

SWARTHMORE CO-OP BOARD OF DIRECTORS

MINUTES OF MEETING

November 26, 2015

The November meeting was held in the Community Room of Borough Hall. It was preceded by an Executive Session at 6:30 PM in which there was a presentation by HR Consultant Dawn Betts on "Organization Capability, Leadership & Talent Update". The Board meeting followed at 7:55 PM.

Present were President Martyn Harding, Vice President Carol Savery, Secretary Pam Bartholomew, Treasurer Michael Markowicz, Board members Andy Rosen, Bob Scott, Ines Rodriguez, Jill Gaieski, Interim GM Ed Farace, Operations Manager Sarah Yoo, and HR consultant Dawn Betts. Karen Shore and Don Delson did not attend.

Approval of Minutes

Carol Savery made a motion to approve the minutes of the October 26, 2015 Board of Directors meeting. Michael Markowicz seconded the motion and the Board voted unanimous approval.

GM Update

- Interim GM Ed Farace spoke about the need to reduce the number of SKUs in the store to a manageable level and rebuild from there, if necessary. In 2014 the Co-op had about 10k SKUs. By 2015 that number had doubled. Reducing SKUs is a step in improving profitability.
- Ed brought an updated list of projects currently underway.
- Ed met with Bill Cumby to review the building issues that need immediate attention.

Finance Update

- Treasurer Michael Markowicz reported that store sales were down slightly (1.7%) in October compared to 2014, but that there was a very significant loss of \$36k. \$20k of the loss can be explained by:
 - 1-A POS system issue that caused higher cost frozen goods to be sold without the corresponding price increase.
 - 2- Two HBA purchases in one month
 - 3-High salaries in the Meat Dept. (an expensive part time employee)
 - 4- Two GM salaries (for 2 months).
 - 5- An unanticipated elevator repair

Overall, Michael explained that high labor costs are a chronic problem for the Co-op.

- Member/ Non-Member Sales Analysis
The IT consultant discovered that the previous Member/Non-Member Sales figures were incorrect. The attached corrected YTD sales by member & non-member showed :
 - 1-The split between Member & Non-Member sales is about 60:40 in 2015.
 - 2-Total sales declined in each month v. 2014 except for January and August. This was due to drops in non-member sales that were greater than increases in member sales.
 - 3-Non-member sales grew v. the previous year beginning in August, which corresponds to the opening of the roundabout.
 - 4-Inexplicably, when non-member sales rose in August, Sept. & October, member sales declined bringing total sales down for Sept. & Oct.
 - 4-January was the only month when member transactions were greater than non-member.
 - 5-The average basket size for members is significantly larger than that of non-members.
 - 6- Member basket size declined in 2015 v. 2014 .
 - 7-Non-member basket size declined less (-\$.12) than member basket size (-\$1.29) in 2015.
- Following up on last month's inquiry into using working member – volunteers to reduce labor costs, HR Consultant Dawn Betts described the system used by Weavers Way.
Up until 2000, working in the store had been mandatory. Now it is optional for any adults and their children 16+ years. The impact of this work-share program is especially important in their flagship store. It contributes to the culture of the store by bringing members in, keeping them involved, thereby solidifying their support. Weavers Way has identified members with specific skills useful to the business and maximizes their use.
There are enough volunteers that Weavers Way has a database just for volunteers and uses specific software to manage it.
Dawn will set up a meeting between board members and Weavers Way so that we can learn more specifics & how a work-share program could be used to reduce labor costs here.
Using member volunteers to staff special events was an easy to implement first option for using volunteers here in Swarthmore.

Board Decisions

GM Monitoring Reports

- D2: GM Accountability

Bob Scott made a motion that Carol Savery seconded to approve D2 noting non-compliance with D2:2. The Board voted unanimous approval.

2016 Co-op Operating Plan and Budget

A motion to accept the 2016 Operating Plan and Budget was made by Andy Rosen, seconded by Carol Savery and unanimously approved by the board.

2016 Board Meeting Calendar

The proposed calendar was accepted after a motion to approve by Bob Scott, seconded by Michael Markowicz and a unanimous vote by the Board.

Information Sharing and Discussion

- POS system accuracy is an issue being addressed by our IT consultant and Steve Kallop, Scan & POS Coordinator. There are both system issues and human error problems. Failure to adjust product pricing signs is one example of both. Steve is also working on reducing the SKUs.
- Education Committee-Ines related that they are working on implementation of “education in the aisles” which will provide descriptions of the advantages of organic offerings. The committee will be collaborating with the GM and Articus for content and communication.
- PA Incorporation: Bob Scott outlined the fees (about \$2000) and work that needs to be done to incorporate the Co-op in PA rather than Washington DC where it is now. Being incorporated in PA will help the Co-op any time it needs to apply for a loan. Approval to move the incorporation requires a vote of the membership, so Andy moved that incorporating the Co-op in PA will put on the ballot at the 2016 Annual Meeting. The motion was seconded by Jill and unanimously approved by the Board.
- Disposition of Out of Date Goods: The Co-op participates in a composting program, Kitchen Harvest.
- Marketing Committee:
The Future Visioning Session is scheduled for Dec.6. Ines, Jill & Martyn will contact non-members for participation.
- Board Education: Michael reported on the Co-op Café that he & 3 other board members recently attended. It was interesting to learn that
 - co-op shoppers generally shop at more stores than non-co-op shoppers-3.5 v. 3 stores.
 - Co-op shoppers fall into 3 general categories: core co-op shoppers who represent 13% of shoppers but 25% of sales, mid-level shoppers (60% of shoppers but 65% of sales) who are not loyal to co-ops, but are looking for a particular shopping experience, and peripheral

shoppers who account for just 10% of sales. The mid-level shoppers were identified as the best target for marketing efforts to get new business.

- Nominating Committee: Receipt of a request to be considered as a candidate was acknowledged. The process does not begin until 2016.

New Business

- There was no new business.

Review of Action Items

1. Dawn will set up a meeting with the Weavers Way for board members to learn about their work-share program.
2. Non-members will be recruited to participate in Future Visioning- Martyn, Ines, Jill
3. Approval of incorporating in PA will be put on the ballot at the 2016 Annual Meeting- Bob

Adjournment

The meeting adjourned at 9:40pm. An Executive Session followed.

Next Meeting

The next meeting will be held on Monday December 14, 2015 at 7pm in the Community Room of Borough Hall.

Respectfully submitted,

Pam Bartholomew
Secretary

Documents for the Meeting

Proposed 2016 Board Meeting Calendar

Weavers Way Workshare Member Program

Co-op Board Agenda November 2015 Revised.

Co-op 2016 budget(final).

GM Board Report for Nov 2015.docx

D2:GM Accountability

Co-op Projects 2015.xlsx

Co-op Oct 2015 Inc Stmt (new)

Co-op Oct 2015 Balance Sheet

Membership 2015.xlsx

Co-op 2015v2014 Sales w October

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