

SUSTAINABILITY OF OUR COOP: JULY 10 UPDATE

July 18, 2020

By Joe Holtz, General Manager and Co-Founder

There are four questions that stand out to me as I assess the state of the Coop during this crisis:

1. How can we steer the Coop to financial sustainability during the pandemic?
2. How do we provide food to members/owners who are at higher risk of COVID 19 and don't shop in the Coop during this pandemic?
3. What is the best way to serve the members/owners who are experiencing difficult financial situations during this time of high unemployment and reduced income for many New Yorkers?
4. How do we continue to be a good employer in keeping with our mission?

The Coop's leadership, along with staff and members, is in the midst of discussing these questions.

As a business it is essential that we maintain solvency. We can be the most wonderful, healthy place in the world, but if we continue to lose money every week at this rate, the Coop will cease to exist by mid-2021. As a member labor Coop, it is essential that we adhere to our model and to our mission. We could change our model or our mission, but then, the Coop that we have worked to maintain for 47 years and that so many members love, we will cease to exist. So, in my opinion, the answers to the questions above must support both financial and mission stability.

As I write this we are losing about \$95,000 per week as compared to last year when we were slightly above breakeven. We are losing money for three reasons: 1. We have drastically reduced the number of transactions per hour by drastically reducing the number of people in the Coop; 2. We have significantly reduced shopping hours; 3. We have incurred the costs of temporary hourly wage labor when the Coop's Mem-

Member Labor program was suspended on March 23 due to safety concerns that our Committee/Squad system was by virtue of its structure possibly not in compliance with “New York On Pause”. We are very thankful for the members who stepped up and became essential workers when the Coop needed them most. Temporary labor costs are now more than \$27,000 per week. We began providing lunch for the entire workforce of the Coop in mid-March at an additional \$3,000 per week in order to maintain safe distancing during meal times.

We must stem the tide of continued losses. Some of the ideas the staff are currently discussing:

1. Bring back member labor, as soon as possible. We are actively looking into systems and processes that would enable a labor system to work in this era while continuing to observe the safety protocols that have served the Coop well to-date.

Of course, we cannot jump right back into our old squad system. One idea is that Member Labor would be brought back in much smaller groups with the PSFC work requirement remaining suspended. Members would continue to shop without working.

Members who volunteer to work would receive work slot credit that they would “bank” in our Future Time Off Program (FTOP), receiving credit to be used when member labor requirements are restored. No work credits would be “used up” during this period when all members may shop without working.

Would you be willing and able to work shifts at the Coop? How? Your answers to these questions will inform us on the best way to bring back member labor. Please visit foodCoop.com and complete the Member Labor Survey.

2. Expand shopping hours without increasing payroll to make the Coop accessible to more members. Expanded hours makes it possible to serve more members which means increased sales dollars which in turn reduces the weekly cash burn. I estimate that by increasing hours significantly, income from sales will increase by

roughly \$25,000 a week.

3. Should we raise prices? Our Coop is known for excellent prices and is premised on the idea that by working together we can keep prices low. While an increase would possibly help us financially, it could be a burden on those members/owners who can least afford it. It is also a risk to the Coop in a less obvious way. As our prices rise some members could choose to shop elsewhere. Increased prices have come up numerous times and fellow General Coordinator Joseph Szladek and Receiving Coordinator Margie Lempert have submitted a discussion item for the July General Meeting. We look forward to having a robust discussion on this topic.

A major way of increasing the sales volume is already underway. With everyone continuing to wear masks and without compromising our important social distancing protocols, we realize we can gradually increase the number of people in the store. We can have more shoppers in the produce aisle and eventually more than the 35 total shoppers in general in the store. If we only increased to 42 shopping members, this is a 20% increase in capacity. It's possible that we could safely go even higher. At only 20% the money produced is potentially another \$25,000 per week. Please come shop!

The dollar figures mentioned above yield the following in dollars: \$27,000 savings in labor costs, plus \$25,000 in increased income from expanding our hours, plus \$25,000 in increased income from additional shopping members. That adds up to \$77,000 less loss and significantly extends the period in which we can operate as, hopefully, the COVID-19 crisis becomes more manageable. If nothing else, this plan buys us significantly more time while restoring our model of member involvement.

As we stem the current solvency-threatening losses we can address secondary concerns. Once we get close to maxing out our capacity while still being safe and adding many more shopping hours, we can then consider the possibility of giving work credit to members to shop for and deliver to members who are in the high-risk categories. Once we bring back Member Labor we can hopefully add back money saving items such as conventionally grown limes and lemons. We have discontinued several non-or-

ganic produce items because we do not currently have the labor needed to sticker produce. In at least one case we have discontinued the organic item and kept the conventional item.

By working together to protect the Coop's finances, we will protect the Coop, our model and our staff. We should, whenever possible, have a balanced approach to what we do for both our member/owners and our staff.

We have no idea how long it will be that many New Yorkers will be out of work. We have no idea when the need for groceries will abate in the face of the vast reduction of restaurant meals and capacity. During this time of COVID-19 with all of its uncertainties, now is the time to plan for the fall and beyond.

We are committed to progressing safely with a balanced approach. Raise your suggestions. Raise your concerns. Let's work together to ensure the Coop survives COVID-19 and any future pandemics.



Illustration by Rod Morrison