

**SUGAR BEET FOOD STORE COOPERATIVE**

**BOARD OF DIRECTORS MEETING**

**Tuesday, August 23, 2022, 7pm**

**Grove Apartments- Conference Room**

**442 S. Grove, Oak Park, IL**

**Join by Zoom:**

<https://us06web.zoom.us/j/82346992606?pwd=TlBYRmcvRFpzMStzd0RRUnhWSnY2dz09>

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Board of Directors: Linda Chandler, Beth Dougherty, Bill Gee, Gail Holmberg, Cassie Janis, Johnny Mathias, Peter Nolan, Diane Norris, Lori Vierow, and Chuck Wolf

Interim General Manager: Jim Doyle

Attendees: Lissa Dysart

**Meeting called to order 7:06pm CT**

1. GM Update
	1. WSR – managers meeting today to review (look at 3 weeks on a rolling basis)
		1. Week 33 week before high school starts (prep week before school starts)
		2. Week 34 week before elementary schools and middles schools go back
			1. Slightly elevated compared to much of summer nearing $90K per week
			2. Need to be at $93K/week to hit revised budget targets
			3. Prior year down 1-2% consistently
			4. Taken a lot of price increases but UPT/AOV are down
			5. Grocery trending up and flat last few weeks
			6. Produce shining star in growth for Q2
			7. Labor – 19.4%, 20.1% and 17.2% - function of covid and sick time
				1. Absolute labor hours – 930 hrs. 967, hrs, 848 hrs (wow 32-24 respectively)
				2. What is a good baseline to operate the store and how to manage to that baseline as next steps
			8. Trips – down 2.5% vs prior – foot traffic is down
			9. Basket ring (AOV)- $33-$32, up small amount
				1. AOV for owners $45 range (Flat)y, trips flat
				2. AOV for non-owners $25 rang e (slightly up), trips down 8-9%
			10. Marketing – how to target non-owners to come back more frequently
			11. How do we do scheduling? Excel, tool etc.
	2. June and Q2 results
		1. Profit & Loss comparison Q2 results
		2. $457K in gross profit down $44K YoY
			1. Operating Income ($12K)
			2. Net Income ($27K)- down 137.9% YoY
				1. Half from sales and half from margin declines
				2. Rosalind has 60-70% of pricing updated so hoping to see margin improvements in July/August, will need to monitor traffic
				3. Produce up 3% and margin up 0.9%
				4. GM updates on deli & Wellness to come
		3. Monthly NCG hosted central corridor co-op meeting – wellness down across the boards 13% because of availability of CBD more ubiquitously
			1. Core sets don’t cover wellness – part of reset and work Marcus and team are doing and potential changes
		4. Peter- Labor flat but not offset enough for GM salary, that is allocated in Administrative line given Columinate expense for GM search
		5. Peter Q – is 3 year plan still looking to lose money next 3 years? Jim and Jen going to take a look at this to set objectives for rest of this year budget to get closer to break even or profit in next 3 years.
		6. Occupancy cost – rent up due to common area expenses
		7. Members of NCG and Frontier – patronage rebates came in Q2 provding additional income
2. Financial Update
	1. End of Q2 $400K in cash and $300K in PPE/tax credits – so have about $800K in cash, finance committee to determine best investment options for this cash
	2. Guidance from NCG don’t spend cash now, invest to cover for next two years – central corridor co-ops functioning on much less cash on hand (some 1 day operating cash on hand)
	3. Potential investments
		1. based on recent climate change bill for paybacks etc.
		2. Wages, community programs…
3. Action Plans
	1. Produce
		1. Reset – reset done, some open implementation items to wrap up
		2. Signage in produce department – Lissa, good marketing and produce collaboration – card stock updates
	2. Deli
		1. Sales up 3%, margin compressed by 5%
		2. Pure deli, cheese & Café – Deli itself up 8% but margins are down 7.5% Cheese sales down but margin up 5%, Café up but margins down 6% (need to examine pricing, margin and movement reports)
		3. Monthly NCG call for each department – prepared foods call this week or next week team will join
		4. Meredith and Gaston to be meeting and get update
	3. Peter – who takes the lead on department action plans and looking at pricing, margin & movement? Need more operations process, managers have a lot on plate and spread thin so no consistency etc. (Ros pulled reports to help get on a cadence to review and optimize)
	4. Additional areas in need of operations process governance
		1. Scheduling also needs more system
		2. Store walks and merchandising
		3. Deliveries
	5. Grocery
		1. wine racks look great, Lissa implemented color coding on wines recently
		2. potential for other departments to implement a similar approach – can copos help handle and how to implement (ex vegan = red dot)
		3. Reset Oct 11 – 13 – Marcus to come and present next meeting, Convergence conference he attended
		4. Core sets – we are setting inventory as if a class A ($30M store) as opposed to class C ($5M) – smaller breadth of inventory to optimize
		5. UNFI contract in review – hurdles we want to hit for reduction, late or missed deliveries compensation etc. Can we pool with NCG to get better service with UNFI
			1. $20K rebate for UNFI performance in Q3 (this week)
		6. Planogram – walk through tomorrow on reset as well as new equipment ordered, weekly call to prep for the reset
		7. Communication with owners and how much impact to assortment in certain areas
	6. Wellness – inventory and pricing, margin movement analysis – Rozeline to focus
		1. May have up to 6 months of inventory – risks with expiration and what opportunity cost of items that would turn on the shelf
		2. Could look at what items in wellness are selling etc.
		3. Training on handling when items are no longer in-store
		4. Case discounts and special-order program – something to differentiate from Pete’s
	7. Operations
		1. PCI compliance
	8. Marketing
		1. Hired Regina’s backfill (her name is Lissa as well) outreach coordinator
		2. CX program launched this week –
			1. Barcode at end of receipt for sampling of receipts to go online and give feedback (30% should carry the code and 5-10-% response rate is goal.
			2. Survey – in spring for shoppers online via SurveyMonkey
	9. Additional Highlights
		1. Anniversary reviews vs annual reviews – NCG grocers do annual reviews standard – helps manage labor, raises etc. (how to bridge/pro-rate)
		2. Scheduling – looking more broadly to ensure coverage, for FE and in Back of store if FE calls out etc. look at landscape and process
			1. Looking at scheduling software? Marcus mentioned this and try to take a look at what other local retailers are using
		3. Store walks, readiness and audits – best practice is before every shift you do a store walk (outside, bathrooms, stocking of shelves etc.)
		4. Central corridor talking about re-introducing audits – feedback to visited store etc.
		5. Alignment on merchandising standards in the store
4. GM Search Update
	1. Three candidates in from Carlisle – 2 conventional grocery candidates and a candidate currently at Foxtrot
	2. Peter, Jim and Beth will speak to them in the next few weeks
5. Board Committee Updates
	1. Admin Committee (docs in the Drive)
		1. GM performance goals and review
			1. Leverage the template as a guide but narrower goals around day to day and long-mid term goals for the year
		2. GM Onboarding
			1. Board setting expectations for the GM to do their job
			2. Week 1, week 2, 30 day, 60 day and 90 day milestones
			3. Will depend on who the hire is (conventional vs co-op background)
	2. Strategic Plan Committee (doc in the Drive)
		1. Outline of process
	3. Finance Committee
	4. Board Development Committee
6. Q&A
	1. Matthew –
		1. Kudos to Jim on GM work
		2. Gail loved the strategic plan outline – survive, thrive, drive impact
		3. Committee make up? – all board right now, no staff or owners currently
		4. Do you do SNAP & LINK match? How is it doing YoY? Available in annual report and continues to grow (working with experimental station – working with them today)
		5. Opportunity to work with farmers market to extend LINK match on produce - outreach coordinator to do more tabling at Farmer’s Market
		6. Matthew can help grease the wheels if we need support with the Farmer’s Market.

**Meeting Adjourned 9:06pm CT**

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**Upcoming Board Meetings**

September 27 - Public

October 25 - Public

December 6- Planning

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**Our Strategic Pillars**

* *Run a financially viable business for our owners*
* *Be a great place to work for our staff*
* *Provide a thriving marketplace for local farmers and producers*
* *Address inequality in our local food system for our broader community*
* *Be a great place to shop for our customers*
* *Be an environmental steward to protect our planet*