

Middlebury Natural Foods Co-op Long Range Plan



The Co-op member-owners, customers, and the community benefit from:

- Healthy foods
- Vibrant local economy
- Environmentally sustainable and energy-efficient practices
- Cooperative democratic ownership
- Education about the above

Our ENDS statement (above) answers the question—Why does the Co-op exist? The ENDS statement is a policy written by the Board of Directors to set the direction for the Co-op. Staff are responsible for the MEANS or the activities moving us down that path toward the ENDS.



Background

Over the years, the Middlebury Natural Foods Co-op has grown steadily—from its 1970s roots as a pre-buy club to today’s storefront with over 4,200 member-owners. Towards the end of 2013, the Co-op purchased a small adjoining parcel of land. With this new option for the Co-op’s future, the Board and Management decided the time was right in 2014 to undertake an extensive planning process before making any major decisions. A key part of this planning was to hear from the Co-op community, including member-owners, producers, staff, and area residents.

- **Phase 1** (spring): Listen to community members through a series of Co-op Conversations.
- **Phase 2** (summer): Analyze and collate information from Phase 1 and use it while drafting our Long Range Plan.
- **Phase 3** (fall): Share this Long Range Plan with our community and ask, “Did we get it right?”

This past spring, the Co-op general manager facilitated a series of 17 **Co-op Conversations** in small settings in towns throughout the region. Over 150 people participated in the small groups and the Co-op received an additional 45 written comments. The Conversations included a presentation by the general manager summarizing the history of the current store and the new property. He also talked about the Co-op's ENDS, why they are important, and the current challenges to achieving them. After this introduction, participants shared their concerns and visions for the Co-op's future. As an integral component of Phase I, the Co-op initiated public information efforts that will continue throughout the entire process. These include a special in-store display area related to Co-op Conversations, a short video showing some "behind-the-scenes" challenges, continual blog postings, and an interview with the general manager on MCTV. All of the information is available on our website by clicking on **Co-op Conversations** at the top of the page.

Following is our **2014 Long Range Plan** currently being discussed among the Board and Management. We present it here for your review. We would love to hear your comments on our plan via one or more of these methods of communication:

- Ask questions and give feedback on the plan at another series of one-hour meetings we'll be hosting at the Co-op: Wed. Oct. 29th at 5:15pm Sat. Nov. 1st at 10am
Wed. Nov. 5th at 5:15pm Sat. Nov. 15th at 10am
- Drop comments at the display in the store.
- Post comments at <http://co-opconversations.blogspot.com>.
- Contact the general manager, Glenn Lower, at gm@middleburycoop.com or call 388-7276.

Middlebury Natural Foods Co-op 2014 Long Range Plan

To better meet our ENDS and thus the needs of our member-owners and community, the Co-op will accomplish three goals over the next three to five years.

Goal #1 The Co-op will provide the best quality products and services, and contribute effectively to a vibrant local community by:

- Adhering to our strict Buying Criteria, above all emphasizing locally and organically grown foods
- Continuing to focus on friendly and knowledgeable customer service
- Adding retail space in the Bulk, Cheese, Meat, Seafood, Deli, and Dairy departments
- Adding a second customer restroom
- Expanding café seating
- Improving efficiency in our checkout area and adding a customer service desk
- Increasing customer aisle space to reduce congestion
- Improving parking, traffic flow, and delivery space
- Promoting a relaxed environment for customers not just to shop, but also to meet and visit
- Employing state-of-the-art digital technologies to improve service quality and customer experience wherever possible

Key Strategy: To achieve this goal, we will explore expansion opportunities on our current site.

Since the Co-op's inception, quality products have been a top priority and they will continue to be. Our strict Buying Criteria emphasize, above all else, locally and organically produced food. We will continue with our successful efforts to work closely with local agriculture and food producers, and we will build and support a strong network of farmers, cheese makers, bakers, apiarists, granola and maple sugar makers, and other food producers. We will do our part to help Vermont agriculture thrive by encouraging, supporting, and enabling farmers to feed our community.

Customer service will also continue to be a top priority. We will do our best to provide friendly and knowledgeable customer service by hiring and training excellent staff and providing them with the opportunity to build meaningful careers at the Co-op.

In response to member-owners' requests, we will expand our products in the Bulk, Cheese, Meat, Seafood, Deli, and Dairy departments. The Bulk department will increase bulk bins and space for packaging, the sustainable Meat and Seafood display case will be doubled, and the Dairy cooler expanded. The Deli department will expand its counter space and kitchen to accommodate a growing line of freshly made products.

In addition, we will offer increased services: a sorely needed second customer restroom, an expanded café seating area, more efficient checkout, a customer service desk, wider aisles, and a better designed parking lot. These improved services will enhance the Co-op's community atmosphere and help create a pleasant shopping experience. At the Co-op, you can visit with old friends and hopefully meet new friends in relaxing surroundings.

In order to be able to offer these services and an expanded product line, we will need to expand our store. Presently the square footage of the retail store equals 6,000 square feet. With the purchase of the adjacent property last December, we are potentially able to expand the store by about 50% in size.

An expanded product line means larger deliveries and an increased need for backroom storage. Part of our expansion would therefore be dedicated to increased space in the backroom so that products can be received and stored safely and efficiently.

Promotional sales will continue to be important to providing quality products to our customers at fair prices and to staying competitive. Promotional sales can only be offered if we are able to buy in large quantities, and additional space is also needed for displays of special sales. An expansion will provide the extra storage space necessary to supporting sales.

These expansion opportunities will be supported and extended by upgrading and expanding the Co-op's digital information and communications systems, thereby increasing efficiency, transparency, and the MNFC experience for all stakeholders.

By being the best Co-op we can be, we will continue to contribute to a vibrant Addison County community. We envision the Co-op as being central to the local food community—both as a store where member-owners and other customers can purchase healthy local foods and as a meeting place where people are comfortable and have the space to connect and interact. An expansion of the Co-op—both in terms of the store space and our services and outreach—will help bring us to this next level.

Goal #2 The Co-op will improve access to healthy foods for an increasing number of people by:

- Keeping prices low and offering a strong sales program
- Purchasing in volume to keep costs down (requires additional backroom space)
- Increasing participation in the Food-For-All program
- Supporting our community food shelves
- Supporting emerging natural food buying clubs and co-ops in other community locations
- Creating a space for educational classes on nutrition and healthy food preparation
- Increasing education about purchasing cost effective, healthy foods, such as in Bulk
- Exploring our potential to use web-based communication tools to add value, service, and education
- Expanding the quality and scope of our digital communications systems to increase accessibility and interactivity across a growing number of outreach and educational activities
- Promoting our cooperative values

Key Strategy: To achieve this goal, we will provide healthy foods at fair prices. In addition we will provide a variety of educational pathways for member-owners and others to learn about healthy living.

Quality food must not be limited to those who are affluent. Healthy food improves the overall health of a community; therefore, the Co-op will provide access to quality food to as many members of the community as possible, regardless of their socioeconomic status.

To this end, the Co-op will offer more quality foods at fair prices through a stronger sales program. As noted previously, this will require buying in volume to decrease costs, thereby necessitating expanded space for receiving deliveries, improving backroom storage, and retailing sale products.

We will also expand our Food-For-All program, which provides individuals and families who qualify for federal food assistance programs with 10% off their shopping every day. We will continue our partner arrangement with CVOEO to help people sign up for our Food-For-All program even if they aren't currently using federal programs.

We will work more closely with our local food shelves and other like-minded organizations that support a well-functioning local food network. In addition, we will increasingly engage our community about healthy food access by supporting emerging natural food buying clubs and working with sister co-ops in our region.

We will markedly improve our efforts to educate ourselves and others about healthy foods in general and the challenge of bringing healthy foods to all people in Addison County in particular. By providing educational experiences for people to learn about healthy living both at the store in a new classroom space, and in collaboration with other partner organizations in the community, we will increase engagement and awareness. We will offer classes on purchasing, producing, storing, and preparing foods, making sure to not serve a limited group of people, but instead reach out to the whole community.

A significant aspect of our increased outreach will be an improved website and a growth in other forms of electronic communication, such as social media. These tools are an effective and efficient means of reaching an ever widening audience with a growing interest in healthy foods and healthy living. They also enhance our ability to further promote our cooperative values.

Goal #3. The Co-op will be fiscally and environmentally sustainable by:

- Transitioning from a member discount to a patronage dividend system
- Seeking out local funding
- Improving staff efficiency
- Continuing to provide a healthy work place for staff
- Improving our energy efficiency
- Increasing our use of renewables
- Reducing waste
- Improving the efficiency of our information technology systems

Key Strategy: To achieve this goal, we will explore transitioning to patronage dividends.

For the past several years, the Co-op has averaged a net profit of 2 cents for every \$1.00 of sales to customers or member-owners, or a 2% net profit margin. This past year the Co-op is hitting our peak in

efficiency with a net profit of \$351,717 on total sales of over \$12 million. That money is reserved for future Co-op projects to improve services for member-owners and the community. In addition, we have been able to pay off most of our debt for the 2004 expansion and new building.

If we want our Co-op to prosper for years to come, if we want to be able to support an effective educational program, if we want to be a strong community player in the local food network, and if we want to pay our staff appropriate wages and benefits for a job well done, we need to be able to finance our endeavors without placing ourselves in a financially precarious position. An expansion would need to be planned and financed thoughtfully. We are determined to look for ways to reduce our financial risks; therefore, we will seek to rely on local funding sources as much as possible.

To this end, the Co-op has a great opportunity to use its cooperative structure to save money on long range developments by transitioning from our present member discount structure to a patronage dividend system. The dividend system requires the Co-op to pay member-owners their dividends at the end of each fiscal year rather than providing a discount on each shopping trip. The dividend amount will depend on our profits made during that year, thus minimizing financial risk. This change requires an amendment to our by-laws, and must be approved by a vote of the member-owners. One of the many benefits of this process is that member-owners will come to better understand how co-ops truly are community owned. More than ever they will see themselves as member-owners, enjoying member-owner benefits while shouldering member-owner responsibilities. More in-depth information on this potential transition will soon be available to all member-owners.

The increased flexibility in fiscal planning resulting from patronage dividends will enable the Co-op to make advancements in more environmentally sustainable infrastructure and business practices. Our decision in 2004 to stay in our downtown location was an excellent one, both for maintaining the vitality of our small downtown and for confronting the challenges now and in the future related to the use of non-renewable fossil fuels. Energy efficiency is a good investment in every way, and the Co-op is committed to being a community leader in this area. The Co-op will demonstrate what community-owned businesses can do toward creating a sustainable future by utilizing opportunities to be more energy efficient and reducing other forms of waste.

Up-to-date and scalable information technology and digital communications systems will create cost-efficiencies in multiple areas of the Co-op's operations, both now and in the future. They will increase the efficacy of our core capabilities and create new capacities without contributing to the Co-op's carbon footprint.

Conclusion

As the Co-op's 40th anniversary of incorporation approaches in 2016, we take this opportunity to reflect on the changes it has undergone. Over the past four decades, the Co-op has evolved from a buying club in neighborhood living rooms, to a pre-order cooperative, to a retail cooperative natural foods store that has expanded four times since the old train station location. We own our building and site, and we've developed a strict Buying Criteria and a strong focus on healthy local foods. Through four decades of change, our member-owners trust that the Co-op is doing what's best for them and the community. We will continue to nurture that trusting relationship because we recognize this trust as our most valuable asset.

Through the course of our history, most of us have probably regarded *The Co-op* and *The Store* as one and the same. As we look to the future, however, we imagine the Co-op as something bigger than the store. The store is still a critically important part, acting as the economic engine for the Co-op, and therefore we need to take good care of it. But the Co-op includes the larger community as well, now over 4,200 household member-owners. It includes over 220 local producers that sell directly to the Co-op, 80 of which are in Addison County. It includes other organizations, like HOPE, CVOEO, and ACORN, working together to make our community more food secure. It includes sister co-ops in our region as we share information and work toward a more sustainable future. It includes our solar farm located at Misty Knoll Farm in New Haven. And it includes the 65+ staff that work and live in our community.

The store will always remain at the center, but as we enter our fifth decade, the Co-op will continue to reach out even more. Through electronic communication and other means, we will expand our educational outreach. We will seek out future partners to advance our ENDs. We will be a hub for dialogue and activity focused on healthy living, and a model of a successful, sustainable cooperative business. We will be our Co-op as it's always been, and even better.

