

Season 13, Week 10
November 18, 2013 – 3:39pm

Dear bakery members

what follows are rough notes from the first business plan meeting this past saturday, and also a bunch of \$ reports (the Financial State of the Co-op, if you will). It would be wonderful if you can read over both these things, and send thoughts before the next meeting on Wednesday, or whenever you have a change. Specifically we want **proposals for elements of the business plan** (viable options for what Bread Uprising might do to make money) and other **thoughts about anything we might be missing/overlooking** in this process. If you don't have time to read all the notes – focus on the venn diagram and the takeaways (The last 2 pieces). We'd love to see you this Wednesday from 9:30-1:30pm for the next steps, if you are available. Much gratitude for you- Noah

-----Meeting Notes-----

Goal for these meetings: Share information and generate consensus around the details of how we are moving forward so we can: easily document our needs and wishes in a business plan; find an appropriate space.

First meeting: Sat 11/16/13

present: Javiera, Mya, Tim, Noah, AJ, Sarah G, Anthony, Eddie, Rebecca, Russell Herman (facilitator)

Agenda

1. **Who We Are** - Read draft mission and vision statement aloud together.
2. **Market Analysis** - Strengths/Weaknesses/Opportunities/Pitfalls chart; Who is our current base (45 households!) and how do we build out from there? What differentiates us?
3. **Financial State of the Co-op address** - looking at numbers/reports generated by Tim!
4. **Venn Diagram** - What is the overlap between: What we enjoy doing?/ What is mission-aligned?/ What are we good at?/ What will make money (according to the data)? Two extra bubbles on the side: New ideas / Splat ideas
5. **Call for proposals** from the floor for business plan ideas that people are willing to stand by and bring to fruition. Design and choose up to three proposals (in alignment with our mission) that we will explore deeply in small groups.
6. **Close** with a song

1. Who We Are [Estimate: 5 minutes]

We opened with the following *Meeting Agreements*

- Speak from your experience; use I-statements
- Step up listening/ step up sharing
- Be candid, dig deep
- Be open to being uncomfortable
- Respect and care for each other
- Feelings matter, they have meaning

We read the vision statement and the new mission statement aloud together.

- Mission: Our mission is to bake nourishing, thoughtfully sourced food that is accessible and

affordable to support our community, provide jobs with dignity, build alternatives to capitalism, and grow collective power.

At this point, it was clear that folks were not feeling grounded in the space and ready to have the discussion, so Russell asked us what was going on and a discussion ensued about how people were feeling and how to proceed given that, at that point, it was only the 4 bakers plus AJ in the room. We decided to continue, since this was just setting the stage for Wednesday – we can at least come up with proposals.

2. Market Analysis [45 minutes]

We are understanding the landscape by exploring internal and external factors – Strengths and Weaknesses are internal factors; Opportunities and Pitfalls are external factors that may be opening for us or putting pressure on us.

SWOP Analysis:

Strengths:

- Whole wheat sandwich bread is good
- Adaptable
- Able to work in convoluted workspaces
- Lots of lessons/experiences to draw from
- Gluten free and vegan items are good – they do not taste like dirt
- Have lots of strange and unusual resources
- Connections, strong network with we make clear asks
- Have always covered the cost of ingredients and taxes
- Good at treading water

Weaknesses:

- Space is convoluted
- Lack of clear vision for product – ie consistency of how the food should taste
- Does our push for standards lead to sterility?
- Some lack of consistency in products
- Not yet clear on how to manage kitchen
- What is the story our products tell?
- Inefficient on decision-making
- Vast difference in time input and knowledge between members
- Bakers not getting paid
- Marketing, business cards (not good at, don't have)
- How to keep in touch with customers getting wholesale items

Opportunities:

- Not too many brunch/breakfast places in Durham
- Not a lot of vegan cake bakeries
- Lack of sliced artisan bread, half-loaves
- No sliding scale food in Durham
- Population growth? Money coming
- Opportunity to be an example of a viable model “outside” of capitalism that is affordable and challenging gentrification

- Pretty large radical/progressive community that wants space to hang out

Pitfalls:

- People, money coming to durham
- Playing into gentrification
- Play only in progressive/liberal/justice-minded people bubble
- Becoming club-like

Who is our current base:

What do current members have in common?

- Like bread
- 90% Live in Durham; also Hillsborough, Chapel Hill, Efland
- Invested in local community (making home here, rooted)
- 40-50 households
- About 60% people of color or multiracial, 40% white
- More queer than a lot of spaces/orgs
- Range of ages; household with kids; range of household structures
- Varieties of incomes and employment
- “socially conscious”

What do non-member, customers have in common?

- 4-5 wholesale customers (Respite (coffee shop), Kings Red & White (grocery store), Lomo Market (mobile grocery store), Papa Spuds (online ordering system for local produce), Fiction Kitchen (restaurant).
- One person said - “What do they have in common? I've never been to any of them!”
- Care (in a huge variety of ways) about alternative food systems
- They vary in flexibility and therefore stress level for us
- Don't know a lot about individuals getting the bread/items from these stores etc.

What do we want in terms of membership?

- Majority people of color
- Mixed class, rooted in working class
- Queer and allies
- Interested in expanding outside of radical/progressive “bubble”

3. Financial State of the Co-op address [30 minutes]

Handed out and talked through a lot of data – see attached pages.

Goals of sharing this information are:

- Understand how profitable each category is so that we can figure out “what makes money” in the venn diagram exercise
- Understand how much we have to scale up in order to pay a living wage
- Numbers can help us figure out how/what to scale up

Noah & Tim shared that on Friday night, they met with Andrew Pearson who went to business school and also is a longtime organizer. Was the first time a person with official business knowledge has looked at Bread Uprising's numbers, that we can think of. He was impressed – said you have makings

on a viable business here. But right now what's being paid out in payroll is a part-time job for 1 person.

Andrew said that, if we want a living wage, we have to figure out how to scale up times 5, ie make 5x the amount of items (or, bring in 5x the amount of money) while still working the same amount of hours we currently work. So we need to think about what combination of types of income-generating work we can scale up, what a commercial kitchen space/equipment would help make possible, etc. It feels really daunting, and he thinks it is doable for us.

A little more numbers analysis of payroll expenses:

- Right now, monthly payroll expenses are just under \$1,600. What this accounts for is, between the 4 bakers, 45 hrs/week are getting paid for at minimum wage (\$7.25/hr). The actual hours worked by the bakers are between 80-102 hrs/week.
- If we want to pay a living wage, say \$15/hr, with taxes added on that is \$17.25/hr, and for 102 hours that would be about \$7624.50/month in payroll expenses.
- Scaling up from paying \$1600/month to \$7624.50/month means scaling up by x4.765, so that's why we're talking about scaling up by about a factor of 5.

The reports/charts included are:

- Net profit by category
- Sales by item
- Income/Expenses by month
- Cashflow- What's consistent? What's in flux? What gets paid on time or late? Net income by week

4. Venn Diagram [30 minutes]

What is the overlap between: What we enjoy doing?/ What is mission-aligned?/ What are we good at?/ What will make money (according to the data)? This is for things we've already been trying. Then, also two extra bubbles on the side: New ideas / Splat ideas. We are doing this to help us figure out which components of what we do are desirable/viable parts of an expanded business plan.

Enjoy/mission AND we're good at AND makes money:

- Subscription program
- Pride fest baking
- Whole wheat sandwich bread
- Handpies
- Cupcakes
- Vegan sweets; vegan cookies – choc chip, oatmeal/pecan/raisin; Gluten free vegan pecan sandies
- Gluten free/vegan cakes

Enjoy/mission AND we're good at but NOT makes money:

- Chapel Hill Farmers Market
- Special bake days
- Preserving (does save money though)
- Giving ways for subscription members to donate skills, in-kind, etc. (not just \$) that contribute to bakery
- Member dinners

- Meeting members bread/food needs

Makes money AND enjoy/mission but NOT good at (or still working on):

- Catering orders (bread/baked goods only)
- Cooking baking for non-decorated cookies
- Wedding cakes

We're good at AND makes money but NOT enjoy/mission

- Wholesale baking
- Yearly or 6-months fundrasier

Enjoy and/or mission aligned only

- Frosting cupcakes, palm-rolling cookies
- Pizza crusts
- Member assemblies

Makes money only

- (nothing)

We're good at only

- (nothing)

Splat ideas (did not work):

- Selling bread to mini-marts/"bodegas"
- Outreach through markets
- Green flea market
- "Muffin" subcommittees
- Worker exploitation

New ideas (for notes purposes I'm grouping these by category):

- New baking/sales ideas ideas:
 - Catering food (not just bread)
 - Retail (walk-ups)
 - Baking Chilean yummys and empanadas
 - Vegan & GF cake mixes
- Farmers Markets expansion ideas:
 - Shifting from being an occasional vendor at farmers market to regular vendor (increase direct markets)
 - Bootleg rogue Durham farmers' market
- New space ideas:
 - Pop-up shop
 - Bed & breakfast or hostel
 - Breakfast cafe that once a week offers a free meal
- Fundrasing ideas:
 - Sustainer donors
 - Fundraising community dinners

- Other ideas:
 - Living wage for bakers
 - Kids baking contest
 - Media, advertising
 - Ask members to review us on yelp

5. Next stems [30 minutes]

At this point, we were going to do the call for proposals, but instead we did a collective summary of what we know/have learned and what we still have questions about.

Things that we know:

- Folks like cupcakes and handpies and whole wheat bread. Question - is that new information to the bakers, or did y'all already know that?
- Subscription program so far works.
- We'll have to scale back some things
- Wholesale brings in the most money and has a good ratio, but we don't particularly enjoy it tho we may enjoy making some of the specific items
- Need to scale up by 5x overall – go from \$40,000 to \$200,000 – in order to make living wage
- We need a serious space

Questions that we have

- Scaling up the wholesale baking – is that something there's demand for? Could expand – is there more interest than you have now? *What is there a demand for that you're not already meeting? What in your existing markets is there a demand for?
- How much could we scale up the subscription program and maintain its integrity?
- What products could you scale down in order to scale up other things?
- How can the special bake days be leveraged more efficiently – bring in money but also have higher costs – could put more focus on things that bring in more?
- How do we fill the skills gap of things we're not as good at like marketing?
- Do we want to tap into donors as part of our model?
- Is there a way we can engage with food stamps – process food stamps or WIC?
- What catering would be in the new kitchen? How much is Noah's thing vs. bread uprising?
- Could we get our stuff listed on catering menus with places like Curryblossom where they would be doing the marketing and take a small cut?
- Is our focus a production space or also a retail, walk-in space?
- What is the emotional, physical toll? Scaling up 5x feels really overwhelming and insane.
- What are our individual capacities and commitments?
- If the scaling and space doesn't happen, how long is the current model sustainable? (December in terms of space)

Other question things (not directly for biz plan):

- Do we want to engage with Durham Central Market
- Do we want investors to finance start-up?