

Spiral Natural Foods Co-op Board of Directors Meeting June 6, 2017

Attendance: Stacey Clark, Matt Malecha, Carol Morgan, Alex Mohrbacher, Betty Schiefelbein, Ed Schiefelbein, Sue Taylor
Absent: Lynn Gannon

The meeting was called to order at 6:08 pm. Sue asked for any additions to the agenda. Matt requested that we talk about the Spiral survey that was recently completed. Betty moved and Ed seconded a motion to approve the agenda with this addition. Motion carried.

GM Business

Matt went through the Profit and Loss Statement. May hasn't closed yet, so the numbers will change somewhat before the month closes. Total sales for May were down 8.4%. The meat sale was moved from May to June, which affected total sales for May. Since sales have declined, the amount of product purchased has declined also. Declined sales mean that we will not have to pay out additional dollars to the landlord for a percentage of gross sales. Matt presented the Cash Flow Statement and the Balance Sheet. Spiral is struggling to pay its bills on time, and we are not meeting our sales goals.

Even though there was an 8.4% decline in sales, Matt is operating as efficiently as possible and very lean, which has allowed Spiral to increase its net income. If sales do not increase, there is only so much Matt can do. The gross profit margin determines Matt's efficiency. Matt has dropped the margin in produce to see if sales will increase. Alex asked for an explanation about the capital stock on the cash flow statement. Matt explained that this amount is the addition of 22 new members in May. Matt explained how gift cards affect our Balance Sheet.

Spiral Survey. Matt discussed the survey that was recently conducted of all Spiral shoppers. The University of Wisconsin-River Falls facilitated the survey and analyzed the results. A total of 1633 surveys were sent out, but only 150 were returned. This will give us a confidence level of about 95%. Matt went through the results, and responses were discussed. Price is the biggest dissatisfaction from survey participants, followed by product selection. Cleanliness of the store, friendly and courteous staff, and knowledgeable staff were rated very high. The majority of shoppers who took the survey spend over \$75 per week on groceries, but Spiral is only getting 17% of that amount. Cub is our biggest competitor. Two-thirds of our shoppers only shop once or twice a month. Participants ranked their top changes that would need to be made for them to spend more of their grocery dollars at Spiral: 1) lower prices, 2) improved product selection/variety, and 3) availability of more local products. Matt has reduced the margin on certain items to be more competitive. Respondents are very health and wellness conscious. Respondents tended to be female over 55 years old, single, with an income of over \$75,000. People strongly favor the idea of growing the Co-op during the next five years. Carol suggested

that we go back and discuss the original purpose of the survey, and make decisions on how to proceed based on that.

The Board read and discussed all of the individual comments from respondents. Some of the comments conflict with each other. There were a couple negative comments on the Bare Chicken brand and Matt explained the reason for bringing in this brand. Bare chicken has a shelf life of 14 days, whereas the old brand had a shelf life of 7 days, therefore the shrinkage on it was very high. There was one complaint that coffee wasn't free for all shoppers. Most shoppers love the new location, but some preferred the old location. Some love the parking and some hate it. Matt is planning on conducting a comparison shopping trip to Cub, especially for specific products to make sure that our price structure is good. We talked about selection in the store. There were some comments that the Board could not understand, like too many emails. We only send one marketing email once every other week. We talked about different advertising ideas to reach the greater community. The Board discussed options of getting the survey results to shoppers.

Fawn is going to meet with the marketing person at River Market to get ideas on how to get more people into the store. Next week, she will meet with the marketing person at Just Foods in Northfield. At the end of the month, she will go to the NCG Marketing Matters Conference. Community outreach is the piece that everyone feels is missing. The Outreach Committee will hold a conference call on Monday, June 12, at 6pm. Everyone is welcome to join.

Matt may want to incorporate some survey results into the letter that the Board is planning to send out. Discussion followed on the best way to approach members: a letter versus personal phone calls. Personal calls provide an opportunity to have a two-way conversation, whereas with a letter, you hope they will open and read past the first paragraph. The Board discussed whether we should conduct phone calls, thanking members for shopping at Spiral, and offer a \$5.00 off discount on their next shopping trip. The Board decided that we should do both, a phone call and a letter. The letter will include information on the upcoming meetings.

Articles of Incorporation and Bylaws. Leslie provided a modified version of these documents for the Board. Everyone agreed that this will be our final version. Sue moved and Ed seconded a motion to accept the changes made by Leslie and proceed with this as the final version to present to Spiral Owners. Motion carried.

The Board will hold two informational meetings to inform owners about the changes to the Articles of Incorporation and the Bylaws. These meetings will be held on July 11 and August 8 at Health Solutions Center at 6pm. Flyers for the Informational Meetings will be finalized and printed. Betty will submit a press release about these meetings to the Hastings paper.

Board Directors Applications. Betty will modify the Board of Directors Application, and drop off printed copies in the store.

Matt's Contract. The committee finalized Matt's contract, and presented it to him. Matt did not make any changes, and has signed the contract. Sue will sign the contract as President. Stacey moved and Ed seconded a motion to approve Matt's contract as presented. Motion carried.

Member Loans. Matt reported that a letter will go out to the five members whose loans are due. The letter will state that Spiral is not in a position to pay back their loan at this time.

July Meeting Preparations. Sue and Matt will work on the presentation for the upcoming informational meetings. We need to come up with talking points about why we are modifying our Articles of Incorporation and Bylaws. The main one is to bring them into compliance with Minnesota law. The modifications will also allow other avenues of income, as well as open up membership to businesses.

Newsletter Articles. The Board needs to keep submitting articles for the e-newsletter. Alex is working on a sign-up spreadsheet.

Farmers Market. Lynn will staff the Spiral table at the Farmer's Market on June 24th. Alex has a tent, and Carol has table and chairs. It would be best to have at least one person for each Saturday. Matt will fill out the form and return it to Bea Westerberg. There is a \$10 fee for each Saturday we attend.

Fawn will submit a press release to the Hastings paper on the recent "Round Up" campaigns.

Hastings Rivertown Days Parade will be on July 23rd. Matt is already getting product in. Fawn and Matt will work on a marketing piece.

The next meeting will be held on July 11th at 6:30 pm at Hastings Health Solutions Center, immediately following the Informational meeting.

Alex moved and Betty seconded a motion to adjourn the meeting. Motion carried. The meeting was adjourned at 9:06 pm.