

Annual



Report

2006

From the General Manager

Marching forth through accomplishment after accomplishment, our little store should be a great source of pride. 2006 can be summed up at the year we: renovated, supported another year of increased sales, got a lot better at the art and business of grocery, and we ended the year with a profit! Let's celebrate each of these successes...

Renovation

We started the year with our very successful renovation during the last week of February. By the time we pulled the project together, the need for this renovation was painfully clear in the cramped aisles piled to the ceiling willy-nilly with seemingly random products. Our traffic patterns were funky and the disorganization of the store was more evident than ever. Our sales had grown 40% in the previous two years, and we were in need of space for more and more people to wind their way through the maze of islands.

This project was made possible, as all is accomplished at the PFC, because the community willed it to be. We had 24 members lend the Co-op a total of \$49,100 to make the project happen, we had donations that totaled over \$4,000, and we had over 40 member/owners and community members donate their time, muscle and skills to clear, clean, paint, set, and stock the store back up. In just one week we transformed the space, and it was beautiful.

Increased Sales

One of the ways we gauge whether we are successfully meeting the needs of the community is through our sales growth. We figure that if more dollars being spent at the Co-op, we must be doing a better and better job providing what people need in an environment that they like. During the month and a half leading up to the renovation (January 1-February 18), our sales were starting to slow to only (!) 12% growth over the same period the previous year. Growth went up to 18.5% from March through December of 2006, and we ended the year with 15.2% growth over 2005.

Getting Better at Our Business

The staff, the Board, and I have put our minds, hearts, and bodies into improving how we do what we do. For the staff and myself, reorganizing the physical space during renovation was a big part of this goal. We want to create a flow and an atmosphere that is comfortable, logical, and looks and feels like a community grocer. To that end we've also invested a lot in training and participation with other cooperatives across the country.

The food cooperative movement, as embodied in the National Cooperative Grocers Association (NCGA), believes that sharing our experience and expertise is critical to making the cooperative model successful in all communities. I have the opportunity to meet with my peers from across the country several times a year, actively and passively soaking in their experience and wisdom, and applying it to our store. In addition to my time with my peers, Rosie Florian, our produce manager, participated in a produce project targeting the 36 Midwestern stores that are part of NCGA, and I think we can all agree that the produce at People's is the best it has ever been. Between outside training and inside commitment, our staff has never been stronger, and deserves much of the credit for the positive changes that you see happening around you at People's.

The Board of Directors has also been working hard to get more educated about the business of cooperative grocery, as well as the best practices for governance of stores like our own. They have employed the help of a consultant versed in our chosen form of governance, and are quickly becoming the enlightened visionary force, as well as the strong oversight presence that will continue to help our organization to achieve our goals. It is a pleasure to serve under such a capable and committed group of people.

Profit

Though we are not in this business to turn a profit, ending the year with money in the bank helps to ensure that we'll be able to 1) keep the doors open, and 2) keep building toward our future. I am excited to report that for the year 2006 we are showing a profit of \$5,646.46, nearly 1% of our total sales (with 1%-3% profit being the generally accepted goal for grocery businesses).

Moving forward...

For thirty-four years we have been setting a stable foundation of growth, profitability, and solid operations. From here we journey forth toward our next step in the process of bringing our community more of what it wants from its cooperative grocer. The Board, staff, many members and I view this next step as an expansion, and between the renovation and the current member structure transition, we are positioned well to do just that. We are forming an aggressive timeline, and hope to be in a new space by January of 2009.

From the Board of Directors

Below, PFC Board President, Hether Frayer, reflects on the challenges and accomplishments of the Board in 2006:

A Board retreat last spring initiated our involvement in the Cooperative Board Leadership Development (CBLD, pronounced *See-build*). Through CBLD, we received 20 hours of phone consultation with a cooperative board expert. Our consultant also worked with us to plan our Board retreat and flew in for the weekend to lead the retreat. She helped us understand more about the complexities of Policy Governance and launched a discussion about our ends. At that point, we dug in and got our hands dirty understanding and re-creating our Ends. Ends are written with a long-term perspective and incorporate our vision as well our reason for existing.

This may sound simple, but it took many months of careful deliberation to come up with the first part of our Ends policy. Our Global Ends Statement now reads: "The People's Food Co-op exists to culture mindfulness and a sense of place in our community because we desire healthy, sustainable, environmentally conscious lives for all people." Continually examining and refining the Ends is the foundation of the Board's work, so this job is never finished. At this point, we would love to hear from members about this Ends Statement. Does this statement capture what the co-op is all about to you?

The retreat was also this year's official starting point of the membership re-structuring plan. We tapped the tip of the iceberg and identified a timeline for creating and presenting a new membership structure. Special thanks to Love Burkett for chairing this committee and keeping the project moving forward. The membership committee consisted of board members, staff, and member/owners. Guided by our CBLD consultant, we started by identifying the values that were important to us in terms of membership structure. With these values in mind, we looked at our current system and described the ways in which our current system is not consistent with our values. The next step involved shaping the new structure, making sure that it would reflect our values. At

this point, we held two member forums to give owners a chance to come and learn about the plan, ask questions, and give input. Finally, with the help of a lawyer, new bylaws were drafted and now await the vote.

It's been a year now since our successful renovation project, which was an important first step in the plan to expand/relocate the co-op. The Board, together with the general manager, Chris Dille, decided to bring in Bill Gessner, and expansion expert. This spring, Bill will spend three days meeting with the Board, general manager, and staff to prepare a solid expansion plan and timeline. Bill will make sure the Board and staff are on the same page and ready to work together to make this important move.

I have truly enjoyed working with all of the amazing and talented individuals who have committed time and energy to making the PFC a better place for our community. Thank you to Jim Brode, Jenny Doezeema, Love Burkett, Kim Patrie, and Sharan Levine who have recently discontinued their service on the board. We appreciate the important contributions you made to our organization. I am fortunate to continue working with Charles Henderson, Erik Benson, as well as appointed board members Doree Lipson and Chris Tower. Thank you carving out time in your schedule to make the PFC Board a part of your life. I am looking forward to the energy and experience that our new board members will bring and am happy to welcome our newly elected members to the Board of Directors.

Finally, I would like to recognize our fabulous general manager. It is inspiring to work with such a capable, clever, and hardworking fellow. He keeps the wheels moving and the gears shifting to keep the "PFC-mobile" driving full-steam ahead. Thank you for putting your heart and soul into the co-op every day.

This is an incredibly exciting time to be involved in the People's Food Co-op. We are always striving to learn new things. Every new bit of information and every new understanding helps us lay the groundwork so that we can continue to build up a solid organization.

Financials

Total sales up 15.2% over 2005 • Net profit of \$5,646.46 (.84% of gross sales)

