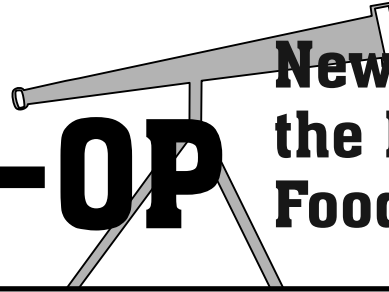


# TELES Co-op

Newsletter of  
the Ebytown  
Food Co-op

April 2003    Volume 19, Number 1



*The shape of a co-operative future*

## Re-imagining Ebytown

Since the time of Ebytown's founding over 30 years ago, much of what we sell has become readily available at a dozen other health food stores in the region, let alone many supermarkets. These businesses may not exist to provide "food for people, not for profit," but they do supply customers with similar goods, although often more expensive, more packaged, or shipped in from farther away.

For all of these reasons, Ebytown needs to change – and it can. Other cities our size have large and vibrant retail food co-ops forming an integral part of their communities, and there's no reason why we can't become one as well. Grant proposals are being drafted for the Trillium Foundation, ONFC, the Co-operators, CEDTAP, Human Resources Development Canada, and Barter-Works to help us raise the more than \$25,000 it will take to resettle in a more accessible location.

Our current landlord, WCRI, is planning to begin a phased reconstruction as early as the summer of 2004, and we still have no clear idea if they will allow Ebytown to remain within their buildings after that time. We're excited by this growth of one of the region's oldest co-operatives, and are inspired to achieve something similar. And so in this light, we see the possible replacement of our current site as an opportunity for us to re-think and re-invent ourselves.

This newsletter outlines several plans for a bright future for Ebytown, but we need your feedback to know which of them to pursue. This is our co-op. We want it to continue, so let's support it!

In this issue, you will see how Ebytown could grow in many ways. However, we recognize that we cannot grow in isolation. We will look to grant agencies such as the Trillium Foundation to provide initial salaries for co-op developers, and to co-ops that feature staffed storefronts as successful models. Most importantly, we will look to the community for partners and to our membership for vision and support.

What do *you* want the Ebytown of the future to be? Let us know by attending this year's Annual General Meeting.

### Annual General Meeting

Monday, April 28th, 7 to 9 pm

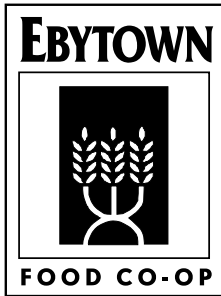
The Working Centre  
43 Queen St. S., Kitchener  
Potluck: 6 to 7 pm  
Meeting: 7 pm to 9 pm

#### Agenda

- Year in review: brief update from the board
- Planning for growth: report from the long-term planning committee
- Visions for Ebytown: member survey results and visioning session

#### Acronymns used this issue

CEDTAP	Community Economic Development Technical Assistance Program
MEC	Mountain Equipment Co-op
ONFC	Ontario Natural Food Co-op
WCRI	Waterloo Co-operative Residences Inc.



**Ebytown Food Co-operative** is a not-for-profit food store owned and operated by its members. Dedicated to the principle *food for people not for profit*, Ebytown provides high quality, nutritious food at a reasonable price. Non-members are welcome. Members receive a basic discount of

4%, but can receive up to 20% off purchases in return for volunteer hours. As well as offering a variety of bulk and packaged goods, Ebytown offers certified organic foods and allows members to order in bulk directly from suppliers.

**Store Hours:** Call ahead to find out exactly when we're open. Typical hours: Tuesday to Friday: 3pm-8pm; Saturday: 10am-3pm.

#### **Ebytown Board of Directors**

Board members can be reached by leaving a message for them on the Ebytown phone answering machine.

Administration: Matt Corks 742-3546

Member Relations: Matt Corks 742-3546

Community Relations: Steve Ohi 578-4634

Finances: Andrew Barker 578-4634

Purchasing: currently vacant

Storefront Manager: Ashok Thirumurthi 570-0709

#### *Ebytown Cocos*

Barbara Hankins & Steve Izma 745-1313

56 William St. residents 576-8355

Rolf Laber 747-4284

#### *Main Ebytown Purchasers*

ONFC: Dawn Miles 894-6157

Grain Process: Caterina Lindman 885-0421

Cleaning products: Mark Wotton 571-7575

Ebytown also stocks the Keeper, Vijay's Samosas, Fair Trade Products, Planet Bean Coffee, handmade soaps, handsewn pads, Generations cleaners, and more.

If you have special purchasing requests, contact Kathy Mortimer or add them to the purchasing clipboard at Ebytown; or, better yet, volunteer to become a purchaser.

The Ebytown Food Co-op  
280 Phillip St., Bldg. A4, basement  
Waterloo, Ont., N2L 3X1

Phone: 886-8806  
E-mail: ebytown@hotmail.com  
Web site: www.web.net/~ebytown

*TelesCo-op*, the newsletter of Ebytown Food Co-op, presents issues, concerns, and events of the co-op, the community, and the world, and to "make larger and nearer" the ideals and ethics of co-operative living. It is published three times a year. Unsigned articles are written on behalf of the Board. *TelesCo-op* is produced by Steve Izma and Barbara Hankins. Contributors to this issue were: Sarah Anderson, Matt Corks, Barbara Hankins, Steve Izma, Karin Kliewer, Ashok Thirumurthi, and Don Weber

# Partnering to create a multi-use gathering place

By Karin Kliewer

## History

In our discussions as a grant development committee, and in researching other successful contemporary food co-ops, it has become clear that Ebytown needs more than competitive food prices and co-operative principles in order to be a viable venture today. When Ebytown was originally formed there were few local options for buying affordable organic foods. Now, over 30 years later, organic has gone "mainstream." Although it's an exciting time to be in the health food business, it's also a time for Ebytown to consider what will allow us to be sustainable within this vast array of options.

For many years, members, boards, and various committees have noted the need for a more accessible store location. Being in a visible, accessible location is a key factor in drawing potential members to visit and join the co-op. However, Ebytown needs more than an accessible location to be set apart from others in the health food industry. Creating a partnership with a like-minded business, co-op, or community project will help to cut costs as well as draw people to our shared location.

## Partnerships

There are several factors to consider:

1. Timing – our partner needs to be free of existing leases when we start our new operation
2. Location – does our partner have the same preferences for location as we do?
3. Facilities – are we sharing the same building, or do we occupy adjacent ones?
4. Communication – what level of trust do we require from a partner?
5. Membership – what do our members need? (for example, a demand for childcare could be met by partnering with a daycare)
6. Types of partnerships – what level of partnership are we forming? (for example, a child care provider working during store hours is distinctly different than a café operating next door but sharing a lease for the building)
7. Administrative partnerships – these are necessary to secure some non-profit funding (e.g., Trillium grants)
8. Ebytown's philosophies – to what extent does our partner share our values?

## Partnership Examples

Partnering projects could include job-skills training in customer service and retail, or a working kitchen to launch small catering ventures. The building could be designed to allow evening bookings for meetings, workshop teaching space, art showings, music concerts, and poetry gatherings. To stimulate member creativity, here are some other partnering ideas that could compliment Ebytown's food security role, while increasing the size and diversity of our membership:

1. organic garden shop (supplies, seeds, tools)
2. drop-off site for Fair Share Harvest or other community shared agriculture
3. community kitchen or resource centre for catering, workshops, or cooking classes
4. parking space for a People's Car Co-op vehicle
5. base for a local homeschooling group to meet
6. natural healing or yoga teaching centre
7. community garden, naturalization and teaching site

The status quo is not enough – people demand more from their grocery shopping experience. If our members shop at Ebytown because they feel co-operative principles are very important, then we need to continue to build and maintain links to the larger co-op movement. If they shop here because of a belief in a sustainable food system, then links to farmers are paramount. If economy is their motive, then we need to expand our product lines and make links to other organizations that help people deal with rising costs of living. If healthy eating motivates their shopping at Ebytown, then we should work with a whole foods bakery or café that also supports this lifestyle. If members want increased activities such as potlucks, then we can offer a space for this and for non-profits currently renting other meeting spaces.

The question is not if we need partners for our new venture, but rather: with whom will be partner?

## Planning for an accessible Ebytown

By Sarah Anderson

In some ways Ebytown is a food security dream: we sell healthy, local food in a supportive environment where new members can develop knowledge and skills to support better food choices. Ebytowners love good food, and love to talk about oat groat recipes, give instructions for do-it-yourself sprouting, and hold community potlucks. This support for someone making their first attempts at eating more sustainably can contribute to a new member continuing to make healthy food choices.

Many agencies in Kitchener-Waterloo are working to increase local food security, and to ensure that everyone

in our community has access to safe, healthy, local, affordable, culturally appropriate, and environmentally sensitive food. With less money to spend on groceries due to rising accommodation costs, the working poor have become particularly vulnerable because the general trend by retailers to promote more expensive processed foods makes affordable food harder and harder to find. Because of the supportive, skill-building shopping experience that Ebytown offers, we have the potential to give effective support for people to make better food choices.

Outlined below are a few ideas about how to make Ebytown more accessible to people with less buying power, regardless of the model that we decide to adopt. We can come up with more by talking to others in our community about barriers that prevent them from being active members of Ebytown.

1. Relocate to Kitchener – More disadvantaged people live in Kitchener than Waterloo. We can locate close to a bus route if we are in or around the downtown area.
2. Increase selection of conventional foods – We can provide this more cheaply than many other stores. People who cannot afford to buy many (or any) organic things could then buy mostly conventional food, with a few organic items if they choose.
3. Cultivate a corner-grocer feel – Instead of assuming that members subscribe to a certain good-food ethic, or relate to health-food-store granola culture, Ebytown could simply encourage good nutrition and healthy living and be intentionally open about the different ways these terms are interpreted. We could also build community by organizing events such as potlucks.
4. Provide membership fee options – Offer more options for membership fee payment, such as allowing monthly payments, or working shift to cover an amount of the yearly fees.
5. Provide support for good-food choices – Act as a resource for members to increase their knowledge of various foods, with basic nutrition training, posters and food-of-the-week info sheets, a recipe file, and cooking or nutrition workshops.
6. Promote ourselves at Social Service agencies – Partner with the Emergency Food Hamper Program and work on new initiatives such as community kitchens.
7. Act as a location for the Good Food Box drop-off and a community shared agriculture project.
8. Retraining opportunities for under- or unemployed people (after we are self-sustaining and have permanent staff).

# Barter financing: The story of deli dollars

By Karen Kliewer

In 1989, Frank Tortoriello of Great Barrington, Massachusetts, faced the same dilemma as Ebytown: he wanted to expand his deli, but lacked the capital to do so. When a local bank refused to loan him \$5000, he printed "deli-dollars" worth \$10 at his new location and sold them for \$8 each. These gift certificates raised the funds needed for the renovation, and customers left with the feeling of having contributed to the fundraising campaign while receiving something in return. The deli-dollars created a sense of anticipation and community partnership in the project without fundraising or advertising.

## Barter Loan

Ebytown could use barter dollars, our existing local currency, to raise a portion of the funds needed to move. By receiving a one-time barter credit of \$5000, to be sold off for cash at the store and in the community, we would have a no or low risk loan, and once Ebytown has moved and re-established itself, the debt could be paid off as the store takes in barter dollars for purchases.

This fundraising scheme would not cancel out applications to other funders, but would provide a creative way to build support, recognition, and anticipation for Ebytown's move in the community. This could be a way to partner with housing co-ops in the region as well as with the BarterWorks network (which consists of over 250 active members). With help from a Human Resources & Development Canada 3-month summer student grant, which Ebytown has received twice before, we could hire a university student to help promote this fundraising campaign. In the process of interacting with a broader community on this creative fundraising venture, Ebytown would develop support and a stronger presence in K-W, contribute to creative local economic development, and find a way to help finance our move.

## Ebytown at Home

By Ashok Thirumurthi

### Concept

Ebytown could look for a home in a house. Think of us as a corner grocery store with a whole foods offering. More than just a storefront, a house could offer a community kitchen, an organic garden, a bulk order warehouse, or a

patio cafe – all in small doses. Office space, a library, workshops and lodgings could fit naturally into a house.

Some neighbourhoods in Kitchener and Waterloo have fringes zoned for retail activity. Ebytown could also apply for site-specific zoning for downtown properties that offered good road access and adequate parking spaces. Busier streets in downtown neighbourhoods would offer some of the advantages of a high profile retail location, such as easy access and good visibility.

### The transition

With adequate staffing and planning, we could raise sufficient funds in our current location to handle the modest start-up costs of setting up shop in a home. We would continue to use the best of our current equipment, and could easily move walls, paint, improve accessibility, and do other necessary work.

A cozy, attractive, and staffed storefront would once again draw together the diverse people that have been interested in Ebytown through the years. This membership base will quickly provide the revenue to offset increased operating costs such as rent, utilities, and salaries.

### Partnering potential

**Training:** Our storefront would provide a perfect training opportunity for people interested in developing job skills. With the help of an on-site co-op developer and a committed membership, any question could be readily answered.

**Sharing Costs:** We have the potential to partner with an area resident or organization with an interest in Ebytown. For instance, a small business owner could share our building, or a like-minded landlord might offer a favourable rent to support our non-profit organization.

**Outreach:** As our revenue grows, we could provide increased resources to the community. We could provide a library to raise the awareness of whole foods, or space for community events such as speakers, workshops, and potlucks. We could support community kitchens and special events such as the community vegetarian feasts.

### A good fit

**Our Vision:** The many rooms in a house could foster diverse activities and partnerships, and allow Ebytown to grow a little in many different directions. Imagine breaking up shopping with a few minutes with a book and a cup of tea: it would be difficult to combine these in a retail operation due to the cost of high-profile floor space, so a new Ebytown would be unique in comparison with other local businesses. The current membership's vision for Ebytown includes being located in a downtown neighbourhood, and providing a focus on community outreach and partnerships with like-minded organizations, and both of these are possible with a converted house.

A converted house represents an opportunity to continue with the best of Ebytown – a community of members who value whole foods and community outreach. More than just a retail health food store, a downtown home has the charm that would attract a wide member base while maintaining a strong overlap with the visions of the current membership.

## Finding factory or warehouse space for Ebytown

By Matt Corks

**E**bytown doesn't have to rent out space in a high-profile retail location or a converted house. There are also many old warehouses and factories in Kitchener-Waterloo, available for very low rents, and these could provide us with a home at least temporarily.

The main advantage of relocating to a warehouse or old factory is cost. The rent is often \$5 or less a square foot per year, or \$625 a month for about the amount of space we have now, and this sometimes will even include utilities and related bills. It's vital for Ebytown to be in a location where we are accessible to people without cars, but there is space available in several old factories located right in the core of Kitchener.

Factory or warehouse space would be a blank slate – we could put up walls to separate storage from retail space as we need them. Cheap space means that expanding to include a library, meeting room, or other facilities would be easy, and our co-op would be flexible to meet the needs of the community. Renovations would be relatively inexpensive, as we wouldn't have to remove existing walls or fixtures. Other than that, the costs of relocating to a warehouse or factory are similar to those for moving to a house.

The location is unlikely to be already zoned for retail use, but most warehouses are allowed to use part of their space for retail sales, provided it's a "secondary" component, and it may be possible to avoid the need to apply for a zoning change in a factory space as well. Rezoning typically requires months of public meetings and notices, plus paying a few thousand dollars in fees, but it's possible to get around this: for example, we could become (at least on paper) a member-only co-op like MEC.

The greatest problem with locating in a factory is that the lease will likely be short-term. Landlords want to sell or rent entire buildings, not rent them out piecemeal forever. That said, this could be a chance for us to keep our overhead costs down while expanding for the next few years, before finding space in a more permanent location.

## The cost of moving Ebytown

By Don Weber

**T**he ranges shown in the following chart reflect differences in possible rents the co-op would pay (our current location is rent-free).

	Low estimate (\$)	High estimate (\$)
Assets needed for startup (expanded inventory, lease & utility deposits)	10,000	20,000
Cash outlay for moving (signage, office equipment, shelving, new coolers)	4000	5000
Other start-up expenses (initial advertising, professional fees, etc.)	2000	3000
Rent for first year (includes utilities)	15,000	35,000
Other operating expenses for first year in new home (salaries and utilities, including salaries funded through grants)	56,000	110,000
Annual sales necessary to sustain the co-op in a new location	110,000	240,000
Amount of annual sales expected from our current product lines	70,000	140,000

More complete copies of the proposals, the full final report of the membership survey, statistics on Ebytown's current sales, and other documents may be found at <http://www.ebytown.org/>.

## Ebytown's Objectives

- to supply members with good quality, nutritious food
- to keep prices to members as low as possible, while still maintaining a buffer of funds for emergencies and stability
- to minimize negative environmental impacts (i.e., by using minimal packaging, by buying organically grown food, etc.)
- to provide a co-operative and non-hierarchical environment as an alternative to the depersonalization of supermarket shopping
- to support social justice boycotts and “buy-cotts,” and fairly traded goods, when possible
- to buy from local and regional producers whenever possible
- to give members a degree of economic self-determination (control over the source and cost of their food supply)
- to support other co-operatives (such as ONFC, our main supplier)
- to nourish a social spirit of community and co-operation that will hopefully extend beyond our co-op and its members

## Ebytown as a retail store front model

By Don Weber

A retail storefront expansion means a stand-alone natural food store on a commercial street or in a plaza, paying full rent and related expenses. Expanded product lines, a large customer base, and possibly strategic partnerships would be needed to be sustainable: this would be possible if about a third of our income were from vitamins, supplements, café and snack foods, non-organic groceries, and a farmers' market satellite site. Such a store would resemble Eating Well Organically on King in Waterloo, or the Olde Kitchen Cupboard on Belmont.

A viable storefront operation represents a big leap in scale and professionalism. This would be a challenge for the co-op, which has been spoiled by free rent, no need for paid staff, low expenses, and highly tolerant members and customers. Our operations and culture would have to change to meet new walk-in customer expectations, since we would no longer be a “club,” but a business that happens to be a co-op. Successful examples of this include fellow ONFC members Karma Co-op in Toronto and the

### Submitting Articles to *TelesCo-op*

We accept articles to *TelesCo-op* at any time, but only material received by an issue's posted deadline can be considered for that issue. Acceptance of material is subject to approval by the Ebytown Board. We reserve the right to edit all submissions.

If possible, please submit material in electronic form. Our preferences for media are, in order: by e-mail to [steve@press.wlu.ca](mailto:steve@press.wlu.ca); on a DOS-formatted high-density (1.44M) floppy disk; or on a Mac-formatted high-density floppy. Most Macs have facilities for formatting DOS disks and saving files to them. If you have a Mac, please do this if possible.

We prefer that your text is saved as a Microsoft RTF file; virtually all word processors can save in this format but this is not an endorsement of anything Microsoft does. If this is not possible, then please supply the article as plain text or, as a last resort, in the word processing format. Regardless of the medium or format you use, please also send a copy of your submission on paper. Graphics may be submitted on the same media as articles but must be in separate files. Any of the following formats can be used for graphics: TIFF, JPEG, Encapsulated PostScript, Corel Draw (any native format), PNG, PPM, GIF, BMP, or on paper in black and white. Print-outs of electronic images would be appreciated.

If you do not have access to a computer, please submit your article on paper with the material typed and double-spaced.

Submissions may be delivered: by e-mail to [steve@press.wlu.ca](mailto:steve@press.wlu.ca); to the *TelesCo-op* mail slot at Ebytown; in person to: Steve Izma, WLU Press, 202 Regina St., Rm 129, Waterloo (884-0710 ext. 6125); or by mail to: Steve Izma / Barbara Hankins, 35 Locust St., Kitchener, N2H 1W6

London Food Co-op.

A move to a location where we pay all normal commercial expenses would require ramping up member input and sales at our current location, 280 Phillip Street, in order to build momentum and capital *before* a move. It should be possible to do this by October 2004, although an earlier move might take better advantage of grant funding at a new site.

More work needs to be done if we are to seriously consider a storefront, either alone or with the options outlined in other articles in this newsletter (for example, partnering with a residence, café, bakery, or subletting office or meeting space). I have not detailed any specific partnership opportunities here, but any sharing of costs – and possibly staff – would be attractive.

(continued next page)

## Storefront operational issues

The following outlines the likely requirements of a successful storefront operation:

- The store must be clean, attractive, well stocked and open 5-6 days per week
- Much broader product lines are required (such as nutritional supplements and non-organic foods)
- Markups need to be higher and variable (40-45% for most items, more for supplements, spices, and vitamins)
- We need new definitions for member categories (working, non-working, and related discounts, fees, and loans)
- Our legally obligated 50 percent minimum member sales restriction could pose a challenge
- How do we best use volunteer member labour and stay professional?
- Having staff will mean more work for the board, who will have to hire, supervise, and deal with turnover, and may lead volunteer members to feel less responsible
- At least one staff member should have retail health food store experience (knowledge of vitamins and supplements, plus purchasing and other operational knowledge)
- The Ebytown name may not carry over well to a retail location
- How do we keep the co-op feel in a new setting?

## Feasibility Issues

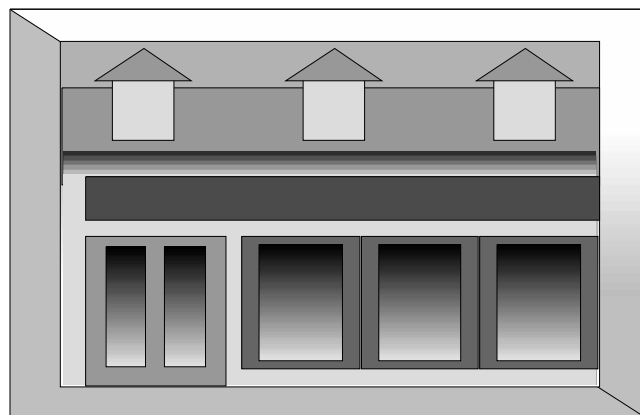
We need a competitive analysis to see if there is a storefront niche we can fill.

- With the growth and mainstreaming of the organic/natural foods sector (Zehr's, vitamins everywhere, large health food stores), there may not be a place for a small player like us. More modest options (multi-use building, another non-retail site, converting to a buying club) may be more achievable.
- Need to evolve a business plan for our own use and for grant applications.
- Determine if we can survive without the grant when used up.

## Location cost examples

There is a direct link between visibility, traffic, parking and the cost per square foot. Sites available now range from \$18 per square foot per year, plus taxes, services, and utilities, for a downtown site in Kitchener, to \$30 per square foot for a space in the plaza at University & King. WCRI's redevelopment is unlikely to make room for us; our board remains in contact with WCRI, but it's unlikely that they'll accommodate us, as they have financial pressures of their own.

The new Kitchener Farmers' Market development could work well. They have two corner buildings, plus



market areas to draw traffic, but their completion date of fall 2003 is sooner than we were thinking, it's too late to apply for a space when they first open. The corner sites cost \$19-23 per square foot (plus taxes & other charges), depending on the size partitioned off. As well, startup costs may be high since we'd be the first tenants in a brand new retail space.

In my financial projections, I've used a low lease of \$18 times 1500 square feet (a bit more than what we have now), or \$27,000 per year (\$2300/month) plus utilities and common costs. Other sites may support storefronts and also allow other uses.

## Bottom line – Would a storefront work?

When contemplating expansion to a storefront, or any other paid site, timing is crucial. Can we expand our operations and sales before, during, and after a move to survive at a fully paid location? Should we get organized now and move earlier and grow there? A competitive and industry analysis is needed to gauge sales potential properly.

As part of this, I've prepared a spreadsheet showing a year of growth at our current location, and three years at a new storefront, available in the hallway at Ebytown and with the online version of this article. It shows what we need to earn to finance projected expenses and other cash outlays, and hold our own after the grants end. Expenses shown include signs, shelving, cooler(s), a grand opening promotion, office setup, and professional fees, which would have to be financed at the start of the project. Major operational expenses include rent, utilities, staff salaries, and member labour (discounts).

A storefront would require five to six times our historical sales in present product lines by 2005 (\$140,000/yr) and an expansion into new lines (another \$80,000/yr). A four-year Trillium grant would help us reach this point, but ultimately we would have to cut staff to make it on our own. Without more funding or more growth than forecast, we could not support ourselves after the grant.

These are very high sales figures for us. The risk is

that sales and growth figures are not reached (for the first three months especially) and that we are not self-sustaining when the grant ends, since every \$1000 sales not made means about \$350 in expenses not covered. We would need \$9000 saved up from 2003-2004 operations at Phillip Street in addition to financing of about \$15,000 for start up expenses and inventory growth. It would definitely be challenging, and require more pencil sharpening, business planning, and commitment to such a vision. More research is needed to see if such sales levels, margins and expenses are realistic.

Ebytown has to decide if our vision is to be a "real store," and then get behind it and see if we can make it happen. If not, we need to find another, more feasible option or partnering solution. I hope this analysis is helpful for all options considered, and I welcome any questions or insights on this model, my expense projections, and especially opinions on our prospects for pulling off

such a re-inventing of Ebytown. You can contact me at 883-4159, or by email at

DonWeber@alumni.uwaterloo.ca.

## Membership Survey Results

The final report of Maria Hatzipantelis's extensive membership survey is now available on the Ebytown web page. You can view it at

<<http://www.ebytown.org/minutes/>>

along with recently updated sales statistics on the co-op, and other documents. Thanks to all who took the time to respond to her questionnaire.

---

Ebytown Food Co-op  
280 Phillip St., Bldg. A4, basement  
Waterloo, Ont., N2L 3X1