

## 1 **Your articles of incorporation and governing documents**

Unless you plan on leveraging your own assets - for example a 401K or your home - to take out a loan for your cooperative business, you'll need to incorporate and provide detailed documentation for your ownership structure and membership criteria.

## 2

## **Your business plan & budget**

Lenders will want to see that you've done your homework. It's not enough to have a great idea - you need to demonstrate that your idea is financially viable. Explain your business in detail, including your income streams and your expenses. Provide a detailed budget for your startup or expansion, and indicate where your financing will come from. Then provide an estimated annual operating budget for your new business, your current financials, if you are expanding or converting an existing business.

## 3

## **Market survey**

Who are your competitors? How does your business add to the service landscape? How will your business respond to market demands? Some cooperatives may decide to hire an outside firm to perform a market analysis, but you can do this yourself by mapping the other businesses that provide similar services, and even mapping the other businesses that are geographically close. Will a concentration of similar businesses in your area hurt or help you?

## 4

## **Detailed projections**

Imagine exactly what your first three years of business will look like. How many customers will you have initially, and how many will you need to bring in to hit your sales targets and meet your break-even point? How much can you expect each person to spend? What will your expenses look like, including payroll - which might increase as your business takes off? Write out month by month projections for your first year, and then estimate your gross income and expenses for years one through three.

## 5

## **Sources of capital**

Most of the time your startup capital will come from a variety of sources. Will you use multiple lenders? Apply for grant funding? Will coop members have to make an initial cash investment that can be used towards the expansion or conversion budget?

**SO, YOU'RE  
READY TO APPLY  
FOR A LOAN ... DO  
YOU HAVE ALL OF  
YOUR DOCUMENTS  
READY?**

A GUIDE FROM BRED

**Every lender is different, so you will undoubtedly need to provide additional types of documentation. But, gathering these materials together and doing these detailed projections are an important first step for your emerging cooperative business!**