

OUR PEOPLE FOOD CO-OP NEWS

Another excerpt from Bill O'Donnell's report - this time on inventory.

INVENTORY;

Selection: The overall number of items needs to be increased. This store has a lot of room for increased inventory before the store becomes cluttered. At this time the Co-op purchases from a number of suppliers, but new suppliers need to be sought out and researched. Any store needs to constantly update and vary it's inventory to remain exciting to it's members/shoppers. Suggested areas: Increase cheese selection (the Keveenaw Co-op just increased cheese sales by 50% by increasing the cheese cooler size), increase refrigerated juices and beverages. Both of these areas can be increased through the use of local commercial suppliers such as SYSCO, Romano Distributing.

How can the Co-op afford to do this? Example - say \$5,000.00 was added to inventory. Assume that this would increase sales by \$3,000.00 per month, GPM of 30% would mean \$900 in added gross profit. Borrowing these funds at 12.5% interest for only 3 years would cost \$167.00 per month, leaving a surplus of \$733.00, and after 3 years you would own the inventory outright. This is a simple example to explain the effects of leverage, or using someone else's money to make money. Presently the Co-op has \$7,500.00 in inventory. I feel that this store could easily support \$15,000 in inventory. This is perhaps the most important point of my visit.

1/91, 134 Aurora St. Ironwood, MI 49938
(906)-932-3547

****NEW PRODUCTS ** NEW PRODUCTS ****
****NEW PRODUCTS ** NEW PRODUCTS ****

- French Meadow Summer Bread
- French Meadow Whole Wheat Bread
- Pizsoy Pizza (Whole wheat crust, tofu mozzarella cheese)
- Nature's Gate Fragrance Free Lotion
- Food Science Supplements -- Sea Mussel Caps, DMG, and Unique C
- Black Bean Chips
- All natural sandwich cookies (carob, and peanut butter)
- Premier One Bee Pollen Tabs, and Royal Jelly

=====
RENEWALS WERE DUE OCTOBER 1. IF YOU HAVE NOT YET RENEWED, PLEASE DO !!

Our membership list will be updated shortly, so if you have not renewed, this will be your last newsletter.

- Welcome new members:
- Kathy Anderson
 - Charlene Jordan
 - Bill and Heidi Daugherty
 - Ursula Schramm
 - Marie Sacco

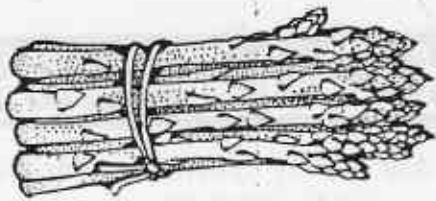
- Thank you to these fair share members:
- Joyce Starck
 - Key Clark
 - Norm Stone

NEW !!! MEMBER ONLY COUPONS

January - Celestial Seasonings Teas, \$.75 off all varieties. No limit. Coupon good 1/1-1/31. No other discounts apply. Members only.

February - New product* Hain BBQ Carrot Chips - \$1.39. No limit. Coupon good 2/1-2/28. No other discounts apply. Members only.

March - Regular Rolled oats - \$.49/lb. No limit. Coupon good 3/1-3/31. No other discounts apply. Members only.



Our year end financial statements are in and are available for reading at the store. Our net profit was \$8.00 (eight dollars). When you consider that many stores in downtown Ironwood went out of business this past year, we're doing OK.

BOARD OF DIRECTOR NEWS

Many thanks to Lucia Patrillo for her time and energy as secretary of the board the past 2 years. Lucia has resigned due to her busy schedule. We will miss her entertaining minutes. Thanks also to Kris Hopkins for her 2 years on the Board. Kris has also resigned due to a busy schedule. Thanks also goes to Darlene Martinez for taking on the Secretary position.

We welcome Norm Stone to his new position on the board. Norman has served on the BOD previously, and by returning, proves to all he does indeed have a sense of humor! Welcome Norm!

The present BOD consists of:	Tim Feldt	President
	Jack Polich	Vice-President
	Paul Sturgul	Treasurer
	Darlene Martinez	Secretary
	Felicia Santini	At-Large
	Karen Secor	At-Large
	Norm Stone	At-Large

As you can see, there are only 7 board members. We have 2 more at-large positions open. If anyone is interested in becoming a board member, talk to Jody or any of the present board members. We would like to have all 9 positions filled. Our meetings are held the 4th Monday of the month, 5 P.M., at the store. All co-op members are welcome to attend.



The following letter is something our manager dug up for all of you to read because she thinks it's important. It may look boring, but it's not painful, and it does explain small co-ops like ours in a clear, simple, manner. Let us know what you think.

"Why is it the competitor has more good buys and nearly the same overall prices as a non-profit co-op?" (From Marilyn Scholl, Wheatsville Food Co-op)

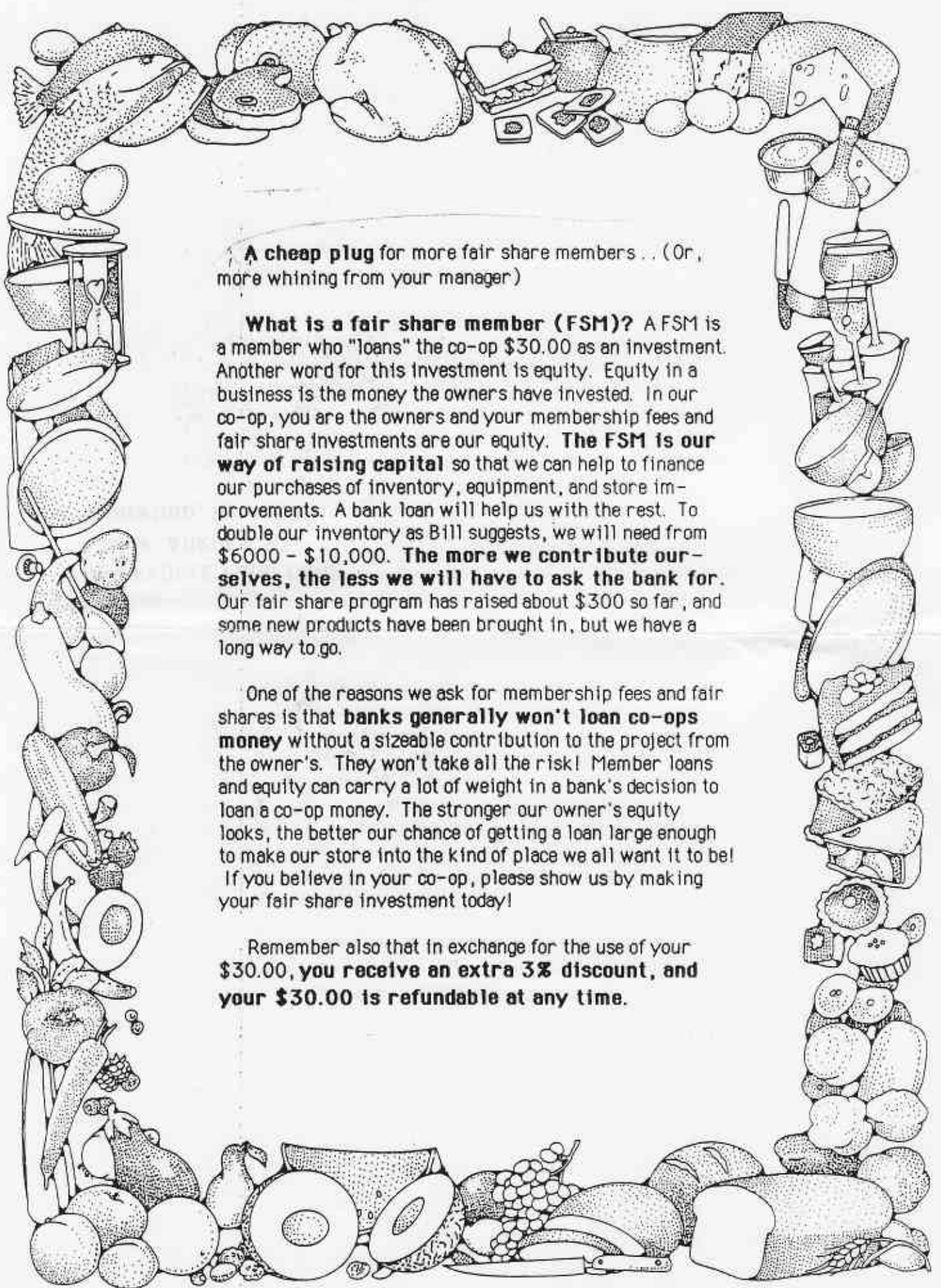
1. The co-op is not a **non-profit organization**. You are correct in that we are not in business primarily to make a profit, but to provide quality foods at a good value. All benefits from operations is for the owners (members) of the co-op. In our case, we re-invest any surplus into the store to provide more products and services for our business.

2. The grocery industry is **highly competitive**. The name of the game is volume. Many expenses are fixed (rent, utilities, cleaning, trash pickup, etc.) and so they don't change with sales. So the more food that is sold, less is needed from each sale to cover basic expenses.... Stores with more than one location, and chain stores, can spread their overhead expenses over a very large sales volume, and because of their combined volume they can get better prices from their wholesalers.

3. **The average profit in the grocery industry is less than 2% of sales**, usually closer to 1%. So even without a strong profit motive, there isn't much "profit" to use to reduce prices.

4. **Most stores offer "loss leaders"** in order to create a better price image, get you into the store, and hope that you will buy regularly priced items while you are there. These loss leaders are sold below the cost of the item. The stores have a large enough volume to cover what they lose on this item. Our co-op is not large enough to sell items below their cost. We often negotiate deals, take a lower percentage to cover expenses, and put items on sale. But since we must make back a least what we invested in any single product the price may not compare to that of a store running loss leaders... We are lower on many items particularly items that we have a large volume on or on perishable foods. **We work hard to stay as competitive as we can on all items.**

We also try to offer a consistently high quality product, organic options, and a mix of products you just don't find elsewhere. **Only at the co-op can you be involved in the process of obtaining your food.** All of this is made possible because the shoppers and the staff have more at stake. They own the store.



A cheap plug for more fair share members . . . (Or, more whining from your manager)

What is a fair share member (FSM)? A FSM is a member who "loans" the co-op \$30.00 as an investment. Another word for this investment is equity. Equity in a business is the money the owners have invested. In our co-op, you are the owners and your membership fees and fair share investments are our equity. **The FSM is our way of raising capital** so that we can help to finance our purchases of inventory, equipment, and store improvements. A bank loan will help us with the rest. To double our inventory as Bill suggests, we will need from \$6000 - \$10,000. **The more we contribute ourselves, the less we will have to ask the bank for.** Our fair share program has raised about \$300 so far, and some new products have been brought in, but we have a long way to go.

One of the reasons we ask for membership fees and fair shares is that **banks generally won't loan co-ops money** without a sizeable contribution to the project from the owner's. They won't take all the risk! Member loans and equity can carry a lot of weight in a bank's decision to loan a co-op money. The stronger our owner's equity looks, the better our chance of getting a loan large enough to make our store into the kind of place we all want it to be! If you believe in your co-op, please show us by making your fair share investment today!

Remember also that in exchange for the use of your \$30.00, **you receive an extra 3% discount, and your \$30.00 is refundable at any time.**