post Opening

Once the project has been realised, the marketing objectives become the promotion of the shop and its services. The marketing planned for the shop includes:

- Brand Image - A brand identity will be developed for the shop which will be used on all promotional material, communications and the website.
- Launch Event - An event will be arranged within Ashton Hayes village to promote the opening of the new store and people will be able to come and look at what is on offer.
- Website - The website will be developed to include details of opening hours, contact details, product offering and promotions. The website will also allow the opportunity for customers to feedback on what they want to see in store.
- Making local food work - The Making Local Food Project will support the store with promotional material to highlight the local products in store.
- Marketing activities – sampling/offers. The store will partake in various marketing activities, e.g. Recipe of the Week with all the ingredients to hand, Sampling of selected lines.

- Support for local activities – From time to time the project may support other groups, e.g. donation of raffle prizes in return for publicity in a programme.

vii) **Financial Data**

Set up costs

The project will require some initial funds in order to begin trading. These funds will be used for:

- Establishing the business as a legal entity
- Funding a salaried member of staff for the start up period
- Funding the lease during the start up period
- Initial refit and remerchandising of the store
- Initial Investment in stock
- Licence fees
- Marketing
- Initial training of staff and volunteers

The Steering Committee estimates that a minimum investment of £30,000 will be required to cover these costs.

Financial Projections

The Community shop will be run for the benefit of the community. As such any profit generated will either be invested back into the business or donated to a Community project voted for by members at the AGM.

However as with any new business it may be some time before a profit is generated.

The Steering Committee has estimated the running costs of the project and the turnover required to cover these costs. The aim is that by the end of the first year of trading the business should be covering the running costs.

This estimate would require the business to generate a turnover of £258,000 per annum.

In simpler terms we are aiming for the shop to be taking **£4960** per week by the end of the first year of trading.

This would require half the households in Ashton Hayes and Mouldsworth to spend £19 per week in the store.

7) Fundraising

As previously outlined, financial investment will be required to launch the Community Shop.

These funds will be raised in the following ways:

i) Issue of Shares

Shares will be sold at £10 each.

More than one share may be issued to an individual. Shareholders become members of the project and as such have a right to vote at the AGM. Individuals may only vote once at the AGM, regardless of how many shares they hold.

As this is a Community project any profit will not be paid as a dividend but would be donated to Community projects. If the project failed share value is non refundable.

If every resident of Ashton Hayes and Mouldsworth supported the project by purchasing one or more shares the project would raise £12,000 towards set up costs.

ii) Loans

Should any member of the Community wish to make a more substantial contribution to the scheme, and as such require more security, they may donate funds in the form of an interest free loan. The Steering Committee would need to protect these funds should the project fail.

The Steering Committee can also approach financial institutions for a loan but this would incur interest charges that would drive up overheads.

iii) Grant Funding

The Steering Committee is investigating all routes of funding available from grant schemes.

Schemes currently under investigation are:

- The Plunkett Foundation - Core Funding Scheme
- Grass Roots Grant Funding – Community Development Foundation
- Awards for All
- Links Foundation

iv) Matched Funding

Some Charities will award funding matched against that already raised by the community.

The Core Funding scheme from the Plunkett Foundation is such a scheme, i.e. for each £1 raised by a project they will match with a further £1.

For the purpose of matched funding any time donated by Volunteers is assigned a monetary value that can be included in applications for matched funding, e.g. A Volunteer donating one hour to paint the store may be assigned a value of £10. This will be matched in cash by matched funding schemes.

Any Volunteers donating time to the project are therefore recording time spent for matched funding.

Appendix One

Current Membership of Steering Committee

Lisa Allman (Chair)

Kate Harrison (Secretary)

Maria Lindley (Treasurer)

Martin Colville

Naomi Deynam

Maggie Grant

Lucinda Strudwick

Appendix Two

Ashton Hayes and Mouldsworth Community Shop Steering Group Constitution

- 1 Name**
The name of the Organisation shall be **Ashton Hayes And Mouldsworth Community Shop Steering Group**.
- 2 Objectives**
The objectives of **Ashton Hayes And Mouldsworth Community Shop Steering Group** shall be to promote the formation of a retail outlet within the villages of Ashton Hayes and Mouldsworth, Cheshire that meets the need of the Community.
- 3 Management**
- (i) **Ashton Hayes And Mouldsworth Community Shop Steering Group** shall consist of an Organising Committee, comprising not less than three and not more than ten members.
- (ii) **Ashton Hayes And Mouldsworth Community Shop Steering Group** shall elect the following key Officers from among its members: Chairman, Secretary, and Treasurer.
- (iii) **Ashton Hayes And Mouldsworth Community Shop Steering Group** shall take all actions, consistent with law, to further the objectives of the Organisation.
- (iv) **Ashton Hayes And Mouldsworth Community Shop Steering Group** shall establish a **Community Shop Management Committee** that will take over all the responsibilities of that Committee upon its formation and thereafter carry out all the stated objectives of the **Ashton Hayes And Mouldsworth Community Shop Steering Group**.
- (v) **Ashton Hayes And Mouldsworth Community Shop Steering Group** shall be dissolved upon the formation of the **Community Shop Management Committee**.
- 4 Finance**
- (i) **Ashton Hayes And Mouldsworth Community Shop Steering Group** shall have the authority to raise funds on behalf of the Organisation and apply those funds only to further the objectives of the Organisation.
- (ii) **Ashton Hayes And Mouldsworth Community Shop Steering Group** shall have the authority to open a bank account and shall authorise members of the Committee to operate the account on its behalf.
- (iii) Any funds remaining in the **Ashton Hayes And Mouldsworth Community Shop Steering Group** account shall, upon dissolution of the Committee, be paid directly into the **Community Shop Management Committee** account formed in the terms of paragraph 3 (v).
- (iv) If the **Ashton Hayes And Mouldsworth Community Shop Steering Group** is dissolved without the community shop being formed, all remaining funds shall be returned to the relevant agencies.
- (v) No payment shall be made to a member of the **Ashton Community Shop Management Committee**, except to reimburse approved expenses (for which a receipt shall be required) incurred in the work of the Committee.
- 5 Quorum**
The quorum for Committee meetings shall be one third of Committee members.
- 6 Alterations to the Constitution.**
Any changes to this Constitution must be agreed by at least two-thirds of those Committee members present and voting.
- 7 Dissolution**
- (i) The **Ashton Hayes And Mouldsworth Community Shop Steering Group** shall be dissolved upon the following grounds:
- (a) One third of the membership of the Committee agree to dissolution.
- (b) Failure to meet as a Committee for a period of four months.
- (c) The Community Shop Management Committee is formed.

This Constitution was adopted on

by