

**Oneota Community Co-op
Minutes for Regular Board Meeting**

December 19, 2017 5:30 PM

Kitchen Classroom, 308 W. Water St.

Board Members Present: Brita Nelson (via Skype), Scott Hawthorn, Bryan Stuart, Alicia Trout, Maren Beard, Flannery Cerbin-Bohach, Emily Neal

Board Members Absent:

GM Present: David Lester

Co-op Staff :

Member/Owners Present: Wes Anderson, Jeanine Scheffert (Bd Admin Asst)

1. Call to Order

Nelson called the meeting to order at 5:33 p.m.

2. Board Learning - none

3. Member Comments - none

4. Disposition of Member Comments - No member comments

5. Agenda Review

Motion: Trout moved and Hawthorn seconded to **Approve Agenda**. Agenda **passed** by a vote of 7 aye, 0 nay.

6. Approve Minutes

6.1 November 2017 Main Meeting Minutes

Motion: Neal moved and Cerbin-Bohach seconded to **Approve November 2017 Main Meeting Minutes**. Motion **passed** with a vote of 7 aye, 0 nay.

6.2 November 2017 Exec Session Meeting Minutes

Motion: Neal moved and Trout seconded to **Approve November 2017 Exec Session Meeting Minutes**.

Motion: Trout moved and Hawthorn seconded to **Table discussion of November 2017 Exec Session Meeting Minutes**. Motion **passed** with a vote of 7 aye, 0 nay.

7. Consent Agenda – none

8. Reports

8.1 GM Report

Financial Snapshot: November sales growth is up 3.5%, which is a great rebound. December will be off because last year we did a week-long customer appreciation sale. We decided not

to that this year, partially because the week-long sale was not worth effort. We're comparing to heavy sales last year, but we think we'll make it up with regular sales. Next week we'll have 20-30% off of holiday items.

We managed labor really well for the last half of 2017. The first half of the year was not what we were hoping, but now we have it under control. We're budgeting for 26.7% for next year, same as has been this year

Our local sales were equal to last year. Toppling is back to producing here, so their cans will be considered a local product again by mid-late January.

We did better than most NCG Central Corridor stores in sales growth for November: average was 2.5% and we're at 3.5%.

Community/Outreach/Other Store Happenings:

We've already signed up 183 members. Last year we only had 177. We are excited to go beyond that already.

Kristin, our front end manager, has taken on the challenge to exceed 2017's numbers in 2018.

Furler and Lester will look at survey results next week and will share in the next meeting or two. The two most passionate issues are bulk and the cafe. We asked really specific questions in those departments because we knew they would be our most popular responses. We got some good info.

Tara Courtney, our produce assistant, is moving north. Katherine Hannigan, our part time produce stocker, is moving into the roll. We'll need to hire a part time produce assistant and then we'll be fully hired. Once everyone is trained, cafe hours will come back. Our new lead cook from Wheatsfield Co-op, Justin Skarin, is knowledgeable about co-op kitchens and creating menus. We're excited to have him.

We failed to get a health care plan. However, we learned a lot about how to approach it. We took the time to talk individually to those qualifying - it surprised Lester to know how many of them didn't have health care at all. The discussions with Brian Huinker prompted them to get ACA plans. We'll approach it again next year.

Board Question: Were you able to talk to employees at different pay grades to see how it will impact them?

GM Answer: Yes, we've been up front and transparent about it all. We're going back to our bonus program. Lester and Nate were most affected by not providing a health care plan, but everyone else seems very happy. They were surprised to learn they get better coverage and lower cost through ACA.

Board Question: How are inventory issues?

GM Answer: Wine and beer purchaser now knows our target inventory number and he's hitting it. This is a great way to manage inventory and we'll start this way in Wellness now. We have more cash in our checking account now, so that is good.

Physical Store Update: We did well on electricity - spent less money and our usage was down compared to last year. Our last year's Energy Star score was 93-100. This year is 95-100. For context, we're 4% lower than last year in total sales.

Marketing/Special Projects:

Our first Saturday MAD sale was a success. We're looking at doing another one. We're in experimentation mode - we've seen a steady decline in sales. We'll do something different for first one in March: a week-long coupon that goes out to members. Members will be able to use it one time, whenever they want within a week, allowing flexibility of schedule. We think it will be a big hit.

Dr. Wee will be replicating a Career Pathways certificate course they do in Dubuque to offer a Certificate of Culinary Foundations. Students will be certified in food safety, knife skills, basics of being sous chef and basics in kitchen. It will attract better quality cooking help for us and for other restaurants in town. They will open in the new Spectrum place and be up and running this spring. NICC been a great partner in leading this. Dr. Wee and his partner helped explain this and we met with Tom Skold, Justin Scardina, and Wendy Mihm from NICC to discuss.

"Round up at the Register" raised over \$2600, including Decorah Bank's \$500 donation. We will do it on a quarterly basis next year. This replaces what was given previously through our holiday meal - although it is less money, it is also way less staff time. The holiday meals got to be too big and wiped our staff out. If we do this "round up at the register" four times a year, it could have a huge impact.

Waving Grains has had good weeks and bad, but we're excited about bringing in newer items and that will raise local sales.

8.2 G3: Agenda Planning

Motion: Beard moved and Stuart seconded to **Approve G3 Agenda Planning**. Motion **passed** with a vote of 7 aye, 0 nay.

G3 shows one point of non-compliance.

8.3 L6: Budgeting/Financial Planning

Motion: Beard moved and Neal seconded to **Approve L6: Budgeting/Financial Planning**. Motion **passed** with a vote of 7 aye, 0 nay.

L6 reports on our footprint and leads us to our plan for the upcoming year. We'll revisit this plan often and use it as a guide as we get closer to the remodeling project. It offers us good information on how to approach our business.

The Executive Summary shows an NCG report that uses marketing research to give insight on trends predicted for 2018 and what our main competition is doing. These are things to pay attention to when marketing. The report ends with financial targets; a snapshot of where we intend to be with sales and gross profit. This is the lowest margin we've ever budgeted for. Even though it is .3%, it is still a lot of money. We're offering better deals to our members and

customers - on a regular every day basis, and also through weekly deals. Still, price is still the number one reason people don't shop with us, as you see in the customer survey.

Our ratios are at their best before heading into taking on more debt. Our debt-to-equity is low at .65. (Benchmark is at 3.) Even as we take on more debt with remodeling, we don't intend to even approach 1%, so that is good.

We're hoping to bring margin down for the year, but up in the 5 year plan.

The market study is the first one we'd done since moving into this building. To recap the highlights: We do the same amount of business as Quillins, with way less square footage. Fareway is still #1 competitor for our members, followed by Wal-Mart. We have some online shopping competition, but not as much as we thought. We expected the meal kit area to have a bigger impact, but perhaps that was more of a fad. This information will drive us to focus on online shopping and pickup at the store.

The report includes strategic focus areas. One such area is the "toxic trespass filter" mandating the coop to pay attention and have policies in place for purchasing anything, from cleaning materials to equipment. The policy states the importance of not going with cheapest model out there, but getting energy star models, etc. The policy covers purchases down to what kind of plastic wraps we use. We don't want to use PVC wrap. We're also required to have a pest control plan - the best thing to do is hire a company to do pest control - and we don't use toxic ways to kill pests; we use non toxic ways to get rid of them. We're thinking of all elements of our business.

Our marketing goals and objectives vision include three big tactics to increase sales. Every department does this, but the report only shows marketing so it is not an overwhelming report.

Section 5 includes a contingency planning outline: where would we make hard decisions to keep budgeted net income where it needs to be in worst case scenarios? For example, what would we do if we see -10% in sales? (New Pioneer saw -22%.) Some co-ops have had to close, some can navigate forward by cutting staff and making it work. Having a plan like this is necessary in order to be ready to have things survive in a worst case scenario.

Financial projections show our budget, cash flow statement, big pieces of business, where to expect margins and personnel expenses. It is the lowest capital budget we've ever had. We don't intend on purchasing many capital items. Most of the capital budget is for paying development cooperatives for help in our project. Equipment purchases will happen in 2019.

We're getting better and better at sales.

For our multi-year plan, we intend to work with our L-team each year, knowing financial projections. The plan is created by the development cooperative and is scientifically based from accountant projected year during, and 5 years beyond project. They were using our current margin, so any movement above that will affect our net income. So, if we are lowering margin, our net income for 2019 and beyond would be less net income. For example, in 2019 if we're expecting -1.4% income and it is actually -1.6%, if we continue to lower margin, but also continue to lower labor, we can make it up.

10.2 2018 Calendar Approval

Motion: Trout moved and Hawthorn seconded to **Approve 2018 Calendar**. Motion **passed** with a vote of 7 aye, 0 nay.

11. Next Monitoring & Other

11.1 [L8: Executive Limitations - GM]

12. Next Meeting - Tuesday, January 23, 2017 @ 5:30PM

14. Self-Evaluations - done via internet

15. Executive Session

Motion: Trout moved and Stuart seconded to **Move to Executive Session**. Motion **passed** with a vote of 7 aye, 0 nay.

16. Adjourn

Alicia wants to amend the November main board member notes to add the word “not” to main meeting minutes. Alicia motioned. Scott seconded. Motion carries 7-0.

Motion: Neal moved and Stuart seconded to **Adjourn Meeting**. Motion **passed** with a vote of 7 aye, 0 nay. Meeting adjourned at 7:10 p.m.