

Minutes

Swarthmore Co-op Board Meeting

June 27, 2022

Swarthmore Borough Hall – Community Room

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.

In Attendance: Greg Bockman, President; Stephanie Edwards, Vice President; John Moots, Treasurer; Mark Rossi, Secretary; Donna Francher, Kevin Kebea, Ines Rodriguez, Lauren Shohet

Absent: Keith West, Vibhat Nair, Jim Godderz

Guests: Kira Montagno

Call to Order / Agenda Review

Greg called the meeting to order at 7: 35 p.m.

Review/Approve May 2022 Minutes

There were no questions or changes related to the contents of the draft minutes of the May 23, 2022 Board Meeting. Donna made a motion to approve the minutes as written, Lauren seconded the motion, and the motion passed unanimously.

General Manager Monthly Update Report – Kira Montagno

Kira Montagno, one of the three co-managers during the period that the Board is seeking a new General Manager, attended the Board meeting and provided the Department Monthly Reports from the co-managers and department managers:

Grocery – Dave Blanda, Manager

Front End – Shaina Ragamat, Manager

Specialty and Produce – Sharay Barnes, Department Coordinator

Meat/Seafood – Tamika Foye, Department Lead

Deli, Kira Montagno, Manager

Following are the highlights of the reports:

Meat/Seafood:

- We have a new part-time employee, Carl Marissen, who is a great asset to both the meat and deli.

- We are no longer stocking Ball & Evans Chicken – dates, packing and demand could not be met along with negative customer feedback.
- New chicken supplier is Cooks Venture Pasture Raise Heirloom Chicken. This change offers 24-day shelf life and better packaging.

Deli:

- We are still looking for one more hire to improve our service levels.
- The new cases are working out great. The grab and go cases have been the biggest source of sales.
- Pre-sliced meats and cheeses and fresh salads continue to be popular. We are exploring some new salad options.
- We are working to manage the wet salad “shrink” by focusing on how much we are selling in a week.
- Bread orders are being reduced. There is too much day-old bread shrink most days.

Grocery

- We are still looking for one a part-time team member.
- We have shifted over to Hy-point dairy products. Sales are doing well, but everyone misses Merrymead.
- We are looking closely at sales: What’s selling vs. not selling, adjusting for items that are out of stock and doing vendor price comparisons for same-carried items.
- We are working with our major distributor, C&S, as they roll out a new update to their ordering portal.

Wine/Beer

- Our three major beer distributors went on strike. This could affect July 4 beer sales.
- There is high traffic in the cold grab and go beer and wine cases.
- We continue to adjust our product mix according to consumer demand and are working with our supplier, Vintage Imports, on changing the delivery processes that can save us money and help us improve our margin to pass along savings to customers. Kevin suggested the team audit in comparison with what is charged at the Pennsylvania Wine and Spirits shops.

Front-end

- Two new members joined in June.
- The registers are full staffed until the Fall semester. We will need two or three new hires then.
- We are processing a change in the manager of the liquor license (changing from Mike Litka to Shaina.)

Produce/Specialty

- We have added two new staff members, which is really helping us.
- We are experiencing shortage of strawberries from our vendors.
- New cheeses are being added.

- Overall, sales are down in produce. Prices are going up and to protect our margins we need to charge more. We are considering reducing margins to minimize the impact on our customers.

Donna asked how can the board help with produce issues. Kira acknowledged that we don't have a primary point person like Mike who could deal immediately with these types of issues, and that we need more accountability. There is an overall concern with pricing. It was agreed that more team involvement may help and assigning someone who focusing on pricing could help.

We need to accommodate the issues facing our biggest produce suppliers, especially Beechwood. It was suggested that we talk to Weavers in Morgantown to see if they can help getting product to us.

Kira noted that the slicer broke, but we have a proposal in writing to replace it. This will be a \$4,500 expense to have it replaced.

There was also discussion about the change in the chicken supplier. Everyone acknowledged that that staff shortages in this area of the store have presented challenges. Tamika does a great job but is stretched. It was suggested that someone else working with her could alleviate the concerns here.

Another area noted was in getting help for Sharay to run the bakery area. There are cases that are sometimes empty.

With the July 4 holiday approaching, Lauren suggested we add selections that would be great for grilling.

There was agreement that while things are running smoothly, there needs to be more excitement to entice shoppers. Over time, we realize we need to improve marketing of certain items.

Stephanie asked whether someone would be appointed to lead on holiday planning. Kira noted that Ethan may be back for another year and would be taking the lead on the holiday orders/planning. Ethan can help Steve with pricing, so we are hopeful for his return. (He had to leave for surgery.)

John asked if we have margin goals, and are we adjusting them or leaving them as they are?

Kira responded that we may want to look at setting the right goals.

John encouraged Kira and the managers to reach out to the Finance Committee for help. Everyone agreed that inflation is the primary challenge and issue right now. John noted that we can provide guidance: Maybe give a little on the margin to retain customers. We don't want people to be turned off. At this point in time, we have the ability to adjust margins downward because the store's finances are strong. Perhaps reduced margins can be applied to specific items within departments.

Kira also noted that there are a few unhappy staff members who are looking for higher wages. As we all know the Covid response plus staffing shortages have contributed to dissatisfaction on the team.

This led to a discussion of ideas to improve staff morale. Donna asked can the Board do something for staff appreciation. Can we take steps to close the store on holidays? Can we close early and go to Ship Bottom?

It was also discussed that shortening hours and closing earlier on some days could help. Shorter hours/or early closing. Another idea was to extend store hours in a few areas only, e.g. beer and

wine. A suggestion was to simply close down for a day in August when things are slow just to give the staff a break.

The board emphasized that they are ready to support the managers, and asked Kira to recommend to the Board what the staff would like for us to do a staff appreciation day.

Discussion Following Kira's departure from meeting:

The Board revisited the ongoing discussions that we have had regarding hourly pay. With competitive forces at play, we simply cannot match the hourly wages that staff can find elsewhere.

Greg and Dawn Betts, our HR consultant, have been talking about how to confront this issue. talked.

Donna noted that we have a very generous compensation (salary and benefits). The question now facing us is are benefits beyond salary and hourly pay really important to the staff? Should we consider restructuring our benefits to focus more heavily on pay, whether, hourly, overtime, end of year staff bonus, etc.? The Board agreed that this is a priority area, and conversations will continue with Dawn and the managers. We want to do as much as possible to retain staff.

Follow-up Meeting with Co-Managers

Following tonight's presentation by Kira, the Board agreed that in the interim period, it will be important to bring the three interim co-managers together for a meeting to discuss their concerns and to demonstrate the Board's support for them.

Action: Greg will notify the entire Board of the time and place for this meeting. All Board members will be encouraged to attend if they are available.

Finance Committee Report

John provided the Board with the report for the May period:

Highlights:

- Sales of \$484K are \$20K below budget and \$5K below prior year
- Customer count of 19.1K is up 2.3K over prior year
- Basket size of \$25.40 is down \$4.20 over prior year
- Cost of Goods of \$308K is \$15K below budget and \$1K below prior year
- Total Expenses of \$144K are \$1K above budget and \$12K above prior year
- Profit of \$30K is \$4K below budget and \$14K below prior year
- Year to date profit of \$88K is \$5K below budget and \$13K above prior year

Drivers:

- June was an outlier in the budget from a sales and expense perspective. In terms of profit we were on track

- Total grocery sales of \$188K are up \$10K over prior year
- Meat & seafood sales of \$43K are down \$16K vs. prior year
- Beer & wine sales and margin are steady and in line with last year at 9% of total sales
- Wages and payroll expenses were \$6K below prior year due to fewer staff
- Administrative expense was up \$17,000 primarily due to \$9,000 recruiting expense for the new General Manager as well as the \$1,000 annual meeting cost and higher consulting and insurance costs.

Financial Position:

- Cash position of \$675K including \$28K increase in June
- Current Ratio (Current Assets/ Current Liabilities) set at 1.25
 $\$847K/\$188K = 4.5$
- Quick Ratio (Current Assets-Inventory) / Current Liabilities set at .70
 $(\$847K - \$199K) / \$188K = 3.45$

GM Monitoring:

B6: Staff Treatment and Compensation:

“With regard to the treatment of Co-op employees or member-volunteers who are providing services to or on behalf of the Co-op, the General Manager shall not cause or allow conditions that are unlawful, unsafe, undignified, disrespectful, disorganized, or unclear.”

Discussion: The one area of concern was that the employee handbook (B6-1 and B6-2) has not been completed.

Kira will let Dawn know that this needs to be done as soon as possible.

Until then we are NOT compliant with B6-1 and B6-2.

Action: Greg made a motion that we are not compliant on B6 with understanding that the interim manager will need to get B6-1 and B6-2 done, and that this will be addressed by the Board at our next meeting.

Donna approved the motion, and Ines seconded. The motion was approved unanimously.

GM Search Committee Report

Greg reported to the entire Board that there are six identified candidates for the General Manager position.

Action: The recruitment committee of the Board (Greg, Donna, John, Ines, Kevin) will be reviewing the information regarding the candidates.

Old Business

Recruitment/Staffing Update

The good news since the May 23 Board meeting is that we have successfully recruited and added new staff. Not all of the positions are filled, but we are in a better position, as evidenced by Kira's report this evening.

Support for First Place Swarthmore

Donna reported that this initiative does not need a contribution currently. It was suggested that we open a store account and present it when it is needed.

Committee Assignments

Greg noted that there are six committees with a charter:

Executive (Officers)

Finance

Governance

HR

Membership (resolve)

Nominating

Board members should confirm with Greg the committees in which they would like to participate.

PNC Bank Branch Closure

Action: John will check in with our PNC contact on how the store cash deposits will be handled after the Swarthmore Branch closes. We may need to consider hiring a Brinks truck to take deposits to a branch that PNC designates for us.

New Business

Ad Hoc Board Communications Committee Report

Mark reported that he, Lauren and Vibhat are drafting Board communication to the owners regarding the status of the GM search and other "good news" in the store. This communication will take place periodically until the new GM is named.

Backpack

The Board discussed whether Backpack is the best way we should be storing and archiving all of our records. Are there other options? Greg will look into this with Jason.

Conflict of interest

Mark reminded the Board that it is time for us to prepare our yearly conflict of interest statements so that any potential conflicts of interest between board members and the Co-op business are identified.

Action: Mark will send conflict of interest statements to the Board before our next Board meeting.

A motion was made to adjourn the meeting at 9:38 p.m., and approved unanimously.

Next meeting: Monday, July 25, 2022, 7:30 p.m. Community Room at Borough Hall

June 27 Board Meeting Documents

June 27 Meeting Agenda

May 23 Board Meeting Minutes

June Department Reports

June Finance Report (for May 2022)

Balance Sheet, 5/28/22

Profit and Loss, 5/28/22

Statement of Cash Flows, 5/28/22

Side-by-Side 1 and 2, 5/28/22

B6 – Staff Treatment Monitoring Report

Board Action Items, 5/23/22