

# erootstock

the newsletter of the Belfast Co-op



## 2019 Annual Report

A look back at our year

### Updates from the Board of Directors

Committee reports,  
news, and updates

### How did we do?

The Co-op's Ends  
statement illuminated

## On Board Service

Heather Selin - Board President



When my husband Dave and I moved to Waldo County in 2007, one of the most important draws to the area was the Belfast Co-op. As newcomers starting an organic farm, we walked into the Co-op to find friendly and knowledgeable staff, like-minded people, and a vibrant market for local food. We immediately knew we had chosen the right place to call home.

It took me 11 years to move from being a Co-op owner to joining the Board. Just a year or so later (and only through considerable wheedling) I became president of the Board. I took on these responsibilities because I felt I owed it to the Co-op for making my little world a better place. I didn't realize the rewards I would reap from playing a more active part in a community of intelligent, committed, fun and creative people who serve on and support the Board.

It's one thing to know abstractly that "money spent at the Co-op stays in the community." It's another to see in-depth how the Co-op's management, board, owners and workers actively ensure that the money spent at the Co-op does stay in the community.

A dollar spent at the Co-op passes through numerous hands in our community, numerous times, with a benefit to all. Compare that to products bought through Amazon, where perhaps the only local beneficiary of a purchase is the underpaid delivery person. And no smiling employee who probably knows your name, and who asks - and actually cares - about how your day is going!

The Board has continued to focus this year on how the Co-op can sustainably grow in order to contribute even more to a thriving community. With the General Manager, we have strengthened the Co-op's readiness by eliminating and reducing discounts that we could not afford to provide, proposing revisions to the Co-op's bylaws, strengthening the Co-op's equity structure, and educating ourselves on expansion processes. The General Manager has led staff to achieve expanded sales and operational efficiencies. All of these actions have brought our financial indicators closer to where they need to be to make expansion a reality.

I want to express my gratitude to Doug Johnson, our General Manager, who invests so much of himself not only in keeping the Co-op ship afloat, but in keeping an eye out toward broader horizons and helping us avoid icebergs. I thank the Co-op staff, who perform their not-always-easy tasks with creativity, good humor, and pride. And I thank you, the Co-op owners, for investing in this unique community institution through your equity and patronage.

Serving on the Board requires time and commitment. I won't say that it is easy. I am grateful to those who have served on the Board - present and past - and invite other owners to step up to the next level of investment in our Co-op by serving on the Board or on a Board committee in 2020.

Questions and comments for the president may be sent to [bodpresident@belfast.coop](mailto:bodpresident@belfast.coop) or to the full board: [board@belfast.coop](mailto:board@belfast.coop)



### BOARD OF DIRECTORS

Heather Selin  
*President*  
Crystal Howard-Doliber  
*Vice President*  
Annie Bussiere  
*Secretary*  
David Balicki  
*Treasurer*  
Ernie Cooper  
*Board Director*  
Evans Goff  
*Staff Representative*  
Alessandra Martinelli  
*Board Director*  
Edward Sheridan  
*Board Director*  
Andrew Watkins  
*Board Director*

Founded in 1976, Belfast Co-op is Maine's oldest cooperatively owned and operated grocery store and cafe. All are welcome. Rootstock is the Co-op's newsletter, free to all, produced by the Co-op and printed by Collective Copies. Inquiries may be sent to [marketing@belfast.coop](mailto:marketing@belfast.coop)

### Newsletter layout & Photography

Jamie Cermak  
**Report Graphics**  
Doug Johnson & Jamie Cermak

### MANAGEMENT TEAM

Doug Johnson  
*General Manager*  
Carisa Carney  
*Marketing Manager*  
Rosemarie Diederick  
*Accounts Manager*  
Naya Flanzala  
*Human Resources Manager*  
Jeremy Peskoe  
*Store Operations Manager*

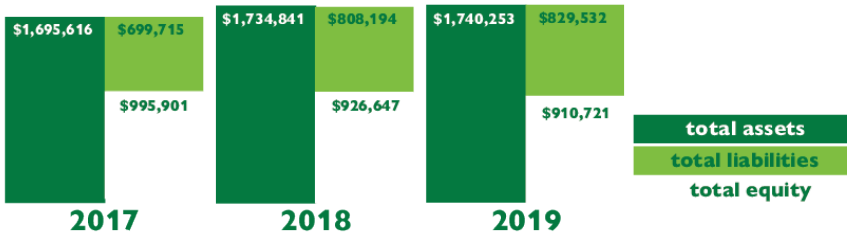
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## assets, liabilities, and equity



## 2019 Finance Report

David Balicki - Board Treasurer

[bodfinance@belfast.coop](mailto:bodfinance@belfast.coop)

The Finance Committee, chaired by the Board Treasurer, convenes monthly on the Friday before the Board of Directors meeting. The Finance Committee meets with the General Manager to review current financial reports and matters that impact the financial health of the Co-op. Committee membership is a mix of current Board members and other Co-op owners with an interest in helping to ensure the Co-op remains on firm financial footing. The Committee considers each year the report of the annual financial review undertaken by an outside accounting firm. This year, the Committee began to review the Co-op's credit card portfolio evaluating and ensuring the maximum value of return is being rewarded for the activity and loyalty as a result of the Co-op credit card usage. In recent meetings, Finance Committee members have discussed matters such as appropriate financing for future investment in certificates of deposit, equipment maintenance costs, as well as the positive impact from changes to the equity structure and discount programs.

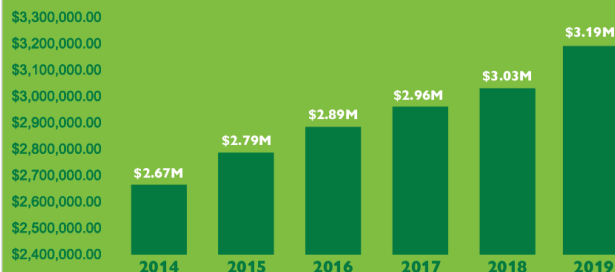
## total gross revenues

FY 2018  
\$8,613,828

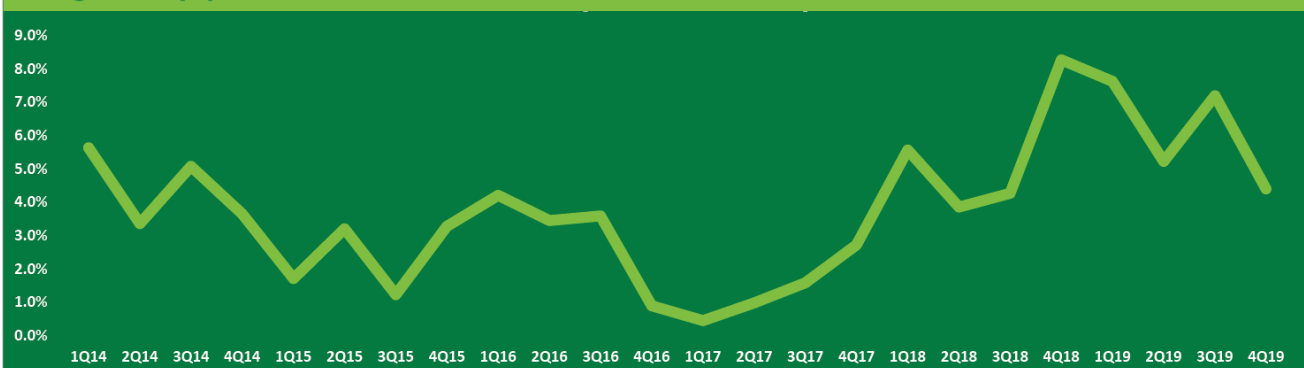
FY 2019  
\$9,235,637

Discounts	(\$286,266)	(\$233,094)
Cost of Sales	(\$5,408,166)	(\$5,752,647)
COGS + Supplies - Rebates		
<b>Total Gross Profit</b>	<b>\$2,919,396</b>	<b>\$3,249,896</b>
Personnel	(\$2,338,457)	(\$2,518,264)
Operations	(\$350,052)	(\$372,064)
Occupancy	(\$163,887)	(\$154,378)
Administrative expenses	(\$93,680)	(\$103,545)
Depreciation	(\$73,269)	(\$68,978)
Governance and Education	(\$44,987)	(\$37,268)
Promotions	(\$22,690)	(\$24,956)
<b>Total Operating Expenses</b>	<b>(\$3,087,022)</b>	<b>(\$3,279,453)</b>
Abandoned Equity	-	\$100,000
Owner revenues (fees)	\$38,976	\$7,990
Other income	\$32,589	\$7,204
Patronage Dividends	\$10,287	\$12,429
Loss on disposal of equipment	(\$2,287)	(\$8,986)
Other Expenses	(\$8,855)	(\$32,411)
Interest	(\$16,225)	(\$18,120)
<b>Total Other Income &amp; Expenses</b>	<b>\$54,485</b>	<b>\$68,106</b>
Taxes	\$18,360	(\$11,000)
<b>Net income</b>	<b>(\$94,781)</b>	<b>\$27,549</b>

## local net sales by year



## sales growth by quarter



# Owner Engagement

## Board Committee Report

[boardmembership@belfast.coop](mailto:boardmembership@belfast.coop)

The Belfast Co-op Owner Engagement Committee consists of interested board members, and co-op members who work together to create a positive experience for our owners, attract new owners and encourage existing owners to understand the importance of their ownership and the role they play in supporting our co-op.

Owner Events are organized to provide information on aspects of the cooperative world of which we are a part and provide Owners an opportunity to interact with the Board. In 2019 we organized an Ice Cream Social which provided a popular opportunity for owners and others to converse with Directors. Members of the OEC are also working on the Co-op's History Project, collecting materials that document the 44+ years of the Co-op's past. Thanks to the generosity of the Belfast Historical Society, these materials will be archived at the Museum. For the coming year we plan on holding a more diverse array of events designed to reach out to the greater Belfast Community, including an Co-op sponsored Trivia Night at the Front Street Pub.

The Owner Engagement Committee remains responsible for planning the agenda of the Annual Meeting. For the past few years, collaborating with the Co-op's Marketing dept, we have tried a few different formats to increase attendance. The past two years we have held

the meeting in the United Farmers Market in combination with Common Cents group tabling and elections at the beginning.

Owner Engagement also oversees the Annual Elections, and in the past two years (due to the use of online voting) has seen a marked increase in voter turnout. Annual Elections will begin at the end of the Annual Meeting, March 1st.

In years past, members of the Co-op could be working members and spend time being an integral part of co-op daily life. Unfortunately, due to our interpretation of state regulations, owners can no longer volunteer for certain activities at the Co-op. One task of our committee is to find other ways for owners to participate. Here are a few opportunities to become a more active member:

- Vote in annual elections
- Become a board member
- Participate in surveys
- Provide customer feedback
- Attend the Annual Meeting
- Join a committee or working group

Owner Engagement Committee meetings are held the 3rd Thursday of each month. We welcome your energy and input. Come sit in on a meeting to find out more or contact us!



Voting for the next round of Board candidates begins March 1st at our Annual Meeting and will continue in-store and online until quorum is reached.

The election of 2019 had the biggest turnout and fastest quorum of any election in Belfast Co-op history. Over 17% of the owners voted, most were online and 80 voted in paper. 782 (17.6%) of 4433 electors voted in this ballot.

**Belfast co+op**  
**BOARD**  
*of directors*

We're always looking for new folks to join committees with potential greater board involvement as time goes on.

# Board Development

## Board Committee Report

[boddevelopment@belfast.coop](mailto:boddevelopment@belfast.coop)

"The Board Development Committee is responsible for ensuring the effectiveness, perpetuation, training, and education of the Board, and the accountability and transparency of its policies and processes" -from the committee charter that guides our efforts. We work to fulfill these aspects through monthly meetings and reporting back our findings and/or making recommendations to the board at large on how to proceed.

We also look at educational opportunities to improve the ability of the board to lead successfully. This takes on many forms. One of our long term discussions has been about our onboarding process and specifically "how could we be more effective in getting new board members up to

speed?" Other opportunities take the form of sending members to conferences like CCMA (Consumer Cooperative Management Association) or looking into other training programs. Every event and training opportunity is evaluated by weighing the cost and benefits to the board.

Board Development also plans the annual retreat for the board where the whole group focuses on a specific set of topics to either gain clarity on how to proceed, or further our institutional understanding as a group. With only one retreat a year, assuring we use the opportunity effectively also generates a fair amount of discussion and debate.

We've accomplished quite a bit this year. This year we drafted the "Belfast Co-op

Board Guidelines", which exists to be an informal document designed to capture and guide the practices of the Board of Directors. There has been a lot of great discussion and plans implemented in regards to board member recruitment for the future. We also re-evaluated and revised several of our governing policies for clarity and effectiveness.

Looking forward, our committee will continue to look at improving the onboarding process for new directors- an aspect of our group with one of the biggest opportunities for growth. We also continue to develop and revise the Board Guidelines: a great tool for mutual understanding and functionality for the group as a whole.

# Co-op Expansion

## Board Committee Report

[expansion@belfast.coop](mailto:expansion@belfast.coop)

The Co-op held an Expansion Forum in January of 2019 to present an overview of the expansion process, related financial calculations, and to solicit owner input. The options, as they stand, would be to build a brand new store in the parking lot in front of the old store, to renovate and expand the existing store, or to relocate the operation to another site in town.

Owners and the larger community prefer we stay in our current location- we have been focusing primarily on the first two options. In the Spring we asked a few architectural firms to give us proposals for building a new store. In May we met with one firm to review and discuss their proposal for new construction. Part of the motivation for expansion, besides our ever-increasing

sales, is the fact that our building is old, and the costs of maintenance and repair continue to mount. With that in mind, we have also begun soliciting proposals for an engineering analysis of the store. Thus far we have received two proposals; we would like to see a third before selecting a firm to undertake the assessment. With this information we will have a good idea as to how much it would cost to renovate the existing store. No formal decisions have been made, as the store continues to focus on internal readiness and we focus on board readiness.

As part of our research this year, the committee surveyed numerous other food co-ops to hear their expansion stories, and to learn their approaches to funding and managing a large project.

The process caused us to rethink how our Expansion Committee is structured. Three members of the committee also attended Co-op Café, a day long gathering of co-op staff and directors from throughout New England, and were able to see and hear firsthand about other co-ops that have recently undergone expansion.

The Expansion Committee would like to acknowledge and thank the owners who participated this year -- thank you especially to Jim Peary and Polly Shyka for being active committee members and to all of those who joined us at meetings and forums. While we reflect on this past year, we look forward to having more to share with the community soon. Stay tuned!



# our ends\* illuminated

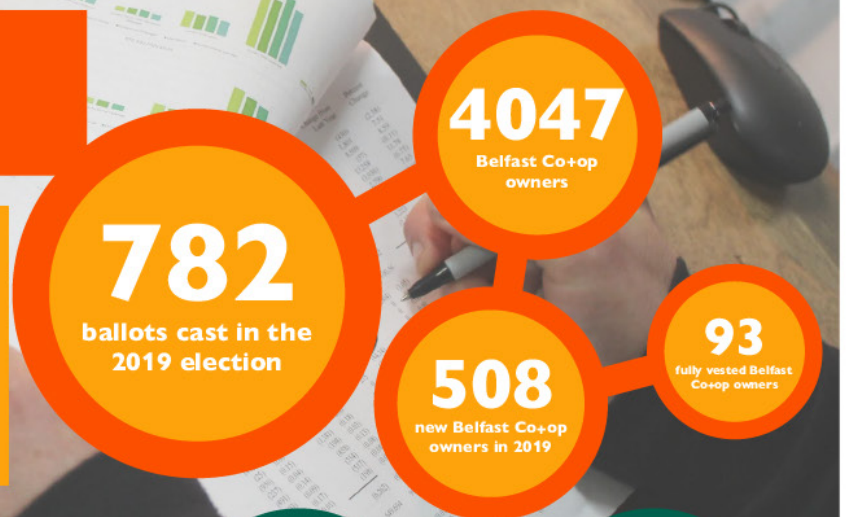
## 1. A thriving, just and sustainable local food economy



## 3. An efficiently managed, democratically governed, inclusive cooperative enterprise

From the International Cooperative Alliance Cooperative Identity, Values, & Principles:

*"Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner."*



## 5. An invested, engaged and empowered staff that thrive in a safe, respectful, inclusive and equitable workplace.





The Belfast Co-op exists so that our member-owners and our community will have:



\*

The act of describing a cooperative's most fundamental reasons for being creates what are termed "Ends statements" under Policy Governance\*. A principal aspect of the Policy Governance approach is that the board should focus on defining the co-op's Ends and on formulating policy that ensures progress toward those Ends. <https://www.grocer.coop/library/wikis/38592>

# The Importance of Storytelling

Doug Johnson - General Manager

[doug@belfast.coop](mailto:doug@belfast.coop)



If you hung around my office for any significant amount of time you would notice that I talk a lot with my staff about the importance of storytelling. Sometimes the difference between customers choosing to support their local co-op by buying their organic rolled oats here or purchasing the same product from the conventional grocery store down the street comes down to the story that we tell. Why does it matter? What is the difference? If we are not willing to tell the story of why our business is fundamentally different than other competitors, we lose our cooperative advantage.

Let me tell you a story about 2019: This year your Co-op grew the impact we make in our community. In numerous ways, we built upon our long history of meeting the needs and aspirations of our co-op workers, owners, and shoppers. The fiscal year began with an increase in our starting wage for new workers, from \$10.50/hr to \$11.25/hr, and the introduction of a new wage scale to accompany the increase. This increase brought our co-op close to our goal of 100% of

staff being paid a Livable Wage based on a model developed by a number of co-op professional consultants. Our Co-op has been working diligently over the past few years to create a welcoming employment environment to attract and retain a crew of talented and dedicated workers. In January we saw an unexpected 40% increase in our health care premiums, accelerating the pressure between falling margins and rising personnel costs. Despite those significant increases we have been able to keep our total labor as a percentage of sales to 27.4%, up from 27.2% in 2018.

We also began our fiscal year with the Co-op's first-ever full audit of its financials. We contracted auditors from Wegner, CPA- a firm that specializes in food co-op accounting best practices. We welcomed them to work with us to peel back the layers of 43 years of our co-op's finances. The Accounts team and I were anxious to see what was uncovered, confident but cautiously aware of the possibility that there were skeletons in the closet that we were not aware of. I am happy to report that aside from a few small procedural

recommendations everything was in order, a testament to those that came before me and shouldered the weight of complicated co-op finances for four decades.

In January the Board of Directors and I implemented a new equity structure, increasing the full equity requirement from \$60 to \$200 and doing away with the \$15 annual administrative fee. I will not go too deep into the reasoning behind this change, as I have written a number of articles throughout the year laying out the need to make the change, but I will say that I am happy to report that we currently have 96 owners that are fully vested in their co-op! I had so many great conversations with owners about the equity change, hearing concerns and being able to make the case that this change will help us position our organization for future growth. I am so thankful for the love, passion, and dedication to our co-op that all of our owners bring to the table.





Along similar lines, we made a significant change to our discount structure in April. After careful consideration and assessing the future sustainability of our discount programs we made the bold choice to eliminate the senior discount and reduce the CORE discount.

Neither of these decisions was made lightly or without careful consideration of the consequences. Though more contentious than the equity change, I was still overwhelmed by the support that I received from owners in our community that were in favor of doing what needed to be done to ensure that the Co-op will thrive in the years to come. By making this change we were able to reduce discounts by over 40% and bring our co-op enterprise closer to profitability.

Future expansion still loomed large in co-op discourse this year, though the focus has moved away from alignment around a single concept and is now centrally focused on determining the feasibility of any concept. Both the Board and I agree that there is market feasibility and that we have done much over the last few years to bolster our

internal readiness, however, there are still questions about financial feasibility that need to be answered before being able to move forward. To that end, I have recently contracted with the NCG Development Cooperative to assist us in moving our efforts to the next level.

We identified early on in the year that inclusion was a topic that we wanted to explore head-on. What are the barriers that keep our neighbors from coming to their local co-op? Some, like high prices and exclusivity, were perceptions that we were already well aware of and had been battling for a number of years. The introduction of the Co+op Basics line of quality products at affordable prices, our adoption of the Farm Fresh Rewards program, and the development of our CORE (Cooperative Ownership Reaching Everyone) program have all been effective tools implemented in the recent past to make the Co-op a more welcoming and inclusive place. In 2019 we started looking more closely at the physical barriers that make our store inaccessible to shoppers with physical disabilities, most notably our lack of automatic doors and the absence

of an ADA compliant restroom. I made the decision to prioritize these shortcomings and am happy to report that as of the end of the fiscal year with the completion of both projects our store is now a more accessible and welcoming place.

So what was the story of 2019 at your Co-op? I believe it was one of transformative decision making and deliberate action to better serve the immediate and future needs of our community. We wrestled with many challenges but also experienced great success. Thank you to everyone that played their part to make this past year so prosperous for the Belfast Co-op. Without your ongoing support, it would not be possible to provide all that we offer and there would be no story to tell.





## Marketing Year in Review

Carisa Carney - Marketing Manager

Today, more than ever, marketing and outreach is a much needed component to a successful business. It is the creativity and communication that supports the operations of the Co-op. Our role is to develop the ways in which we can reach our shoppers and greater community, while serving our owners as well.

When I took on the Marketing Manager position in 2017, the Marketing department was represented by a 2 person team. Currently, our department supports four employees: A Marketing Manager, a Community Engagement Coordinator, an Ownership Administrator, and in late 2019, we added a Marketing Assistant. As a team we promote the Co-op's brand through mission driven marketing. Our

department has a strong team focused on the success of the Co-op. We are somewhat unique in that we have a team of four people, doing four very different jobs. I like to think that speaks to the complexity of marketing and that it's not just making signs or advertising. We take on many roles inside and outside of the co-op to support the cooperative principles and values. In 2019, we were part of the communication and aesthetics for our new vestibule, facilitated the abandoned equity project (see the Jan/Feb newsletter), helped the store achieve record breaking sales numbers, and helped to raise more than \$43,000 for our Common Cents program participants!

Outside of the Co-op we hosted 18 classes, sponsored 65 events, participated in food insecurity and community action programs and meetings, and partnered with 82 local

organizations to provide donations and support, and hosted 12 local artists in our cafe. Inside of the store, marketing plans our annual events like Summer Jam, Owner Appreciation Week, Love Local Day, Annual Meeting, Common Cents nominations, and on-going demos.

One of the biggest challenges we face is providing a space for the community for events and gatherings. In summer of 2019, largely made possible by donations from our local neighbors, we were able to construct a community courtyard space. Look for a schedule of events and activities in 2020.

Our department strives to add value to everything the Co-op does. In 2020, we are working on meeting the needs of our community with a variety of offerings and continuing to create a welcoming environment for everyone.

### Common Cents for March



Belfast Community Works

"We are working to create a shared community center for makers, tinkerers, and dreamers of all ages to encourage connections throughout Belfast and beyond. We host the Belfast Repair Cafe, a band of "fix-perts," all volunteers, who come together every couple of months to lend their expertise and repair broken items for free."

### Common Cents for April



Coyote Center for Carnivore Coexistence and Ecology

"Our mission is to enhance awareness of the value of carnivore presence on our planet by providing a wide range of creative, educational and research experiences for the people of New England, focusing on carnivores, their habitat, and their relationship to us."



# HR Year in Review

Naya Flanzala - HR Manager



The HR department works largely behind the scenes, supporting the Co-op by creating and maintaining infrastructure that allows the business to function smoothly either by performing administrative functions that keep the organization in compliance with various regulations, or by identifying structural hurdles and facilitating communication around solutions. Often, this means that HR's greatest achievement is the success of others, making "what did you do this year?" a difficult question to answer.

Since I took on the position of HR Manager in 2017, I have been primarily running the HR department solo. This has led to a lot of hard decisions about where to focus my time and energy - am I looking to plug the immediate hole, or reinvent the structure that is prone to springing leaks? As our Co-op moves ever further in the direction of long-term sustainability, I have been focusing on creating a HR department that is better suited to meeting both immediate and long-term needs. Sustainability in this

case means not only meeting compliance and personnel needs, but also creating clear systems and setting realistic expectations of HR time, and the amount of labor needed to consistently deliver excellent service. I'm proud to say that we've made significant progress in this direction - this June, we added a part time assistant position to HR to facilitate hiring and administrative functions, allowing consistent attention to be paid to those areas regardless of other store happenings.

In response to needs indicated in our bi-annual all-staff survey (facilitated by HR, conducted by Columinate, a consulting cooperative), a great deal of this attention has been oriented toward inter-staff communication structures including furthering utilization of a workplace communication app (called Beekeeper) implemented in late 2018, and formalizing the use of initiative proposals to better facilitate conversations about feasibility of implementing staff suggestions (the

initiative form and process were also the result of a staff suggestion).

In August of 2019 the HR department hosted a worker forum to discuss an upcoming change to the Co-op wage scale and compensation schedule, and wrapped up the Fiscal Year by coordinating the logistics of implementing that change. Not all of the work that we've done in the past year is visible to the naked eye (I think it's a sign of HR success when you have to know the function to identify its presence). Our work shows in a consistent year-over-year improvement in retention and morale, and in the presence of a work culture that is increasingly bold: taking big leaps in changes to infrastructure, being willing to have hard conversations, and being able to take joy in moments of silliness and small success.



## MARCH - APRIL CO-OP ANNIVERSARIES

John Spinney	3/1	19 yrs
Jenn Hall-Dumont	3/22	19 yrs
Cheryl White	3/25	18 yrs
KelLee Gray	3/25	5 yrs
Ashleigh Russell	4/9	7 yrs
Leslie Peters	4/19	7 yrs
Mike Curtis	4/26	7 yrs
Carisa Carney	3/18	4 yrs
Evans Goff	4/19	4 yrs
Kyle Kunesch	3/28	3 yrs
Jamie Cermak	4/17	2 yrs
Erik Olsen	4/17	2 yrs
Christy Parker	4/30	1 yr



## Operations Year in Review

Jeremy Peskoe - Store Operations Manager

Overall, 2019 was a great year with strong financial performance, likely due to a renewed focus on key indicators, as well as incorporation of financial literacy and communication for all staff within each department. The Operations management team is one of our strongest assets, playing a critical role in the changes so far, as well as the inevitable and continuous cycles of change and improvement to come. I feel extraordinarily confident due to the deep line up of talent in the management team and beyond. See who makes up the Operations Team and our current organizational structure on page 11.

The aging building is still the most present and pressing challenge, as each incident comes with the very real risk of more serious and expensive repairs.

We made several significant changes to our wage processes in the last year, all of which appear to be having the intended and positive effects. Our livable wage models have brought the starting wage to well ahead of the impending State minimum wage requirements. Additionally, we moved to a more concise system of annual

wage increases, weighted to the entry level tiers. Now all staff and managers can plan more effectively by knowing when and how much wage increases will be.

Even with meaningful and across the board increases to compensation, our overall labor to sales ratio has continued to improve and ended the year ahead of the goals set by the expansion project pro forma. This is due to improved systems for tracking and budgeting labor, as well as increased efficiencies in direct work processes. Sales also ended the year in healthy fashion with a year over year growth of 6.4%. Refrigerated and Frozen subdepartments had the largest increases with 10% and 14% respectively. See the full finance report from our Board's Finance Committee on page 3.

Structurally, we continue to squeeze out as much as we can from the existing facility, while balancing costs against the timeline and likelihood of a new store expansion. Generally, we have found that investment in the current structure tends to reap immediate to mid term rewards, and has been well worth the expense.

The new front entrance being the most visible of these projects and I suspect will likely pay for itself in heating oil savings long before we move or expand. Bathroom expansion was another long time in the making, and one of the accomplishments this year for which we are most proud.

Operations plans for 2020 are to build on the improvements and momentum from 2019, continually improving systems, process, and financial health in order to better position the organization for expansion and to continue to serve our co-op community of shoppers and owners.

