

Daily Groceries Co-op: Board Meeting

Monday, November 11th at 5:00 PM
Collective Harvest 940 W. Broad St Athens, Ga

Daily Groceries will be a welcoming place to shop and work. Intentionally sourcing food; nourishing a kind, engaged community.

Attendees: Ridwan Bhuiyan, Tom Reynolds, Landon Bubb, Liz Solomon, Will Hodges (via telephone)

Staff: Kara Brown (GM), Theo Horne

- I. Approve November Agenda
 - A. Landon Bubb motions, Ridwan Bhuiyan seconded, all in favor. Agenda approved.
- II. Approve Minutes From Sept 2019 Meeting
 - A. Landon motions, Will Hodges seconded, all in favor. Minutes approved.
- III. Approve board monitoring report from October via email
 - A. **Approved.**
- IV. GM Report
 - A. General Manager Updates
 1. Kara Brown describes a recent situation with a customer regarding some bad feelings about being carded when purchasing alcohol. Theo Horne (Outreach Coordinator) drafted an email response and gave the customer a \$15 discount in thanks for sharing her experience. This was brought to board attention due to the strength of the customers reaction.
 2. The potential boycott of Luna as a response to Ike and Jane closing is brought to the boards attention.
 3. The recent Membership Drive went well. The structure of the drive is planned to be repeated.
 4. Red and Black article on Vegan Eating was published which features a number of quotes from Kara Brown, additional interview completed last week
 5. Demo schedule is busy for this season. Rather than the usual 2 demos a month, we are upping the number for the holiday time to encourage traffic.
 6. Survey is planned for the new year. Focus will be online. The Terry School of Business is being consulted as questions are planned. An Invite Only focus group with the GM is presented as an idea.
 7. An all staff meeting is coming up on December 3rd. The focus will be on customer service and how to handle escalating situations.
 8. Board Retreat is upcoming. Location is being confirmed and Theo Horne (Outreach Coordinator) will attend the afternoon portion of the event.

9. Alcohol license has been renewed.
 10. Looking to move to 2 delivery trucks a week. This was recommended by C.E. Pugh (CEO of NGC) as a way to save labor.
 11. Store remodel is upcoming. The remodel will focus on more room for prepared foods and customers. The only planned major expenditure is for an additional nut butter grinder.
 12. Store hours are changing. It is proposed that we consider changing hours seasonally to best work with the Athens ebb and flow.
 13. Visit with C.E. Pugh (CEO of NCG) went well.
 - a) He suggested paring down the dry goods section, shifting focus to local, eclectic products.
 - b) He has suggested a high goal of 15% sales growth, Kara Brown will not be budgeting for this sales growth, but will be using it as a tool to push goals.
 - c) He is working to get Daily a deal on “Co-op Basics”, this will be confirmed in January.
 - d) Kara’s biggest take-away was that we need to be loud and need to be seen.
 - e) All store managers but one were in attendance to the meeting.
 14. October Numbers - negative sales are almost equal to September numbers, basket size is still growing (due to customer special orders and local partner orders).
 15. We will not be renting the Firehall space in the next year. Kara is looking into the greenroom space at Hendershots as a location for future meetings.
- B. GM Monitoring - B1 Financial Condition - Kara reports compliance will some parts of this report.
1. Subpolicy 1 - Kara reports noncompliance
 - a) Summer in 2019 was drastically slower.
 - b) Total equity and member numbers are growing, sales are declining, 447 equity payments made during member drive.
 - c) Product offering is geared to small baskets, growth in basket size is due to customer special orders and local partner orders. Liz prompts discussion on how UNFI terms could be affecting basket size in regards to price increase.
 - d) There is a plan to focus in on high-performing sub-departments. Deli adding in hot foods is a part of this plan. Want to continue capitalize on special orders. Selling in bulk is a good way to make profit without increasing labor cost.
 2. Subpolicy 2 - Kara reports noncompliance
 - a) Sales declines have inhibited any attempt to be profitable. Co-ops on the national scale are being similarly affected. Liz prompts discussion on the location of high-performing co-ops, and how

Whole Foods etc. availability could be affecting co-op market. Sevenanda's sales growth is discussed. Ridwan encourages looking closer into what happened during our two years of profitability - Kara mentions that rent was about 1/3 of what it is now during that time which is a large factor.

- b) Biggest expense for September was the member drive. We are able to track gift card usage and people are returning.
 - c) Sustainability is dependent on controlling cost and supply ordering. Going down to two trucks a week will provide opportunity for better inventory tracking.
 - d) Labor as a % of sales continues to be too high. Store margin goal 37% for 2020. Required shifts in 3 departments; it should be unimpactful on customers. Salaried staff have been phased out (other than GM) and HR and accounting tasks have been outsourced which will also help labor % shift.
 - e) Rent is likely to go up at the end of this lease. Maintenance is a considerable expense. We are adding to the facilities checklist to encourage continued upkeep. Quarterly checks on air and refrigeration
 - f) Store hours changing
 - (1) Things begin to drop off around 7, and even more after 8. The mornings aren't considerably busier, but employees have to be in the store to prep deli and unload trucks.
 - (2) The sales per labor hour makes it hard to justify staying open in the evenings.
 - (3) Busiest hours are between 10-7.
 - (4) The winter months is a good time to shift the hours since it is traditionally slow during the evenings.
 - (5) Liz notes that the busiest times are lunch and after work - making grab and go items a great sub department for growth. Liz notes that consistency will help morning traffic - if people know that we will have what they want they'll come.
3. Subpolicy 3 - Kara reports noncompliance
- a) Our accounts payable and gift certificate payable are very high and cash on hand is very low. Cash on hand is slightly better than last reported, it is slowly improving month after month.
4. Subpolicy 4 - Kara reports noncompliance
- a) Kara reports it is the most concerning aspect for long-term financial security. As of the 1st quarter we were reporting near compliance, after our financial review of 2018 and a 2016 error was corrected the reports began to look worse.

- b) Columinate consulting has provided advice on how to help member loans without a maturity date shift into compliance. Each member would have to be contacted and a lawyer would have to be hired, financial services would need to be brought in a little more than usual to ensure the books are correct. Tom suggests that we leave it as it is because we would only be changing the number without it having an impact on anything else. Liz and Kara agree.
 - 5. Subpolicy 5 - Kara reports compliance
 - 6. Subpolicy 6 - Kara reports compliance
 - 7. Subpolicy 7 - Kara reports compliance
 - 8. Subpolicy 8 - Kara reports compliance with some parts of this policy.
 - a) Part 2 (Payroll) Paylocity errors with direct deposit and hour data entry, caught within same day and corrected within the same pay period. An additional issue occurred with PTO but was caught and corrected within same pay period. Because it was handled so quickly and there was no employee grievance Kara reports compliance, as advised by board president.
 - b) We had one late payment on the Synovus credit card due to switch over between Financial Coordinators.
 - 9. Subpolicy 9 - Kara reports compliance
 - 10. Subpolicy 10 - Kara reports compliance
 - 11. Kara asks for follow up questions. Landon notes the detail in the report.
- V. Ridwan and Rara are certified. Will motions, Landon seconds. Unanimous vote. Landon motions for Amelia Herbs board appointment. Ridwan seconds. Unanimous vote.
- VI. Landon motions to accept monitoring report, Liz seconds, Unanimous vote.

IV. Board Report

- A. Board Monitoring
 - Policy D1 & D2 reports will be distributed via email
- B. Board Election Result Certification
- C. Board Retreat Discussion/Planning

V. Member Forum

VI. Misc. Board Retreat - Sunday, Nov. 17th, 8:30am-4:30pm