

DRAFT Minutes

Swarthmore Co-op Board Meeting

December 18, 2023

Swarthmore Borough Hall

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; Donna Francher, Vice President; John Moots, Treasurer; Mark Rossi, Secretary; Vibhat Nair, Ines Rodriguez, Lauren Shohet, Kira Montagno, General Manager

Absent: Kevin Kebea, Keith West

Call to Order / Agenda Review

Greg called the meeting to order at 7:35 PM

Review/Approve November 2023 meeting minutes

The Board reviewed the minutes from the November 27, 2023 Board Meeting. John made a motion to approve the minutes as written, Vibhat seconded the motion and the motion passed unanimously.

Member comments

There were no guest members in attendance. A letter was received from a family that wants to make a cash donation to the Co-op. Greg sent it to Kira to handle the details. If they are members we can use the gift to increase their equity. If they are not members we can ask them to join and make an equity contribution. (It needs to be noted that a donation is not tax deductible.) Donna suggested that we find out how other co-ops do capital funding.

Vibhat also received an anecdotal complaint from a customer regarding their experience with slow service in the sandwich line at the deli.

General Manager Monthly Update Report

Kira presented the General Manager and Team Reports for discussion. Following are the highlights of her presentation:

Financial Summary (next page)

November Numbers	Budget	Actual	LY 2022	Difference in \$ compared to 2022	% Change compared 2022
Sales	513,714	\$499,058.71	\$496,601.87	\$2,456.84	0%
Total Cost of Goods	336,100	\$344,850.63	\$333,939.77	\$10,910.86	3%
Other income		\$981.89	\$64.63	\$917.26	93%
Gross Profit	174,079	\$150,234.73	\$159,062.26	\$(8,827.53)	-6%
Wages	\$84,921.00	\$76,059.99	\$70,213.62	\$5,846.37	8%
Store Supplies	9,991	\$6,842.17	\$10,886.90	\$(4,044.73)	-59%
Marketing	3,109	\$2,765.70	2492.67	\$273.03	10%
Occupancy	20,318	\$20,476.97	\$19,724.99	\$751.98	4%
Administrative	27,657	\$36,062.66	\$26,850.64	\$9,212.02	26%
Profit or Loss	11,229	(\$5,207.90)	\$15,162.65	\$(20,370.55)	391%

Summary: Revenue increased by \$4k compared to last year. However, cost of goods has increased. In order to address this issue the managers will start keeping a purchasing log for their departments that will allow them to track spending and sales. This should help them to control their margins better.

Several expenses were more this year than last year. The liquor license renewal is about \$5k, which hit the November results. Professional expenses increased due to our accountants spending extra time working on our financial statements from 2021 and updated tax return. We are working to get the accounts' fee waived because this was their error.

We ended November at a cash position of \$679k.

Discussion:

There was considerable discussion regarding the process for ordering products. Ines noted that that it seems chaotic having multiple people making product orders. This also appears to affect Dave Blanda's ability to have sufficient control over spending. Greg asked how

many have authority to place orders. Kira responded that two in each department have authority to do so. In grocery, all three can place orders. Board members were curious if we are always ordering the right items with so many involved, and is there enough control over this process. As a result, concern was expressed that Grocery may not be making as much money as budgeted if we are not ordering the right items. Kira explained that a goal of the managers is to have better control of what we are ordering. We want to be sure we are ordering what is selling. We are also focusing on the margin and we can better control spending. At the same time, Kira noted that we don't want to raise prices too much.

Greg and Ines asked whether there is a strategy or plan, since the increased cost of goods is a recurring theme that is impacting results. Should all order go through Kira? Kira noted that it would be difficult to do this with the range of products that need to be ordered regularly. Instead, we are focusing on giving managers accountability for orders in terms of product selection.

Ines also commented that we often carry many varieties of the same product, e.g. garbanzo beans. Are we focusing on the particular variety that sells best?

Kira noted that improving our marketing can help with this, so the team will continue to focus on boosting weekly sales, and helping customers understand their options. We can then be more selective with what we carry based on what is selling.

Lauren asked if we can do more to better understand what our customers prefer and want.

Lauren also asked if we provide an opportunity for staff to taste items when making selections. Kira responded that we can ask new vendors to let staff sample items.

Everyone complemented the staff on the improvements that have been made in Produce, and it was noted that sales in that area are up.

An area of concern continues to be with meat and seafood sales.

Ines noted that a few years ago the Co-op switched from having a butcher to having packaged meat products. At the time we communicated that there would be cost savings and reduced shrink. She asked Kira if we are on track with savings that were projected. Kira responded that selected packaging used actually increased prices, and this may not have been taken into account by the previous General Manager when the decision was made to not have a butcher.

Customers do not realize that the packaged products are the same quality as what we had before. It was suggested that we do more to attract customers to the meat department with specials, improved merchandising and better communication.

Another area of concern is with seafood. Our offerings are much fewer and customers are not attracted to our fresh seafood products. Vibhat asked if we could consider lowering the price of seafood and making it a "loss leader". Donna suggested we should consider offering only frozen seafood.

Everyone agreed that we need to do more to improve our marketing of meat and seafood. Kira will continue to report on our progress and decisions that are being made in these areas.

Finance Committee Report

Tax Reporting/Financial Reporting Processes

John reported that the Finance Committee will prepare the 2024 budget beginning in January in order to present to the rest of the Board in February. The Committee will also meet with PNC to discuss the fees on the new sweep accounts. They are higher than was expected with the account structure was changed earlier this year.

As Kira mentioned, we are meeting with our accounting firm to confirm the omission of items from 2021 that were need to file our 2022 tax return. We do not want to pay the fees for this service since the accountants neglected to prepare the items correctly for the tax return.

Revision to Policy C8, Governance Investment:

Because the budget approvals have switched to March, the Committee redrafted the language for the Board Budget to state that that Board Budget will be completed “no later than March”. This will allow the Board Budget to be developed so it does not interfere with the Co-op Budget.

Action: John made a motion to approve this change in the language in C8, Lauren seconded the motion and the motion passed unanimously.

Profit Sharing for 2023

The Finance Committee will continue to look at what our staff profit sharing will look like for 2023. Our results should make it possible to do something positive. Profit sharing will be drawn from the capital account.

Next Step: The Finance Committee will report back to the Board on profit sharing at the January meeting and we will then communicate with the staff.

Board Monitoring:

Policy D2: GM Accountability

Ines made a motion that the Board is in compliance with D2, Greg seconded the motion and the motion passed unanimously.

D1: Unity of Control

Ines made a motion that the Board is in compliance with D1, Donna seconded the motion and the motion passed unanimously.

D3: Delegation to GM

Ines made a motion that the Board is in compliance with D3, Mark seconded the motion and the motion passed unanimously.

D4: Monitoring GM

Ines noted that D4 includes documentation where Kira will give input, including strategic planning goals. This includes our A and B Ends Statements.

Ines made a motion that the Board is in compliance with D4, Donna seconded the motion and the motion passed unanimously.

Administration:

Mark reported that the 2024 Monitoring Calendar has been drafted and available for review in Backpack. NOTE: The C9 Policy for Charitable Contributions has been moved from October to February on the Monitoring Calendar for when the Board will vote on compliance.

Mark noted that the Board Meeting dates have been reserved for 2024 and appear in Backpack.

Old Business

1. Website Update

Mark noted that the Board Page has been updated and will be posted shortly.

Mark, Donna and Lauren will meet to discuss other updates and changes to the website to improve owner/member communication.

2. Backpack Alternative

Donna noted that we will be moving to SharePoint. Our first step will be to identify items in Backpack that will carry over, and what will be archived. More information will follow in January.

3. Mural Project Update

Keith will continue to update us.

4. B-7 Language Update (patio solicitation) – Language will be updated in 2024.

5. B-3 Language Update (new account structure with PNC) – Language will be updated in 2024.

6. PECO/Electric Service Billing – We are awaiting PECO's response to service billing issue. (2023 monthly minutes for details.

7. Board Vacancies

We will have several vacancies on the Board in 2024; Greg, Ines and Mark will be departing at the end of their terms in April.

John would like to remain for another term.

We have had two responses from parties interested in joining the Board.

Board members are encouraged to reach out to contacts to identify others who may be interested in serving.

Action: Greg will update the Board at the January meeting.

New Business

Strategic Plan Review Session

The Board agreed to have a separate planning/strategy session for 2024 on Saturday, January 30 or Saturday, February 6. This will be a two-hour morning session. The 2023 plan developed by Vibhat will provide the foundation for our discussion of changes/enhancements we'd like to make to the strategic plan.

Action: Mark will check on availability of the Community Room, PACC and the Inn to and work with Greg to reserve a space.

Adjournment

Donna made a motion to adjourn the meeting, Lauren seconded, and the motion was approved unanimously.

The meeting was adjourned at 8:45 p.m.

Next Meeting: Monday, January 22, 2024