

Minutes: Yahara River Grocery Cooperative Annual Membership Meeting

**Yahara River Grocery Cooperative, 229 East Main St., Stoughton, Wisconsin
6:00 p.m. – 8:00 p.m., Tuesday, January 27, 2009**

Interim Board President Norma Sampson called the meeting to order and introduced Emma Skavlen to perform a song to welcome the members. Norma reviewed the agenda for the meeting.

BY-LAW REVISIONS – NORMA SAMPSON

Norma reviewed the by-law process and the proposed revisions to the by-laws and board composition. Members asked very good questions about the by-law process. Several members wished to add/change something in the by-laws. Norma informed them that any new additions/changes to the by-laws had to be published 7-10 days prior to the vote on by-law revisions. The board welcomed those suggestions for future by-law changes. Norma then called for the vote on the proposed by-law changes.

RECOGNITION CEREMONY

While the by-law votes were being tabulated, Norma presented a plaque to outgoing board president Myra Hajny and introduced the current board members. She also recognized the strong support that Willy Street Grocery Cooperative has shown to Yahara River Co-op, through the loan of an interim general manager, and all facets of store operations (marketing, IT support, in-store design, etc.) Norma also recognized the hard work put in by all of YRGC's staff and volunteers to keep the store going during these lean months. She then introduced the slate of candidates for the new board positions.

Laura Anderson announced the results of the by-law voting, and that all of the by-law revisions were passed. The slate of candidates for the nine-member board of directors were reviewed and ballots were distributed for voting.

BUSINESS MEETING

While the ballots were being tabulated for the board of directors, Norma introduced Warren Kmiec for the Treasurer's report.

Treasurer's Report – Warren Kmiec

Warren reviewed the financial reports from 2008 for the members. He and Peg Sheldon (the Co-op's accountant) answered questions from the audience. See attachments for the financial reports.

Operational Report – Wynston Estis

Wynston presented her operations report and thanked the staff, especially Jeanine Holzmann and Terri Wolf, for their dedication and ability to work under an immense amount of stress. See below for Wynston's report.

General Manager Report January 27, 2009

Yahara River Grocery Co-op (YRGC) is a lovely store with many things to offer its community. It has been my privilege to work closely with your board and staff to improve what you started. I have been enormously impressed with everyone's talent, commitment and resourcefulness in the work that has happened to revive the Co-op. As you may know, at the end of October the store was in a pretty rough place. Staff had been holding things together as well as they could for several weeks without a General Manager, as well as the Assistant Store Manager had given notice. The question that was before the membership was, "Do we keep the doors open? And, if so how would Yahara do it?"

YRGC Board requested that WSGC work with YRGC to help turn operations around. WSGC agreed to assist YRGC and has done so in the following manner. Turn around steps that have been implemented:

Stabilize operations

Get some systems built in for the staff to conduct the routine business of ordering, receiving, selling, and reporting. Also found resources for staff training and assistance in operating the POS systems that support their ability to navigate their system.

Price image

The Co-op had developed a terrible reputation for being very high priced. The Board directed that staff reduce the applied margin to the product storewide to that of the industry standard, which effectively lowered prices of most of the goods 10 to 15%.

Vendor outreach and communication

I established payment plans with the vendors that we carried outstanding balances with. Realizing that our resources were limited and that we could not pay down thousands of dollars and keep buying product to support current operations, we have been slowly retiring debt in a weekly and monthly scheduled and measured approach. Almost all of YRGC's vendors and suppliers have been supportive of this approach; they have been patient and supportive. YRGC's relationship with its suppliers is much improved.

Assess product management

The product quality and vendor services were also evaluated, which resulted in YRGC working with a few new vendors, as well as discontinuing services from the produce vendor and the conventional good suppliers. The produce vendor pricing was high for the quality of the merchandise received. The conventional goods supplier was more of a "middle man" operation that we replaced by going directly to the wholesaler. These changes have allowed us to achieve better quality, better pricing to our customers, and better service from these new vendors.

Product Merchandising

In the 3rd week of November, we re-merchandized all of the packaged grocery sets to improve shopping ease by grouping like product and complimentary product in close proximity to one another. Product organization overall was improved—which in effect should help to improve shop-ability.

Membership 5% discount

At the end of December, it was decided that the 5% discount to members at the register would be removed as it was identified to be a cost the Co-op could not continue to bear.

Staffing

Jeanine and Terri have received some much-needed support to their tremendous efforts from our recent hires. I have focused on hiring staff that have experience in food related industries, and are interested in growing their food knowledge to compliment the team's ability to assist you with your food questions.

Product Promotions and Demos

We have started product promotions again. Also we are promoting produce weekly. We are sampling products every weekend, Friday through Sunday. We are also pursuing a system of redeeming manufacturer coupons.

Outreach

We met with a group of our senior shoppers to learn from them what they would like to see us focus on developing and what they currently rely on the Co-op for—this was a valuable interaction and has helped shape on-going operations.

Vender Debt Management

A/P aging summary reported \$63,000 in debt at the Beginning of November, as of today we are reporting \$49,650 with about 10 local vendors now reporting as paid in full.

How are all of these changes affecting the store?

Stabilized operations have had a positive impact on the staff. Although it is stressful to work in an environment of just barely scraping by week-to-week, staff now has a routine that makes it possible to come in and focus on the work of running a store.

The review and reduction of margin has lowered prices. YRGC is now more competitive with the local super market and other neighborhood grocery stores on many of the items that were price-checked. We are selling more individual units of product, but the price reduction has also in effect reduced the dollar value of every sale. We have not increased weekly gross sales; they remain flat at \$9,500. On the upswing—members have reported that the store's condition and its offerings have improved!

Current Stats

Weekly sales total: \$9,000 to \$9,500 on average

Inventory total: \$40,000 inventory—estimated to be about \$20,000 less than what is ideal to support optimum stock levels and sufficient selection

Personnel: Personnel expense is roughly 16 % of sales, industry average ranges from 21-24%
160 hours of staff time is scheduled weekly
YRGC is not currently employing a GM or a Store Manager
YRGC employs 8 total staff; 3 full-time, 1 part-time supervisor, and 4 cashiers

Expenses: YRGC's weekly expenses total \$5,308, additionally inventory replenishment and paying down past debt ranges between \$5,000- \$7000 to support sales of just about \$9,000 to \$9,500 weekly

Vendors: YRGC purchases from 20 vendors to serve the store's product needs

Membership: In the months of Oct, Nov, Dec, and the 1st week of January, 50% of YRGC's sales came from 70 members, 75% from 166 and 80% from 205.

Current Operations

As of 2 weeks ago, we reduced hours from scheduling 180 a week to 160, this was through voluntary reduction by staff. We are managing from a weekly purchasing budget that is half or less of the monies needed to replenish stock. Each week we create the ideal order that then need to be reduced by as much as half because the money is not in the bank, or coming from future revenue to cover those purchases—this practice is extremely stressful to manage.

Closing remarks

Plain and simple—we are out of cash. In order to operate a moderately healthy operation, sales need to increase to \$15,000 a week. \$12,000 a week could put us in a break-even scenario without the expense of a General Manager.

If the Dane County Revolving Loan Fund loan is awarded to YRGC management of those funds will be implemented in a fashion to pay down vendor debt, replenish inventory, support the hire of a general manager, and allow for the marketing efforts that it will take to grow YRGC's customer and sales base.

Yahara River Grocery Co-op is a small community grocery store featuring healthy, natural and local goods in all departments. Our goal for the fund through the RLF is to grow the community that relies on Yahara as it's primary grocery source. Our strategy is to grow the customer base as the primary means of growing the sales of our Co-op.

\$30,000 MATCHING FUND DRIVE – DEB PIPER

Deb updated the membership on the current campaign to raise the required \$30,000 in matching funds in order to qualify for the Dane County Revolving Loan Fund. In the 10-12 days since the campaign started, 103 members had contributed a total of \$12,665. The Wisconsin Cooperative Network contributed \$5,000 from its co-op members for a total of \$17,665 to this point. Deb also listed some fundraising suggestions if members wished to help raise the funds.

WHERE TO GO FROM HERE/Q&A

Wynston proposed the following for allocation of the RLF loan money:

\$11,000 Vendor debt
\$10,000 Product replenishment (room to grow to another \$10,000 in inventory on product as requested)
\$10,000 Marketing Zip Code
\$10,000 Store Manager 3 months
\$ 5,000 Grand opening
\$20,000 Working capitol
TOTAL \$76,000

We can run at a loss for how long? 10 weeks if YRGC were to continue to lose \$1500 a week. If sales pull up to 15-17,000 a week, then we will not be running at a loss and can begin with other projects and phase 2 can take place all the sooner.

Members asked a lot of insightful questions and offered many suggestions for the store's operations and ways to fundraise. The general consensus from the membership was to continue with the campaign to raise the \$30,000 matching funds and to keep the store running as long as possible.

NEW BOARD OF DIRECTORS

Myra Hajny announced the results of the voting for the Co-op Board of Directors:

1-year terms: Norma Sampson, Jonathan Lewis, Kristine Vaughn
2-year terms: Deb Piper, Spencer Warren, Regina Hirsch
3-year terms: Laura Anderson, Warren Kmiec, David Sharpe

The meeting was adjourned at 8:00.

Respectfully submitted,
Deb Piper, Secretary
Yahara River Grocery Cooperative