



# PORTLAND FOOD CO-OP

➡ Annual Report 2015



# MESSAGE FROM THE BOARD OF DIRECTORS

**CHRIS STACEY, Board President**

This year at the Co-op has seen a balancing act as we settle into our space and put down roots, but also change, as we work to grow and improve. One of the biggest changes was the arrival in July of our new General Manager, John Crane. Since then, the Board and John have been diligently working together to strengthen the position of the Co-op and strategize for the future. Collaborating with John has been a true pleasure, and the Board cannot commend him enough for the persistence and vision he has brought to improving both store operations and the governance of the Co-op. I am sure you have noticed the many positive changes that he and his hard-working staff have brought to the store over the last year, particularly around product selection, display, and pricing.

Many would agree that the pinnacle of this year was our rousing one year Anniversary Party held at the store in November. Hundreds of Member-Owners and friends came by to celebrate the Co-op's first fantastic year. For the Board, it was a wonderful opportunity to engage the crowd around the "Ends Snowflake" that has graced the store's window over the winter. Together we built the snowflake, each person writing down something they would like to see the Co-op achieve in the future. The suggestions ranged from the humble (a couch in the cafe, classes on herbs) to the grand (building more resources for local farmers, spreading peace).

It is so important for the Board to hear suggestions and thoughts like these from our Member-Owners, since we are charged with governing the Co-op on their behalf. The primary job of the Board is to work with the GM to ensure that the Co-op is strong and sustainable, and to expand our mission whenever feasible. Because our mission and goals are so wide-ranging, hearing the voices of Member-Owners helps the Board and GM prioritize their work. We were able to continue our conversation with Member-Owners in January at a world cafe-style "Eggs and Ends" forum, where approximately 50 attendees shared a potluck brunch and talked in more detail about the meaning of each of the Co-op's ends policies. At the end of the event, the energized group participated in a lively "dot-ocracy" activity, placing dot stickers to vote for the ends that each person found most important. As a result, the Board had a great snapshot of the thoughts and priorities of the group. We hope you will consider participating in future events, or even just send the Board an e-mail with your comments any time.

As I think over the past year, it becomes apparent that the Co-op's success is built on the relationships and community we share. "Cooperation" is right in the name of our organization, because we would not exist without it. We are a group of people who came together to build something for our shared benefit: a beautiful space where we can meet and learn, a store to carry products that support Maine farmers and give healthy nourishment, a workplace to provide jobs for people in our community, and an organization that enables us as a group to keep our money and our strength local. A big thanks to each and every one of you who has joined in the effort to make the Co-op a thriving and enlivening part of Portland. Here's to another great year!

Contact the board by emailing [board@portlandfood.coop](mailto:board@portlandfood.coop)

“The Co-op's success is built on the relationships and community we share.”

## 2015 BOARD OF DIRECTORS

**Sarah Braik**  
**Rachelle Curran Apse**  
**Taryn Hallweaver**  
**Anna Kent**  
**Gloria LaBrecque**  
**Carolyn May**  
**Tim McLain**  
**Matt Peters**  
**David Siegfried**  
**Lindsay Spain**  
**Chris Stacey**  
**Daniel Ungier**

### THANK YOU TO OUTGOING BOARD MEMBERS:

This month marks the end of Board terms for three Board members who are not re-running: **Sarah Braik**, **Tim McLain**, and **David "Sieg" Siegfried**. It also marks the end of Board terms for **Rachelle Curran Apse** and **Chris Stacey**, who are both standing for re-election.

Sarah, Tim, and Sieg have all been involved with the Co-op for many years, volunteering hundreds of hours of their time and contributing significantly to the development of the Co-op, particularly during the retail start-up phase. Their hard work, wise words, and bright personalities will all be greatly missed on the Board, and we look forward to their continued participation in the Co-op in new ways.

Please join us in thanking them for their service and dedication.

Brendan and Katia Holmes from Misty Brook Farm speaking at the Co-op's One Year Anniversary Celebration.



# MESSAGE FROM THE GENERAL MANAGER

**JOHN CRANE**

It has been eight months now since I took on the role of the Co-op's General Manager and have found it to be dually the most challenging and rewarding position that I have ever held. It is challenging because we are still a very young retail store finding our way in a competitive marketplace. We strive every day to meet the needs and wishes of our Member-Owners and customers, maintain a vibrant and sustainable market for our local farmers and producers, provide a meaningful and satisfying workplace for our staff and hold our prices at a level that keeps us accessible to folks in our community. It is rewarding because we are over 3500 Member-Owners strong and are making a significant impact on the local economy. Every day I interact with people who are passionate about the Co-op, passionate about local foods and are happy to be a part of this organization that we have created together.

While our success is about more than just numbers, there are some very impressive ones that we should all be proud of. We ended 2015, our first full year of retail operations, at just under \$3.3 million in sales. That is almost 50% more (\$1 million more) than our initial projections. We have carried over a thousand items from over two hundred and fifty local farmers and producers and our Co-op shoppers have purchased over \$1 million in local foods and goods. Through our shared commitment to spending our dollars locally whenever possible, we have re-invested \$2 million into the local economy.

Not only are these numbers impressive by themselves, they also speak directly to what makes our Co-op unique. Cooperatively, we are providing a seven day per week market for local farmers and producers and making a significant impact on the local economy. I am so proud of everything that we have achieved in 2015 and am thrilled to be part of this organization as we move into 2016 and beyond.

Contact the General Manager at [gm@portlandfood.coop](mailto:gm@portlandfood.coop)

## OUR MISSION

The Portland Food Co-op brings local producers and consumers together in a member-owned marketplace to grow a healthier community and a more sustainable food system. We model cooperative values, operate with transparency, and foster trusting relationships with our customers, employees, and suppliers.

“We have carried over a thousand items from over two hundred and fifty local farmers and producers.”





- ◀ Mushroom tasting prepared by Maine Cap N' Stem Co.
- ✔ Seasonal displays helped to create a welcoming shopping experience.



# ENDS

If you have read articles or information about the Board's work, you might see the word "Ends" mentioned quite a bit. You may be wondering what this term means, and why it takes such a central place in the governance of the Co-op.

The Co-op was created with a mission in mind: "To bring local producers and consumers together in a member-owned marketplace to grow a healthier community and a more sustainable food system. We model cooperative values, operate with transparency, and foster trusting relationships with our customers, employees, and suppliers."

From this mission, the Board has created a set of more specific "Ends"—written policies that outline the intended goals for the Co-op. The Board tasks the General Manager with interpreting the written Ends, creating benchmarks for progress, and implementing them as resources allow. The General Manager regularly reports to the Board on his or her success. Over time, the Board and General Manager will review the Ends policies and update them as needed to reflect the changing environment and priorities of Member-Owners.

## THE PFC'S ENDS FALL INTO FOUR MAIN CATEGORIES, AS DESCRIBED BELOW:

### PRODUCTS AND FACILITIES

Is the PFC providing an honest and welcoming shopping experience, meeting customer needs and preferences, and making strides in environmental sustainability?

### EDUCATION

Is the PFC a trusted and well-used source of information on food and cooperatives?

### LOCAL ECONOMY

Is the PFC helping to grow our local food system and providing fair working conditions?

### CO-OP COMMUNITY

Is the PFC engaging with its Member-Owners, community, and other cooperatives?

**The stories in this Annual Report show some of the many ways that the Co-op has been successful in meeting these Ends.**

### PRODUCTS AND FACILITIES

In March of 2015, we conducted a survey of our Member-Owners to find out where the Co-op was doing well and where we had room for improvement. We got a lot of great feedback, and have been integrating it into changes at the store for the past year.

One of the major pieces of feedback that we got from this survey was that every Member-Owners was concerned about prices at the Co-op, which we took very seriously. A great piece of feedback was that 99.6% of respondents said that products at the Co-op were "high quality" or "very high quality." The response to the quality of products also got us thinking—high and very high quality products are generally more expensive. The feedback on quality and prices helped us realize that we needed to modify our product mix to include more good quality lower-priced staple items. Over the past year, we have worked hard to integrate lower-priced items into our product selection, and we hope that you will continue to let us know if there are any items you would like to see on our shelves.

Another piece of feedback that we got was that customers wanted a "warmer" store to shop in, so we added some greenery and brought in tables and chairs for the outside space.

The vast majority (97.2%) of survey respondents said they were "somewhat satisfied" or "very satisfied" with our Customer Service. Because we want the Co-op to be a warm and welcoming shopping experience for everyone, we are going to be starting a customer service training for all staff in 2016.

We have feedback cards at all registers and online so that we can continue to solicit feedback from all customers on their needs and preferences. You can see examples of the responses from these cards in our printed newsletter "Parsley, Sage, Rosemary Times" or on the feedback board toward the back of the store. The best way for us to ensure that we are meeting the End of providing an "honest and welcoming shopping experience" and "meeting customer needs and preferences" is for you to give us feedback—it's a big part of what makes our community owned market so special.

“ The Board tasks the General Manager with interpreting the written Ends, creating benchmarks for progress, and implementing them as resources allow. ”





## EDUCATION

We hosted 23 educational classes and workshops in 2015, including classes on making tofu, an introduction to urban gardening, and reducing sugar intake. We have also had nearly 100 “Meet Your Farmer/Producer” events and local tastings. These events allowed community members to further develop a connection between their food and those who produce it, and to learn more about the practices that each farmer and producer uses.

We co-hosted two movie screenings: “To Make a Farm,” which was a free event at the Portland Public Library, and “Growing Local” which we co-hosted with Maine Farmland Trust. Each event was attended by over 100 people, and helped to further educate the community about the impact of local producers on environmental and economic sustainability.

The Co-op was also selected as the location for Congresswoman Chellie Pingree’s news conference about her bill to reduce food waste, where we helped to spread the message that nearly 40% of food in the United States is wasted, which drives up the cost of food, increasing food insecurity. Food waste also makes up 20% of landfills, where it releases methane, a dangerous greenhouse gas.

As an organization dedicated to the triple bottom line of financial, social, and environmental sustainability, food waste is an important issue for us to work to reduce. We bring in “ugly” or “second quality” fruits and vegetables, and sell them at a lower cost. This helps to reduce the amount of food that goes to waste in the field, in addition to making healthy, local food more accessible to everyone. Soon, we’ll have signage on these “second” quality products to better communicate this to customers. Often, we can no longer sell food because it is past its “sell-by” date -- a date that is created by the manufacturer, and has no bearing on safety. We donate these foods to Preble Street, to ensure that the food is consumed by people in our community.



TOP: Lauren Pignatello from Swallowtail Apothecary led a workshop on herbal cocktail bitters.

BOTTOM: Meat + Dairy Buyer Genna Cherichello led a spring roll workshop at the Portland Public Library.

RIGHT: Volunteers from the Co-op at a work day at Misty Brook Farm

OPPOSITE: Local food options fill a grocery basket. Photo by Greta Rybus



## LOCAL ECONOMY

When the store opened in 2014, we were incredibly proud to have already established relationships with and sold products from over 100 local farmers and producers. In 2015, our team worked hard to more than double that number, to over 250. That quickly established the Co-op as the “go-to” place for local products.

The beneficial impact that “shopping local” has on a community is well-documented. At our one year Anniversary Celebration, we were pleased to announce our impact on the local economy. During our first year of operations, we invested more than \$2,000,000 into Maine’s economy by purchasing products from local producers whenever possible, and by choosing to work with local businesses like printers, designers, and accountants. Co-op shoppers also purchased more than \$1,000,000 in local products during our first year of operations.

Michael Shepard, our Produce Manager, said in advance of our Anniversary Celebration that “working at the Co-op is my dream job. I love that we connect hundreds of local farmers with thousands of community members.”

We strive to have a working environment that ensures our employees are safe, happy, and appreciated. We conducted an employee survey to hear about how our staff feel about working at the store day-to-day. We realized that more staff trainings were needed, and we have been working to increase regularly scheduled trainings, as well as increasing the number of training opportunities outside of the store that are available to staff.

## CO-OP COMMUNITY

The staff and Board of PFC strive to engage with Member-Owners on many levels: through customer service at the store, surveys, newsletters, and events.

Last summer, we worked to engage Member-Owners and our community through volunteer days with local organizations and farms. Highlights of these days included a field trip to Misty Brook Farm with Co-op staff and volunteers for a clean-up day after Misty Brook was hit with a severe storm. We also coordinated a volunteer day to support the creation of the new East End Community Gardens, a project led by Cultivating Community. We had 25 volunteers turnout for this great event, in which we spread seaweed, compost, and newspaper to build sustainable “lasagna” gardens.

Several Board and staff members have also attended conferences with both the Neighboring Food Co-op Association, a network of thirty five food co-ops and start-up initiatives across New England, and CDS Consulting Co-op, which specializes in supporting cooperatives to meet their goals as strong marketplace competitors. These conferences are a great opportunity for us to connect with co-ops from across the region to share what we are working on and hear exciting ideas about expanding healthy food access, improving our position in a competitive marketplace, and cultivating strong leadership.

Last year, our then-Board President David Siegfried gave a presentation at CDS Consulting Co-op’s “Co-op Cafe,” held in Keene, New Hampshire about the Co-op’s early success and campaign to open the doors to our storefront.

“Co-op shoppers purchased more than \$1,000,000 in local products during our first year of operations.”



# FINANCIAL REPORT

We are happy to report that sales during our first year in business significantly exceeded our expectations.

Our 2015 budget, developed by a team of co-op and business experts and based on findings from a professional market analysis, anticipated first year sales of about \$2.2 million. Our actual sales for 2015 topped \$3.2 million. Sales in 2016 continue to grow and we appear well on our way to another successful year.

One question that we receive frequently is whether we were profitable in our first year. The answer is that we were not. Few retail businesses show a profit in their first year and we did not expect this. Our 2015 budget anticipated a first year loss of \$125,000. We ended the year with an actual loss of \$95,400.

To the right is a synopsis of our performance in 2015 in comparison to our pre-opening budget.

## 2015 PROFIT & LOSS BUDGET VERSUS ACTUAL (unaudited)

	2015 Budget	% of Sales	2015 Actual	% of Sales
Total Sales	\$2,184,313		\$3,271,357	
Total Purchases	\$1,396,13	63.92%	\$2,277,978	69.6%
Gross Profit	\$788,176	36.08%	\$986,051	30.1%
Payroll Expense	\$537,340	24.6%	\$749,377	22.9%
All other expense	\$375,847	17%	\$331,968	10.2%
Net income	-\$125,011	-5.72%	-\$95,400	-2.9%

With a year of experience under our belt, we have learned much about how to pay our farmers and producers a fair price for their goods while still offering them for sale at a price that our customers can respect and afford. We have also learned a lot about how to accomplish this in the most operationally efficient manner possible. We still have things to learn, but believe we are well on our way to realizing a vibrant, sustainable and profitable 2016.

## BALANCE SHEET DEC 31, 2015

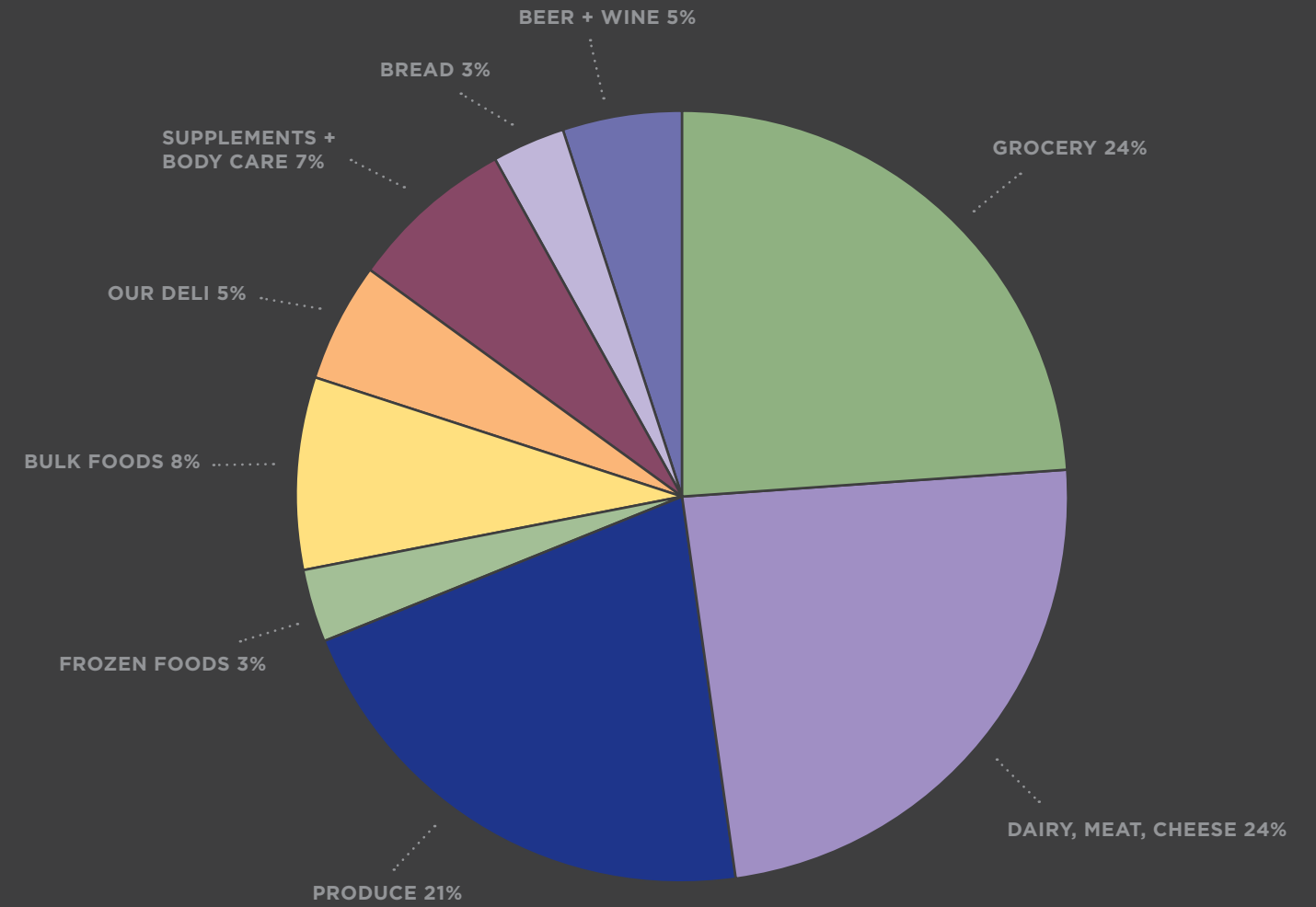
### ASSETS

Current Assets	
Checking/Savings	\$210,651.14
Other Current Assets	\$217,324.37
Total Current Assets	\$427,975.51
Total Fixed Assets	\$1,059,942.07
Other Assets	\$116,712.76
<b>TOTAL ASSETS</b>	<b>\$1,604,630.34</b>

### LIABILITIES & EQUITY

Liabilities	
Current Liabilities	\$167,279.42
Long Term Liabilities	\$1,203,677.16
Total Liabilities	\$1,370,956.58
Equity	\$233,673.76
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$1,604,630.34</b>

## WHAT CUSTOMERS ARE BUYING



IN JUST TWO YEARS,

MEMBER-OWNERSHIP  
GREW FROM 500 TO  
**OVER 3500**





- Volunteers helping to build the new community gardens on the Eastern Prom.
- Cashier Idriss Kembaya is all smiles. Photo by Greta Rybus

## YOU OWN IT. NOW WHAT?

Are you wondering what you can do to ensure to the continued growth and success of the Co-op? There are many opportunities for you to participate in a meaningful way.

- + **Shop** at the Co-op and encourage your friends to do the same.
- + **Give us feedback.** We always want to know how we can improve.
- + **Attend and share information** about our classes and events.
- + **Volunteer.** We are often looking for help with events and special projects.
- + **Consider a leadership role.** We will be recruiting Board candidates for 2017.
- + **Tell everyone that you are a Member-Owner** of this strong and vibrant community owned cooperative.

