



Concept for a Sustainable Local Bakery Cooperative

Nigel Forrest, Brian Grant, Ian Thompson, Samantha Zah, Arnim Wiek

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Sustainable Food Economy Lab

ASU School of
Sustainability
Arizona State University

Sustainable Food Economy Lab

The Sustainable Food Economy Lab supports and advances sustainable food economies and enterprises through solution-oriented research in collaboration with stakeholders and researchers. We believe in the value of food that is healthy and delicious, fairly priced and broadly accessible, while produced in environmentally friendly ways along the entire life cycle, with high standards of animal welfare. We also believe in the value of food that provides decent, stable jobs, while supporting local communities and cultures.

The Sustainable Food Economy Lab is part of the School of Sustainability at Arizona State University.

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Barrio Bread: barriobread.com
Women under the Sun: <https://womenunderthesun.com>

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Executive Summary

Cities across the country face challenges to the health and wellbeing of people and nature stemming from the unsustainability of the dominant, centralized, industrial food system. While there are lively local food communities, their impact is small in comparison to the overall food economy. In many metropolitan areas the vast majority of food consumed is neither sustainably produced nor of local provenance, and thus contributes little to the environmental, economic, and social well-being of the region. Interventions are urgently needed.

The Sustainable Food Economy Lab at Arizona State University works with stakeholders and researchers to create and grow sustainable local food enterprises and networks that have significant potential for transforming food economies. To do so, we use evidence from successful examples around the world.

The concept for developing a sustainable local bakery cooperative arose from a stakeholder workshop in Tempe, Arizona, in November 2017. Stakeholders identified it as a promising intervention to grow the sustainable local food economy through the promotion of local sourcing while also fostering professional growth and democratic decision-making in the workplace.

The concept originated from the Arizmendi bakery cooperatives in the San Francisco Bay Area. To replicate their success in boosting local economic growth in a way that adheres to sustainability values, our research team met with staff of the Arizmendi Association and collected data on their model in December 2017. The concept presented here shares similarities to the Arizmendi model but also deviates from it to reflect a broader range of sustainability values. We believe that sustainability-focused bakery cooperatives can both spur local food economies and aid in transforming food entrepreneurship to take on the spirit of sustainability.

This report is the direct result of a participatory research project conducted in spring 2018 (following the stakeholder workshop and research visit). The report details the key areas of the bakery co-operative, from sourcing to operations, and offers both a vision and a strategy for pollinating a bakery cooperative (using existing evidence). We outline concrete strategies for local sourcing, recruitment, and provide an estimate of startup and operational costs as well as financing options.

The concept has been specified for Tempe, Arizona, to make it tangible and work towards implementation as recommended in the local stakeholder workshops in November 2017 and in January 2018. Continued efforts will need to take place to further detail the concept into an operational business plan that can be implemented. We are now in the process of revisiting the concept and developing such a business plan in close collaboration with local experts and stakeholders.

At the same time, most components of the concept are transferable to other locations and thus offer inspirations to food entrepreneurs across the country. While we are excited about the opportunity to create one of the first worker cooperatives with strong sustainability orientation in Arizona, we know that this will be of little impact in the large scheme of things. Concerted efforts of transfer, scaling, and pollination across the country are necessary to create a brighter future of food for current and future generations.

Introduction

Envision a sustainable local food economy, in which 50% of food consumed is produced and processed locally (within 75 miles) using sustainable, organic, or equivalent procedures and practices. Such an economy is mostly composed of cooperatives and benefit corporations, using impact investment and local currencies to distribute benefits to employees and communities in a just way. A sustainable local food economy also supports democracy, improves health, enriches culture, and restores ecological integrity for generations to come.

The current industrial food system is dominated by large-scale agri-businesses, industrial processors, and global retail corporations imposing significant harmful to the health and livelihoods of people and the environment at large. This system is rooted in the ideology of profit maximization whilst externalizing massive costs to climate, land, water, health, and local economies.

While there is a growing sustainable food movement in Maricopa County, it has yet to make an overall impact on the local food economy. Only 4.5% of U.S. food sales are estimated to be organic in 2015 (OTA, n.d.). This translates to \$400 million in the Phoenix Metropolitan Area where food sales, excluding restaurants, amounted to \$8.9 billion in 2017 (Economic and Business Research Center, 2018). Of this, very little appears to be produced locally. Only 102 farms (organic and non-organic) engage in direct-to-consumer sales, compared to \$1 billion total sales of the county's 2,500 producers (USDA, 2012). And only 13 farms in Maricopa County were certified organic in 2012, seven of which had sales of less than \$5,000 annually. Food-related employees make up a major part of the Phoenix Metropolitan Area labor force of approximately 2 million in 2016, including 9% working in food preparation and service, but are among the lowest paid, earning a mean hourly wage of \$9.5 (Bureau of Labor Statistics, 2016). Although Arizona recently passed legislation to increase the minimum wage to \$12 by 2020 (Wiles, 2017), this still

barely meets the estimated \$11 for essential living needs of a single person in the Phoenix area in 2018 (Massachusetts Institute of Technology, n.d.). More than 16% of the county's population live below the poverty line (U.S. Census Bureau, n.d.) while income inequality continues to rise (U.S. Bureau of the Census, n.d.). There is a need, then, for local food enterprises that provide access to healthy, local, sustainably produced food as well as decent jobs. Such enterprises are invested in social and environmental benefits along with economic success.

The Sustainable Food Economy Lab at Arizona State University works with local stakeholders to create and grow sustainable local food enterprises and networks that have significant potential for transforming food economies. To do so, we use evidence from successful examples around the world.

The concept for developing a sustainable local bakery cooperative arose from a stakeholder workshop in Tempe, Arizona in November 2017 and is part of a larger effort to stimulate and support the sustainable local food economy. The event brought together 26 active members of the local food community to review a range of sustainable solutions from around the world and explore the potential of transferring these solutions to Tempe (Wiek & Forrest, 2018). One group of stakeholders showed particular interest in the Arizmendi bakery cooperative model of the San Francisco Bay Area and considered the potential for transfer to Tempe as high.

The employee-owned business model, and that of worker cooperatives in particular, is especially conducive to sustainability because it addresses major issues of equality, democracy, and community (Nadeau, 2012; Pérotin, 2014; Rothschild, 2009). These issues pose significant threats to the long-term viability and integrity of societies around the world today and in the future. A cooperative bakery, along the lines of the Arizmendi bakeries, is an intervention that can grow the sustainable local food economy while simultaneously building economic benefits and inclusive participation of the workforce. In this respect, we hope that the cooperative business concept presented here offers inspirations to food entrepreneurs across the country.

The efforts documented in this report are initial steps towards creating a sustainable local bakery cooperative in Tempe, Arizona. The concept details the vision of such an

enterprise and strategies for its realization. The intention is to see these efforts through to the implementation of the enterprise.

While the Sustainable Food Economy Lab is the driving force of the early development of the bakery, it will not be the owner nor the operator. The lab is acting in a development role (as a pollinator) only, and in later stages, it will transfer responsibilities to other supporting organizations and potential future members of the cooperative. In addition to creating real-world change in the local food economy, the bakery cooperative project has additional outcome aspirations. As an educational effort, this project builds capacity among students and stakeholders to strengthen and grow the sustainable local food economy. We also demonstrate how to generate useful, actionable knowledge that informs transfer and initiation of sustainable food cooperatives and other types of sustainable enterprises.

Research Design

General Approach

The *Sustainable Food Economy Lab* supports existing enterprises, start-ups, government agencies, and non-profit organizations in strengthening and growing sustainable local food economies. The lab conducts research with experts and community members to develop business models based on demonstrated success. We initiate and support business *incubation* (operationalize and implement ideas), *acceleration* (scale existing operations), and *pollination* (transfer and implement models). Our overall research approach is to: 1) engage with local stakeholders in a particular place to identify gaps and opportunities in the sustainable local food economy; 2) research successful examples of enterprises and economies from other places to create a model that could fill the gap or seize the opportunity; 3) work with stakeholders to design a local solution by adapting the model to the local context; 4) work with stakeholders to implement and take ownership of the local solution (Figure 1).

Project Approach

The bakery cooperative project is a pollination project, transferring the Arizmendi model from the San Francisco Bay Area to the Tempe/Phoenix area. Stage (1) was accomplished through the stakeholder workshop in Tempe (November 2017). For the bakery cooperative concept, Stages (2) and (3) were conducted, as documented in this report. We addressed two research questions:

1. *What are the key components of a sustainable local bakery cooperative in Tempe (vision)?*
2. *How could the bakery cooperative vision be realized (strategy)?*

Future work will build out the concept (operational business plan) and take the necessary steps to implement it. A key step in this process is transferring ownership. As stated in the introduction, the lab's role is development (pollination) only. Thus, a crucial part of the next stage will be to recruit potential worker-owners, train them in how to run a sustainable

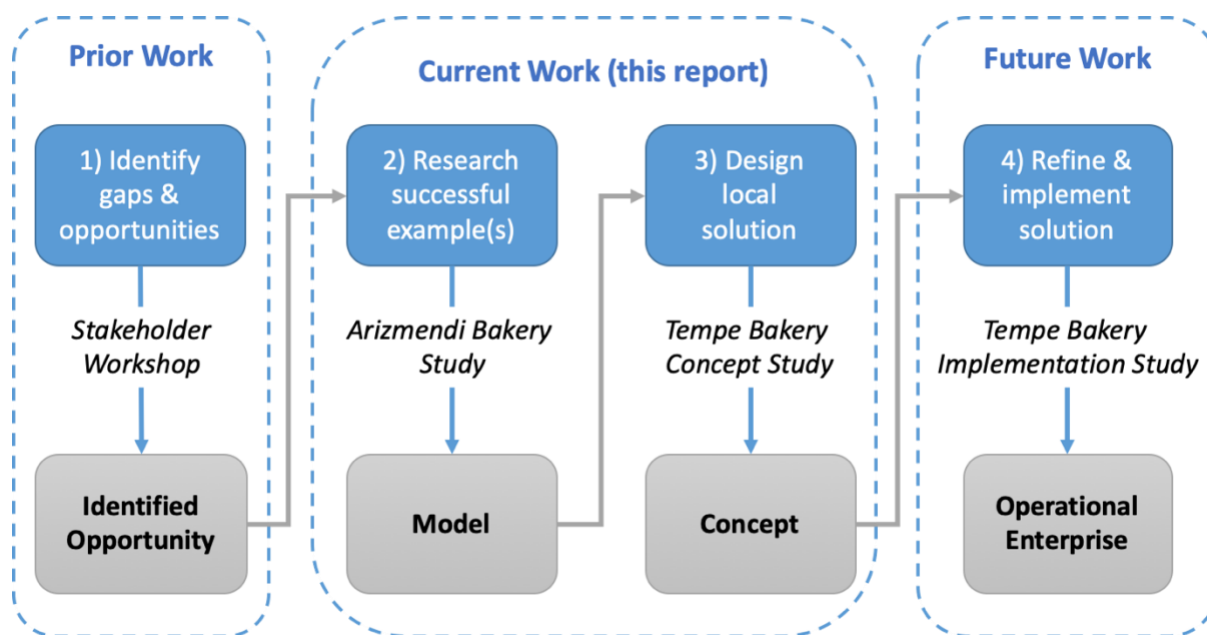


Figure 1. Research approach of the Sustainable Local Bakery Cooperative Project

local bakery cooperative, involve them in the development process, and over time, transfer full responsibility to them.

Conceptual Framework

To guide the development of the business concept, a framework is used that captures the main components of the enterprise and their interrelations (Figure 2). We use the framework to describe both the original model of a successful enterprise (Arizmendi bakery) and the vision for the sustainable bakery cooperative in Tempe. The framework broadly represents a flow of inputs from the left into a process (the enterprise) in the center and

outputs to the right. It delineates the enterprise from its external environment.

For the sustainability-oriented design of all enterprise components, we used a set of normative principles. We applied the design principles of transformational sustainable enterprises (Wiek, Basile, & Foucrier, 2016), the seven cooperative principles (Cropp & Zeuli, 2004), and empirical evidence from successful enterprises (Table 1).

Finally, we used a simple set of actions to define the strategy for reaching the vision (Table 2). The actions need to be taken to realize the sustainable bakery cooperative in Tempe.

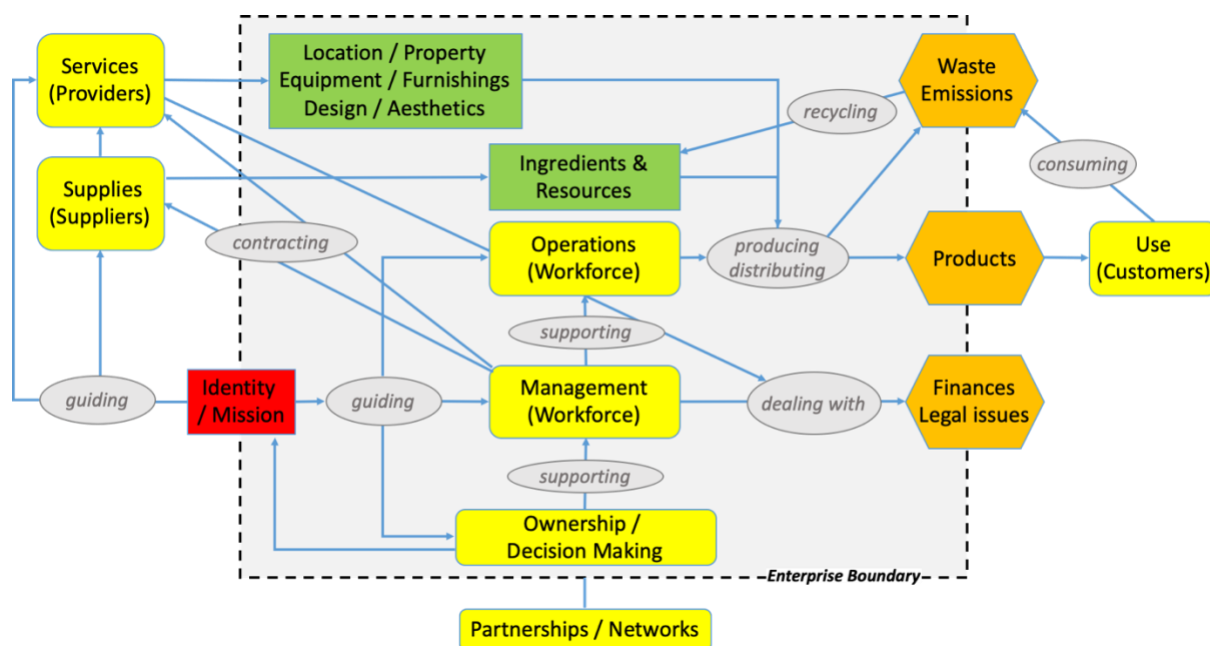


Figure 2. Framework to capture all components of the bakery cooperative and its interrelations

Component	Definition	Design Principle
<i>Identity / Mission</i>	What values, principles, and goals of the bakery that guide its operations and external relations	<ul style="list-style-type: none"> – Fair & equitable – Inclusive & democratic – Ecologically integrated – Community embedded – High-quality
<i>Ownership / Decision Making</i>	Who owns the bakery, what are ownership rights, who makes decisions and how, how are owners and decision makers determined	<ul style="list-style-type: none"> – Worker-owned – Democratic member control – Economic participation – Autonomy & independence
<i>Property / Location</i>	What location, its characteristics and surroundings, the features and specifications of the building and facilities, exterior and interior	<ul style="list-style-type: none"> – Downtown Tempe – Accessible & visible – Sustainably operated
<i>Equipment, Furnishings</i>	What equipment, tools, utensils, furniture and so forth is used in the operational and management processes	<ul style="list-style-type: none"> – Durable – Sufficient functionality and capacity – Valuing craft, manual skills, & labor
<i>Design / Aesthetics</i>	What interior and exterior design of the bakery that give it a particular look and feel (architecture, furnishing, decor, color schemes, visuals, and messaging)	<ul style="list-style-type: none"> – Open, airy, and natural – Visible baking operations – Simple and solid – Expressive of identity
<i>Ingredients, Resources</i>	What ingredients, materials and other resources used such as water, energy, and packaging, etc.	<ul style="list-style-type: none"> – Organically/naturally grown or renewably generated – Local to regional – Socially responsible
<i>Supplies</i>	Where ingredients and other inputs are sourced from, and at what cost	
<i>Service Provision</i>	What services are received (lease, maintenance, etc.), and at what cost	
<i>Products</i>	What the bakery produces (menu), its volumes, prices, and packaging	<ul style="list-style-type: none"> – Delicious and healthy – Simple but diverse choice – Handcrafted, high quality – Real prices (includes externalities)
<i>Customers</i>	Who buys the products, how many customers, what are their socio-demographics, motivations, and consumption patterns	<ul style="list-style-type: none"> – Workers, students, residents, visitors – Diverse & inclusive – Local cafes, restaurants, stores
<i>Operations</i>	What are the activities to run the bakery on a day-to-day base	<ul style="list-style-type: none"> – Shifts – Revolving complementary roles – Efficient resource use – Zero waste
<i>Management</i>	What are the activities to manage the bakery on a long-term base	<ul style="list-style-type: none"> – Supportive & democratic – Committee-based
<i>Workforce</i>	Who, how many, what do they do, what pay & benefits, what training and development	<ul style="list-style-type: none"> – Diverse & inclusive – Fair wages – Broad skillset – Wide range of benefits
<i>Finances</i>	What capital, monthly / annual operational costs, revenues, taxes, surplus, etc.	<ul style="list-style-type: none"> – Retain 100% ownership – Economically viable
<i>Legal Issues</i>	What legal form, bylaws, contracts, etc.	<ul style="list-style-type: none"> – Worker cooperative
<i>Partnerships</i>	What relationships to other players in the food economy, their purpose, involvement, benefits, etc.	<ul style="list-style-type: none"> – Community engaged – Locally connected and supporting

Table 1. Components of the enterprise and guidelines to design them

Action	Definition
<i>Product Development</i>	Consolidating bakery recipes and products
<i>Contracting</i>	Securing ingredients and resources for bakery operations
<i>Leasing</i>	Securing property (and equipment) for the bakery
<i>Designing</i>	Planning the interior and exterior of the bakery
<i>Market Research</i>	Identifying target customer groups to inform marketing
<i>Recruiting</i>	Attracting bakers for the bakery and support staff for the startup phase
<i>Training</i>	Building capacity for baking and running a worker cooperative
<i>Incorporating</i>	Founding an LLC [worker cooperative]
<i>Start-up Budgeting</i>	Identifying all expenses to get the cooperative bakery up-and-running
<i>Fundraising</i>	Securing startup capital (sources, cost, conditions, etc.)
<i>Purchasing</i>	Obtaining equipment, furnishings, etc. for the bakery

Table 2. Key actions of the strategy to reach the vision

Research Steps

Primary Case Study: A case study of the Arizmendi Association of Cooperatives was conducted in December 2017 (Forrest & Wiek, 2018). The case study involved site visits to four of the six member bakeries of the association, interviews with two of the association's staff members, and review of documents provided by the association and publicly accessible literature and information.

Secondary Case Studies: Elements of successful sustainable food enterprises were extracted from prior research, researchers' individual knowledge, information received from experts, and internet searches.

Local Research and Expert Input: The team conducted interviews with local experts, visited local sites (City of Tempe properties and Noble Bread bakery), consulted with Arizmendi staff, and gathered data through internet searches, observation, and informal contact with a wide range of people (see Appendix A for details).

Concept Outline: An initial version of the bakery cooperative concept was developed

from the ideas generated and information collected from initial research.

Stakeholder Workshop: The concept was presented at the *Bake Tempe!* workshop in Tempe in January 2018 (see Appendix B for the workshop program). Various stakeholders participated (see Appendix C) and the team collected verbal and written feedback from the participants.

Follow-up Research: Workshop data was analyzed and additional interviews conducted with Jill Buschbacher, Kristen Osgood, Dr. Braden Kay, as well as commercial property agent Dan Colton, Perry Consulting, and Sun Produce Co-op. The team reached out to interview newly identified experts including Kate Borders of Downtown Tempe Authority, Corey Hawkey, green operations expert from ASU's Sustainability Practices office, and a site visit to Mediterra bakehouse to meet with head baker and manager, Dino Klouris.

Draft Concept: Based on the workshop and follow-up research, we created a thoroughly revised and vetted first draft version of the bakery cooperative concept (this report).

Exemplary Bakeries

Arizmendi Bakeries

The inspiration and primary case study for this project are the Arizmendi retail bakery cooperatives located in the San Francisco Bay Area. The Arizmendi Association of Cooperatives is the overarching support cooperative that provides administrative, technical, and professional services to the network of six Arizmendi bakeries. Each Arizmendi bakery is owned and operated by its worker-owners, who are cooperatively in charge of everything from finances and legal issues to community partnerships, in addition to the day-to-day bakery operations. Each bakery belongs to the Arizmendi Association, pays membership fees, and participates in cooperative decision-making regarding the association's activities.

Each bakery offers similar products: bread, a range of rolls and pastries, pizza, coffee, tea, salads, and soups. The products are hand-crafted and delicious, with some ingredients organic and some sourced from local producers. Each bakery has 1,000sqft in an urban environment, offering mostly standing space and simple wooden furnishings for eating. The bakeries are successful, with a stream of walk-in customers and an estimated \$3 million in annual revenue at the busiest locations. The workforce at each location is between 15 to 20. In total, the Arizmendi Association has 150 worker-owner members. Worker-owners receive hourly rates as high as \$40 per hour in the highest-paid store as well as full health insurance, training, and generous vacation allowance.



ARIZMENDI BAKERY COOPERATIVES *San Francisco Bay Area, California*

The Arizmendi Association of Cooperatives, founded in 1996, provides administrative, technical, and professional services to six Arizmendi bakeries. Each is owned and operated by its workers, who cooperatively manage and operate all aspects of the business.

Workforce

- 15-20 member-owners at each bakery
- 150 members total in association

Worker Pay

- Worker-owners earn \$40/hour (highest)
- All receive benefits, training, and vacation

Annual Revenue from Bakeries

Estimated \$3 million (highest)

Bakery Locations

Berkeley, Oakland, San Francisco 9th Ave, San Francisco Valencia, Emeryville, San Rafael

Design

Urban, 1000sqft, simple furnishings

Bakery Products

Breads, rolls, pastries, pizza, coffee, tea, soups, and salads

Noble Bread

Owned and operated by master baker Jason Raducha, Noble Bread is an artisan wholesale bakery specializing in time-intensive methods and high-quality loaves. Noble operates a small industrial space in Central Phoenix and produces loaves for contracts with restaurants throughout the Phoenix metro area as well as for farmer's market sales. Noble produces about 2000 loaves daily, with a focus on manual crafting. Some loaves require a 36-hour process to develop gluten and flavors naturally. About 90% are organic breads. The majority of grains are sourced from Colorado, Utah, Wyoming, Montana, and Washington. All of the bakery workers are cross-trained and most do not have baking experience when entering the workforce. The bakery operates 24 hours for six days a week. Its 27 workers are offered 20% higher wage rates than industry average in Phoenix. The bakery has a retail outlet at the Noble Eatery, a small pizza and sandwich cafe in Central Phoenix. Noble Bread has plans to upgrade to a 10,000-square-foot facility in Tempe.

Mediterra Bakehouse

Mediterra Bakehouse is a wholesale bakery in Coolidge, 50 miles south of Phoenix, run by Dino Klouris, who focuses on creating products with high-quality ingredients. While the

bakery offers a variety of bread products, including sandwich buns, its mainstay is artisanal bread. It produces 35 types of bread daily and offers a unique selection of seasonal items such as fig anis, chocolate cherry, and pumpkin-spice loaves. Customers include hotels and resorts, Whole Foods Market, and farmers' markets.

Klouris firmly believes that people are willing to pay extra for quality, supporting the concept of "added value" to provide high-quality ingredients through local sourcing. He believes this gives him a competitive advantage over other bakeries in the region. Klouris is actively working on growing the local grain economy for the purpose of sourcing grain for Mediterra Bakehouse. Currently, the bakery works with local farmers to grow 80 acres of Red Fife grain, which is milled onsite. While this is not nearly sufficient to supply all the bakery's needs, the bakery is working toward the continued expansion of local wheat production with the goal of becoming completely self-sufficient in grain sourcing.

Other Exemplary Bakeries

The bakery concept was also influenced by characteristics of other exemplary bakeries including John Baker in Zurich, Switzerland; Brotklappe in Weimar, Germany, and Sullivan Street Bakery in New York.

Vision

We believe that food can be delicious, nutritious, and fairly priced while maintaining responsibility and integrity. Our bakery *TOGETHER WE BAKE* is a worker-owned cooperative that understands the power of food to create health and well-being in people, our local communities, and our planet. The diversity of our worker-owners is a reflection of our commitment to social equity and sustainable development. Collective decision-making, equal pay, ongoing professional development, quality health care, and paid vacations characterize our inclusive, democratic work environment. We treat our natural environment with the same integrity, sourcing 75% of our ingredients from within 100 miles of our location and evaluating each supplier for sustainable production methods. We guarantee our food is scrumptious. We hope it will go beyond taste and underscore that we are all in this – together.

Products and Prices

Delicious. We craft delicious food products including European artisan breads, pastries and California-fresh-style of lunch meals.

Healthy. We emphasize good nutrition through balancing taste with whole grains, vegetables, fruits, and plant-based proteins.

Simple but Diverse. We offer a regular menu of favorite and familiar items, a daily rotating menu of specialty product varieties, and seasonal beverage varieties.

Hand-crafted. We use our hands for the bulk of the baking process and utilize time-tested methods to create the best consistency, flavor, smell, and taste of each product.

Real Pricing. Decent pay and benefits, supply chain and environmental impacts are reflected in the price.

The bakery cooperative “Together We Bake” offers products that are delicious, healthy, simple but diverse, and handcrafted. The bakery bakes dry-yeast and sourdough bread varieties and features vegetarian recipes that incorporate whole grains and are made from scratch with fresh ingredients every day. The sourdough loaves are leavened naturally during an 18- to 24-hour fermentation process.


The product offerings are modelled after pan-European style bakeries that are familiar to the general public, but with significant influence from Arizmendi bakeries. The products also reflect the local history and culture of downtown Tempe through using specialty ingredients that represent connection to indigenous peoples, the historic Hayden Flour Mill, and the original Arizona Cardinals Stadium.

The menu offerings are served over the counter and catered for immediate consumption during morning and lunch hours, along with take-home items. The menu includes a variety of common artisan breads, baked goods, sandwiches, salads, and beverages, including coffee, tea, fresh-pressed juices, and smoothies (see Figure 3 for an example menu and Appendix D for the daily menu). In addition, the rotational product line offers a different specialty bread variety, baked goods, slices of and whole pizzas, and soup every day. We also offer gluten-free, nut-free, and dairy-free options for customers with food sensitivities (see Table 3 for product lines).


Prices are modelled considering price ranges of baked goods at the Arizmendi bakeries and would-be competitors including Whole Foods Market, Wildflower Bakery, and Noble Eatery.


However, competitor prices were used as general guideline only. The products of “Together We Bake” are fundamentally different than the baked goods the compared outlet offer because the envisioned bakery cooperative adds values such as sustainably produced and locally sourced ingredients,

living wages for worker-owners, and investments in renewable energy. The true costs of all inputs into the products are reflected in the prices. This may put the products out of reach for lower income households, but there will be an income-based sliding pricing approach to make the products broadly accessible.


VEGAN


WHOLE GRAIN


GLUTEN FREE


NUT FREE

TOGETHER WE BAKE

MON-FRI: 7AM-7PM
SAT: 8AM-2PM SUN: CLOSED

200 E. 5th St., Tempe, AZ 85281 @
the Tempe Transportation Center

HEALTHY & DELICIOUS

We source quality, delicious, and nutritious ingredients that keep you fuller longer. Our baked goods are all hand-crafted, regional, artisan and our lunch items are crafted on seasonal schedule with the freshest ingredients.

SUSTAINABLE

We believe in taking responsibility for our environmental impact. We operate on 100% renewable energy, a zero waste kitchen, our food waste is composted at local farms, and our waste water is used to maintain our landscaping.






SOCIALLY-AWARE

We believe everyone deserves access to a fair livelihood. That's why we've created a diverse workforce and continue to offer our food at an affordable rate. We also invest 10% of our proceeds to develop new opportunities in the local sustainable food economy.




WORKER-OWNED

We are a cooperative business owned & operated by all the workers. We share equal pay, equal say, democratic decision-making, and equal responsibility to maintain a thriving business.

BREAD

-  Country Rustic White \$6.00
-  Farmhouse Whole Wheat \$6.00
-  21 Grains \$6.00
-  Sourdough \$6.50
-  Marbled Rye \$5.50
-  Cranberry Pecan \$6.75
-  French Baguette \$4.50
-  Ciabatta Rolls \$.50 each
-  Semolina \$7.00
-  Spent Brewhouse \$6.75

PASTRIES

-  Spinach & Havarti Croissant \$4.50
-  Wheat Bran Muffins \$2.50
-  Cheddar Scallion Scones \$3.25
-  Yeast Dinner Rolls \$2.00
-  Pesto Thyme Rolls \$2.50
-  Orange Cranberry Muffins \$3.00
-  Blueberry Muffins \$3.00
-  Lemon Poppy-seed Scones \$3.25
-  Cinnamon Date Rolls \$4.00
-  Oatmeal Raisin Cookies \$2.00

 **PIZZA**

**check our Daily Menu*

- Slice \$2.50
- Whole Pizza \$20.00

 **SANDWICHES**

-  Roasted Veggie & Hummus \$9.00
- SW Grilled Cheese \$8.25
- Caprese Melt \$8.25

BEVERAGES

- Seasonal Fresh-Squeezed Juice * \$3.25
- Seasonal Smoothies * \$4.50/\$6.50
- Seasonal Tea (hot or iced) * \$2.85/\$3.85
- *ask in-store for current varieties*
- Drip Coffee \$2.50/\$3.00
- Latte \$3.50/\$4.25, add flavor .50
- Cappuccino \$3.75
- Americano \$3.00/\$3.75
- Espresso \$2.15

KID'S MENU

(comes with kid's organic milk or apple juice)

- Grilled Cheese \$4.00

SOUP

**check our Daily Menu*

- Cup \$3.00
- Bowl \$4.75

SALAD

-  Seasonal Greens \$7.85
-  Kale-Apple-Quinoa \$8.00
- Italian Chopped \$8.50

Figure 3. Illustrative menu for “Together We Bake” (see Appendix D for the daily menu)

The prices are initial estimates and will be refined by further market research and business planning.

Carol's Delectables jams and jellies, Peixoto Coffee beans, Peanut Butter Americano nut butters, Ramona Farms dry tepary beans.

In addition to bakery products, we also incorporate a small in-store market of local products we use in our offerings, for example,

Product	Description	Price Range
<i>Bread</i>	Country rustic white, farmhouse whole wheat, and baguettes are on the menu every day. Specialties such as pumpernickel and spelt are on a daily rotating schedule.	\$5 to \$7
<i>Pastry</i>	Spinach and havarti croissant, yeast dinner rolls, and orange cranberry muffins are on the menu every day. Specialties such as blueberry coffee cake, wolverine rolls, and cheddar rolls are on a daily rotating schedule.	\$2 to \$5
<i>Pizza</i>	Specialty varieties such as artichoke hearts-kale-gouda and mixed mushrooms-asiago-balsamic are on a daily rotating schedule.	\$2 to \$3 per slice \$18 to \$21 whole
<i>Sandwich</i>	Roasted veggie and hummus, Southwestern green cheese, and Caprese melt are on the menu every day.	\$7 to \$12
<i>Soup</i>	Specialty varieties such as cabbage and cilantro, roasted bell pepper and tomato, and carrot ginger are on a daily rotating schedule.	\$3 to \$6
<i>Salad</i>	Seasonal greens, kale-apple-gouda, and Italian chopped are on the menu every day.	\$7 to \$12
<i>Kid's Menu</i>	Grilled cheese and strawberry smoothie are on the menu every day.	-
<i>Beverage</i>	Drip coffee, latte, and espresso are on the menu every day. Seasonal varieties of fresh-squeezed juices, smoothies, and teas are on a seasonal rotational schedule.	\$2 to \$7

Table 3. Exemplary product lines and drafted price ranges

Sourcing

To achieve broad sustainability, the following guidelines apply to sourcing ingredients and resource inputs:

Organic or Naturally Grown. At least 75% of supplies are produced in an ecologically responsible way through distributor, third-party, or self-certification standards.

Local and Regional. The bakery sources as close as possible to its location. If there are no local suppliers in Maricopa County, regional suppliers are contracted up to 100 miles distant but still in Arizona.

Socially Responsible. Suppliers are prioritized who provide fair worker wages and benefits, operate as worker cooperatives, minority- or female-owned, and/or fair-trade-certified businesses.

The outlined sourcing practice secures the majority of sources within Arizona, which supports the state economy. It also supports producers growing in the bioregion to support biodiversity and regionally adapted crop varieties. Suppliers will also be within a day's drive and able to deliver within 24 hours, cutting down on transportation emissions and ensuring the products are always fresh from the farm. The target is to source 75% local or regional supplies.

The target is to source 75% sustainably produced supplies. The contracted producers use organic, naturally grown, or ecologically responsible practices. This includes growing regionally adapted crops, on polycrop fields, without use of pesticides. Considering the costs and process of becoming certified organic, especially for small-scale producers, the bakery offers three avenues to become a supplying partner:

1. Sourcing through distributors which require organic or naturally grown certification.
2. Sourcing direct from producers who have organic or naturally grown certification.
3. Sourcing direct from producers who are willing to self-certify using a model based on local examples such as the Stern Produce *Arizona Fresh Together* certification model.

The bakery supports suppliers in adopting sustainable practices. The bakery partners with community organizations, such as Local First Arizona, to offer educational and other assistance.

The bakery also prioritizes suppliers who are socially responsible and follow social equality principles. If supplies cannot be secured within the network of partners, the bakery considers removing the ingredient or collaborating with small businesses in Arizona (for the time being).

All producers are required to employ food safety practices, with three avenues of food-safety certification:

1. Sourcing through distributors that require *Good Handling Practices* and/or *Good Agricultural Practices* (GHP/GAP).
2. Sourcing directly from producers who have GHP/GAP certification.
3. Sourcing directly from producers we know personally and who are willing to self-certify using a model such as Yavapai County's *Farm-to-Fork* questionnaire.

An initial list of potential suppliers of the bakery cooperative who fulfill the above criteria is offered below.

Product Categories	L: Local SP: Sustainably Produced SR: Socially Responsible
<i>Grains</i>	<ul style="list-style-type: none"> • Mediterra Bakehouse (L, SP) • BKW Farms (L, SP) • Hayden Flour Mills (L, SP) • Pinnacle Farms (L, SP)
<i>Dairy</i>	<ul style="list-style-type: none"> • Stern Produce (L, SP) • Crow's Dairy (L, SP) • Udder Delights (L)
<i>Fresh Produce</i>	<ul style="list-style-type: none"> • Stern Produce (L, SP) • Whipstone Farm (L, SP) • Sun Produce Co-op (L, SP) • Bambox (L, SP)
<i>Other Food Items</i>	<ul style="list-style-type: none"> • UNFI (SP) • Mount Hope Wholesale • Sysco • Carol's Delectables (L)
<i>Restaurant Supplies</i>	<ul style="list-style-type: none"> • UNFI (SP) • Sysco

Table 4. Potential Suppliers of "Together We Bake"

Grains

Partnerships with grain and flour producers is a priority. Local and sustainably produced grains and flours are offered by Mediterra Bakehouse, Pinnacle Farms, Hayden Flour Mills, and BKW Farms. Jason Raducha of Noble Bread and Oren Molovinsky with Farmboy Market, Meats, and Sandwiches offered additional insights about grain and flour sourcing. Other grain producers from beyond the local and sustainably produced guidelines may be used to complement the current availability of local and sustainably produced grains.

Dairy

A majority of dairy products could be provided by Stern Produce distributor, including a variety of cheeses from Arizona Farms Cheese, milk and cream from Danzeisen Dairy and Sarah Farms. Other dairy items, such as butter, eggs, goat cheese, and goat

milk, could be procured directly through Udder Delights (Gilbert), Rhiba Farms (San Tan Valley) and Crow's Dairy (Avondale).

We plan to work with local distributors who can meet the majority of our product supply needs.

Fresh Produce

Stern Produce and Sun Produce Cooperative provide access to fresh local produce during the October-May growing season: salad greens, tomatoes, carrots, celery, onions, broccoli, beets, potatoes, cauliflower, basil, parsley, citrus, apples, pears, melons, dates, and more. Current producers contracted by Stern Produce include Abby Lee Farms, Arizona Microgreens, Blue Sky Organic

Farms, Patagonia Orchards, Rousseau Farming Company, and Sonoran Mushroom Company (see Appendix E for Stern Produce's seasonal availability). Additionally, Sun Produce works with Maya's Farm, Crop Circle Farms, Rhiba Farms, Crooked Sky Farms, J and J Poms, Green on Purpose, Bar-B Produce, and SoMo Farm.

During the off-season May-October, fresh produce could be sourced directly from producers in central and northern Arizona or from hydroponic growers in the Phoenix Metropolitan Area. The menu will be adjusted seasonally to match the seasonal availability of fresh local produce.

Other Food Items

Stern Produce can also provide sauerkraut, pickles, almond butter, peanut butter, dates, olives, jalapeños, beans, coffee, olive oil, hot sauce, and mustard through local, sustainable producers such as Mrs. Klein's Pickle Company, Peixoto Coffee, Peanut Butter Americano, Queen Creek Olive Mill, Rising Hy, and Ramona Farms. Quality teas will be directly sourced from locally-owned Infusion Tea (Tempe) and spices, sweeteners, nuts, and dried fruit from Mount Hope Wholesale (Cottonwood). Additional ingredients that cannot be sourced locally, including non-dairy milks, baking additives (baking soda, etc.), and condiments will be sourced through organic broadliner, United Natural Foods (UNFI), or through alternative broadliner, Sysco.

Restaurant Supplies

Baking supplies, cooking supplies, single-serve ware and utensils, to-go containers, cleaning products, point of service (POS) software, trash bags, gloves, and other restaurant operational supplies could be obtained from either UNFI or Sysco.

In addition to external supply, the building roof space or nearby vacant lot in downtown Tempe could be secured for crops and/or honey production on a very small scale. By

bringing some ingredients production into the bakery's operations, the supply chain can be shortened to a hyper-local level for a few supplies and the growing spaces can be used for consumer education.

Location

Downtown Tempe. The bakery is a community gathering place in the heart of downtown Tempe where diverse groups of people can mingle and interact.

Accessible and Visible. The bakery is accessible via public transportation, bike, or walking, has access to sidewalks, and has curb visibility to main street traffic.

Sustainably Operated. The bakery displays green building features (energy, water, daylight, and so forth).

For the purpose of the concept we identified a location in downtown Tempe within walking distance of Mill Avenue and Arizona State University at the corner of 5th Street and Forrest Road at the Tempe Transportation Center (TTC), built in 2008 (Figure 6). The TTC is a few blocks from the popular Mill Avenue shopping and dining district at the base of Hayden Butte Preserve (popularly known as "A Mountain") and near the ASU Sun Devil Stadium. Of cultural importance are the nearby historic Hayden Flour Mill on Mill Avenue, and Hayden Butte's Hohokam petroglyphs and ancestral linkage to the Salt River Pima Maricopa Indian Community.



Figure 4. Tempe Transportation Center

The TTC is LEED Platinum certified, as designated by the U.S. Building Council. It is owned by the City of Tempe and was constructed with federal funding which places some constraints on its use and leasing. It has a green low-water roof, double-pane energy-efficient windows, a solar hot-water system, retractable exterior shade screens, low-flow plumbing fixtures, and other sustainable features. There is potential to also add to the solar array on the roof to produce a part of the bakery's electricity consumption, although this might be administratively difficult due to the federal funding constraints. The TTC is three-stories tall, with retail space on the first floor. A local bike shop, "The Bike Cellar," occupies the first floor, but the remaining first-floor retail space is unoccupied. The larger form of the desired bakery space (2600 sqft) was formerly occupied by a pizza restaurant and is vacant. The bakery would occupy a 1600sqft section of the current 2600sqft space on the south-facing end of the unit.

The TTC and bakery suite have access to 5th Street sidewalks, metered parking, and bike racks. There is covered parking within a two-minute walking distance at the City Hall Garage on 5th Street where the first hour is free and the second hour is free with a same-day receipt of \$10 or more from a downtown Tempe business (Downtown Tempe Authority: New Business Welcome Kit). Additionally, the City of Tempe is planning a retrofit project, estimated to be completed by September 2019 that will add more parking spaces along 5th Street. The TTC is also the site of a Valley Metro light rail stop, Orbit neighborhood bus, and Valley Metro bus lines.

Customers

Downtown Tempe Workforce. About 20,000 employees work in downtown Tempe.

Private Consumers. Community residents, students, eventgoers, tourists, and others who visit downtown Tempe.

Wholesale Clients. Businesses that are local and within delivery range.

Socioeconomic Diversity. The bakery welcomes all consumers into the bakery regardless of age, race, religion, or social or economic background. Discounted rates are offered to government workers, students, and low-income consumers.

The customer base will be made up of a variety of demographics including the downtown Tempe workforce, private consumers, and wholesale clients that reflect the socioeconomic diversity of the area.

The majority of downtown Tempe workers earn \$3,300 or more per month. There are about 20,000 jobs located in the downtown Tempe area and 58% of those employees are middle-aged workers. Those who are in easy walking distance (0.25-0.5 mile) include the City of Tempe (620 employees), ASU (8,700 employees), ADP, and State Farm Insurance (Figure 7). Other nearby major employers include JP Morgan Chase (1,500 employees), Allstate, LifeLock, Microsoft Corporation, Zenefits, Morgan Stanley, Silicon Valley Bank, and Wells Fargo Advisors (Downtown Tempe Authority: *Economic Impact Report*).

Additionally, private consumers include community residents, ASU students, eventgoers, tourists, and other visitors. The bakery practices inclusivity and accessibility. Delivery is offered within a 5-mile range via electric cargo bikes. Products eligible for delivery are limited to breads and baked goods, as there is no cold or hot storage available on cargo bikes.

Based on the Arizmendi Bakery customer volume of 700 daily and the downtown Tempe pedestrian volume, we estimate to serve about 500 customers daily Monday through Friday and 360 on Saturdays (Downtown Tempe Authority: *Pedestrian Report 2016*). Fluctuations will occur due to seasonal weather, the ASU academic calendar, and the process of gaining ground in the community and with a consumer base.

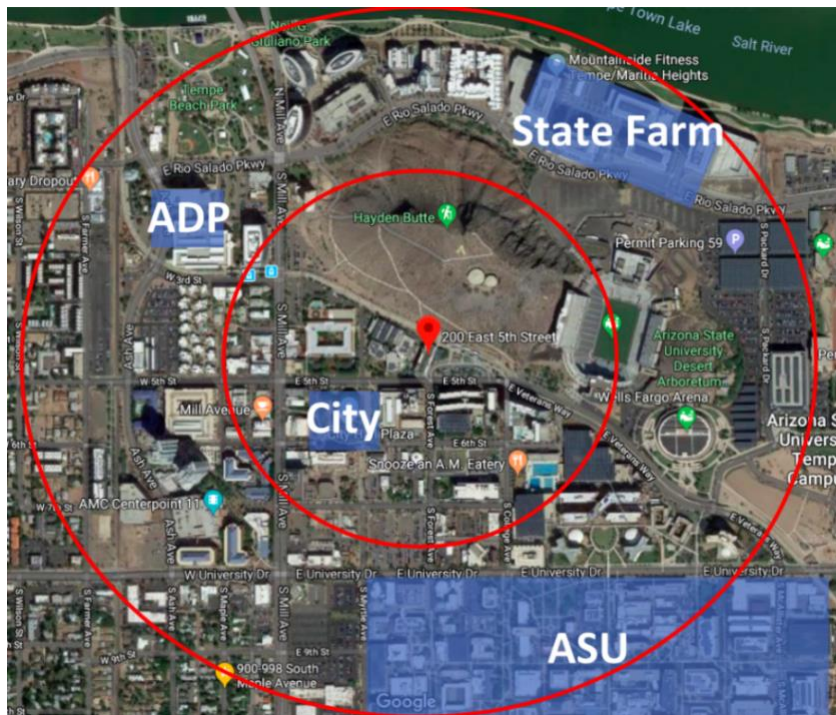


Figure 5. Proximity of major customer groups to the Tempe Transportation Center location

The bakery could provide catering to ASU departments and become a preferred catering provider through a partnership with Aramark. It could also pursue wholesale clients such as local coffee shops or sandwich shops on Mill Avenue and/or within the delivery range who may regularly order breads or baked goods in bulk at a discounted price.

Design

Open-Air and Natural Light. The bakery will have operable windows, large sliding doors, and be well-ventilated to provide for air circulation and effective natural lighting.

Contact with Baking Operations. The layout of the bakery will allow consumers a sensory experience from direct contact with the baking operations.

Standing and Seating. The bakery provides standing room, high-table seats, and outdoor

seating to ensure consumers have access to the self-serve area and ordering line while maintaining a consistent flow of consumers in and out.

Low-Maintenance Vegetation. The bakery will use low-maintenance and drought-tolerant vegetation in the interior and exterior of the building unit to provide color, clean air, and connection with the natural world.

The aesthetic feel of the bakery is an important part of the customer experience. The proposed design is inspired by other artisan bakeries including the Arizmendi bakeries, Sullivan Street Bakery (New York), John Baker (Switzerland), and Brotklappe (Germany) (Figure 6).

This will be an open-air bakery that provides personal sensory access. Upon entering the store, customers can easily see, smell, hear, and feel like they are part of the ongoing baking process.



Figure 6. Bakery designs that inspired the “Together We Bake” concept (John Baker, Zurich; Cheese Board Collective bakery, Berkeley; Arizmendi bakery, Valencia Street, San Francisco)

The furniture is simple and wooden, with priority placed on quality pieces. The bakery will have natural light, access to fresh air, be clean, decorated with drought-tolerant vege-

The exterior patio also has seating that is dog-friendly and shaded (see Figure 7 for a sample floor plan).

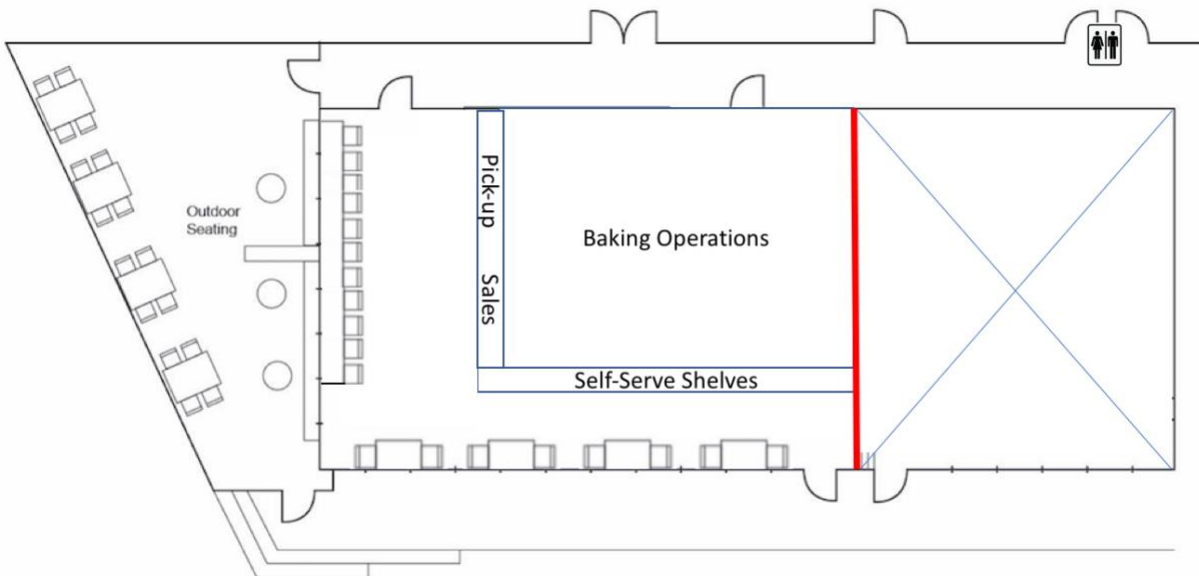


Figure 7. A sample floor plan for the bakery based on the Tempe Transportation Center space

tation, and have visibility and access to side-walks and the streets. In addition to focusing on light colors, the interior design features large wall installations that highlight cultural influences of the location and the sustainable features of the bakery (see the following Marketing section).

The layout of the bakery includes self-service shelves of breads and baked goods, standing room for ordering, and limited seating at high tables along the south and east window walls.

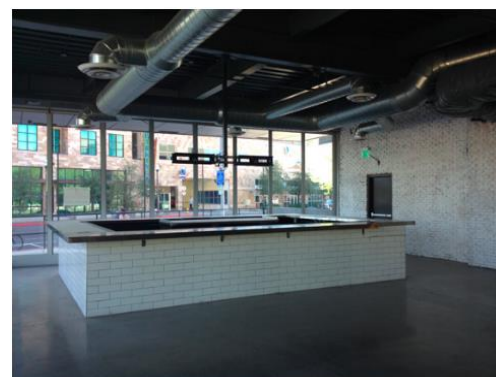


Figure 8. Inside the TTC space

The Tempe Transportation Center space consists of white walls, concrete flooring, an extended 1000sqft of retail, a large floating bar, and no existing kitchen facilities (Figure 8). Construction would include building a wall to close off the north end of the space, remove the floating bar, install a kitchen, and use marketing installations to produce wall and screen decorations throughout the store.

Marketing

Branding. The bakery produces healthy and delicious products, operates worker-owned and sustainable, and is socially aware, using inviting language and an organic aesthetic in all marketing materials.

In-Store. The brand is promoted through educational and creative installations within the bakery that highlight distinctive features and sustainable operations.

Partnerships. The bakery utilizes social media and active partnerships with community groups and local organizations.

The branding of the bakery follows the key elements outlined in the mission. Marketing intends to make consumer become part of the story and the mission to build a healthy community around good food and freshly baked products.

The marketing components include visuals and experiential settings in the store that showcase key elements and serve as educational tools. The first installation could be a 6x3ft hand-painted image of the mission statement featured prominently as customers enter the bakery. The cooperative principles could be placed near the mission statement in a large hand-drawn or printed and framed style. The second installation could be a 10x5ft wall display that shows a map of the suppliers in Arizona. This would also list some basic information about the producers, how long they have been in business, what they produce, and how many miles they are from the bakery (Figure 9).

The third installation could be a 4x2.5ft mounted television screen that plays promotional and educational videos about suppliers. A fourth installation could be a 4x5ft graphic of a dollar bill and how every cent is spent to support the sustainable initiatives (i.e., solar-panel cost, zero-waste programming cost, living wages, etc.) (Figure 10).

Other marketing strategies include equipping electric cargo delivery bikes with branding; posting actively on social media sites; partnering with ASU, Local First Arizona, and Downtown Tempe Authority; and participating in other community partnerships to gain visibility, such as through the Ambassador Program at Sweet Earth Foods. Worker-



Figure 9. Potential marketing installation at the bakery that showcases suppliers



Figure 10. Potential marketing installation that educates customers on what they spent their money on

owners could participate in public events hosted by partner organizations to gain more visibility. Additionally, the bakery could partner with food outlets within the delivery range to feature bread or baked goods on their menus (i.e. sandwich shops or coffee shops) to partner in cross-marketing with other local businesses.

Ownership and Governance

Voluntary and Open Membership. Ownership is available to all people regardless of gender, race, ethnicity, sexuality, religion, political affiliation, or socio-economic status. Membership is voluntary and members may opt out at any time.

Democratic Member Control. Collective decision-making is at the core of the cooperative. All policies and decisions are determined by consensus, with each member having equal representation.

Member Economic Participation. Each member contributes an equal amount of capital to the cooperative, which they control collectively.

Autonomy and Independence. The cooperative is independent of any other organization. Members autonomously control all aspects of the cooperative and must ensure that any agreements with external entities do not infringe on its autonomy.

The following ownership and governance structure of the bakery draws to a very large extent on the bylaws of the Arizmendi Association.

Membership Requirements

The primary members of the cooperative are the worker-owners. In principle, this membership status is eligible to all people. Requirements to become a member are detailed in the cooperatives' bylaws and include being an Arizona resident, completing all required

trainings, approval by existing members, and an initial capital investment in the cooperative. The amount required for the initial investment is decided by the board and put forth in the bylaws. A payment-plan option, detailed in the bylaws, is available for prospective members unable to provide the required amount up front. The initial investment amount may increase, but at a rate not greater than the growth of the Consumer Price Index for the Phoenix area as determined by the U.S. Department of Labor.

Worker-owner members plus one supporter member make up the cooperative's board of directors. Supporter membership status is similarly open to all people and is voluntary. Requirements to become a member are detailed in the bylaws and include being an Arizona resident and a small annual membership fee (<\$30) determined by the board. These members receive exclusive discounts on products and elect one member to the board of directors annually.

Surplus and Allocation

At the end of each fiscal year, surplus would be calculated as detailed in the cooperative's bylaws. Profits would be allocated in accordance with the bylaws, with an initial amount deposited to the cooperative's collective account to ensure it equals at least 25% of the combined profit for the fiscal year. This allocation is the priority because the purpose of the collective account is to fund further development of the cooperative as determined by the board. Any remaining profits would be distributed equally among worker-owner members based on the number of hours worked during the fiscal year (patronage). Supporting members are not eligible for patronage. Patronage would be distributed as 50% cash and 50% debited to the member account unless the board of directors were to decide on different proportions and amend the bylaws within eight months of the fiscal year's end. If a net loss is acquired, it will be similarly distributed, with 75% coming out of member accounts and 25% from the collective account.

General Meetings

All major decisions and policies will be discussed at general meetings, with the goal of consensus. General meetings are held monthly at a regular date and time as decided by the board of directors and put forth in the bylaws. Attendance is mandatory for all directors. If a director misses more than two general meetings in a fiscal year, collective action may be taken as outlined in the bylaws. At least 50% of the board must be present to satisfy a quorum. At the end of each general meeting, directors will be given the opportunity to introduce new ideas, potential projects, updates on existing projects, areas they feel need improvement, etc. Votes may be taken on applicable items at this time or tabled for further discussion. The general meeting at the start of a fiscal year will be dedicated to elections for the various management committees outlined in an operations handbook to be created and election of the supporter member to the board as outlined in the bylaws. If necessary, this annual meeting may be scheduled in addition to the regular general meeting for that month.

Veto Power and Conflict Resolution

Each director on the board, per the cooperative bylaws, has the power to veto a decision if he or she feels one or a combination of the following: a profound moral objection to the proposal; that enactment of the proposal would cause significant harm to the cooperative; or that additional information and/or consideration is absolutely necessary before making a final decision. Upon veto, the acting director must explain the basis for his or her decision in sufficient detail so that the board may work to accommodate the concern. If it is apparent that consensus will not be reached at the current meeting, a vote will be taken on whether a decision must be reached presently or tabled for further discussion. If $\frac{3}{4}$ of the board vote in favor of an immediate decision, voting will commence, with a $\frac{3}{4}$ vote needed for final approval. Under circumstances of lack of consensus, internal mediation measures may be taken. If they fail, external mediation may be sought.

Transparency

A copy of the cooperative's bylaws as amended to date, and the operations handbook as amended to date, are available to all members in either physical or digital form. Accounting books and records and meeting minutes of proceedings from general meetings are available per written request by any member at any reasonable time for a purpose reasonably related to that person's interests as a member. Further inspection rights are outlined in the cooperative's bylaws.

Changes to Bylaws

All prescriptions outlined in the bylaws may be changed or amended per majority vote. Any approved changes or amendments may be effective immediately or after a specific date as decided by the board.

Management

Supportive and Democratic. All management tasks support the cooperative as a whole and are distributed democratically.

Committee-Based. Management roles are allocated to specific committees in an effort to ensure efficiency while maintaining democracy.

Democratic Decision-Making

In accordance with the cooperative principles and the bylaws, all management operations are decided collectively. There is no management hierarchy or central management position. All worker-owners participate in various management roles.

Committees

All management-level tasks are delegated to specific committees. The purpose of committees is to address nuances in the collective decision-making process and ensure effi-

ciency. Democratic decision-making is preserved through various committee requirements.

There are two types of committees, those that require members to be elected and those that allow members to self-select into them. All worker-owners are eligible for all committees, though non-elected committees do give preference to senior members. Each worker-owner is expected to serve on at least one committee and is encouraged to serve on more than one. Committees are required to have at least two individuals, as determined by the board. Worker-owner members are limited to being on two elected and two non-elected committees. Both elected and non-elected committees are subject to annual evaluation. Elections are held annually for each elected committee, while non-elected committees are opened for self-appointment annually. Trainees and supporter members are not eligible for any committee positions. Committees may be added, removed, or adjusted by the board. The cooperative would have the following committees to handle the specified tasks:

Elected

1. Production Training
 - Trains new hires on all production duties and regular operations
 - Administers required classes
2. Collective Evaluation
 - Facilitates annual organizational evaluation and reports findings
 - Can make a collective recommendation and/or proposal at a general meeting
3. Hiring and Evaluation
 - Facilitates hiring process in accordance with criteria put forth in the operations handbook, making specific efforts to ensure diversity
 - Conducts annual evaluations of each worker-owner and provides constructive feedback and set of goals for each

4. Policy Council

- Distributes surplus at end of each fiscal year and makes recommendations on development (spending collective account funds)
- Provides legal aid when necessary
- Provides internal mediation for disputed proposals and decisions when necessary

5. Personnel

- Brings personnel-related proposals to general meetings
- Liaisons with Policy Council on legal matters when necessary
- Maintains scheduling, vacations, and leave of absences
- Records and responds to any reports of conflict between individuals, including sexual harassment complaints

Non-Elected

6. Production

- Brings production-related proposals to general meetings
- Considers in an ongoing fashion efficiency and cohesion among production duties, providing recommendations when necessary

7. Site and Maintenance

- Brings proposals related to location and maintenance to general meetings
- Ensures optimum operational performance with regard to infrastructure and equipment
- Handles external maintenance contracts when necessary

8. Finance

- Brings financial proposals to general meetings
- Handles payroll and all accounts payable
- Liaisons with various benefits providers
- Collaboratively drafts annual financial reports and distributes individual tax forms

9. Marketing

- Brings proposals related to advertising and marketing, promotion of the cooperative, and/or donations or partnerships with community organizations to general meetings
- Manages marketing and advertising materials and/or external contracts when necessary
- Represents the cooperative at applicable community meetings and/or discussion forums
- Liaisons with community organizations and neighborhood associations

Operations

Strategic Shifts. Daily shifts are structured in strategic ways to ensure efficiency and the ability to satisfy demand.

Revolving Complementary Roles. Every worker is trained in all regular duties and rotates between these roles periodically. A calculated timeline outlines specific tasks to be performed at specific times to maximize performance.

Mindful Resource Consumption. Care is taken to ensure energy and water consumption is limited to the minimum required for regular operations. Strict policies are in place to offset emissions and conserve water.

Zero Waste. Serious efforts are taken to minimize waste outputs, with the goal of zero waste. This includes utilizing various processing methods and promoting conscious behavior to reduce waste overall.

Operating Hours

The bakery is open to the public from 7 a.m. to 7 p.m. on weekdays, 8 a.m. to 2 p.m. on Saturdays, and is closed Sundays. However, there are still work shifts on Sundays. The bakery is also closed on major holidays as determined by the board.

Seasonal Hours & Summer Classes

Hours of operation are limited during the summer season, during which the bakery is closed to the public for 4-6 weeks. The board determines when in the summer opening hours should cease and for how long. Workers are encouraged to schedule vacations during this time, although some baking is still necessary for wholesale clients, so at least four workers need to be available for production shifts. During periods when regular operations are suspended, the cooperative may host classes to teach children and adults how to bake. Additional classes may be provided educations about the cooperative structure and how to start a cooperative enterprise.

Daily Shifts

Day-to-day operations will be performed over the course of four staggered shifts on weekdays, three staggered shifts on Saturdays, and two production shifts on Sundays. Production shifts are organized into two categories, Baking and Pizza. Baking shifts are focused on baking specific breads and pastries while pizza shifts are focused on making pizza and other lunch items such as soups, salads, and sandwiches. Baking shifts are scheduled mostly outside of opening hours to allow for a primary focus on tasks related to bread production. Conversely, pizza shifts are scheduled mostly during opening hours to focus on making pizzas, sandwiches, soups, and salads on demand. (See Table 5 for a suggested structure for these shifts.)

Weekdays			Saturdays		
Start/End Time	Type	Workers	Start/End Time	Type	Workers
4 a.m.–1 p.m.	Baking	4	5 a.m.–noon	Baking	4
6 a.m.–3 p.m.	Pizza	3	7 a.m.–2 p.m.	Pizza	3
1 p.m.–10 p.m.	Pizza	4	noon–7 p.m.	Baking	4
3 p.m.–midnight	Baking	3	Sundays		
			7 a.m.–noon	Baking	3
			Noon–5 p.m.	Baking	3

Table 5. Schedule of work shifts

	Production Shift											
			Service Shift									
	4am	5	6	7	8	9	10	11	12pm	1	2	3
Ian	Mixing/Prep			Baking (Pastries)		Break	Washing/Scraping					
Jan	Baking (bread)		Scraping/clean		Break	Prep (soups/salads/sandwiches)						
Andrew	Kneading/Shaping/Scoring			Baking (bread)		Break	Cleaning		Prep (soup, salad, sandwich)			
Claudia	Baking/Mixing (bread)			Break	Deliveries	Mixing/prep (bread/pizza)				Cleaning		
Noah			Facing	Register/Coffee			Break	Cleaning		Baking (pizza)		
Helen			Prep (pastries)		Baking (pastries/pizza)			Break	Register/coffee			
Sam			Deliveries		Scraping/clean		Register/Coffee		Break	Prep (soup/salad)		

Table 6. Mockup of production and service shift schedules and tasks (selected)

Daily Rotating Tasks

Each worker rotates shifts and specific tasks periodically to instill inclusion and cohesion among the workforce while maintaining efficiency. Each worker is trained in all regular tasks carried out during both baking and pizza shifts. These tasks include but are not limited to baking, mixing, prep, deliveries, customer service, cleaning, opening and closing tasks. Each worker is scheduled one mandatory one-hour break per shift (see Table 6 for an example of daily production and baking shifts and the rotating roles performed).

Baking

A strategic production schedule requires specific breads, pastries, and pizzas to be prepared and baked at different times. The baking schedule is determined by the prep and baking time needed as well as quantity in demand. For example, certain breads require much longer preparation times, including mixing the dough the day before baking, while pizza dough can be mixed and baked immediately. Preparing, mixing, and baking activities take place during every shift.

Customer Service and Deliveries

Keeping a simple yet efficient checkout process ensures quality customer service with only one or two workers dedicated to these roles at a time. Items can be ordered dine-in or to-go, with everything picked up at the counter. Items are not delivered to tables. The customer service representative works exclusively behind the counter running the register and handing off food and beverages as necessary. An additional worker handles wholesale deliveries. Deliveries are made only to wholesale clients such as local coffee shops within a 5-mile radius, and who order a minimum quantity of items. All deliveries are made 6-9 a.m. via electric cargo bicycles.

Cleaning and Organizing

Constant baking requires constant cleaning, so such tasks are strategically scheduled alongside baking tasks. Specific cleaning

procedures such as scraping tables, scrubbing ovens, washing pans and utensils, sweeping floors, etc. are performed at specific times to ensure efficiency. For example, scrubbing ovens and sweeping floors will be done in the last hour of the closing shift. Strict attention is also paid to organization of the kitchen, with bakeware and utensils ergonomically placed for ease of access and steady workflow. Workers performing cleaning duties immediately place cleaned items in their respective locations.

Resource Consumption

Energy inputs will originate from renewable sources such solar to the extent feasible. Non-renewable energy consumption will be offset through one or a combination of the following methods: 1) purchasing carbon offsets from verified marketplaces 2) purchasing carbon offsets through suppliers with offsetting programs 3) purchasing community offset bundles 4) “onsetting” or investing in local projects intended to mitigate or adapt to climate change. Water inputs and outputs will be managed conservatively by ensuring exact measurements for recipes, water-wise dishwashing and cleaning, low-flow toilets and sinks, and waterless urinals.

Waste Management

The aim is to produce without surplus, emphasizing that products are sold until gone. Any remaining food items that cannot be sold the next day or creatively reused in products (e.g. croutons) will be donated to a nearby homeless shelter, ASU’s food pantry, and/or composted. All packaging, takeout containers, and utensils will be easily compostable and Cradle to Cradle certified. Items for dining in will be served with reusable utensils, cups, plates, and bowls produced from sustainable materials. Disposable cups will only be offered in limited quantities and at an extra cost. Customers will be encouraged to bring their own cup or purchase a reusable cup. All waste outputs will be sorted into the following categories: 1) organics, 2) recyclables (may be subdivided depending on requirements), 3) landfill. Organics will be hauled off and

processed by one or a combination of the following enterprises: the city, Recycled City LLC, Arizona Worm Farm, or other farms with composting operations.

Workforce

Diversity and Inclusion. Worker-owners come from diverse backgrounds, with positive bias towards marginalized groups.

Fair and Equal Wages. Each worker-owner is paid the same hourly wage that is sufficient for a comfortable living.

Broad Skillset. Participating in all aspects of the cooperative, worker-owners develop a broad skill set that extends beyond baking.

Wide Range of Benefits. Holistic benefits are provided to promote general health and wellbeing of all workers.

Equity and Wages

The workforce consists of 10 to 15 worker-owners from diverse backgrounds. At least half of the workforce are women, with marginalized groups also making a majority. Much of the workforce is actively engaged in the local community either through community groups like neighborhood associations and nonprofits and/or through local government groups such as the Sustainability Commission. Each worker-owner earns around \$20 per hour with another \$3 additional income from tips, resulting in an annual salary of around \$48,000. This does not include any patronage received at the end of the fiscal year. All worker-owners are expected to participate in a full-time work schedule (35–40-hour weeks).

Variety of Skills

All worker-owners are highly skilled professionals possessing a wide variety of abilities that extend well beyond the kitchen. Through participation in all of the various roles of the bakery, worker-owners are proficient in demo-

cratic-decision making, effective communication, conflict resolution, management, and technical baking skills.

Benefits Package

Each worker-owner receives a benefits package that covers a wide range of services to ensure continued health and wellbeing. The benefits package includes: quality healthcare, five weeks of paid vacation, a 401k program, a transportation stipend, and an education stipend.

Personal Development

Through specific programs the bakery is able to facilitate ongoing personal development of the workforce. Such programs include but are not limited to mindfulness-based stress reduction courses, diversity training, and holistic nutrition classes.

Other Perks

Worker-owners can take advantage of a number of perks as part of the cooperative. While on the job, worker-owners are permitted unlimited access to baked goods, coffee, and tea. If there are remaining items at the end of the day that are unable to be sold the next day, they are free to worker-owners. If leaving a shift while the store is still open, worker-owners may take items totaling no more than \$7 retail cost. Any additional items must be purchased. Worker-owners not actively working receive 30% off all regular items. This discount can be extended to one other person outside the cooperative of the worker-owner's choosing. Worker-owners can purchase specific goods such as eggs, milk, and flour at wholesale cost.

Recruitment and Training

Community Partner. Through maintaining positive relationships with various community organizations, the bakery cooperative can actively recruit people from underprivileged and minority groups.

Collaboration with Local Schools. Mutual relationships with local education institutions provide a network of recruitment and training outlets.

On-the-job Training. All trainees undergo intensive, on-the-job training that encompasses more than technical baking.

Ongoing Training and Education. Training does not end after the initial trainee program. Various training and education programs are ongoing, ensuring continuous progression and development.

Community Partners

Existing partnerships with local community organizations serve as the primary method of recruitment for the cooperative. Specifically, the cooperative partners with a number of groups that focus on social justice and equity issues either directly or indirectly, such as TigerMountain Foundation, Local First Arizona, Vitalyst Health Foundation, UMOM New Day Centers, The Society of St. Vincent De Paul of Arizona, Puente Arizona, and International Rescue Committee. Such partnerships allow for outreach to underprivileged and minority groups, as well people already embedded in the community, for hiring opportunities.

Education Partners

Working closely with various schools in the community provides the cooperative a network for ongoing training and education opportunities, and recruitment if needed. Relationships could include the following schools: East Valley Institute of Technology, Maricopa Community College District, Art Institute of Phoenix, Southwest Institute of Healing Arts, Southwest College of Naturopathic Medicine, and ASU. Through this extensive network of a variety of educational institutions, the cooperative could offer an assortment of training and development opportunities for all worker-owners. The cooperative may also have connections with some vocational schools in other states, such as the San Francisco Institute of Baking.

New-Hire Training

All new hires will be required to complete a six-month on-the-job training program that facilitates technical baking skills and the ability to perform all other daily tasks. Additionally, they are required to complete the following five classes: cooperative participation and meeting process, understanding cooperative finance, effective communication and conflict resolution, cooperative history, and understanding and operating your cooperative. Additional procedural trainings such as sexual harassment training and mindfulness-based stress reduction training are also required. Once trainees have completed each training program, a vote is taken among worker-owners to decide if they want to offer membership.

Continuous Training

Specific trainings are required to be repeated annually by all worker-owners. These include the following programs: sexual harassment training, mindfulness-based stress reduction course, and deep diversity training. Other optional educational and development opportunities are also offered, such as yoga classes, holistic nutrition classes, meditation and mindfulness workshops, and organic gardening classes. Worker-owners also receive a monthly stipend for other educational opportunities of their choosing.

Additional Trainee Information

Trainees are compensated \$15 per hour, and after three months on the job they are eligible for healthcare and two-weeks paid vacation. They are encouraged to work full time (35-40-hour weeks), but, if necessary, may work part time (e.g., 20–24-hour weeks). Trainees receive the same discounts and freebies as worker-owners. If the collective decision of worker-owners is to withhold membership, or the trainee refuses membership, they can continue to work as a trainee for a maximum of six months. At any given time, trainees may make up no more than 10% of the workforce.

Legal Issues

Incorporated Status

“Together We Bake” will be incorporated as a Limited Liability Company (LLC), which is the most suitable legal status. Unlike nonprofit cooperative incorporation, the LLC form benefits the workers of the bakery and allows flexibility regarding decision-making processes. While the nonprofit model aligns with several of the social goals, it does not allow for the distribution of surplus revenue to worker members, making it a more restrictive incorporated status. The cooperative principles discussed in previous sections such as distributed surplus and democratic decision-making will then be addressed in the Operating Agreement (by-laws). [At the time when the concept was developed, the team was not aware of the possibility to incorporate as a worker cooperative in Arizona.]

Taxes

Registering as an LLC allows the business to avoid double taxation, which is paying a corporate tax for the business as well as worker-owners paying income taxes. Instead, this status allows for just the income of worker-owners to be taxed. This is qualified under the subchapter T tax treatment, which declares that any corporation acting under a cooperative basis is exempt from paying corporate tax on patronage dividends. Other taxes included in registering as an LLC in Arizona are Unemployment Compensation Tax, Employee Withholding Tax, and Transaction Privilege Tax. They are incorporated in the Budget section.

Budget

Operation Budget

Sales

Total sales are calculated based on estimated daily sales of main items including breads, sandwiches, salads, and pizzas. Sales estimates take into consideration the volume of sales seen at Arizmendi bakeries, where customer throughput in excess of one per minute is sustained for prolonged periods and at different times of day. Considering the different setting and customer base of Arizmendi compared to Arizona and Tempe, the budget reflects reduced sales volumes. Actual customer volume and daily production is expected to vary seasonally.

Target customer numbers are:

- 500 for weekday (average of about 40 customers/hour over a 12-hour retail day)
- 360 for Saturdays (average of 60 customers/hour over a 6-hour retail day)
- Summer and holiday numbers of customers will vary depending on member decisions about hours of operation

See Table 7 for the annual budget and Appendix F for a detailed operational budget.

Cost of Goods Sold

An approximate cost of goods sold has been calculated based on the sales targets above and the costs of ingredients and other factors. Ideally, cost of goods will remain stable through engaging in long-term contracts with local producers as much as possible.

Sales Revenue		Amount
In-Store Sales		\$1,048,500
Wholesale (Deliveries)		\$396,396
Total		\$1,444,896
Cost of Goods Sold		-\$363,936
Gross Margin		\$1,080,960
Operating Expenses		Amount
Personnel		-\$703,197
Occupancy		-\$198,052
Equipment Maintenance		-\$4,200
Depreciation		-\$20,040
Administration		-\$51,900
Total Expenses		-\$977,389
Interest		
Loan Interest		-\$18,149
Total Income		\$85,421
Cooperative Development		\$8,541
Retained Patronage		\$38,440
Distributed Patronage		\$38,440

Table 7. The bakery's annual budget and statement of income

Operating Expenses

Personnel

This section includes payroll and benefits for a staff of 12 worker-members. Wages have been set at \$18 per hour by using the lower range of salaries that Arizmendi members make and adjusting for the cost-of-living differences between San Francisco and Tempe. In addition to this hourly wage, it is expected that workers will earn an additional \$3 per hour in tips. Other employee expenses include:

- Healthcare
- Paid Time Off (PTO)
- Retirement or 401k
- Mobility stipend for bike share and Valley Metro Rail
- Employee education opportunities
- FICA (social security)

Personnel costs are about 50% of the operating budget. This reflects the high priority to benefit the member-owners, including their personal and professional development.

Occupancy

This includes all expenses related to occupying the building such as the rent, utilities (energy, water, and waste), and insurance. It currently accounts for about 15% of the overall operational budget. A more unique aspect of this section is the inclusion of carbon offsets as part of the sustainability principles.

Other Operating Expenses

This includes the day-to-day expenses of transportation, technology, supplies (small equipment), and the cost of maintenance of large items such as mixers, ovens, refrigeration, and electric cargo bikes used for delivery transport.

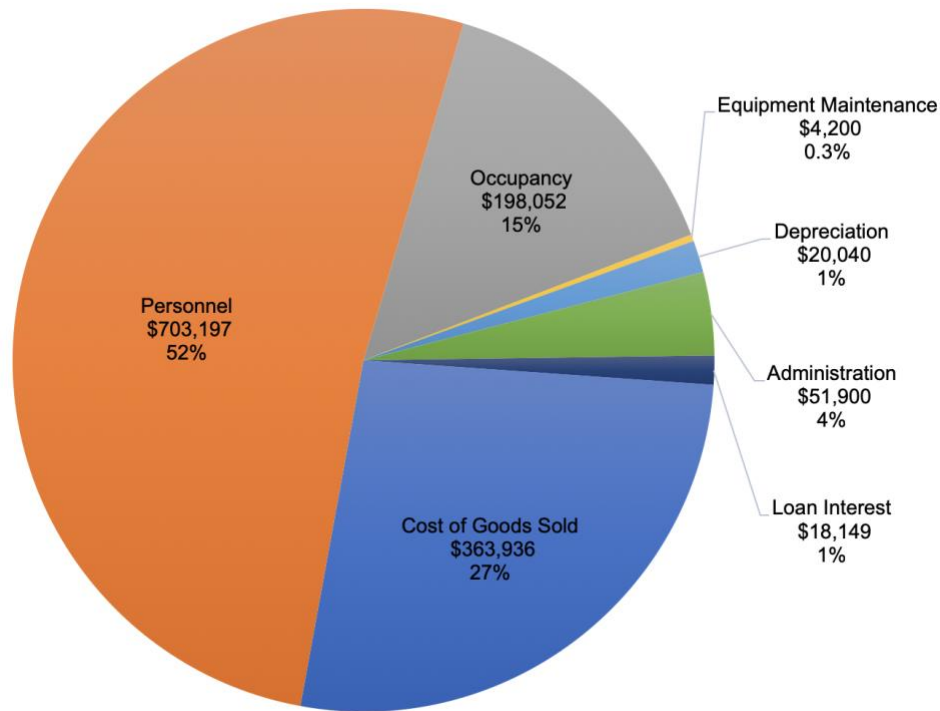


Figure 11. Distribution of expenses in the annual budget

Depreciation

The depreciated value of large equipment items over time can be written-off as an expense. Depreciation will affect the amount of income tax due. Current depreciation includes ovens, mixers, furniture, the reverse-osmosis water filter, and various kitchen appliances, and is based on 10-year depreciation.

Administrative

Administrative expenses may include costs of bookkeeping and accounting as well as financial and legal services and fees. It currently accounts for 4% of the overall operating budget. It may also include additional costs to hire consultants to assist in initial budgeting and bookkeeping.

See Figure 11 for types of expenses as the percent of overall annual expenses.

Other Income/Expenses

Retained Patronage

Retained patronage refers to the reinvestment of surplus income into the business at

the end of each fiscal year. Our model designates that about 50% of surplus income will be maintained as retained patronage to invest in strengthening the business. Based on our projected operating budget, retained patronage would be around \$38,000 at a sustained operating level.

Distributed Patronage

The other ca. 50% of surplus income is distributed equally between members of the business. Based on the projected earnings above, this would amount to \$2,500 per member at the end of the fiscal year.

Loan Interest

As discussed in the finance section below, we aim to obtain 50% of startup funds from loans. At a projected rate of 7% interest applied annually, interest would be ca. \$18,000 per year. This figure is prone to change based on the availability of financing and specific lender interest rates.

Income Tax

The income tax for Arizona is 3.3% for the tax bracket that encompasses the salary of the

member-owners, which is built into our budget. Under the LLC tax requirements, this is what is also considered the business income tax under the cooperative principles set forth under the Operating Agreement. Based on member salaries, this equates to an annual amount of approximately \$20,000 and 1.5% of the total operational budget. This would not directly affect the operational

budget but would have an impact on member-owners and considerations for tax status for the cooperative.

Further detail about the operational budget can be found in Appendix F.

Implementation Strategy

Product Development

For the development of the products, menu, and pricing, the startup team consults a master baker and a chef. The research team has interviewed two master bakers, Jason Raducha of Noble Bread and Dino Koulouris of Mediterra Bakehouse, as subject matter experts for the research of the concept. Yet, the startup team will need to recruit and maintain a stronger relationship with a master baker who can continue to guide the concept and review product quality.

Contracting Suppliers

Contracting suppliers requires to consider availability, stability, and cost of ingredients. This includes consulting in more detail with local distributors and producers to develop a full inventory of ingredients to guide the seasonal menu shifts and inform budgeting.

Securing Location

Further consultation is needed with the City of Tempe, Dan Colton, and Bonnie Richardson. If the Tempe Transportation Center can be secured as location, further investigation of the roof space is necessary and creating partnerships to establish roof-top production.

Refining Design

The design element requires consultation with an architect, engineer, and general contractor to produce floor plans, clarify the renovation costs, and advise on the associated fees, applications, and process for approvals.

Market Research

Identifying fluctuations in customer volume and strategies to build a stable consumer base despite the fluctuations could be aided by consulting further with Kate Borders of the Downtown Tempe Authority.

To conduct a marketing study, the startup team needs to recruit the aide of community partners and/or other ASU departments (e.g., W.P. Carey School of Business, Morrison School of Agribusiness). The marketing study is intended to support feasibility of the bakery cooperative to thrive in downtown Tempe and provide further insight into consumer behavior that can help shape brand and image.

Consulting with a graphic designer is needed to develop a logo for the brand and a design template for any text publication to follow.

Local artists need to be recruited to develop the planned marketing installations.

Workforce Recruitment

Worker-owners

The recruitment of initial worker-owners will be done primarily through fostering partnerships with the community partners and educational institutions outlined in the Recruitment and Training section of the vision above. Entrepreneurship programs such as *Prepped* run by HEALab at ASU could help with outreach and recruitment, too. Next steps will include pursuing partnerships and outreach opportunities, identifying a group of 20 to 30 potential worker-owners, and then inviting them to a workshop to share the vision for the cooperative and secure buy-in. The agenda for the workshop will be as follows:

- Introduce the cooperative business model (cooperative principles)
- Presentation by an Arizmendi worker-owner on cooperative benefits
- Introduce the vision for *Together We Bake*
- Present detailed strategy to achieve vision
- Open discussion and questions
- Determine next steps

Master Baker

The startup team needs to secure the services of a master baker or artisan bakery to conduct the initial trainings in technical baking skills for worker-owners. Potential

prospects are Don Guerra of Barrio Bread or Jason Raducha of Noble Bread.

Training

Technical Training on Baking

The recruited master baker or artisan bakery will conduct a month-long, intensive training program for worker-owners. This should equip them with the basic skills necessary to produce the products of *Together We Bake* efficiently working with an experienced baker.

Cooperative Skills

A month-long intensive training on the various management, procedural, communication, and ownership skills necessary for a successful cooperative bakery will take place before opening for business. One possibility to explore is contracting with Arizmendi to have a consultant come to Tempe to provide the training. Another option is to have them stay for the soft opening and first few weeks of business of *Together We Bake*. (During the soft-opening period, all goods produced will be given away to the public.)

Incorporating

Registering as an LLC will require consulting legal professionals for the drafting of an operational agreement. This will take place in collaboration with prospective members to identify areas of importance, such as the decision-making process and surplus distribution discussed above. This process will also include obtaining proper licenses and permits at federal, state, and local levels that pertain to both operating as an LLC and a bakery.

Startup Budget

The startup budget is projected to be around \$500,000 (see Figure 12 and Appendix G). While there is variation in the cost of items such as ovens and mixers, these are conservative estimates leaning toward the costlier projections. This is based on the purchasing of *new* equipment, identified through independent research as well as expert

interviews. Equipment such as ovens, mixers, and water purification make up a significant portion of the budget. Purchasing previously used equipment could lower the costs significantly.

The budget includes a selection of reclaimed wood furniture to ensure quality and design.

The cost of retrofitting of plumbing, electric, and ventilation are another major startup cost requiring professional contractors and ensuring safety standards. However, due to the previous presence of a restaurant establishment at this location and existing placement of electric, gas and plumbing lines, the construction costs could be lower.

Equipment	\$230,000
Furniture	\$15,000
Design	\$25,000
Construction	\$100,000
Licenses & Permits	\$8,500
Training	\$103,000
Total	\$481,545

Figure 12. Startup budget

The budget also includes design costs for consultation with architects, engineers, and interior designers, and fees for registering as an LLC, as well as consulting with legal experts on drafting and implementing the Operational Agreement.

Lastly, training makes up a significant part of the startup budget. This cost is broken down as following:

- \$5,000 to hire consultant for 100 hours at \$50/hr
- \$48,000 for training wages. This is budgeted for two months of fulltime pay at \$12/hr for 12 potential member-owners
- \$50,000 to hire two trainers full time at \$40/hr for four months

Fundraising

The aspiration is to raise 50% of the initial startup costs through grants, crowdfunding, and membership buy-in. The other 50% will come from small-business loans from cooperative loan funds.

Grants

One option is the Tempe Innovation Fund offered by the City of Tempe, which would provide approximately \$50,000 in grants.

Crowdfunding

Rewards-based crowdfunding such as Kickstarter and Indigogo will be pursued for small donations in return for a discounted membership.

Donation-based crowdfunding sites such as GoFundMe and Crowdrise are more restrictive than those that are rewards-based but remain viable options for seeking funding. Each platform has specific guidelines for applying.

Debt-based crowdfunding is similar to small loans, with the expectation of interest payments. This option can be more viable for startups due to the difficulty of obtaining startup loans from the banks.

The above crowdfunding sources can be combined to provide funding for the cooperative and are being considered in parallel with other funding options.

Cooperative Loan Funds

Groups such as the Shared Capital Cooperative offer unique financing opportunities for startup cooperatives through business loans. Options for startup loans can range from \$5,000 to \$550,000. Requirements for consideration are membership obligations. Despite this, it offers a promising avenue to obtain a significant portion of the required funding. An additional prospective resource is Capital Impact Partners, which works with small businesses on different financing, from initial design to startup budgets.

More funding options need to be identified through further consultation with experts and national cooperative development and support organizations.

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Appendix

- A. *Bake Tempe!* Workshop Program
- B. *Bake Tempe!* Workshop Participants
- C. List of Interviews and Site Visits
- D. *Together We Bake* Sample Menu
- E. Seasonal Availability of Produce in Arizona
- F. Operational Budget
- G. Startup Budget

APPENDIX A. *BAKE TEMPE!* WORKSHOP PROGRAM

***Bake Tempe!* Developing a Concept for a Sustainable Local Bakery Cooperative**

January 30, 2018 / 9am-noon

F.A.B.R.I.C., [132 E 6th St](#) [Forest Ave & 6th St], Tempe, AZ 85281
Tempe Transportation Center, 200 E 5th St, Tempe, AZ 85281

9:00	Introduction	<ul style="list-style-type: none">- Introductions- Concept background; workshop objectives- Overview of Arizmendi; the local market
9:20	Exploring the Concept - Part I	Key Features
9:25		Products, prices, supplies
9:45		Discussion
9:55		Operations, management, workforce, recruitment and training
10:10		Discussion
10:20		Budgets and financing strategy
10:27		Discussion
10:35	Break	Walk over to retail location (TTC)
10:45	Exploring the Concept - Part II	Location & customers
11:00		Marketing & design
11:15		Equipment & resources
11:30	Break	Walk back to FABRIC
11:40	Wrap-up	<ul style="list-style-type: none">- Follow-up expert interviews- Next steps
12:00	Finish	

APPENDIX B. *BAKE TEMPE!* WORKSHOP PARTICIPANTS

Jill Buschbacher, Economic Development Program, City of Tempe

Chris Fox, BAMBox

Cindy Gentry, Maricopa County Department of Public Health and Sun Produce Cooperative

Rick Hall, HEALab (Health Entrepreneurship Acceleration Lab), Arizona State University

Dr. Braden Kay, Office of Sustainability, City of Tempe

Michael Lee, BAMbox

Laurie Mook, School of Community Resources and Development, Arizona State University

Kristen Osgood, Stern Produce

John Perry, Perry Consulting and Sun Produce Cooperative

Michelle Rudy, Prepped Program and Enterprise + Innovation, ASU

APPENDIX C. LIST OF INTERVIEWS AND SITE VISITS

Method	Expert / Subject	Organization
Interview	Kristen Osgood	Stern Produce
Interview	Dr. Braden Kay	City of Tempe
Site Visit	Dino Klouris	Mediterra Bakehouse
Interview	John Penry	Cooperative consultant
Site Visit	Dan Colton	Commercial property agent
Site Visit	Anna Lee and Katy Onzysko	Design student
Inquiry	Kate Borders	Downtown Tempe Corporation
Interview	Corey Hawkey	ASU University Sustainability Practices
Interview	Dr. Rick Hall	ASU HEALab

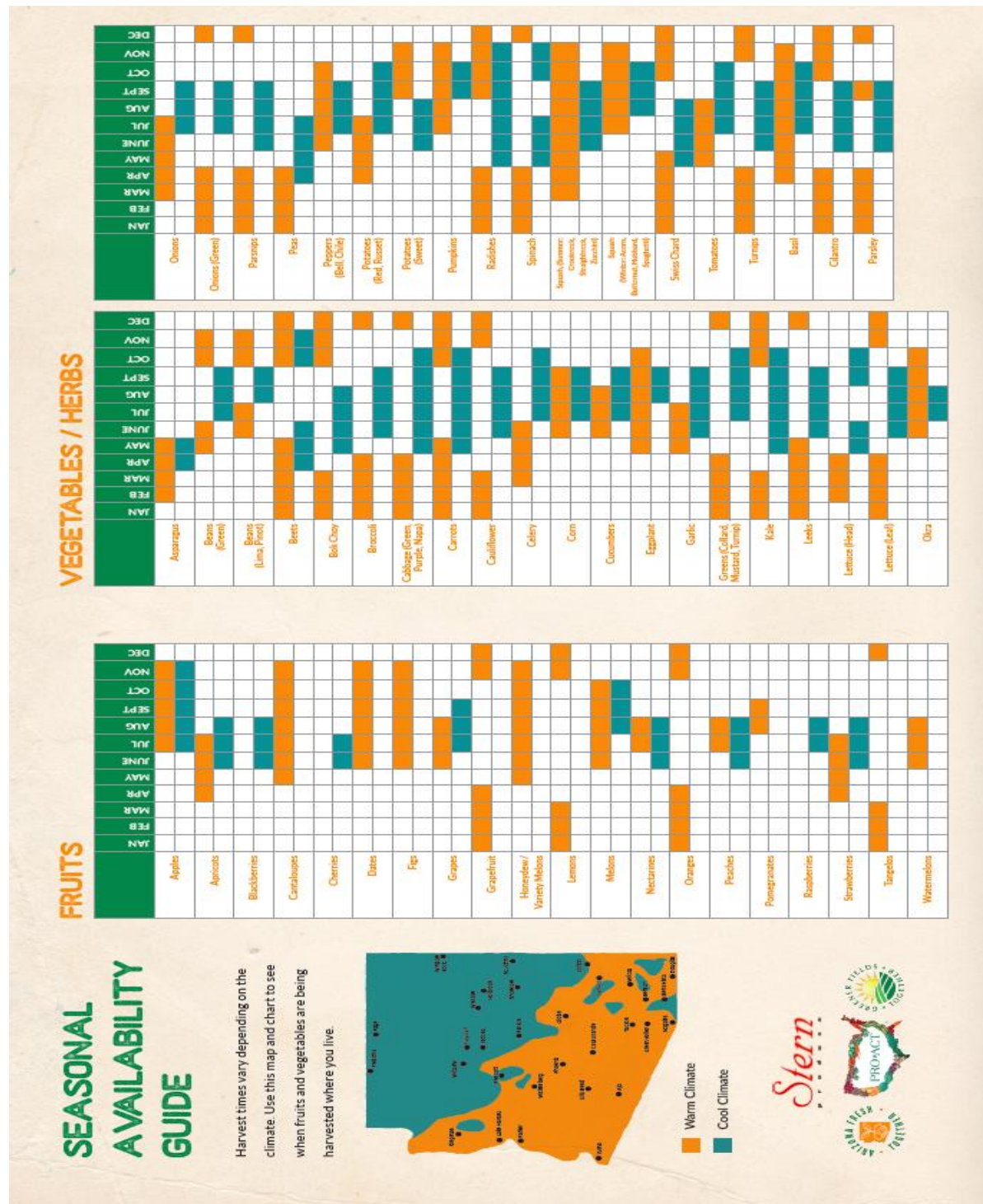
APPENDIX D. TOGETHER WE BAKE SAMPLE MENU

DAILY MENU

	BREAD	PASTRIES	PIZZA	SOUUP
Monday	Pumpernickel	Cherry Oat Scones	Crushed Tomatoes + Lemon & Thyme Oil	Cabbage & Cilantro
Tuesday	Maerkisches Spelt Bread	Wolverine Rolls	Mixed Mushrooms + Asiago + Balsamic	Thai Coconut
Wednesday	Irish Soda Bread	Chocolate Croissant	Kalamata Olive + Garlic + Spinach	Brussel Sprouts + Feta
Thursday	Bernese Plait	Cheddar Rolls	Artichoke Hearts + Kale + Gouda	Carrot Ginger
Friday	Tuscany Country Bread	Blueberry Coffee Cake	Kale + Apple + Goat Cheese	Roasted Bell- pepper & Tomato
Saturday	White Chocolate Brioche	Pecan Rolls	Scallions + Parsley + Gouda	Corn & Cheese

APPENDIX E. SEASONAL AVAILABILITY OF PRODUCE IN ARIZONA

(Provided by Stern Produce)



APPENDIX F. OPERATIONAL BUDGET

	January	February	March	April	May	June	July	August	September	October	November	December	Annual	Percent
Revenue														
Sales (Instore)	\$95,318	\$95,318	\$95,318	\$95,318	\$95,318	\$47,659.08	\$47,659.08	\$95,318	\$95,318	\$95,318	\$95,318	\$95,318	\$1,048,500	72.6%
Sales (Wholesale / Deliveries)	\$36,036	\$36,036	\$36,036	\$36,036	\$36,036	\$18,018.00	\$18,018.00	\$36,036	\$36,036	\$36,036	\$36,036	\$36,036	\$396,396	27.4%
Total Sales	\$131,354	\$131,354	\$131,354	\$131,354	\$131,354	\$65,677	\$65,677	\$131,354	\$131,354	\$131,354	\$131,354	\$131,354	\$1,444,896	
Costs & Expenses														
Ingredients	\$29,513	\$29,513	\$29,513	\$29,513	\$29,513	\$29,513	\$29,513	\$29,513	\$29,513	\$29,513	\$29,513	\$29,513	\$354,156	31.7%
Packaging (26k bags/mo (eco))	\$780	\$780	\$780	\$780	\$780	\$390.00	\$390.00	\$780	\$780	\$780	\$780	\$780	\$8,580	0.8%
Delivery (cargo bikes - maintenance)	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200	0.1%
Personnel														
Wages (>20%) - 15 people	\$39,312	\$39,312	\$39,312	\$39,312	\$39,312	\$39,312	\$39,312	\$39,312	\$39,312	\$39,312	\$39,312	\$39,312	\$471,744	42.2%
FICA Taxes	\$1,966	\$1,966	\$1,966	\$1,966	\$1,966	\$1,966	\$1,966	\$1,966	\$1,966	\$1,966	\$1,966	\$1,966	\$23,587	2.1%
Unemployment Compensation Tax	\$2,162	\$2,162	\$2,162	\$2,162	\$2,162	\$2,162	\$2,162	\$2,162	\$2,162	\$2,162	\$2,162	\$2,162	\$25,946	2.3%
Benefits - Healthcare	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$144,000	12.9%
Benefits - 401k														0.0%
Benefits - Sustainable Transport Stipend	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$720	\$8,640	0.8%
Benefits - Education Stipend	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$28,800	2.6%
Workwear	\$480	-	-	-	-	-	-	-	-	-	-	-	\$480	0.0%
Administrative & Equipment														
Administrative Costs (banking, phone, services, etc.)	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$42,000	3.8%
Business Owner's Insurance & Worker's Compensation	\$6,600												\$6,600	0.6%
Marketing	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400	0.2%
Licenses & Permits	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900	0.1%
Repair & Maintenance (equipment, appliances, etc)	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$350	\$4,200	0.4%
Depreciation	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670	\$20,040	1.8%
Occupancy														
Lease	\$3,325	\$3,325	\$3,325	\$3,325	\$3,325	\$3,325	\$3,325	\$3,325	\$3,325	\$3,325	\$3,325	\$3,325	\$39,900	3.6%
Rental Tax (2.5%)	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$83	\$998	0.1%
Utilities - Electric	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$22,200	2.0%
Utilities - AC	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$89,000	8.0%
Utilities - Water	\$1,347	\$1,347	\$1,347	\$1,347	\$1,347	\$1,347	\$1,347	\$1,347	\$1,347	\$1,347	\$1,347	\$1,347	\$14,915	1.3%
Utilities - Waste	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$3,000	0.3%
Renewable / Offset	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$300	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500	\$27,800	2.5%
Environmental Services Inspection	\$240												\$240	0.0%
Interest (Loans) - 7%													\$18,149	1.6%
Total Expense	\$99,733	\$92,653	\$92,653	\$92,653	\$92,653	\$92,263	\$92,263	\$92,653	\$92,653	\$92,653	\$92,653	\$92,653	\$1,118,133	
Balance (Surplus / Deficit)	\$11,781	\$19,101	\$19,101	\$19,101	\$19,101	\$46,186	\$33,939	\$19,101	\$19,101	\$19,101	\$19,101	\$19,101	\$85,421	
Margin	9%	15%	15%	15%	15%	-70%	-52%	15%	15%	15%	15%	15%	6%	
Cooperative Development Fund													\$76,879	
Patronage													\$38,440	
Retained Patronage													\$38,440	
Distributed Patronage per Member													\$3,203	

APPENDIX G. STARTUP BUDGET

	Items	Cost per Item	Total
Equipment			
Oven	2	\$60,000	\$120,000
Spiral mixers	2	\$20,000	\$40,000
Stove top	1	\$3,000	\$3,000
Worktables	2	\$1,500	\$3,000
Refrigerator	2	\$2,500	\$5,000
Sinks	2	\$600	\$1,200
Kitchen items			\$6,745
Espresso machine & equipment	1	\$5,600	\$5,600
Point of Sales (POS)	1	\$4,000	\$4,000
Computer and phone, software, etc.			\$5,000
Security system	1	\$1,000	\$1,000
Cargo bikes	3	\$1,500	\$4,500
Reverse Osmosis water filter (10,000 GPD)	1	\$18,000	\$18,000
Service shelves	2	\$7,000	\$14,000
Furniture			
Reclaimed wood furnishing (Set)	1	\$15,000	\$15,000
Design			
Bakery design concept			\$20,000
Services (architect, engineer, interior designer)			\$5,000
Construction			
Plumbing, Ventilation, Electric, etc.			\$100,000
Licenses/Permits/Legal			
			\$8,500
Training			
Consultancy costs (100 hours)			\$5,000
Trainee wages	12	\$4,000	\$48,000
Trainer wages (4-month contract)	2	\$25,000	\$50,000
Total			
			\$482,545

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