

THE COOP SCOOP

2nd Quarter 2006

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Daily bounty at the PFC.



436 S. Burdick Street
Kalamazoo, MI 49007

Phone: (269) 342-5686
Fax: (269) 342-0194

www.peoplesfoodco-op.org

Hours:

Daily 9 am-8 pm
Sunday Noon-6 pm



20% Post-Consumer Waste

The Co-op Advantage

By Heather Finch

Upon entering the co-op, customers are not only greeted with friendly hellos from staff and neighbors, but also with a shelf stocked full of some of the best natural food sales in the nation. To use an industry term which will be found floating around the store on any given day—particularly at the end of the month when sales switch over—the “endcap” right at the front of the store serves as a beacon of savings. These shelves, and others throughout the store, packed and stacked to the limit with little orange stickers, are a direct reflection of the buying power of 107 cooperative grocers across the nation.

“It is amazing to see shoppers’ reactions to sales,” general manager Chris Dilley says, “and it is a high priority to keep the endcap consistently attractive.”

Cooperative Advantage Program (CAP) sales are the most visible benefit of participation in the National Cooperative Grocers Association, a group of co-ops that have

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A few of the many excellent grocery items provided by the Co-op Advantage Program.

Blue Dog; Green Farmer

By Mike Merva

Dennis Wilcox is more than willing to talk about farming—if you can get him to take a break from doing it. Dennis and Genevieve Malek run Blue Dog Greens, a small organic farm located just outside of Bangor, MI. Blue Dog Greens specializes in greens of all kinds—salad mix, spinach, arugula, chard, collards, kale, micro-greens, and more.

Dennis has been involved in vegetable gardening for as long as he can remember, but did not look into farming seriously

until he graduated from college. After studying a number of subjects including anthropology and natural resources, Dennis found that he did not actually want to pursue work in any of those areas. So, he looked into farming: “It’s something I’ve always been good at, and it allows me to work at home, which I really like.”

After doing an internship at Morning Sun Organics in Eugene, Oregon, and working at Sustainable Greens in Three

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THE SKINNY

Insight into the operations and inventory of your People's Food Co-op in downtown Kalamazoo

By Heather Finch, PFC coordinator

In other areas of the world the sunshine may not be such a rare occurrence, but we in the Midwest savor it, because we know it will not last long. Through the winter, as mild as it was, I dreamed of the days when summer would beckon me. And even though the rain pours and cold weather surrounds southwest Michigan as I type this, I know by the time the Scoop is printed the sun will be shining, bringing warmth and smiles to everyone.

Sunshine calls for revolution. Treat that door like you were raised in a barn, 'cause we have a lot of coming and going to do. But don't get burned while you are savoring the sun. Check out the health and beauty aides section of the Co-op for your sunscreen needs, and bring along some organic ice cream to keep cool while you play in the heat.

Stay outside until the last minute. Instead of being a slave to the kitchen, grab some easy-to-prepare meals from the Co-op. The deli has a great selection of foods—both hot and cold—made for your convenience. Look forward to more and more local produce incorporated into deli goods as the growing season gets underway. Be energized by the power of raw foods as the deli welcomes the summer with uncooked treats, sure to restore and rejuvenate any well-wintered body.

Our freezer section is packed full of fast, healthy food. Grab some all-natural organic chicken, beef, pork, tofu, or veggie burgers and light that grill up! Try our bottled marinades (the wine marinades by La Cantina from Paw Paw highlight the flavor of meats and non-meats perfectly) or make your own. Wrap up some organic vegetables in tin foil, and call it a meal.

Think light, think local, think green. Check out our produce section for the best selection of local greens in

Kalamazoo. Whether you like spinach, kale, chard, or those snappy little microgreens, spring is the perfect time to eat green in Michigan.

Go to the beach. With thousands of small lakes, and a few really, really big ones, there is ample opportunity to hit the water. Just point anywhere on your right palm and go, but do not forget to pack a lunch. Try chopping up a few vegetables and dipping them in co-op made hummus, or take a few sandwiches, enough fruits and beverages to feed your party, and call in on adventure.

If you do like to stay inside and bake during those summer storms, perhaps you would be interested in doing so for a little extra cash. As of mid-June, Co-op shoppers will no longer find Blue Cove bread on our shelves (or any other shelves, for that matter.) The maker of Blue Cove bread is taking a permanent vacation from his business, and we need your help finding a product to replace it. If you have any suggestions of fresh, local breads that will complement our Sarkozy selection, please contact Chris Dilley at (269) 342-5686 or chris@peoplesfoodco-op.org.

Let's face it: summertime is short enough, so allow the co-op to maximize your time enjoying it. And if on your way out of the store you feel a little guilty that the co-op staff has to keep working inside, just remember, we have three big windows to stand in, and we are working on our tan. ☺



LaCantina, a regular at the PFC



The People's Food Co-op of Kalamazoo provides good, safe food to the community at reasonable prices, and educates the community about issues related to food, health and environmental responsibility.

Manager: Chris Dilley

Stellar Staff: Erik Benson, Heather Colburn, Joyce Eble, Heather Finch, Rosie Florian, Elizabeth Forest, David Hughes, Sara Kozminske, Lisa Merva, Derek Roseboom

PFC Board of Directors:

Hether Frayer, *President*
Love Burkett, *Vice President*
Charles Henderson, *Treasurer*
Kim Patrie, *Secretary*
Eric Benson
Jim Brode
Jenny Doezema
Sharan Levine



The Coop Scoop provides a quarterly forum for communication between the membership, staff, board and community about issues related to the store, our mission and our community.

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Brakeman, Design

If you are interested in advertising, carrying *The Scoop* at your establishment, or helping out with production of *The Coop Scoop* contact Chris Dilley at (269) 342-5686. Contributions are due in the store by the 15th of Feb., May, Aug., and Nov. for the following month's issue.

Note: Opinions expressed in the *Coop Scoop* are those of the authors and not necessarily of the People's Food Co-op. *The Coop Scoop* is not a replacement for a trained healer, please consult with a qualified professional before using any information herein.



the Kitchen Sink

The Kitchen Sink is a column devoted to interesting events, announcements, any other comments related to the PFC, its people, and its community.

Staff Appreciation

By Chris Dilley

I work with an amazing team of individuals. Each of them teaches me things, and each of them inspires me in their own way. I just wanted to take a moment to thank them for their hard work.

Our store simply would not look as good as it does if it were not for the talents of our glorious grocery manager, **Joyce Eble**. Aside from keeping up with her standard job duties, I asked Joyce to plan how everything on the grocery shelves and in the new bulk containers would be set after the renovation. I don't know how she did it, but she managed to provide the store with excellent product flow, making each customer's shopping experience all that much easier. She brings brains, instinct, an eye for detail, and strength to our little store every day. Thank you, Joyce. You rock our world.

Managing a project like a renovation, I now know, is like adding a second full-time job to your already more-than-full-time job. It is a TON of work. That's why I am so glad to have had **Heather Finch** working at my side through the months leading up to the execution of the project. Heather took over the bookkeeping part of my job, so I could concentrate on all things renovation-related. She took on managing volunteers, writing for *The Coop Scoop*, and much, much more. And she did it all with her usual competence and grace. Thank you, Heather.

Rosie Florian has taken on the daunting task of transitioning our produce section from an old case that we understood to a newer old case that we don't understand. She

smiles and asks for help, and then tells me what I am supposed to tell her. I love that! Thank you Rosie.

Lisa Merva brings her calm understanding to us everyday that she works. She is wise beyond her years, and we feel her motherly support as it pervades our store. Thank you Lisa.

Derek Rosenboom can stock a bulk section like no other. The cat can fill it up, and then set to organizing the back room; everything in its place. I didn't even know half that stuff had a place. He comes in on his days off to hang out and do some stocking. He has been doing the bulk foods ordering for several years now, and is solid as a rock. Thank you, Derek.

Erik Benson has been working here for many years (almost as long as Elizabeth!), and continues to be incredibly dependable and hard-working. He is currently serving on the board of directors as well. Thank for all you do, Erik.

Elizabeth Forest has been working at our lovely little store for nearly nine years. Her greatest gift is her gab, and she puts it to work here at the Co-op on Sundays and through the summer at the Farmers Market. She leaves everyone she connects with feeling full and just a little smarter. Thanks Elizabeth.

David Hughes has been working hard in the deli for about 6 months now. He has really taken it on. There is a lot to learn in that job, and David has pushed himself to learn it in a short time. He works hard and his humility is inspiring. Thanks David.

Sara Kozminske brings love and light into the deli and infuses it in all the food, as if you couldn't tell. She has also worked hard to support David as he learns his new job. Thank you Sara.

Heather Colburn is a great mom to her kids and, dare I say, to all of us. She is fair and clear. She doesn't take kindly to people messing with



PFC staff hanging out at the Kraftbrau: (back left to right) Elizabeth Forest, Derek Roseboom, Rosie Florian, Heather Finch, Lisa Merva, (front left to right) Heather Colburn, Chris Dilley, David Hughes. Not pictured are Erik Benson, Joyce Eble, and Sara Kozminske.

us. She puts a lot of herself into this place, most recently transitioning the herb section through the renovation. Thank you Heather.

The Schwesers

We would also like to congratulate Greg and Stephanie Schweser on the announcement of a little Schwezer bun in the oven. Stephanie is two months along and feeling fine; Greg is freaking out, but that's because he's been accepted to the Urban Planning program at the University of Minnesota AND has a baby on the way. We send them both our love. ☺

The Co-op Advantage . . .

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banded together in order to increase their buying power.

As chain natural food stores began to dominate the industry in the early 1990s, small, locally-owned cooperatives realized the need to work together to receive similar buying power with the distributors. Regional cooperatives began springing up across the country, and by 2004 they joined to form the NCGA, which currently represents over \$100 million in annual sales.

Membership in NCGA goes beyond CAP sales, offering training to co-op personnel and an extensive network of support and information for every aspect of cooperative operation—from renovations to customer phone usage.

The way CAP works is fairly simply: UNFI (United Natural Foods, Inc.) negotiates with different manufacturers to lower their margin (profit), and the members of CAP lower their margins a bit, too. Both the distributor and the

store make slightly less money, but in doing so provide consumers with savings of 30–50% on a number of natural products each month.

Chris Dilley has been in attendance of NCGA meetings since their conglomeration in 2004. In March of 2005 Dilley, along with then-grocery manager Greg Schweser, was ready to tackle CAP. Since then, Joyce Eble has taken over for Schweser, and refined and mastered the sales program.

“It may not seem like it, but the monthly rotation of sales has proven to be quite a task. A lot of hours are put into pricing and re-pricing, choosing the right products, and staying within CAP guidelines,” Eble says.

To make the process more complicated, UNFI also bargains with outlying manufacturers. This means that while a product may be available during a month it is on special, it will not be available the next month. At times, this can cause customers some grief,

but in the end it seems to be worth it. Eble explains, “It’s hard when customers discover a product they like and then can’t get it anymore, but it often seems like a waste not to offer these great savings.”

The best way to stay informed about current sales is by picking up our CAP flier, or by checking out our PFC News bulletin board. A complete listing of CAP specials, including the products we are carrying and others we are not, is now also located on the bulletin board. Co-op shoppers can peruse this mini-catalog and order any of the discounted products in bulk.

“My advice to shoppers is, if you really like something, consider purchasing a case of it. Most CAP specials are not perishable products, but unfortunately, the savings are,” Dilley adds.

For more information on NCGA, visit their website at www.ngca.coop or e-mail Chris Dilley at chris@peoples-foodco-op.org. ☺

Managers Report, 2nd Quarter 2006, Capacity?

by Chris Dilley, General Manager

I have been thinking a lot about capacity lately. How much water will this jug hold? Capacity. How many people will fit in that elevator? Capacity. How far can I ride on my bicycle before I become too tired to go on? Capacity. How many hours are there left in this day? Capacity . . . The capacity of the PFC staff to get done in a day what needs to be done . . . The capacity of our little storefront to hold more food, to serve more customers . . . The capacity of the local community to support a cooperative grocer . . . My capacity to accomplish what I have set out to do.

We have come a long way in the many years that we have been in our little store. Our latest evo-

lution has been very successful. Our store design is much more efficient, comfortable and accessible. We can support much busier days than we ever could before, and we can now do it without running into one another. That is certainly an example of increased capacity! There is a whole lot to be celebrated, and still plenty to do everyday; yet, my thoughts already have started to meander toward “what’s next?” The board and I are already beginning to create a vision for the future. Will People’s continue to grow as it has been for the past several years? If not, when will it slow and how fast? What do we need in place to ensure a smooth and safe transition to the next phase? Capacity.

Right now we are learning to do more with the same amount of space we have had for 28 years. Right now we are learning to keep a clean, well-stocked store looking great with the same number of hours in a day, and fewer staff hours on the floor. Capacity. How do we do more with the same number of resources? How do we engage more and more of the community in the work that the co-op is here to do? What do you want us to be doing? What would you like to see this cooperative become?

As I ride my bike home today breathing in the refreshing early spring air, I will be thinking about all of this, and about how to continue engaging our community in building our capacity. ☺

Dennis Wilcox...

continued from page 1...

Rivers, Dennis found a good deal of land just outside of Bangor that had been certified organic for over 30 years. He bought half of the property, and soon afterwards Lee and Laurie Arboreal, who run the Eater's Guild organic farm, decided to buy the rest of the land.

Dennis's foray into greens was not accidental—he investigated his growing options, and chose his crops based on the niche market he found: “I decided to grow greens because there was a market for them in this area—nobody was growing them, so I knew I would be able to sell as much as I could produce.”

Blue Dog Greens is no longer just



Dennis Wilcox

for greens, though. They have begun to expand into the fruit market; organic strawberries and raspberries from Blue Dog Greens should be hitting your plate sometime soon. But that's not all: “We had about 20 peach trees make it through last winter,” Dennis says, proving that even

stereotypically warm weather crops can be grown if the conditions are right, and the growers are smart.

When asked about his farming experience, Dennis admits that sometimes the weather does get in the way of one's plans. “Last summer was a bit tough—it would rain everywhere around us, but Bangor would somehow remain dry.”

Unfortunately, it ends up that weather is not the toughest part of farming. “Working for myself, dealing with myself, managing finances... those are the things that are most difficult for me. But we're still small and just beginning. I've got a lot of time to get used to it.”

Luckily, the “getting used to it” is rewarding. “I like that I'm continually learning new things and getting better at what I'm doing. And working at home, I like that a lot too.” But although it is nice to work at home, Dennis also receives a lot of satisfaction by meeting people who are excited about what he is doing. “Getting a response from people, like at the farmer's market, is very rewarding—especially when I learn what my food is doing for people, how it's helping them feel better.”

For those who may be looking into farming, Dennis admits that the biggest step is just putting one's self out there and doing it. He suggests talking to local farmers and learning about what it takes to develop a successful farm; it is not always what you think. “I certainly don't wake up early, but I do work later than most farmers. It all depends on

who you are, and how you want to schedule your time.”

Something else Dennis suggests before jumping into farming is to find your market; something that you know you will be able to sell, that other growers in your area are not producing. Then, try to be consistent

in the quality of your product; Dennis admits this is a challenge, but is also very rewarding.

In the end, the most important thing consumers can do for small organic farmers is to seek out their products, whether from grocers like the People's Food Co-op, or from Dennis directly at the Farmer's Market. And take some time to let him know you appreciate the food. Be kind to your local organic farmer—your body will thank you for it. ☺

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PFC BOARD OF DIRECTORS

I am a bargain hunter. Garage sales excite me; I go out of my way to get a good deal on an item advertised in the newspaper. Even more fun is getting "something for nothing." Over 7 years ago, it didn't take much consideration for me to realize that joining the co-op was a bargain. The simple math showed that I only had to spend \$600 a year to get my \$30 membership fee back, and after that, the 5% point of sale discount was all profit on my part. How could I go wrong? Of course I joined. At the time, I didn't think much about the co-op being member-owned. I shopped there because it is a fun place to hang out and buy good food. Voting in board elections or attending an annual meeting hardly crossed my mind.

Now I am more aware of the ways major corporations dominate in our society. That awareness helped me to appreciate the value of our co-op being owned by folks like you and me; folks who live, work, play and shop here, and who care about our community. It is inspiring to be one of the owners of the establishment where I buy most of my food.

Why does any of this matter? Because the Co-op's board of directors is considering changing from our current membership structure to an equity based structure. We have been learning about the various membership structures used by co-ops all over the country, and have noticed that the most successful co-ops use equity based systems. The financial advantages that equity based systems provide make those co-ops more competitive. Our current system presents challenges because it involves the Co-op giving away large amounts of money in discounts, before knowing whether it will make a profit that year.

The Board of Directors at Mountain People's Market Co-op

in Morgantown, West Virginia explain, "In an equity-based membership system, a co-op's members make equity deposits rather than paying annual dues. Equity is a form of investment in a co-op's future. Equity deposits, like dues, are money that a member pays to the co-op. However, equity differs from dues in two important ways. First, dues collected by a co-op are considered taxable income, but equity deposits are tax-free, so are effectively worth more. Second, when a person chooses to end their co-op membership, his/her equity deposits are fully refundable, contingent upon the receipt of replacement capital from new member equity deposits. Member equity systems generally do not provide discounts at the register. Instead, they offer benefits such as patronage rebates and members-only specials."

What if being a PFC member didn't involve a point of sale discount? Would I have become a member 7 years ago? As a college student on a small food budget not knowing much about cooperatives as an economic model, maybe not. Would I continue being a member now? Without a doubt. I have come to realize the immense value of a community-owned business.

The board is currently putting together a committee of member/owners, co-op employees, and board members to create a new membership policy. We would like to have this committee in place by June 30. Please consider taking this opportunity to help shape the Co-op's future. If you are interested in joining the membership structure committee, please contact Hether Frayer (381-0847, hether.jf@gmail.com).

— Hether Frayer, PFC President

Michigan Organic Advisory Committee

Our own Chris Dilley has been invited to sit on the Michigan Organic Advisory Committee, which advises the Department of Agriculture on all issues organic. Representing the organic retail sector, Chris sits with farmers, processors and other advocates. The committee is trying to understand its role and relevance to the current needs of Michigan organics. Issues currently of concern include: the passage of SB 777 (seed preemption), and the fact that large-scale corporate Organic farms (read: Horizon) have such a dominating influence on the National Organic Program. If there are any issues you have that you would like Chris to take to Lansing, please feel free to contact him at the store or via email at chris@peoplesfoodco-op.org.

People's Food Co-op Board of Directors 2006–07



The People's Food Co-op Board of Directors (left to right): Jim Brode, Sharan Levine, Charles Henderson, Hether Frayer, Erik Benson, Jenny Doezema, and Kim Patrie. Not pictured: Love Burkett.

A Side of Staff: **Joyce Eble** Grocery Manager

By Heather Finch

Perhaps you have seen Joyce working furiously, price scanner bleeping as she curses the narrow aisles of the co-op, perfectionist personality shining through at the slightest crook in a row of product.

Joyce replaced Greg Schweser as grocery manager a little over a year ago. She had been living in St. Petersburg, Florida for over a decade before deciding to move back to Michigan to assist with her mother's care. The winter was somewhat of a rude reminder of Michigan's climate, but Joyce passed through it with grace by keeping herself occupied with preparations for the store's renovation. In large part we have Joyce to thank for the organization of the coolers, grocery shelves, and bulk bins; a task which she was made for

but never had formal training on.

"It's surprising what it takes to map out all of the shelves. Dimensions, product size, shelf size, what should go next to what... it's a lot."

Her experience with Natural Retail Group, a nationwide natural foods store, and Rolling Oats, a privately-owned health store, made her a perfect candidate for the Co-op. Since her arrival here, Joyce has learned a lot about grocery ordering and management. Though she has had a lifelong interest in natural foods, and knows most products by heart, her job remains a challenging one. Besides occasionally having to deal with out-of-stock items from United Natural Foods, Inc., our primary distributor, Joyce must try to keep orders within the co-op budget, bring in customers' product requests, and keep all the gro-

ceries stocked and looking good. Trying to do all of this and more in a timely manner (and trying to reach the top shelving unit) keeps Joyce on her toes.

"There are so many things I would like to do, but can't," says Joyce, speaking of the limited hours in which she has to work. "I love to chat, but there are deadlines and time clocks to think of."

Though she loves the people at our co-op, eventually Joyce would like to return to Florida.

"But not anytime soon," she says, "I still have a lot of work to do." ☺



PFC Manager Chris Dille with staff member Joyce Eble.

The Produce Corner at the PFC

By Rosie Florian

Here I am, preparing to leave for a produce summit in Minneapolis where I'll be meeting with forty other produce managers from forty different food co-ops in the central states. There will be lots of learning, lots of teaching, lots to share. Yet, there is so much to do before I go: prep greens, change prices, set up the order for while I'm out of town, jot down day to day produce tasks, change the chalkboard, (not to mention pack!). The peaches could be getting soft, the apples bruised, avocados a little too ripe, and the lettuces haven't heard any kind words all day! This job packs in a lot of worries, many due to the fact that during the winter, most of our produce is shipped from across the country—I don't even get to talk to the farmers our veggies come from!

I'm so happy the local produce season is beginning.

It is so neat to be just a phone call away from the source of most of the produce. Local farmers are honest people producing honest food, and we are lucky to have so many of them in the area (Bearfoot Farms, Blue Dog Greens, Eater's Guild, etc.). I'm imagining strawberries just picked the day before, ripe and juicy, and tomatoes of all varieties, little and pink and ready to eat. There will be boxes and boxes of fresh vegetables every week, shipped from across the county instead of across the country or world. I'll still have plenty of worrying to do, but leave that up to me. Shoppers should concentrate on watching our produce aisle for the freshest organic and local produce available. ☺



David and Rosie had a great time at the first-ever Local Food Showdown at Kalamazoo College in mid-May. David's recipe took the coveted "Most Likely to be Adapted for use in the Cafeteria" award. Congrats David! To learn more about efforts to get more local foods into the K College cafeteria, visit the Fair Food Matters website at: <http://www.fairfoodmatters.org/>



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PFC & Community Events Calendar

June 27 • PFC Board of Directors Meeting
7–9pm at the PFC
All members welcome!

July 25 • PFC Board of Directors Meeting,
7–9pm at the PFC
All members welcome!

August 22 • PFC Board of Directors Meeting,
7–9pm at the PFC
All members welcome!

July 20–22 • Taste of Kalamazoo
PFC will be vending great food again at this year's Taste. Please call the store or stop in and sign up to help as a volunteer.

Sept. 17, • Southwest Michigan Community Harvest Fest
11:30pm–6:30pm

A celebration of local food, local farming, and sustainable living. Tillers International, Scotts, Michigan
Visit www.swmiharvestfest.org for more info.



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Annual



Report

From PFC's Board of Directors

It has been a productive year for the Board of Directors at People's Food Co-op. At our first meeting of the year, on January 7, 2005, we officially began operating under the Policy Governance system. The Policy Governance model is a complete, universal theory of governance—a set of principles and concepts designed by John Carver to empower boards as “servant-leaders” of members so that boards can accomplish their goals and conduct themselves with integrity.

Our Policies, divided into four sections, set out all the responsibilities of the Board and General Manager. The first section of our policies is the Ends. The Ends includes our vision, values, mission, and strategic priorities, all of which drive the actions of both the Board and the General Manager. The Governance Process Section focuses on the Board's accountability to members in achieving the stated ends and avoiding unacceptable actions and situations. The Executive Limitation section outlines everything the manager should avoid concerning the treatment of members and staff, finances, and communication with the Board. The final section is Board-GM Linkage. This section focuses on how the Board interacts with, delegates to, and evaluates the General Manager.

Each month, a Board member is responsible for monitoring one or more of the policies and writing up a report. Chris Dilley, our fine General Manager, is also responsible for writing monitoring reports. Those reports are then discussed at the next Board meeting. We decide whether or not we are in compliance with the policy. If we are not in compliance, then we set a goal for when we hope to be in compliance, and decide when to re-visit that policy.

Oftentimes, the discussions focus on how to interpret each policy, as these policies still feel new to us. With every discussion, the Board evolves and we continue to grow in our understanding of what the policies mean to our co-op. Even though it has only been one year, it is already hard to remember what our Board meetings were like without the structure of Policy Governance. We have made tremendous progress and I look forward to continuing this progress this year.

Thanks to funding provided by the National Cooperative Grocers Association Central Corridor, our Board is able to participate in the Cooperative Board Leadership Development (CBLD) program for 2006. We have been assigned a consultant, Peg Nolan, who will provide ongoing resources, guidance and feedback through bi-monthly phone conferences. She will also help us plan our full-day retreat and fly to Kalamazoo to facilitate the retreat. Another advantage of the CBLD program is that it will help connect our Board to other boards in the area so that we can learn from each other.

Over the summer the Board had our annual full-day retreat. It was nice to have time to delve into discussions that we usually have to cut short during our monthly meetings. The main focus of our retreat was expansion. We know that the current PFC space is inadequate for our vision of the coop. We wanted to create an expansion policy so that our goals would be clear as we carefully work towards an eventual expansion.

A guiding vision that the Board agreed on was that we want the coop to provide one-stop shopping for 75% of our customers. After much deliberation, the Board decided to go ahead with the renovation plans that involved renovating our existing space without expanding into the space next door, which was vacant at that time. Renovating the current space was the way to start reaching our goal of being a one-stop shopping location for more people without risking the financial stability of the co-op.

As the renovation is now completed we are turning our attention towards the next steps required for the eventual expansion of PFC. There is much to be done as an expansion involves not only an expansion of the physical space of the store, but also of the management and organizational systems that operate the store. We are seeking outside expertise to work with the Board and management in many of the aspects involved in expansion, including creating a project plan, feasibility assessments, financial projections, market analysis, store planning and design, and market research.

The outstanding progress that we made this year could not have happened without committed directors. Thanks to Erik Benson, Jim Brode, Love Burkett, Jenny Doezema, Hether Frayer, Earl Hall, Charles Henderson, Carol Snapp, and Michelle Swonder for all of your time and hard work at our monthly Board meetings, special meetings, training sessions and retreat. We would like to recognize Earl Hall, Carol Snapp and Michelle Swonder who resigned this year because of additional work responsibilities. Thank you for your service. Sharan Levine has been appointed to fill the last year of Carol's term. We are looking forward to working with you. Most importantly, the Board would like to acknowledge the incredible efforts of Chris Dilley this past year. His energy, dedication and patience have been instrumental in transforming the coop into a stronger business. We are honored to work with such an incredible group of individuals who keep the discussions lively and who continue to plug away even through the tricky aspects of furthering the PFC's mission.

Hether Frayer, PFC Board Chair

Charles Henderson, PFC Board Treasurer

From PFC's General Manager

2005 was both a challenging and inspiring year.

The three largest challenges in 2005 were labor hours, margin, and expansion. These led to crucial developments in our operations, as well as a \$10,000 loss. That is a lot, especially for a small store such as ours. The good news is that the money was spent on a learning experience. Our professionalism, infrastructure, and awareness of the pressures and what to do about them all increased immensely due these challenges. I was aided greatly by a trip to Ann Arbor for a national cooperative management training session. In three days we covered a huge amount of ground, and I came back with metrics that I could use to analyze where we were, why, and what to do about it.

The year inspired me for many reasons, not the least of which was a 20% increase in sales over the year before, for the second year in a row. Indeed, our sales in May were over 30% above those of May 2004! When I see more people using the

Co-op for its intended purpose, to bring good food to the community for reasonable prices, I feel like we are really making a difference. We are community-owned, we are driven by our values, AND we are successfully growing as a business.

For me, building community is a key piece of what we are doing. We are working to bring a community closer together, to learn from one another and to celebrate the many gifts that surround us. We gathered as a membership to discuss issues such as the selling of meat, possible changes to our membership structure, the much needed store renovation, and sometimes just for fun.

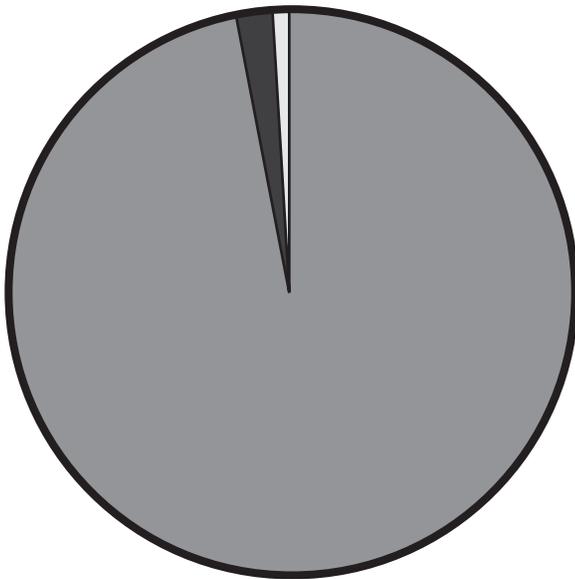
I love my job. I work with talented, hard-working people everyday in the store, and I am invited to participate in a wonderful process of visioning with you, the owners and members of the Co-op, and the board, your representatives.

Thank you all so much for this opportunity.

— Chris Dilley, PFC General Manager

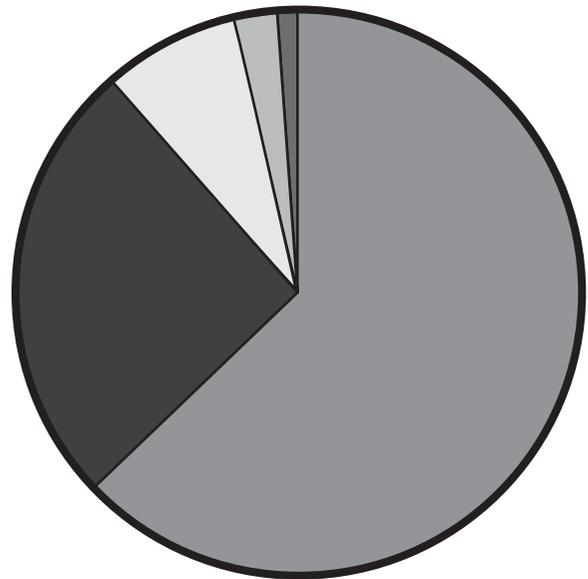
Total sales up 20.5% over 2004 Net loss of \$10,191.00

2005 PFC Income
Total income of \$581,681.97



■ Total sales:	\$567,845.49
■ Membership dues:	\$11,259.19
□ Miscellaneous:	\$2,177.29

2005 PFC Expenses
Total income of \$591,872.95



■ Cost of goods sold:	\$367,218.49
■ Payroll:	\$151,822.31
□ Fixed expenses:	\$53,463.30
■ Member discounts:	\$15,026.76
■ Credit card charges:	\$4,342.09



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www.peoplesfoodco-op.org • Hours: Daily 9am-8pm, Sunday Noon-6pm