

Minutes: Yahara River Grocery Cooperative Board Meeting

**Giles Dow Room, Stoughton City Hall, 381 East Main St., Stoughton, Wisconsin
6:00 p.m. – 8:15 p.m., Tuesday, November 3, 2008**

Board Members and Committee Chairs Present:

Myra Hajny (President); Norma Sampson (Vice President); Warren Kmiec (Treasurer);
Deb Piper (Secretary); Marlene Widra (Member-at-Large); Laura Anderson (Membership);
Homer Howard (Senior Liaison); Jon Hajny (Research); Stephen Lawrence (Business Development);
Philana Friede (Fundraising)

Other Committee Members Present:

Kristine Vaughn (Membership); Terri Wolf (Membership)

Also Present:

Wynston Estis (Interim General Manager)

Myra Hajny called the meeting to order and reviewed the agenda for the meeting. Deb Piper reviewed the minutes from the October 21 board meeting and October 28 membership meeting. On **MOTION** (Anderson/Friede) and unanimous vote, the minutes were approved.

VOTE RELATING TO INTERIM GENERAL MANAGER – MYRA HAJNY

Myra submitted the recommendation of the personnel committee, which had been distributed to board members via e-mail due to time constraints:

RECOMMENDATION TO ACCEPT ASSISTANCE FROM WILLY STREET COOPERATIVE

Anya Firszt, General Manager at the Williamson Street Grocery Cooperative, and Wynston Estis, Assistant Store Manager of Operations at WSGC, met with Myra Hajny, Yahara River Grocery Cooperative President, Warren Kmiec, YRGC Treasurer and Finance Committee Chair, and Stephen Lawrence, YRGC Business Development Committee Chair, at Yahara River Grocery, 229 East Main Street in Stoughton, from 10:00 a.m. until noon on Sunday, October 26, 2008.

Anya believes that YRGC's current state of affairs could provide an opportunity for both WSGC and YRGC. She would be willing to adjust workloads at Willy Street to allow Wynston to come to Stoughton to act as Interim Manager for YRGC, thus providing Wynston with valuable hands-on store management training and YRGC with an experienced manager to initiate a turn around essential to its survival. YRGC would also have access to other Willy Street resources; i.e., financial advice, help with store layout, vendor contacts, etc.

The actual implementation of the assistance plan would be flexible depending on needs and progress. Anya proposes an initial commitment of 4 weeks with weekly assessment meetings with Anya, Wynston and Myra. Wynston would remain on WSGC's payroll. Sometime in the future, when YRGC is on its feet and running in the black, an arrangement would be worked out to reimburse Willy Street for Wynston's time.

The Personnel Committee met this evening and discussed Willy Street's proposal and sees it as a win win situation. The Personnel Committee therefore recommends that the Board vote immediately to accept Willy Street's generous offer and to notify Anya tomorrow (Monday, October 27) that we would like to move forward without delay.

Myra Hajny, Chair
YRGC Personnel Committee
Sunday, October 26, 2008

The vote was held, and passed, via e-mail on October 27. Myra contacted Anya to thank her for the generous offer and to let her know that the Board would like Wynston to start work at YRGC as soon as possible. Wynston started work in Stoughton on Tuesday, October 28.

On **MOTION** (J. Hajny/Sampson) and unanimous vote, the personnel committee's recommendation was officially entered into the minutes on November 3.

TREASURER’S REPORT – WARREN KMIEC

Warren reviewed the profit & loss statement and balance sheet comparisons for September and October. The loss for October was less than previous months, inventory is down and accounts payable is a little lower. Stephen reported that sales seemed to be up and that Warren and Stephen are working with Catapult to pull the needed sales figures from the system. Warren also reported that Evergreen State Bank has renewed the line of credit loan until April of 2009 and that the rate is at 5.0%.

Warren also reviewed the SNAP funds and noted that payouts need to be made to recent recipients. There was discussion of the SNAP recipients for future months.

GENERAL MEMBERSHIP MEETING – DEB PIPER

Deb reported that the membership meeting went very well and thanked everyone who worked on the materials and organization of the meeting. There were a lot of people who signed up on the volunteer forms distributed that evening. Laura Anderson collated the names and availabilities and presented them to Wynston Estis. Deb and Laura noted that a volunteer coordinator is needed soon to coordinate the volunteers’ schedule with the store’s needs. One member stepped up this week and offered to paint the exterior of the store and his crew from Sensible Painting will paint the store on November 4. All paint and labor was donated by members.

Warren reported that \$1,450 was collected from members at the membership meeting, and will be considered part of the matching funds campaign for the loan.

Wynston reported that she has been working through the product suggestions that members made during the membership meeting and in-store. She is ordering products as she can and is tracking those requests.

Deb reported that she will collate all of the members’ brainstorming sheets and emails received in the past month and distribute to the board and to the store staff. Wynston requested a smaller group meeting to prioritize the members’ suggestions. Discussion ensued about creating a F.A.Q. section / “Lessons Learned” handout to answer membership questions to post in the store and on-line.

INTERIM GENERAL MANAGER’S REPORT – WYNSTON ESTIS

Wynston presented her first report to the board (see Attachment 1). She also mentioned that the Willy Street Co-op staff did an amazing job of restructuring their management and schedules to free up Wynston of her responsibilities there and move to YRGC, in just a matter of three days!

Discussion ensued about price structure, membership structure and discounts. Wynston requested that the membership and research committees determine the best membership structure. Jon Hajny and Laura Anderson will bring a recommendation to the December 9 board meeting. In the meantime, Wynston will change the pricing in the perishables section immediately and start working on the other departments.

STATUS OF ACTION PLAN – STEPHEN LAWRENCE

Stephen reported that the action plan has been updated and that the financials are close to being finished. He had a list of items that need to be compiled for the loan application and will work on those this week. Stephen stated the loan notification is in late November/early December.

MARKETING PLAN – NORMA SAMPSON

Norma reported that she will work on finishing the fundraising details/capital campaign for the action plan. Discussion ensued about the capital campaign and ways to start the fundraising. On **MOTION** (Anderson/Friede) and unanimous vote, it was decided that the SNAP program would be temporarily suspended and replaced with a “Cap Up” program. Proceeds from the Cap Up program will go to the Co-op. Norma also reported that a fall newsletter should be created soon and distributed to members to discuss the changes at the store, holiday specials, fundraising, etc.

DICKENS OF A WALK/RUN – NORMA SAMPSON

Norma reported that a planning meeting for the Dickens Walk/Run will be held on November 6 at the store. Pledge forms will be created so that people can raise pledges for the Co-op.

On **MOTION** (Anderson/J. Hajny), the board meeting adjourned at 8:15 p.m.

The next regularly scheduled board meeting will be held November 11, 2008 at 6 p.m. The location will be in the training room at the Fire Station, 401 E. Main Street.

Respectfully submitted,
Deb Piper
Secretary
Yahara River Grocery Cooperative

Strengths in the organization include a good facility that we can make some improvements to but on the whole our facility and equipment is in good condition. YRGC has a committed staff that is ready to change how things are done in order to earn the community's shopping dollar. The membership is responsive and wants to help. They also appear to be knowledgeable about food as evidence in the many stories of what they buy at Whole Foods Markets. The board is also brimming with talented and committed members that are willing to contribute their skills to resuscitating the Co-op.

The most identifiable opportunity is the lack of competition in Stoughton for the natural foods customer. Pick 'n Save is not offering many of the top-selling brands of the natural food sector; it also is laid out in an odd not easily shopped fashion and does not appear to be a gathering place for the community.

While I have been evaluating the merchandise and the merchandising of the Co-op, I have noticed that many of the top sellers are missing from the categories offered. I assume we stocked these items at some point and the reason we no longer have them is that they sold out, but were not reordered. This means that YRGC's customers have buying patterns similar to the rest of the country. This is good news, the top sellers list is an easy thing to get from most brokers and vendors so we can quickly adjust our product mix to offer products people will want to purchase.

I've identified several past buying decisions and strategies that were poorly informed. The good news here is that the parties responsible for many of those costly mistakes are no longer with the organization. The organization is free to change with little to no resistance internally. The major obstacle to solve is lack of cash to stock inventory YRGC.

Shelf Pricing / Member Equity

- ❖ Equity vs. a fee based owner contribution (December 9 BoD meeting report)
- ❖ 5% member discount at the register
 - This is forcing shelf price to be 5% higher than it has to be. Pricing is a big issue for the membership this policy is contributing to a bad price image.
 - Is it making YRGC any money?
 - A membership cost \$75 which is pretty accessible, is the 5% discount really encouraging people to become members?
- ❖ Most of the inventory has a 40-45 margin applied to the cost this is not industry standard. Industry standard is variable margin within departments. My goal is to re-price the perishable products as a priority, produce and dairy are suffering losses at a greater rate than they should due to the application of a 40 margin on staples.

Product Mix/ Vendor

- ❖ I suggest a 30% conventional to 70% natural blend of items.
- ❖ We have begun responding to member request for specific products
- ❖ There are some vendors I would suggest we change. Indianapolis Fruit is much more of a conventional supplier than an organic outfit. The wholesale prices from this vendor are higher than they have to be. Their merchandising skills are also rudimentary and rough to say the least. Albert's is the produce side of UNFI, they are primarily focused on organic goods and they have a strong dry goods catalog as well. Natural Value is a 'generic' brand that we should offer whose entire line is available through this source. I would also suggest releasing Holiday Hol-sale and bringing in Certco for our conventional items, again for better pricing to us as the main concern. Certco can also reduce our debit processing fees.
- ❖ Vendors have yet to be contacted to discuss terms

Product promotions

- ❖ YRGC typically runs select items on promotion. I need to know more about how they are usually organized how frequently they change out, and so on. (Deb and Norma)

Personnel/ Scheduling/ Staffing

- ❖ Two positions have been hired for. One is a Stocker at 32 hours a week, \$7.50 an hour, the second is a lead cashier (Liam) at 24 hours a week at \$10 an hour to open and run Fri, Sat, and Sun a.m. shifts.

- ❖ Terri and Jeanine continue to work a variety of hours to cover holes in schedule left by Mike and Evan departure. When we get them back to working a routine schedule the total amount of hours added to the weekly schedule should balance to be a minimal increase
- ❖ Terri and Jeanine were informed they would be receiving wage increases, either permanently or for the hours they work during the transition, I'm not sure which. They have not received said increases and are anxious to know that their wages will be adjusted to reflect the work and dedication they are contributing. Steven started the conversation. There are recommendations that were discussed, Management will address this issue. Personnel committee will be consulted.

Volunteers

- ❖ I will be working with Liam; he will begin this Saturday, to organize volunteers and provide the plans & schedule for the projects identified.

Refrigeration

- ❖ Our produce cooler is too cold; it is freezing the fruit and greens increasing losses. Commercial Air has been called to assist in bringing that temperature up.
- ❖ The compressor is running so efficiently due to the quilt covers going on the coolers at night that it is causing the compressor to short cycle which results in an alarm. I have instructed staff to leave on case uncovered at night. This has stopped the short cycling problem.

Bank Authorization

- ❖ Mike and Evan should be removed from the Evergreen Account Electronic logins and any other authorizations that were conferred. (Assign Warren)

Security Access

- ❖ I need to manage our security system, remove codes and create new users.(Ask Warrant)

Other Issues

- ❖ IT support from Willy Street on Wednesday to:
 - Set-up Ethernet on the Danfoss refrigeration alarm
 - Clean-up network in office
 - Set up WE to print to YRGCs printer
 - Identify system to export YRGCs catalog to a file that WE can work with to clean up margins, cull dead data, and categorize departments for variable margin implementation
- ❖ Supply purchasing doesn't appear to have a system
- ❖ Plumber for the odor that is coming into the store. Look for an invoice for who ran the plumbing

.....
 Loan from WSG C
 5K no interest loan

Fund raising—
 Contributions
 Grant money through Dane County Economic Development Fund

Wage structure
 21% labor percent