

---

# CHICAGO MARKET

---

A COMMUNITY

---

CO  
OP



Annual  
Report  
2016.



## **Vision**

An Honest Food Community

## **Mission**

Chicago Market - A Community Co-op is a community-owned and operated, full-service grocery store on the north side of Chicago focused on local, sustainable and organic foods. We are dedicated to offering as much of the breadth, depth and variety of Midwest food as is produced by the region's diverse farmers and local food producers. Our commitment is to honest food and transparent labeling: we provide information about who produced your food and how it was produced, so you can decide what you feed yourself and your family. More than just a store, Chicago Market will be a community hub and gathering place; we will promote careful resource use, environmental principles of recycling and reusing, while maintaining reasonable prices for consumers and producers. As a cooperative, we support service to diverse communities, good-paying jobs, local economic development, environmental stewardship, accountability and social responsibility.

Our leadership and employee teams are dedicated to the co-op values of self-help, self-responsibility, democracy, equality, equity, solidarity and the ethical values of honesty, openness, social responsibility and caring for others, including service to our Owners. Our professionally designed store provides the highest quality food and customer service, and a warm and friendly shopping experience. Our experienced employees are treated and trained with respect, and offered career opportunities, benefits and excellent wages. We select farmers and vendors who share our values of transparency, production methods, labeling and labor practices. We treat our farmers and vendors not as cogs in a supply chain, but as members of our community.

The International Cooperative Alliance defines what a co-op like ours is:

*A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.*

And all co-ops, whether food co-ops like ours or worker co-ops or producer co-ops adhere to Seven Cooperative Principles. As we thought about reporting to you, our Owners, about our past year and progress, it made sense to frame our work within those Seven Principles:

### **Co-op Principle #1. Voluntary and Open Ownership**

We certainly welcome everyone as an Owner and continue to offer payment plans to make Ownership more accessible. We also launched Business Ownership this past year, which lets businesses support us and become part of our community when they feel aligned with us.

### **Co-op Principle #2. Democratic Owner Control – Each Owner has a vote**

Our share structure and Bylaws assure this – one Owner, one vote. In fact, starting tomorrow, August 29, 2016, we'll ask you to vote on new Board members for three open seats.

Beyond this, all Owners have a *voice* – your elected Board members work to create an aggregated view of our 830+ Owners' needs and desires and it is our duty to act in ways that best align with the group of Owners as a whole. One such example was the creation of site selection criteria, which are based on feedback collected from Owners. Another example was our Coffee & Conversation event in June. We heard you that you had a lot of questions, mostly about our site search, so we invited Owners to a gathering where you could ask questions and get answers. If you missed this wonderful evening you can [read about it here](#).<sup>1</sup>

And speaking of open democracy, we're proud to say that our monthly Board meetings are now open to Owners. Watch our Facebook page or the Events tab on our website to RSVP for the next meeting if you'd like to sit in.

*You* need to know you can and should communicate with us. We, the Board, are only as good as your input, so speak up! Email [board@chicagomarket.coop](mailto:board@chicagomarket.coop) anytime.

---

<sup>1</sup> [http://www.chicagomarket.coop/site\\_discussion\\_7-5-16](http://www.chicagomarket.coop/site_discussion_7-5-16)

### **Co-op Principle #3. Owner Economic Participation – Each Shareholder has a share of the profits**

We adhere to this principle and it works two ways. Right now, you are participating economically by buying a share and supporting this initiative by pooling your money with others in the community. Once the store is open there will be economic benefits to you in the form of discounts and specials for Owners and once profitable, the store can offer patronage refunds to Owners as well based on the amount they each use the store by shopping there.

Remember too not to measure "profits" in dollars alone. You, Chicago Market Owners, have profited, have gained, by our coming together already. You've been out to our Pop-Up Markets, where you gain access to fresh, local food, cleaning products, plant seedlings and more. You meet other Owners there and see the power that we all have when we work together toward our common goal of a community grocery store.

### **Co-op Principle #4. Autonomy and Independence – Members are the Owners**

We felt so strongly about this one that from the beginning we've chosen the word "Owner" rather than Member. You can be a "member" in all sorts of clubs and organizations, but in a co-op like ours, you OWN the business with your neighbor. (By the way, you have recruited your neighbor, haven't you?)

### **Co-op Principle #5. Education, Training and Information**

We kicked off weekly updates this year to educate and inform you about the progress being made and all the steps involved. Our Board Member Heather Lalley checks in with the rest of us on a weekly basis and shares a quick overview blog post so you can track the co-op's progress. This is a great way for you to see what activities might benefit from your volunteer help too, by the way! Here's our most [recent post](#)<sup>2</sup> and you can always find them on our News tab on the website.

We have a monthly newsletter that tells the story of our volunteer community, shares updates and brings you special offers from our Business Owners. Our August newsletter features a story about one half of our design and architecture team, [Wrap Architecture](#),<sup>3</sup> profiled by writer Annette Mambuca, Owner #148.

---

<sup>2</sup> [http://www.chicagomarket.coop/weekly\\_update\\_8\\_16\\_8\\_22](http://www.chicagomarket.coop/weekly_update_8_16_8_22)

<sup>3</sup> <http://bit.ly/2bMfXbe>

And we launched a team that works in advance of our Pop-Ups to be sure we have great signage and posters at the events that are full of useful information about our vendors. We have [Purchasing Values](http://bit.ly/ChMktPV)<sup>4</sup> in place for our store and are already working to share with you the ways in which vendors fit those values. The team tries things and tweaks for the next Pop-Up, always learning and improving.

The Chicago Market Board recognizes its benefits from continued education and training as well. We've welcomed Jacqueline Hannah of Food Co-op Initiative (FCI), a non-profit dedicated to supporting start up food co-ops, as an educational resource and also attended the annual Illinois Start Up Day, a workshop that brings beginning co-ops around the state together to learn and share experiences. We've also taken advantage of a board leadership workshop day presented by CDS Consulting Co-op by sending two Board members.

### **Co-op Principle #6. Cooperation Among Cooperatives**

Our Board Member Heather Lalley attended an information session held by a group in Washington Park who want to start a co-op in their neighborhood.

Board President Grant Kessler recently attended the [Illinois Startup Workshop in Urbana](http://www.chicagomarket.coop/co_op_conferences)<sup>5</sup> where we learned from others and shared our knowledge.

Our Funding Director, Greg Berlowitz, attended the Consumer Cooperative Management Association (CCMA) conference in Amherst, MA this summer. CCMA is the largest food co-op conference in the country attended by over 400 co-op board members, general managers and funding sources. Greg's networking there introduced us to funding sources and solidified relationships with loan officers.

We continue to be active members of the Chicagoland Food Co-op Coalition (CFCC) which includes our friends from the Dill Pickle Food Co-op in Logan Square, the Sugar Beet Food Co-op in Oak Park and starts ups like ours - Prairie Food Co-op in Lombard and Shared Harvest in Elgin. Together we participated in programming a learning track at the Good Food Festival & Conference in March.

We regularly field outreach from other co-ops starting up around the country. They very often have questions about our website and the platform it's built on, NationBuilder, so we are quick to jump on the phone with them and tell them everything we know about website functionality and design.

---

<sup>4</sup> <http://bit.ly/ChMktPV>

<sup>5</sup> [http://www.chicagomarket.coop/co\\_op\\_conferences](http://www.chicagomarket.coop/co_op_conferences)

It's exciting to announce our new partnership with First Financial Credit Union. Credit unions are cooperative banking institutions and First Financial is pleased to welcome Chicago Market Owners as a Select Employer Group. This means Owners of Chicago Market are now free to open accounts at First Financial and bank cooperatively.

And we are also excited to be meeting soon with REI, one of the country's largest cooperatives, to explore ways we can partner with them – watch for our cooperation with this co-op.

**Co-op Principle #7. Concern for Community - Community stewardship, through donations, events and other activities, is at the center of everything.**

We are all itching to see the store open, but the vagaries of real estate push us around. Still, we recognized the need for us all to come together somehow, so we kicked off a series of Pop-Up Markets this past year that have been hugely successful on many levels. They clearly solidify our community and the 1500 of you who have attended could feel that. The Pop-Ups also serve to introduce Owners and non-owners alike to the kinds of vendors and farmers the store will feature, and we hear from our vendors that they LOVE doing them. They generally do well in terms of sales and they appreciate connecting to you. AND, we find Pop-Ups result in new Owners, and growing our Owner base is vital to our next steps toward opening.

Speaking of donations! You, the Chicago Market community, have really stepped up in support of Care For Real, a food pantry based in Edgewater. They've partnered with us at all of our Pop-Ups and as you all shop, you shop for others too and donate at the Care For Real table.

*Without the support of our community, Care for Real would be unable to provide the highest level of free programs and services to our neighbors in need. Chicago Market is an example of a dedicated partner who truly makes a difference. As a result of the thousands of pounds of donated locally grown fresh produce and other items we've received from our Pop-Up partnership with Chicago Market, together, we have given so many families and individuals the opportunity to eat better and live healthier lifestyles. The Owners have been a blessing to us and our clients in so many ways.*

*- Lyle Allen, Care For Real Executive Director*

Truly the most wonderful thing we've seen in the past year are examples of you, folks in the Chicago Market community, who take it upon yourselves to do amazing things that build community. Maria Rasche, Owner #759, wanted to see a food and sustainability book club happening among Owners, so she gauged interest in our [Chicago Market Facebook Owners](#)

[Group<sup>6</sup>](#) and made it happen! Another Owner, Lee Herman #490 even chimed in and offered his home as a meeting place. Owners met each other over a book discussion and there are more to come! That is Chicago Market building community.

## **The year at a glance:**

### **Market Study**

Our #getto80 campaign for 80 new Owners in December was a huge success and the funds from those Ownership shares funded our market study. We contracted with the highly respected firm of Dakota Worldwide Corporation out of Minneapolis to give us outside professional data and analysis of the competitive grocery marketplace we plan to open in. They used sample locations which give us a strong business case for opening our store and as we consider possible locations, we've been touching base with Dakota for updated reports based on specific sites. This gives us sales forecast figures as we weigh the pros and cons of each site.

### **Business Pro Forma**

We've hired CDS Consulting Services, a widely respected co-op of consultants who help startups launch, to work with a team of our Board members on a business pro forma. This is a complex spreadsheet document that makes business, sales, purchasing, leasing, financing, labor, and other cost assumptions and shows business viability. This work is close to completion now and will be adjusted one last time when we make a final decision on a particular site. The pro forma helps the Board, potential funders and the future GM chart the business over time.

### **Building the Team of Professionals**

Starting a co-op begins as a volunteer effort and in many ways continues to be even beyond opening. But there comes a time when you need outside professionals to make things happen. This past year we've researched, vetted and brought on as partners a number of such pros – we contracted with SVN Chicago Commercial to represent us as our real estate brokers in site search and negotiations; we have a working agreement with Englewood Construction to work as our general contractor; and just recently we've announced agreements with Wrap Architecture and freshArc, two teams based in Chicago and Minneapolis respectively who will work together on our architecture and store design. FreshArc brings years of store design and fixture placement expertise to the table,

---

<sup>6</sup> <https://www.facebook.com/groups/1584053851882598/>

including co-op experience, and Wrap brings local knowledge, a drive toward sustainability and community, and a sensitivity toward the history of existing buildings.

### USDA Local Food Promotion Program Grant

Chicago Market, led by our Funding Director Greg Berlowitz, submitted a USDA LFPP grant application this year. The \$100,000 grant, if awarded this fall, will be used to cover consultant and professional services costs.

### Food To Market Challenge

The Food To Market Challenge is a major funding competition announced this past spring by the Chicago Community Trust which offered a \$500,000 prize to the winning team who presents a creative way to improve the distribution and supply of local food into Chicago. Of course this sounded ideal for Chicago Market since we recognize distribution needs improving and we know we'll be on the receiving end of the supply chain. We reached out to our community and fielded a team to prepare a proposal for submission. As the deadline neared though, it became apparent we wouldn't have a strong enough proposal ready in time, so we made the difficult decision to back out of the competition. The good news is though that the Chicago Community Trust is investing in our local foodshed in this way and there is no question Chicago Market as a buyer will benefit from the work of the winning team.

