



Rutland Co-op Board Meeting | November 19, 2020 | 6:30pm

Location: virtual meeting due to Covid-19

Board president called the meeting to order at 6:32pm.

Attendance

Board Present: Steve Peters, Abi Fowler, Matt Poli, Jess Venable-Novak, Irene Gold, Chris Etori, Lindsey Bishop

Board Absent: Melissa Rixon

Staff Present: TJ Allen

Staff Time

No staff present at this meeting.

Steve asked for a motion to approve the minutes from the September meeting. Irene motioned. Jess seconded. The motion passed unanimously.

Committee Reports

Finance Committee Update November 2020 - Matt Poli

October Review

- Sales down \$5,613.17 or 3.3%
 - HABA down 4.4% (\$1,234.18)
 - Bulk down 39% (\$8,056.89)
 - Grocery up 7.7% (\$2,624.28)
 - Cooler up 12.5% (\$3,155.81)
 - Produce up 5.5% (\$1,029.47)
 - Alcohol up 100.2% (\$5,231)
 - Coffee up 14.7% (\$569.4)
- COGS down \$4,497.76 or 4.1% from last year
- Loss/Waste up \$112.9 or 6% over last year
- Loss of \$3,584.16 up from a loss of \$6,023.82 last year
 - Wages up 2% (\$745.67) over last year due to continued hazard pay
 - Small Tool and Equipment up \$1625.66 (2,691.5%) over last year includes new condenser pump for freezer, new produce laptop, new phones for store
 - Membership income up 90.3% (\$840) over last year

YTD

- Sales down \$121,580.87 or 10%
- COGS down \$62,340.03 or 8.1%
- Loss/Waste Down \$859.29 or 6.1%
- NI Loss of \$7,229.71 down \$22,920.05 from last year



Looking Forward

- Awaiting quote for painting of retail floor space
 - Remaining balance of Catapult due at installation (tentatively scheduled for Dec 16)
 - Working with Brittany Baird on investment schedule
 - Post-Thanksgiving, introducing “Everyday Low Price” Field Day line to help boost margin and hopefully drive new customers in
 - Beginning to build backstock on core pantry items (paper goods, canned beans, soups, etc) in anticipation of supply chain disruptions
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- ❖ We lost less money this October than last October.
 - ❖ We’re looking pretty good for this month based on the turkey sales.
 - ❖ RYP did an event last night that required people to buy ingredients to cook along with a host. The finance committee suggested that maybe we coordinate with groups to provide kits for events like this.
 - ❖ Brittany Baird, who ran the finance course Matt and Melissa attended, is working with TJ to share information, like for pandemic specific budgets.
 - ❖ Bulk is still struggling from the issues we encountered earlier this year. If bulk was operating this year on the scale it was last year, we’d be in better shape.
 - ❖ We purchased a takeout cooler for \$6500 - items are flying off the shelves!
 - ❖ The staff is getting a \$2/h raise, which means we can’t have the same amount of staff in the store. That said, it’s worth it; we just need to be more creative on how to drive up sales.

Strategic Planning w/ Steve Peters



2nd Quarter, fiscal year 2020-2021
Company Wide Rocks & Accountability

Q2 Financial Goals

Gross Sales: \$495,000
Net Income: \$7,000
GPM: %: 34-37%

Q2 KPIs (Key Performance Indicators)

\$465,645
\$-14,525
34.7%

Sales Growth: 0% **-10.3%**
Basket totals: \$30 **\$33.22**
Member growth: 50 **67**

WHAT COMPLETION	WHO	WHEN	COMPLETE	
			Yes/No	Date
#1 The Coop is strategically preparing and planning for its new Marketing plan for implementation at the very beginning of Q3. The plan will focus on quantifiable measures to grow community engagement, membership growth and increase sales simultaneously.	TJ Allen	September 15, 2020	No Justin's time has been focused on Catapult and a plan still needs to be developed.	November 2020
#2 Complete Pro forma process with Don for three possible locations	TJ Allen	September 30, 2020	Complete Will look to have Don take the new location into consideration.	Early September
#3 Our annual meeting has taken place and we have two new board members or candidates in process	Melissa Rixon	September 30, 2020	Partially. Had an annual meeting and one new board member. Steve will follow-up on second possible candidate.	September
#4 HABA has been relocated within the retail floor to a more optimal spot	TJ Allen	September 7, 2020	Yes. Most of HABA is moved.	September

#5	The Catapult POS system has received a down payment and the back of the house installation is under way	TJ Allen	 September 30, 2020	Yes. December 16th is the completion date. Could be sooner.	September

**Rutland Food Co-op Strategic Plan
3rd Quarter, 2020-2021**

Q3 Financial Goals

Gross Sales: \$495,000
 Net Income: \$2,000
 GPM: % : 32-35%

Q3 KPIs (Key Performance Indicators)

Sales Growth: -5%
 Basket totals: \$30
 Member growth: 75

	WHAT COMPLETION	WHO	WHEN	COMPLETE	
				Yes/No	Date
#1	The Co-op is preparing and planning for its new marketing plan for implementation at the very beginning of Q4. The plan will focus on quantifiable measures to grow community engagement, membership growth and increase sales.	Jess, TJ, Steve	January 1, 2021		
#2	Catapult installation and staff training.	TJ & Justin	December 16, 2020		
#3	Create and send out a member survey.	Steve, Lindsey & TJ	December 18, 2020		
#4	The store is painted and the latest round of merchandising updates are implemented.	TJ	December 15, 2020		

#5	A new Co-op logo and branding process is started.	TJ	December 30, 2020		



Other considerations for 4th quarter

- Further exploration of West Street location
- Join CBLD program

PG Reports

B1 Financial Condition and Activities.

Rutland Area Food Co-op November 2020

This report has been generated using reports from the last two years to show trends. The actual report status is based solely on the current complete data of the three previous periods ending 09/30/2020. Unless otherwise stated with an exception, all data in this report is accurate as of 09/30/2020.

I certify that the information contained in this report and its attachments are true.

Signed, TJ Allen, General Manager

B1- With respect to the actual, ongoing financial conditions and activities of the RAFC, the GM shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

Interpretation: The policy states the criteria that we base our financial practice and assessment on which is outlined below. We use the following to measure our financial performance and look at trends to make informed decisions. If we fall out of compliance in any areas, it is the GM’s responsibility to report on what may be a factor and our working plan towards compliance.

Data: The data collected is presented under each sub-policy below.

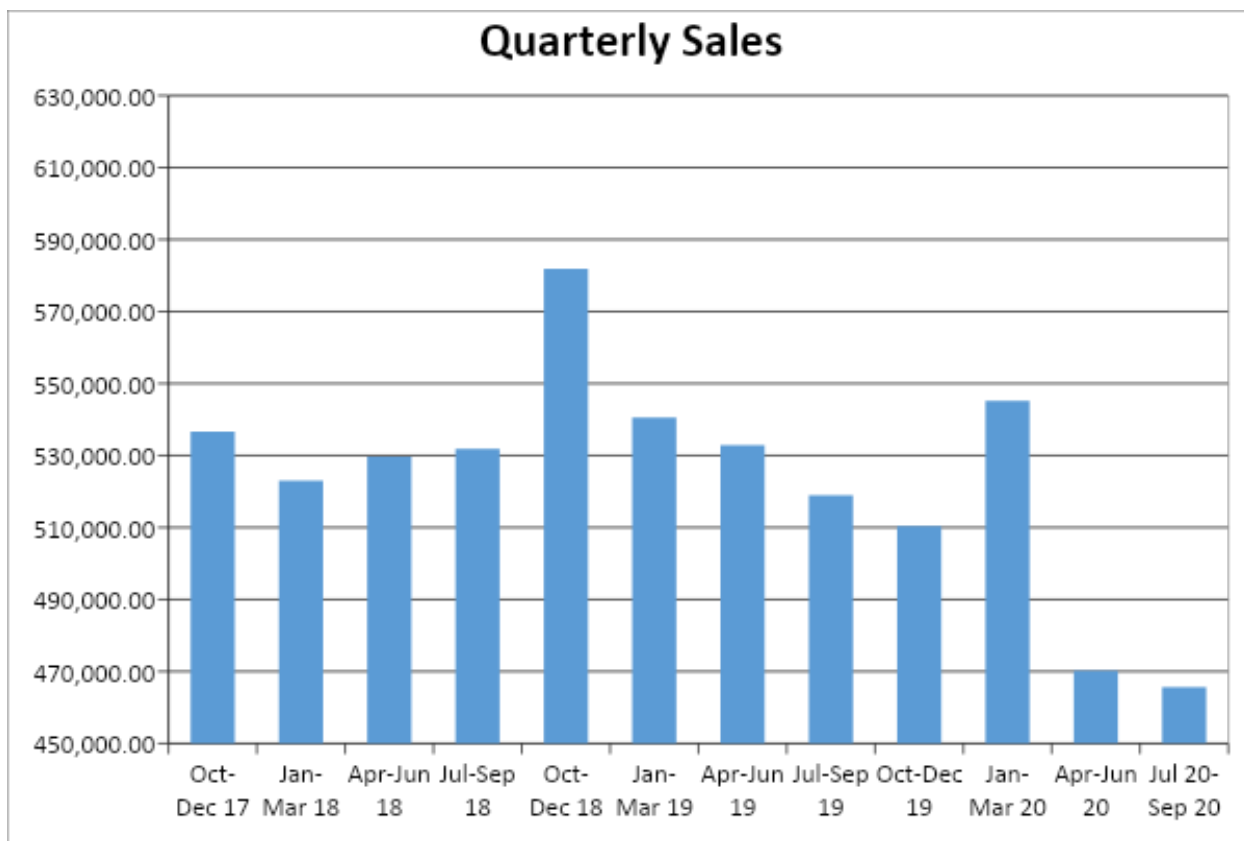
Conclusion: We are compliant in all areas except for sales and net income. Please see the actions steps within each section for our steps to remedy these underperforming sections.

Please see the data, plans, and timelines for each section below as well as the attached financial reports.



1.) Allow sales to decline or be stagnant.

Interpretation: Management strives for growth in sales to keep up with market inflation, operational increases and allow the business to expand its offerings.



Data: Sales for Qtr. 2 (7.01.20-9.30.20) were \$465,644.68, down 10.3% over last year

Conclusion: **Out of Compliance.**



Plan/Timeline:

This has been a tough quarter for us as we continue to navigate the amended shopping habits of a community hit by the global pandemic. The sharp drop in tourism over the summer months showed in decreased sales through July and August. To that end, we are currently:

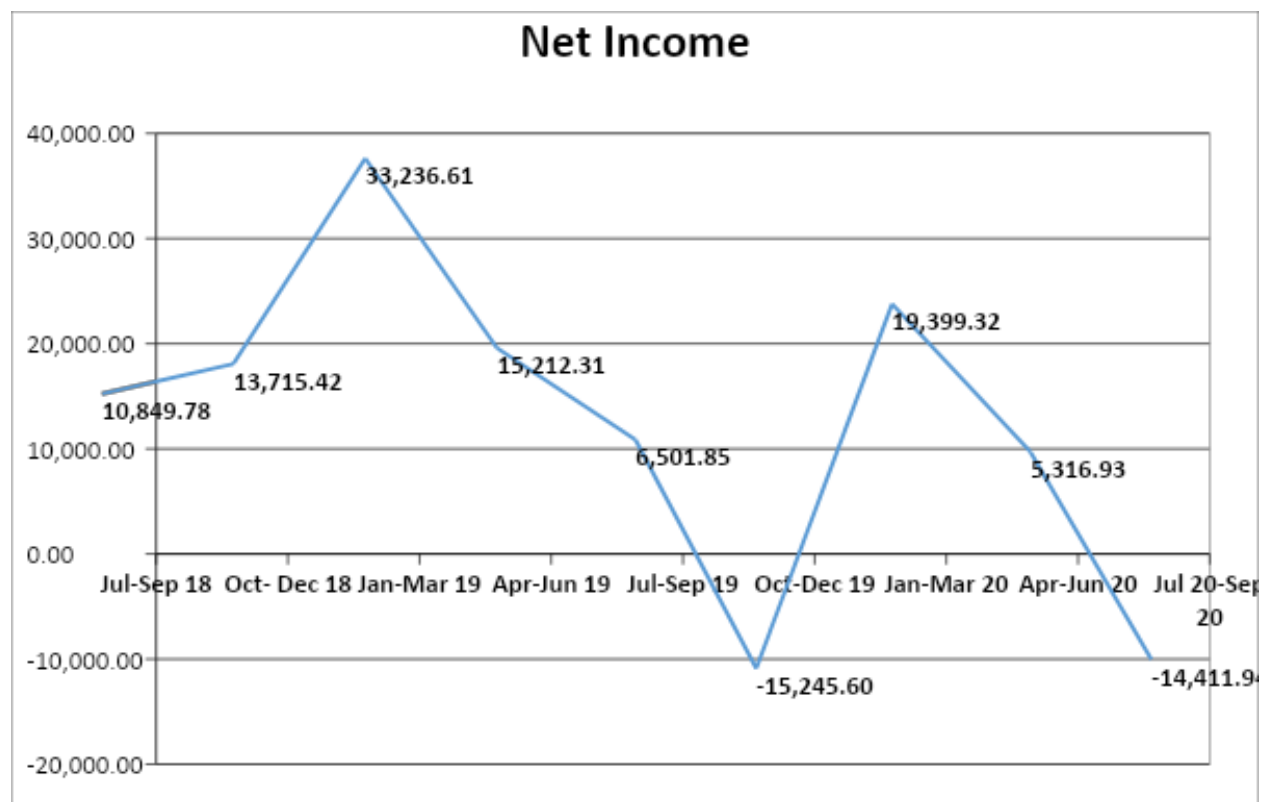
- Investing in physical upgrades to the store (new cooler, new shelving, new merchandising units, painting store, etc) – **Ongoing**
- Rolling out “Everyday Low Price” program centered around Field Day products – **12/20**
- Working with Brittany Baird to put together an investment schedule to allow us to update many of the antiquated and neglected physical aspects of the Coop

2.) Allow operations to generate an inadequate net income.

Interpretation: Management strives for a positive net number and uses operational strategies, planning and organization to meet this goal, Net income should be greater than 0 (Zero) to be in compliance.

Data:

Net Income for Qtr. 1 (07.01.20-9.30.20) was **-\$14,411.94**



(Net Income) Conclusion: Not **Compliant**.



We saw a sharp drop in our overall net income last quarter due to a variety of reasons including, but not limited to, a sharp drop in sales, substantially decreased membership income, donations to organizations in our community, and staff morale expenses due to the ongoing pandemic. Moving forward, we plan on taking the following steps to help guide us back into the black:

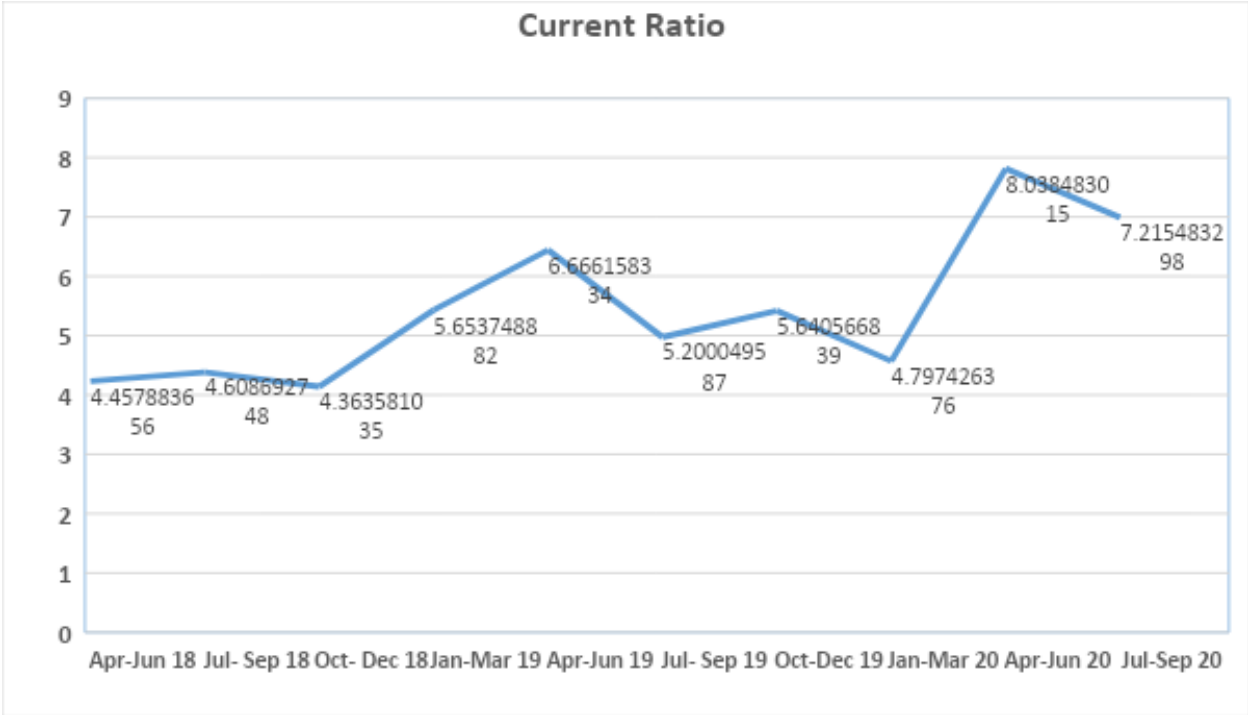
- Continue to push membership at the register including renewing and new members. We have refocused on this in the last month or so and have already seen a substantial increase over previous periods – **ongoing**
- Reevaluate staff expenses and their necessities. Throughout the last quarter, we spent over \$2k on staff enrichment and staff expenses to combat the fatigue and low morale caused by issues outside of work. As of November, we have kept our weekly catered lunch (at a cost of \$115 per week) but have backed off of anything that is not a necessity or includes a strong return on investment – **Nov 1st**

- Reevaluate product mix, with the help of Brittany from Columinate, and focus on high margin items to push in each department and back away from our slow movers – **December 20th**
- Continue to monitor department manager budgets and purchasing to ensure reduced COGs – **Ongoing**
- Implementing and expanding upon the sales building opportunities listed above will also help to raise our gross profit and subsequently raise our net income out of the red -- **Ongoing**

3.) Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion to be insufficient.

Interpretation: The current ratio, Current Assets divided by Current Liabilities, is a common measure of liquidity. The Current Ratio should be above 2 to be in compliance.

Data: At the end of Sept 2020 our current ratio is 7.22.

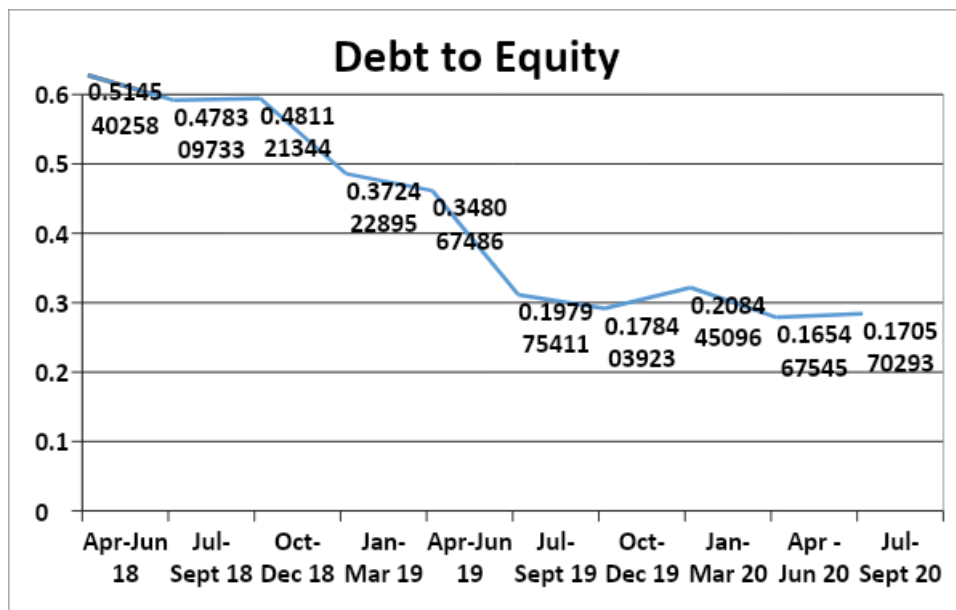


Conclusion: **Compliant.**



4.) Allow solvency, or the relationship of debt to member/owners' equity, to be insufficient.

Interpretation: The debt to Equity ratio, Total Liabilities divided by Total equity is commonly used measure of solvency. Our Debt to Equity ratio must be below 2.0 to demonstrate compliance.



Data: Solvency = .17

Conclusion: **Compliant**

5.) Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.

Interpretation: Management may not incur new indebtedness except as trade payables, ordinary credit lines, and leases for equipment necessary in ordinary course of business.

Data:

PPP Loan acquired through HFCU on April 22, 2020 in the amount of \$83,900. Funds were immediately transferred to the RAFC payroll account and have been used solely for that purpose since disbursement.

As of November 18, we are still awaiting guidance from HFCU regarding applying for loan forgiveness.

Conclusion: **Compliant.**

6.) Acquire, encumber, or dispose of real estate

Interpretation: This policy limits the GM from purchasing or committing to purchase any real estate; only the Board has the authority to make any kind of real estate (land or buildings) deal.

Data: No commitments or purchases have been made

Conclusion: **Compliant.**



7.) Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

Interpretation: Management will ensure that our payments of filings are timely and current.

Data: All payments and filings are current, timely and up to date.

Conclusion: **Compliant**

8.) Allow late payments of contracts, payroll, loans, or other financial obligations.

Interpretation: Management will ensure that all accounts and financial obligations are current and in good standing.

Data: All contracts and accounts are current and in good standing.

Conclusion: **Compliant**

9.) Use restricted funds for any purpose other than that required by the restriction

Interpretation: Management will use funds appropriately and only from accounts that are intended for the expenditures. If an exception occurs and Board approval is necessary, Management will present the information so the Board is aware and agrees with the proposed methodology.

Data: All funds are used appropriately from the intended accounts. All payments have documentation attached and are entered in QuickBooks and filed accordingly.

Conclusion: **Compliant**

10.) Allow financial record keeping systems to be inadequate or out of conformity with GAAP.

Interpretation: Management will keep accurate records, controls and financial practices in place that in the best interest of RAFC. Annual assessment of these practices will keep them current and appropriate.

Data: Records, controls, and financial practices are in place. A financial review is completed annually by McCormack, Guyette and Associates. Taxes were dropped off April 15th although, due to the global pandemic and non-essential business closures, we are expecting the report much later than in previous years.

Conclusion: **Compliant**

BI Discussion:



- Steve wanted to know if we can get a good price for the “Everyday Low Price” deal even though we’re not NCG?
 - TJ confirmed, yes, as long as we have a minimum quantity of the required products.
- Chris E stated sales are down for obvious reasons, but wanted to know if there are marketing opportunities that we’re missing?
 - TJ stated there are some things that we can do for more strategic marketing and he’s working on revamping some of the tactics.

- Jess informed the board that TJ, Steve and Jess have been working together on how to boost the marketing plan.
- Abigail works at the VNA and described the “High Fives” program they have implemented: if someone does something good at work, they get a report filed that gets taken into account at a monthly review. It helps the staff to have that recognition, and something similar could be used at the co-op to help keep up morale.

The B1 Report was accepted with acknowledgement of non compliance.

D3 – Abigail Fowler

Policy Name & Number: D3 –Delegation to the GM

Policy Type: Board-Management Relationship

Last Revisited: December 2019

Director: Abigail Fowler

Submitted on: 2 November 2020

Policy: The Board delegates authority to the GM through written Ends and Executive Limitations Policies.

1. As long as the GM uses any reasonable interpretation of the Board’s Ends and Executive Limitations Policies, the GM is authorized to establish all further policies, practices, and plans for the cooperative.
2. The Board will respect and support the GM’s choices as long as these choices are based on reasonable interpretations of Board policies.
3. If we change an Ends or Executive Limitations policy, the change only applies in the future.

1. Is this policy clear? What does this policy mean to you? (Yes/No/Comments)

Yes. This policy means that we are allowing the GM to make decisions, without interference, as long as the GM’s understanding of the End and Executive Limitations policy is reasonable.

2. How has the board been IN compliance?

We have supported our GM’s practices, where we have determined that they are acting within reasonable interpretation of the End and Executive Limitations Policy.

3. How has the board been OUT of compliance?

According to the director reviewing this policy, there is no evidence that the board has acted out of compliance.

4. Overall, has the board been in compliance?

Yes

5. Is this the policy that we want? (Yes/No/Comments)

Yes

Recommended changes (if applicable).

Remove the word “any” from the first sentence in section one. The addition of the word “any” is extraneous, and inconsistent with the second section of the policy.



The recommendation was put to a vote.

Motion to remove the word “any” in the policy. Jess so motioned. Lindsay seconded. The motion passed unanimously.

GM's Monthly Update

- Held the quarterly staff meeting this past month.
- COVID Updates
 - Started taking staff temperatures before shifts to head off any potential COVID issues.
 - 2 staff are currently waiting COVID test results.
 - Had a customer email the store that they had been in contact with a positive case and came into the store before they knew.
 - Wondering how to navigate without creating hysteria. If anyone has any suggestions TJ is open to them.
 - Jess asked if we are using the same guidelines as schools: to stay home if you have a fever, but if you have 2 symptoms you need to get a test.
 - TJ confirmed, yes we are.
 - Having very open conversations with the staff to try to calm fears.
 - Will continue to do a weekly lunch for the staff to support and thank them for their work and dedication.
 - We may need to shut down a second day to deep clean if things get bad enough.
- We had 117 turkey orders, which is the most we've had in 5 years! We also have a backstock of all the side-dish-needs as well.
- The Catapult implementation has been pushed back to 1/1/21 due to travel restrictions. There aren't any Catapult members that are able to travel in state at the moment.
- We're waiting on an estimate from a painting company we found who will paint overnight so we don't have to close the store.

Board Facilitator Update

- Revisiting the CBLD program - do we want to join?
- Matt wanted to know what the cost was
 - \$5,250/year
- Chris wanted to know if there was a commitment.
 - Steve said it was an annual fee, but not a longer commitment.
- It was put to a vote. Matt so motioned. Jess seconded. The motion passed unanimously..

Unfinished Business

- Member Survey
 - Jess, Steve and Lindsey met and drafted a survey. TJs going to add some questions.
 - The survey will run 12/4 - 12/18.
 - There will be a giveaway for an incentive to take the survey.
 - It will be available to take in person, as well as online.
 - Lindsey suggested using a qr code for people who might want to take it that way.
 - TJ noted we need to make sure to act on the survey quicker than in the past.

- Steve said that we often do act on the things suggested in surveys, but we don't advertise it. He suggested that we make sure people know we're making changes based on survey results.



- Jess will compile the data and send it out quickly. They also suggested adding the results to the GM update email might be a good idea.

New Business

No new business at this time.

Agenda Setting

- Board Calendar
 - Finance Committee - 12/16
 - Board Meeting - 12/17
 - D4 - Jess
 - B6 - TJ

Adjournment - 7:36

Board president Steve called for a motion to adjourn the board meeting at 7:36. Matt Poli so motioned.