

# **SWARTHMORE CO-OP**

## **Annual Meeting of the Owners**

### **Minutes**

**April 22, 2021, 7:30 p.m. via Zoom**

The Annual Meeting of the Swarthmore Co-op Owners was held virtually via Zoom due to the COVID-19 pandemic. The meeting began at 7:36 PM.

The meeting was virtually attended by 55 member owners, including Board President Donna Francher; Vice President Chris Galbraith; Treasurer John Moots; Secretary Mark Rossi, and Board members Greg Bockman, Stephanie Edwards, Jim Godderz, Kevin Kebea, Ines Rodriguez and Jennifer Smuts. Mike Litka, General Manager, was present.

#### **Process:**

Owners dialed in for the Zoom meeting, which was administered by Donna Francher.

#### **Welcome by Donna Francher, Board President**

Donna welcomed all of the member owners and outlined the agenda for the meeting. She introduced the board members to the owners.

Before introducing General Manager Mike Litka to deliver the presentation, Donna commented on the difficult circumstances that the Co-op faced with the COVID-19 pandemic:

“First and foremost, Mike Litka, our manager, made the store a safe place for our shoppers and staff, and the employees adapted beautifully to the challenges of running the store despite the pandemic. We never closed. We were able to give employees hazard pay and sick leave. People donated to the virtual tip jar. Our customers felt comfortable shopping here. We kept the store well stocked. We ended the year financially strong and we reached our long-anticipated goal to sell beer and wine. I want to give a special thanks to our attorney, Fintan McHugh, who provided us with expert legal guidance as we sought approval to sell beer and wine and obtain our liquor license. Finally, the Board thanks Mike, the employees to all the volunteers for all that they did to support the Co-op. We could not have made it through the pandemic without them.”

#### **Manager Presentation**

Donna introduced Mike Litka to deliver the presentation of the store's operations in 2020.

Mike began his presentation with a reminder of the Co-op “Ends” Statement:

*“The existence of this member-owned market means that Swarthmore and its surrounding communities will be healthier and more vibrant, the local food system will thrive, and meaningful connections will be forged between member-owners, customers, and workers in a welcoming environment.”*

“This year we upheld our ends statement in meeting the unique challenges of maintaining our operations during the COVID pandemic,” said Mike. “I echo Donna’s comments that without the staff, we could not have done it. The community rallied around each other and you and all of our customers remained loyal. Thanks to all who supported us in so many ways.”

### **Mike recapped the “Year of COVID-19”:**

- The pandemic exploded onto everyone’s consciousness on Friday, March 13, 2020.
- We were asked to practice social distancing, but what else would we need to do?
- We had no idea how long this might last, and initially we thought we may need to deal with it for a few weeks, maybe a month.
- Suddenly people across the country were hoarding food, cleaning out grocery stores and stocking up on things like toilet paper. It was a panic mentality.
- I visited a local Giant market on his way home from work and saw nothing but empty shelves.
- At that moment I realized the Co-op needed to implement a plan to keep the store stocked and running, and a plan of action was quickly established.
- The Co-op pivoted to find suppliers who could help us keep store stocked.
- We shifted gears, obtaining products from different sources.
- Being a Co-op helped us as we joined with other independent co-ops to identify and work with new suppliers and sources. Big chains could not be as nimble as we were.
- We had a tremendous network of local vendors like Merrymead Dairy, Vesper sauces, and Springfield Pasta, just to name a few. This enabled us to keep products on our shelves.
- While the suppliers were our lifeline, the pandemic created huge challenges for the way the store would need to run.
- We had to regulate how many shoppers could come into the store at one time. People had to wear masks, use hand sanitizer and practice social distance in the store.
- Many of our shoppers, afraid to venture out, started calling us to place their orders.
- With the small size of our staff, we found ourselves overwhelmed as we sought to meet the unique needs of our customers in this challenging environment.
- So we reached out to our owners and the public....we asked for volunteers.

- And the volunteers came and kept things together.
- These volunteers risked their own safety and joined together to help others.
- Armed with our volunteers, we communicated how the process would work for people to place their orders for pick-up or delivery.
- And customers SHOPPED! While customer counts were down, basket size went up dramatically. We had people spending as much as \$570 at a time!
- Home delivery became the norm, and traffic inside the store dropped by 40 percent.
- Volunteers “shopped” for customers using the lists they called in.
- We did all of this with just 35 shopping carts!
- Volunteers bagged groceries and delivered them door to door, while other customers picked up their groceries at curbside.
- Home delivery hit its peak in April, with 200 shops in one day.
- Since last year, the Coop has completed 8,364 home shops.
- A special shout-out goes to Ann Ogle, who is still volunteering in the store.
- This is what CO-OPERATING is all about.
- We cannot thank the volunteers enough as they joined with the staff to make things work.
- It’s important to note that COVID-19 is still not completely over. We continue to play it safe to protect our employees and our customers. Our employees continue to practice safety in our operations. We will adhere to COVID-19 state and national safety guidelines as long as we are directed to do so

### **New in 2020: Beer and Wine Sales**

- Despite the pandemic, we continued with our plans to introduce beer and wine sales as a means to strengthen our finances and appeal to interest expressed by our customers.
- We were ready to go in 2017 when the community referendum passed to permit the sale of beer and wine in the borough.
- However, at that time, a borough resident found the Biddle Tract deed restriction which prohibited the sale of alcoholic beverages in the tract. This led to a long, tedious process to obtain approval and permission of all property owners in the tract.
- In early 2020, we put in a bid for a license thanks to the generous financial contributions of several members, but then the COVID-19 outbreak put our plans on hold.
- We were challenged with the possibility of a court case later in the year, but were able to pursue discussions through non-binding mediation.

- Ultimately we had the go-ahead by October, but we knew we needed to move quickly to have beer and wine for the holidays.
- Much of the planning was put in place by our committee of volunteer owners, including several Board members, who implemented our plans with lightning speed.
- The images of what things would look like became real as shelving and refrigeration equipment were ordered.
- Our liquor license was received on November 10, and this gave us the official green light to sell. Donna Francher and Mayor Marty Speigel were among our first wine purchasers!
- This happened just in time for Thanksgiving and our holiday season sales were tremendous.
- The Community made it happen and we are off to a great start. Sales of beer and wine have been between 8 and 10 percent of store sales, exactly what we predicted.

### **Financial Results**

- 2020 ended up being a good year, thanks to the pandemic and the introduction of beer and wine sales.
- We also added 91 new owners in 2020 vs. 44 in 2019
- We are aiming for 50 to 60 new owners by the end of 2021.
- We had \$5.6 million in sales in 2020 and had a profit of \$99,000.
- Total shops were down in 2020, both from owners and non-owners, but basket size of owners and non-owners increased.
- And due to the pandemic, we lost the sales of the college students who were not here.
- Our Green category shoppers are those owners who spend the most are spending more. 687 owners accounted for 52% of our total sales, and 89% of owner shops.
- This is OUR business...we can stay competitive.

### **Other Operational Highlights**

- We received a PPP loan through the small business administration; we are waiting to see if this loan will need to be repaid.
- We refinanced our mortgage at a lower interest rate. The resulting savings will be used to create a capital reserve fund for future repairs and improvements to the store.
- We are repaying the generous loans that we received for the freezer repair project in late 2019 and the bid for our liquor license.

### **What's Next:**

- We need to be mindful of the fact that as our building ages, equipment is wearing out. We need to plan and have the financial means to cover repairs or replacement when necessary.
- Food items continue to cost more; we need to be careful of how this affecting our finances.
- Post-COVID, we are concerned about customer retreating to their former shopping habits, which could impact our sales.

Our goals for 2021 are to:

- Reassess the impact of COVID
- Maintain Community Loyalty
  - Post-COVID we want to reengage our owners and the community with more activities and events.
- Improve the deli and meat counters.
  - We are looking at new strategies to introduce more “grab and go” options and reintroduce soups. It’s a constant process of determining how we can best meet customer needs and preferences.

## **Board Elections**

### **Board Member elections:**

Donna reported that four Board members, Greg Bockman, John Moots, Ines Rodriguez and Mark Rossi, have been elected by an overwhelming majority of owners to a new three-year term on the Board.

### **By-laws Revisions:**

Donna reported that the owners have approved the three changes to the By-laws. The Bylaws will be updated and posted on the Co-op Website.

The Board elected its officers for the coming year: Donna Francher, President; Chris Galbraith, Vice President; John Moots, Treasurer and Mark Rossi, Secretary.

### **Questions and Answers:**

Following is a summary of questions and comments from the audience.

Question:

How were suppliers and distributors selected during the pandemic response?

Donna responded that Mike was proactive in his communication and outreach, and this helped us to keep a pipeline of products coming into the store.

Pam Bartholomew, owner and former Board president commented that Mike was ahead of things: "Thank you to Mike for holding things together. Hopefully the community will continue to respond positively and support the store based on everything that has happened."

Owners Marty Spiegel and Linda Heffernan commented that "communication was impeccable."

Owner Peg Christensen thanked everyone for support that the Coop staff and volunteers provided to the Strath Haven condos...

Peg commented for owner Jack Cavanaugh who said that the coop is his favorite store

Question:

Would the Co-op consider putting a butcher on staff?

Mike responded yes, that Devon is on staff as the butcher.

Owner Lauren McKinney commented that she has not gone to Trader Joe's in a year.

Mike noted that all stores each need a niche, and that is our goal.

Owner Angie Tseng commented "You shrunk the number of items in the store, but did it the right way!"

John and Barbara Hirshfeld...you protected the older cohort....thank you!!

Donna noted that we would like to do a celebration to thank volunteers and community when we are allowed to open up again, and that our goal next year is to have the 2022 Annual Meeting in person.

Donna asked owners to continue to send comments and questions to the Board.

Ines Rodriguez thanked Mike for the great job he did to secure the safety of shoppers in the store, such as the plexiglass screens at the registers.

Donna noted that this meeting was recorded and will be posted on the Co-op website at a future date.

The Meeting was adjourned at 8:41 p.m.

Respectfully submitted,  
Mark Rossi, Board Secretary