

General Manager's Report for Annual Meeting

September 20, 2020

Thank you. Great to see everyone here today in these socially-distancing times.

Let me say a few personal things, then give you some specifics about this year, and then close with some bigger thoughts and plans for the future. I'll try to be both brief and candid.

After 7 months on the job, I've made a "note to self," "Peter, next time you decide to come out of retirement and take on managing an essential service grocery store during a worldwide pandemic, think long and hard."

So, 7 months here. When hired by the Board, and said I had two goals: after 90 days, learn the details of the store operation; and two, finish the year with a balanced budget. Well,.....stuff happens.

I started on February 17, and on March 22, we shut down. Amazingly we were only closed for one day. Here's a little secret: Sarah Phillips, our Board Chair at the time, who works for the state passed along that the Governor was planning to shut down the state, and we should plan as well. We had a week's notice.

Thanks to Paula Emery, Les Snow and a couple other volunteers, including cooperative customers, we did a test run on the 22nd and knew it would work. On the 24th, we re-opened with phone in and email orders for our curbside pickup system.

Now, we had bugs with the phone system, the email system, our inventory not being on line, and more, but figured it out and managed to keep our community fed.

I want to give a huge shout out to our dedicated staff for their input in staff meetings and on the fly, their flexibility, resiliency, and candor. These were personally stressful and challenging times. We were afraid, confronted with an unknown virus and hampered by inherent space and logistical limitations.

Let me also give a shout out to Paula Emery, who organized no less than 21 volunteers to staff the phones. This was invaluable in supporting the in-store staff who did the shopping. We processed literally thousands of orders. Now, as we've slowly re-opened in stages, curbside orders have dropped to maybe 10 a week – still an important service for a small number of people in the community.

I also want to thank the Board, who has met every other week during this time. They approved hazard compensation for staff, approved applying for a Payroll Protection Plan Loan of \$41,045, providing much needed working cash at a time our sales plummeted 30%. They did a survey that got nearly 200 member responses that provided both support and suggestion for improvements to the curbside ordering system. And much more.

The COVID crisis hit the Co-op hard. Not only did sales plummet, but we lost staff due to quarantining of themselves or family members, and loss of child care, or simply having to stay home with children when schools closed. For several months, we scrambled to fill shifts with substitutes. It wasn't until three weeks ago that we actually had all shifts covered by permanent staff.

Unforeseen expenses piled up in store supplies, personal protective equipment, hand sanitizer, paper bags, sneeze guards, phone and email systems, and office supplies. Hazard compensation added about \$1,000 per pay period. Supply chain disruptions wreaked havoc with our ordering.

COVID distancing limitations meant that our ordering system was operating at maximum capacity. We literally couldn't fill more orders in a day, given that only two staff shoppers could be in the retail space at the time – an important lesson, if we are forced to shut down again.

Another huge expense was a \$5,000 increase in merchant fees for processing credit/debit cards – pretty much the only way to pay for a while. Our gift card use grew exponentially, but so did the fees. This is an area where members can truly help: please recharge your gift cards with checks or cash – it will help us save thousands.

On the upside, having larger gift card balances helps the Co-op with cash flow. Remarkably, our cash flow has been good, enabling us to keep current with our vendors and other expenses.

Finances: The Board-adopted budget for 2020 was balanced – I think it showed a profit of \$1,000 – a reflection of how tight it was going into this year. However, 2019 finished with our first profit in five years – thanks to the membership who stepped up last year with increased buying, gift card use, and pledges. The Board declared a Patronage Dividend, and we distributed that in May.

However, once we closed down, we took a hard look. Giordano Checchi, Board Treasurer at the time, worked with me to project what would happen if we remained closed through the end of December. We calculated a loss of \$277,000. As we've been able to re-open in stages, that picture has brightened. Sarah Phillips did another recalculation two months ago, and projected a deficit of a mere \$100,000.

The Board had me do another detailed re-cast of the budget for their September 8 Board Meeting, and with some cutbacks in areas such as the elimination of Hazard Pay (which had been cut in half mid-summer), and reductions in several other line items, we are now projecting a deficit of about \$50,000. We hope that about \$30,000 will disappear if the Payroll Protection Plan loan is forgiven, a process I'm currently working on.

That would still leave us with a deficit in the \$20,000 range – more manageable, but not where you want to be heading into our typical winter sales doldrums.

What can our member-owners do? Some very tangible things:

1. Use checks or cash when re-charging your gift cards, saving us transaction fees;
2. Make sure we have your current email address. 400 people in our database have either no email or a bad email address. Legal mailings, such as the notice for the Annual Meeting and the Patronage Dividend, cost us hundreds in postage, printing, and staff time costs.
3. Get current in your Equity payments. A majority (636 of 1122) of our members are not current. This is vital working capital for our Co-op, helping with cash flow and providing a source of funds for capital expenses, such as major building and equipment replacement. We don't have that level of reserve at this time.
4. Buy more at the Co-op.

Looking ahead, and speaking from my GM position, I have spent a lot of time with our Policy Governance documents and goals, working on daily improvements to our operations. This month, for example, I have done complete personnel reviews of all staff – annual evaluations (which haven't been done since 2017), updating emergency contact info, reviewing and updating job descriptions, and looking at internal and external pay equity. On the latter, the Board, in its recent budget review, supported my recommendation to step up our wage base by an additional \$.30 an hour, with additional steps planned for January 1, 2021 and 2022. This is due to Vermont's new minimum wage law, and will help us avoid a situation where a new hire comes in January 2022 at \$12.50 an hour and makes the same as someone who has been working here two years.

We also just had the benefit of a Columinate Co-op Peer Audit Review. This is a group of expert cooperative consultants who advise on all phases of co-op operations. They came and did a video virtual tour of the co-op and review of tons of documents – policies, financials, etc. On Wednesday, we will get the first formal feedback of what they said was our “charming” Co-op. This will be followed by more detailed recommendations of “low hanging fruit” and more significant, longer-range suggestions, supported by consultants who will continue working with us as part of this \$4,500 project, only \$500 of which is our expense, grants having covered the rest.

Our Marketing Committee, headed by Bob Fancher, has worked hard on new signs for the Co-op, a direct mail to every household in Plainfield and Marshfield, a Market Basket of affordable food for your family that will be featured in our October sales flier and social media, and more.

Our Building Committee, currently without a chair, has worked on several projects, including painting the retail floor twice, repairing broken floor tiles in the back office, and overseeing installation of our new backup generator. That will protect against losses like last fall's power outage.

Our Membership Committee, chaired by Paula Emery, has been busy as mentioned above, and is now beginning to work with our long-awaited newly filled position of Membership and Marketing Coordinator. Leah Tedesco began this position after Labor Day, and has already dived into the massive task of updating our membership database. She will also be the staff liaison for our working members and the Community Center – both areas that need re-thinking in this COVID 19 era.

Our Newsletter Committee, headed by Glenda Bissex, never rests. A new issue will be out as soon as this meeting is over, with the theme of “Out of the Ordinary.”

Finally, two other thank yous.

One of our Co-op Ends is to distribute healthy affordable food and other goods. Thanks to all of you, our members, as of today, we have raised \$9,016 via our Saint Corona Fund, helping our neighbors in need during this stressful time. Almost all has been used, leaving a balance today of \$120.77. Thank you all.

Second, a personal thank you to Kevin Levesque, our Operations Manager and Utility Infielder, for all the help, orientation, and training he has provided me under difficult circumstances. I'd be lost without him. Thank you, Kevin. And thanks to all of you for being here today.