

Minutes

Swarthmore Co-op Board Meeting

January 22, 2024

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; Kevin Kebea, Vibhat Nair, Ines Rodriguez, Keith West, Kira Montagno, General Manager

Absent: Lauren Shohet

Call to Order / Agenda Review

Greg called the meeting to order at 7:34 PM

Review/Approve December 18 meeting minutes

The Board reviewed the minutes from the December 18, 2023 Board Meeting. Ines noted an error in the "Member Comments" section stating that "Because we are a for-profit business, we cannot accept cash donations." This is incorrect. Mark amended the minutes by removing this sentence. Vibhat made a motion to approve the minutes as amended, Donna seconded the motion and the motion passed unanimously.

Member comments:

There were no guest members in attendance at tonight's meeting.

General Manager Monthly Update Report - January

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

Board Discussion following Kira's presentation

Operations:

Kira will be out of work from February 1 until February 18 for surgery. She will then be working from home for a brief period and then returning to the store. Assignments and responsibilities will be as follows during her absence:

Shaina and Dave will serve as interim GMs.

John Adams: Fresh Food

Vlad: Specialty and Produce

Shaina: Front End Manager and Liquor License/Wine

Dave: Grocery and Facilities

Steve and Vlad: Beer

Karen (Bookkeeping): Banking and Payroll

Dawn: HR and Business Decisions with approval of Dave and Shaina

Board members can direct questions to Shaina and Dave, who will contact Kira.

Facilities:

Minor repairs underway for scales and replacement of two additional touchscreen monitors at the front end.

Personnel:

Vlad has assumed a manager role with ownership of Produce and Specialty.

Francine is the new part-time employee at the front end.

Strategic Plan Update:

Summary of completed goals for 2023:

- Patio Lease and Liquor License completed
- PNC bank account is “sweeping”
- Increased funds are being transferred from the operating account to the capital account
- Produce department “turnaround” completed
- Addition of an experienced manager to the management team
- All departments except Beer and Wine have an assigned manager.

End of Year Financial Summary for 2023 follows on next pages:

Jan 2024 Numbers	Budget	Actual	LY 2023	Difference in \$ compared to 2023	% Change compared 2023
Sales	\$436,060.00	\$436,799.53	\$418,199.17	\$18,600.36	4%

Total Cost of Goods	\$291,467.00	\$276,808.22	\$276,864.97	\$(56.75)	0%
Other income	\$1,000.00	\$1,411.58	\$198.53	\$1,213.05	86%
Gross Profit	\$141,523.00	\$156,193.17	\$138,215.95	\$17,977.22	12%
Wages*	\$93,848.00	\$83,209.18	\$85,810.30	\$(2601.12)	-3%
Includes bonuses					
Store Supplies	\$11,413.00	\$6,846.88	\$7,941.85	\$(1,094.97)	-16%
Marketing	\$2,661.00	\$2,564.70	2583.39	\$(18.69)	-1%
Occupancy	\$22,214.00	\$21,746.24	\$21,139.62	\$606.62	3%
Administrative	\$30,106.00	\$29,709.76	\$28,680.93	\$1,028.83	3%
Profit or Loss	\$(40,031.00)	(\$4,636.62)	(\$27,891.57)	\$23,254.95	-502%

The table above focuses on 2023 sales vs. the budget created for the year:

Sales: Compared to the budget and last year's numbers we were behind in 2023. We lost four essential employees within the first three months of the year and only had two managers (Dave and Shaina) until the start of fourth quarter, which improved our overall results.

As mentioned in the last board meeting a critical area of focus is to get cost of goods under control through the following:

- Product selection—Category Maintenance
- Pricing—making sure we are updating pricing and checking margins
- Shrink - our numbers were very high compared to last year.

Labor: For 2023 labor expenses were lower than budgeted and lower than last year's numbers. And labor numbers for 2022 were remarkably low when compared to 2021. In

2022 our low labor numbers worked to our benefit. In 2023, it affected productivity and sales figures. Although managers are in place, key staff is needed to operate effectively in produce and fresh foods.

Profit or Loss: Profits were down compared to 2022 but up when compared to the budgeted target for 2023. This was a rebuilding year; the goal was to establish a solid management team. The staff also adjusted to having a new GM in place. The pandemic continues to affect customer flow and the “new normal”. There are many increased costs of business. The overall increase in sales between October and January is a good indication that there continues to be room for greater revenue figures and so the focus is to control cost of goods and services to increase our bottom line.

We ended the year in a cash balance \$665k.

Board Discussion following Kira’s presentation:

Following Kira’s report, the Board discussed a few items:

Cost of Goods is an area of concern that needs continued attention from Kira and the staff.

John asked how we cover depreciation for major items, e.g. the new heating system, freezer fund, beer and wine loans, roof repair, etc. We need to account for unforeseen expenses that may arise in the future.

Meat and seafood are major areas of concern for continued observation and discussion. Do we need to change the margins to attract more sales? How can we improve our communication about our product quality and selection? Donna suggested that we have John Adams take part in training programs from Columinate.

Beer sale have been dropping and we want to be sure we are taking steps to market more effectively and pay close attention to the product mix and availability. Do we need a part-time employee to focus on beer sales?

Vibhat asked how we are managing catering. Is there an opportunity for us to do more?

The Board and Kira also discussed the potential interest in joining the National Co-op Grocers group. The next opportunity to apply for membership will be in June 2024.

Finance Committee Update:

1. Budget Update

Kira is plugging in the numbers to come up with budget numbers for 2024 to be approved by the Board in March.

2. New Account Structure – PNC

John reported that the Finance Committee met with PNC Bank. We have an operating account 250K and the Sweep Capital Account is 265K. We've discovered that we are paying a significant amount for monthly service fees with the two accounts (more than we anticipated) and are looking at ways to cut these fees. For example, after the PNC branch in Swarthmore closed we are still getting charged for making in-person deposits.

The Board discussed this matter at length and whatever steps may be taken to reduce the level of service fees being charged: Do we combine everything back into one operating account? Do we reduce the operating account and place more money in the Sweep account? Would it be better to have our deposits in a credit union? John noted that the mortgage covenant requires us to keep at least one account within PNC. John recommended that the Finance Committee should explore with PNC the right amount to have in each account to reduce service fees. Kevin asked if there are there are services for people who can come and pick up money to take to the bank. Donna said we can maybe look into this now that there is no bank branch left in Swarthmore.

Next step: The Finance Committee will continue to monitor this issue and update that Board.

3. Profit-Sharing:

The Board discussed plans to have profit sharing for the employees based on our 2023 profit results and addressed the available profit sharing amount based on our total of \$66,000 in profit for 2023. It was agreed that we could allocate \$10,000 plus the money from the tip jar.

John noted that that it will be important to communicate to staff the important role they play in increasing sales and profit, and that their performance can influence the store's profit and profit sharing in future years.

Last year, we placed \$2,500 for the first six months of the year and \$3,000 for the second six months into the Capital Account for profit sharing. There is also over \$1,300 in the tip jar to allocate toward profit sharing.

Action: Following this discussion, John made a motion to authorize the employee profit sharing amount of \$10,000, Vibhat seconded the motion, and the motion passed unanimously.

Next Steps: Kira will arrange for the profit sharing to be communicated to the store staff.

Board Monitoring:

C: Global Governance:

Ines made a motion that the Board is compliant with “C”, Mark seconded the motion, and the motion passed unanimously.

D: Global Board-Management Connection:

Ines made a motion that the Board is compliant with “D”, Donna seconded the motion and the motion passed unanimously.

General Manager Monitoring:

B: Global Executive Constraint:

Donna made a motion that the General Manager is compliant with “B”, Mark seconded the motion and the motion passed unanimously.

B12: Financial Conditions: John noted a minor fix in the policy statement to read that the board approval amount for expenditures is \$5,000. Greg made motion that the GM is compliant to B12 with this policy edit, John seconded the motion and the motion passed unanimously.

Old Business

1. Website Update

Mark, Donna and Lauren met and provided direction to Kira and Jason on steps that can be taken to improve the content and navigation of the website, in particular with Board-related items. This is now ready for Jason to make these updates along with other improvements.

2. Backpack Alternative

Donna is going to meet with Jason and work to get Sharepoint up and running.

3. PECO/Electric Service Billing

Kira noted that we are still awaiting a response from the Public Utility Commission on the billing issues with PECO and Green Mountain Energy.

4. Board Vacancies – Search Committee Updates/Scheduling

Greg is in the process of setting up interviews with interested candidates via Zoom. Others from the Board can join in on these meetings. We have three interested candidates as of now.

Next Steps: We will review information about interested candidates at the next Board Meeting on February 26. The names of new candidates will be placed on the ballot for the 2024 election and communicated to owners one month before the upcoming Annual Meeting on April 18.

Note: John would like to stay the Board with a new three-year term. Lauren and Vibhat will remain on the Board for two more years to complete their three-year term. Greg, Mark and Ines are leaving the Board, creating three vacancies.

New Business

1. The Strategic Plan Review session for the entire Board and Kira is set for Saturday, January 27, 9 a.m. to noon in the Community Room at Borough Hall.
2. The Annual Meeting will take place on Thursday, April 18, 7:30 p.m. at the Park Avenue Community Center. Details to follow.

Adjournment:

The meeting was adjourned at 9:14 p.m.

Next Meeting: Monday, February 26, 2024