



MOCO Annual Meeting 2019 Minutes:
Lamoille County Civic Center
Wednesday, October 16, 2019
5:30 - 7:30pm

5:55 Elly Ventura calls mtg to order

Introductions

Appreciations for Board, volunteers, members, etc

5:58 message from the board - How is MoCo doing?

Store is 2 years old, concept is 8 years old - store is still growing

Round it up has been able to donate over \$3,000 to 3 diff non profits in the last 6 months

Encourage you to get involved

Big picture: balance of great successes and real challenges of being a small business

We are assessing where we are and making wise decisions moving forward: getting a consultant to help

revise business plan for more accurate numbers. Also making a more targeted marketing plan.

6:04 Nancy Banks, chair of finance committee reviews financial results of FY19

Success: over one million in sales before our third year

Challenge: expenses have been higher than expected and MoCo is operating at a net loss for fy19

Goal for FY20 is to break even

Questions from audience:

Peter Waldman - How does net loss affect business plan? Answer: We realized the business plan underestimated expenses; we have cut back where appropriate. CFNE (bank) recommended getting a consultant to strategize building a new business plan. We were prepared for a loss but we need to move towards breaking even.

Judy Bickford - Very disturbing to have seen staff let go. I had the feeling of being recognized by at least two people. I hope other staff will be treated better.

Member - How fast does inventory turn over? We use percentage of sales (supposed to be about 67%. We have been as high as 73% but are sometimes lower. We don't measure inventory turn. We are in the range that is to be expected.

Liza Dupuis - Does business plan allow for flexibility of inventory? I hope we can grow and change as a store, i.e. more bulk products? We did research before but now we have good data. Will be working with the consultant to help us make better decisions

Don Avery - What will consultant cost be? Is this a long-term expense? It will be \$6,000 cost, with some matching opportunities. We don't know if we will need this in the future. We hope it's a one-time opportunity.

Member - Have grant opportunities been sought for funds for consulting services? We have in the past and CFNE is also offering some matching funds.

We invite you to consider joining the finance committee to serve as another set of eyes to support the staff. A fun way to learn about what's happening at the store.

6:19 Elly reminds the group about available committees upon which members can serve. Meetings once a month for 1-2 hours at various times during the day. Let a Board Member know if you are interested in joining a committee that fits for you. We would love more member representation on these committees.

Finance: Support staff in monthly finance overview

Community: Plan events

Nominating: Recruit and nominate new Board members, plan Annual Meeting

Member Engagement: New committee for engaging members and events

Member Loan: Creating a plan to reach out to member lenders regarding their loans

6:22 Susan Titterton announces new Member Engagement committee

6:24 Lisa announces the reactivation of the Member Loan committee

6:25 Mike gives GM report

Quarterly sales growth has slowed in past quarters.

Has roadwork and construction affected sales? Increased CBD competition may account for lower sales.

Gross profit is revenue from sales minus cost of product being sold. Despite negative sales, had growth in profit (comparing 1st quarter of FY20 vs FY19). Have put significant systems in place to price correctly and attain margin.

Promoting sales flyer; syncing buying with sales from distributors.

Working on strategic buying - balancing having full shelves vs reducing waste

Net Income (what is left of gross profit after we pay all our expenses): has been negative (except for one quarter) but still having growth. Not unusual for a small business but need to work harder to get to the positive side of this equation

Working goals of increasing revenues and decreasing expenses - through sales, etc

Emphasis on local products (76% of vendors, 21% of products, 45% of sales) - want to increase that as much as possible; economic community impact (i.e. 100% of eggs came from within 50 miles and provided almost \$15,000 dollars to local producers)

Always looking to enhance departments; 68% growth in non-food category (i.e. products from Way Out Wax, African market baskets, etc.); working hard to overcome infrastructure to improve meat and fish (96% growth); added new shelving for bulk items (32% growth); cafe holds potential but needs additional investments

Trying to communicate more and get more feedback; new 2 cents form online - strongly encourage to check out new website and use the 2 cents form; we are trying hard to listen to those 2 cents

Questions:

Member: Have you reached out to see why half of the members are not shopping? Another survey would be helpful, we know some of them became members but knew they would not be shopping regularly.

Jack Pickett: Is the online 2 cents visible to others or private?

Jim Peas: What about vtrans signs affecting businesses when there's not actually construction? Turn them off? GM has reached out but its out of their jurisdiction.

Ellen Waldman: Can there be a road sign for moco or a rail trail sign?

6:50 Kari Bradley guest speaker: GM of Hunger Mountain Coop

Has been involved with various ways in many years. Great to watch trajectory of the store. Remember your mission. What you're doing on a business level is very difficult but the power of the coop is the mission and driving positive impact through that mission. Part of 3rd wave of coops after 2008. What you did to open is really impressive; accomplished something that a lot of communities would love to have. Charming space, welcoming cashier, good products; you have an enterprise to make a real impact. On average, coops have

about 21% of sales of local produce and we are double that. Opportunity to create great careers. Direct and indirect economic impact (multiplier effect). Most important way to be involved: shopping is of utmost importance; volunteer, attend events, provide feedback, run for the Board, etc. Next to shopping, talking up MoCo is the most important thing you can do. It takes time to change people's shopping behaviors. Make the coop and the coop community the hero. There's a lot of stories to tell - let's capitalize on the amount of local sales happening.

Member questions:

Anne: How does moco compare to Hunger Mountain startup? It was a long time ago but very incremental growth. It takes time to build up to critical mass.

Member: What do you think we should do, given our financial situation? I heard pretty high-level. Your gross margin seems in order. Expenses are higher than you'd like. It's not uncommon for a grocery store to lose money for the first few years. When City Market opened their second store, they planned to lose money for the first 5 years. There needs to be a cash plan so you don't run out. My initial thought walking around the store was that this can definitely work - good products, good service. I would continue to focus on price and promotion. Every coop has the challenge of seeming too expensive. Need a coordinated effort of broad messaging and person to person storytelling. One idea: member coupon program. Working with a consultant can help.

Member: What is hunger mtn's best selling department? Fastest growing? Packaged grocery is the most sales. Fastest growing is prepared foods. The whole trend has been towards convenience. We've seen our bulk sales declining as prepared foods keeps growing. Prepared foods is the most challenging part - easy to lose.

Kate Toland: Commented on the motivating and inspiring presentation

Member: Regional sales flyer? It's part of national association. One goal should be to get MoCo large enough to be part of national association. That gives us leverage regarding pricing. Then you can have the same pricing as Hunger Mountain. Need a sales volume of \$2 million so that will take some time.

Member: Are you feeling the pressure to do delivery service? We get requests but our analysis of deliver is there is no way its a money-maker in these rural communities.

7:13 Lisa speaks about member loans coming due in years 4 through 10 of store operation. We're working through challenge of being a young coop - marketing plans, costs, etc. One other lever is the member loans. Will some people be willing to renegotiate when the loans are due? Many are front loaded on years 4 and 5 and fewer in years 6 and 7. This si the real challenge financially. We want to put together a plan to reach out to members to think about a range of options - would it be possible for members to shift to when their loans are coming due to not have it so frontloaded? We want to make you aware that this is something we're thinking about. We are committed to keeping the loan terms as they are if that is what you need. But if you have some flexibility and willing to commit to MoCo in this way, could we think about forgiving a part of all of your loans or push it back a bit?

7:16 Susan asks the audience what "member engagement" means to them, gives member engagement survey to guide committee work.

Having language to approach people you may know who are not shopping at MoCo without making them feel guilty, etc? How do you get other people to think about going to MoCo - you're preaching to the choir now but we want to get this story out to others.

My voice and our voice matters. There's a genuine interest in hearing from members about what is important and it's getting communicated.

Ways in which you're participating other than just shopping. Different events at the store or in community. Other reasons to come into the store than groceries.

Involvement of people in working of the coop in terms of coming together to build or beautify.

Mechanism for members to feel heard when they request something. Some way to write down if they want something. Susan responded that they are revamping the 2 cents form. How to best convey their positive or negative experiences.

Last year you talked about if members only spent \$X/week, we would be financially viable. Can that be part of the story to say to others "if you only spend \$17/week, that will make it stable."

"Shopping MoCo first" is the most important thing. The more people who can shop there first would be the most helpful. Old habits die hard.

7:25 Elly closes meeting and draws raffle. Appreciations for outgoing board members, donated KIS kombucha, vendors, Chris Demars on video, Susan and Bob Titterton, moco staff, members

7:28 meeting adjourned